TIER B, AMDT #21

Amendment to the Chairman's Mark

Offered by Representatives Pocan, Van Hollen, Pascrell, McDermott, Lujan Grisham, Cárdenas, Blumenauer, Schrader, and Kildee

Refinance Student Loans to Lessen Student Debt

1. At the end of Title III, add the following:

   DEFICIT-NEUTRAL RESERVE FUND FOR STUDENT LOAN REFINANCING.

   In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels and limits in this resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that helps students lower their student loan debt by allowing them to refinance their federal loans, by the amounts provided by that legislation if such measure does not increase the deficit for the period of fiscal years 2015 through 2024.

2. At the end of Title VI, add the following:

   Policy on Lowering Student Debt through Refinancing Student Loans

Whereas,

a) More than two thirds of those graduating from college in 2012 had student loan debt, and the average debt had grown to $29,400.
b) To add to the burden, 7.7 percent of young college graduates were unemployed in 2012, making it hard to repay their student loan debt.
c) Existing federal student loan policies lock students into one interest rate for the life of the loan, and do not allow students to refinance their loans at current market rates.

Therefore, it is the policy of this resolution to accommodate legislation that would allow students to lower their debt by refinancing their federal student loans. Outlay changes from such measure shall be offset by adjusting the aggregate levels of revenue by equal amounts, reflecting the reduction or elimination of: 1) tax subsidies for the major integrated oil companies; 2) egregious tax breaks such as special depreciation for corporate jets; 3) loopholes in our international corporate tax system that encourage firms to ship jobs and capital overseas and shelter their profits in foreign tax havens, resulting in fewer American jobs to support the middle class; 4) tax breaks for those with adjusted gross incomes above $1 million annually; or adoption of 5) selected business tax reform proposals from Title III of the Tax Reform Act of 2014 such as repealing the existing exemptions to the $1 million limit on compensation for CEOs and other specified corporate employees that a publicly traded corporation can deduct as a business expense.

3. Increase mandatory budget authority and outlays for Function 500 by the following amounts in billions of dollars to help students with financial need afford college by maintaining both in-school interest subsidies on federal student loans and income-driven repayment options that cap student loan payments at 10 percent of discretionary income.

	2015	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*	*2023*	*2024*
BA	3.075	5.265	5.505	5.72	5.895	6.045	6.29	6.44	6.6	6.855
Outlays	1.92	3.95	4.725	4.92	5.08	5.22	5.445	5.58	5.715	5.85

4. Adjust the aggregate levels of revenue by amounts equal to the foregoing outlay changes in paragraph 1, reflecting the reduction or elimination of: 1) tax subsidies for the major integrated oil companies; 2) egregious tax breaks such as special depreciation for corporate jets; 3) loopholes in our international corporate tax system that encourage firms to ship jobs and capital overseas and shelter their profits in foreign tax havens, resulting in fewer American jobs to support the middle class; 4) tax breaks for those with adjusted gross incomes above $1 million annually; or adoption of 5) selected business tax reform proposals from Title III of the Tax Reform Act of 2014 such as repealing the existing exemptions to the $1 million limit on compensation for CEOs and other specified corporate employees that a publicly traded corporation can deduct as a business expense.

5. Amend the committee report to reflect the following policy assumptions:

The resolution helps students lower their federal student loan debt by accommodating legislation that will allow them to refinance their loans, and by rejecting the policies in the Chairman’s mark that eliminate in-school interest subsidies for students with financial need and that eliminate the current “pay-as-you-earn” repayment option.

Unlike business practice that allows homeowners to refinance their mortgage when market rates improve, students are locked into one interest rate for the life of their federal loan. Therefore, they cannot take advantage of changes in market rates to lower their debt. This inability to refinance their loan increases the burden on recent college graduates at a time when more than two thirds of those graduating from college had student loan debt, and the average was a whopping $29,400. To add to their burden, 7.7 percent of young college graduates in 2012 were unemployed, making it hard to repay their debt.

The resolution accommodates funding for student loan refinancing by reducing or eliminating some of the following: tax subsidies for the major integrated oil companies; egregious tax breaks such as special depreciation for corporate jets; loopholes in our international corporate tax system that encourage firms to ship jobs and capital overseas and shelter their profits in foreign tax havens; tax breaks for those with adjusted gross incomes above $1 million annually; or adopting selected business tax reform proposals from the Tax Reform Act of 2014 such as repealing the existing exemptions to the $1 million limit on compensation for CEOs and other specified corporate employees that a publicly traded corporation can deduct as a business expense.