

Durbin Announces Illinois Ag Raoul To Testify At Tomorrow's Senate Judiciary Committee Hearing On Student Loan Bankruptcy Reform

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WASHINGTON, D.C. – U.S. Senate Majority Whip Dick Durbin (D-IL), Chair of the Senate Judiciary Committee, today announced Illinois Attorney General Kwame Raoul will testify at tomorrow’s Senate Judiciary Committee hearing entitled “Student Loan Bankruptcy Reform.”

AG Raoul will testify about the need for student loan bankruptcy dischargeability as a last resort to assist struggling student borrowers, including those who were misled into taking out large loans to attend for-profit schools that did not provide an adequate education that would enable students to find gainful employment. Currently 45 million Americans hold more than \$1.7 trillion in student loan debt. Unlike most other types of debt, student loans are not dischargeable in bankruptcy except in extremely rare circumstances.

Key quotes from AG Raoul’s prepared remarks are available below:

“In 2019, my office received over 700 complaints about higher education, most concerning for-profit schools and student loans. These high-cost schools target low-income students and their federal student loans, which are incredibly and unnecessarily difficult for these students to discharge in bankruptcy. As a result, these students are burdened with loans that many will never pay off in their lifetimes. Those loans negatively impact students’ abilities to make important life decisions. We have the opportunity to rectify this financial catastrophe for American students here and now.”

“A meaningful contributor to our nation’s growing student debt load are predatory, for-profit schools. For-profit schools are the most expensive institutions by sector. For

example, in Illinois for the 2018-2019 academic year, the average tuition at a 2-year public institution was \$3,984 while the average tuition at a private, for-profit 2-year institution was \$14,815.”

“We can only do so much to stem the tide of the student loan crisis by enforcing consumer fraud laws. Many for-profit schools file for bankruptcy themselves, including ITT and Corinthian Colleges, hampering our ability to make students whole. Students deserve the same right to bankruptcy relief as the schools.”

“Allowing student loans to be freely dischargeable after 10 years from the time they first became payable serves two key purposes – it provides relief for Americans experiencing the most financial strain and who are otherwise eligible for bankruptcy relief, while also protecting the solvency of governmental student loan. Further, there are ample provisions in the Bankruptcy Code to guard against fraud, bad faith, and abuse and ensure relief is limited to those debtors deserving of relief. Discharging such debts will allow these former students to have the lives they may have been putting off: buying homes, getting married, and even starting families.”

AG Raoul’s full remarks are available [here](#).

AG Raoul was sworn in as the Attorney General of Illinois in January 2019, after previously serving for 14 years as an Illinois State Senator. Raoul and the Illinois Attorney General’s Office have been national leaders in investigating and enforcing consumer protection violations in the higher education field. Raoul has championed “know before you owe” legislation and the rollout of Illinois’ first student loan ombudsman program to provide resources for student borrowers struggling to make payments. Raoul has also worked to hold unscrupulous for-profit colleges accountable for deceiving students, and has sought to obtain student debt relief for students who were defrauded.