

# THE WHITE HOUSE

WASHINGTON

....., 2021

## MEMORANDUM FOR THE SECRETARY OF EDUCATION

SUBJECT: Continued Student Loan Payment Relief During the  
COVID-19 Pandemic

Student debt has become an unsustainable burden for millions of households, for our higher education system, and for our society writ large. When the modern federal student loan program was created with the Higher Education Act of 1965, it was to help make our higher education more equal, to ensure that family wealth would not determine life chances. Today, the student loan program has drifted from that purpose, deepening the inequality between households that started with wealth and those that did not, which means deepening the racial wealth gap. Student loans also change how students think about their educations and how colleges think about their students and their governance.

Student loan debt now prevents millions of people from pursuing their dreams. It prevents or delays pursuing public service work, buying a home, getting married, retiring, starting a business. It causes stress, anxiety, depression, and even suicide.

Enough is enough. It is time to wipe the slate clean. Doing so is the first step toward building a more just and sustainable higher education system. It is also a crucial part of the recovery from the rolling crises brought on by the COVID pandemic. Most student loan debtors have benefited from a payment pause during the pandemic, and forcing them to start payment again just as their lives and our economy begins to recover would be cruel and counterproductive.

Accordingly, by the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. Cancellation of Federal Student Loans. (a)  
In light of the unjustifiable and unequal burdens created by

student debt and in pursuit of a reset of federal policies with respect to higher education finance, the Secretary of Education shall immediately use the full extent of his power under the Higher Education Act and any other applicable law to cancel all obligations to repay federal student loans.

(b) The Secretary shall immediately cancel student loans owed directly to the Department of Education—including all Direct Loans and Department-held FFELP Loans—by use of his settlement authorities, 20 U.S.C. §§ 1082(a)(5), (6), and any other applicable legal authority.

(c) The Secretary shall immediately begin negotiations with all interested parties—including, as necessary, FFELP lenders, guaranty agencies, debt collection companies, and institutions of higher education participating in the Perkins program—to eliminate obligations to repay all federal student loans not directly owned to the Department. Through these negotiations, the Secretary shall make all lawful efforts to effectuate the cancellation of these federal student loans, whether by taking possession of them and cancelling them or by inducing the current creditors to cancel or settle them.

#### Sec. 2. Budgetary Treatment of Student Loan Cancellation.

(a) Administrative PAYGO shall not be an obstacle of any sort to the actions ordered in Section 2. The Director of the Office of Management and Budget shall treat any revenue foregone due to the actions outlined in Section 2 as part of the baseline assumptions for the relevant fiscal year for the purposes of Administrative PAYGO, waive whichever requirements of Administrative PAYGO would otherwise apply to the Department, or otherwise develop a means to prevent Administrative PAYGO from causing Department's efforts to relieve the burden of student debt to impede the Department's other lawful efforts.

(b) The Director of the Office of Management and Budget shall also undertake a comprehensive review of Administrative PAYGO and produce a public-facing report on its requirements and its impacts on the practices of all government agencies. Based on the findings of this report, the Director of the Office of Management and Budget shall make a recommendation as to whether Administrative PAYGO should be eliminated, modified, or continued.

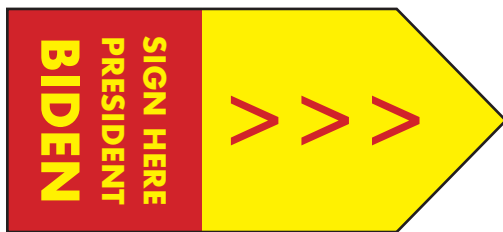
(c) To the extent possible under current law, budgetary arrangements between executive branch agencies shall not be an

obstacle of any sort to the actions ordered in Section 2. The Secretary of the Treasury and the Chair of the Federal Reserve shall determine the most expeditious and proper means by which to ensure that the Department of Education can effectuate the actions ordered in Section 2 without undermining its programmatic capacity. In particular, promissory notes between the Treasury and the Department shall be waived or renegotiated as appropriate.

Sec. 3. Tax Treatment of Student Loan Cancellation.

(a) Subject to 26 U.S.C. § 108(f)(5), as modified by Section 9675 of the American Rescue Plan Act of 2021, cancellation of indebtedness subject to the actions ordered in Section 2 is not taxable income.

(b) The Internal Revenue Service shall not issue Form 1099 or otherwise require any declaration of student debt cancellation as income or any explanation from taxpayers as to why it is not income.



XOXO from the Debt Collective



WE ARE BUILDING A NEW KIND OF UNION: A DEBTORS' UNION.  
 WE KNOW THAT JOE BIDEN WON'T CANCEL STUDENT DEBT WITHOUT A MASS MOVEMENT.  
 IT WILL TAKE DIRECT ACTION AND CIVIL DISOBEDIENCE.  
 YOU ARE NOT A LOAN.  
 JOIN US.

BECOME A MEMBER OF THE DEBTORS' UNION AT  
[DEBTCOLLECTIVE.ORG](http://DEBTCOLLECTIVE.ORG)

Federal Register

# Presidential Documents

Vol. \_\_, No. \_\_

\_\_\_\_\_, \_\_\_\_\_, 2021

Title 3—

Memorandum of \_\_\_\_\_, 2021

The President

## Continued Student Loan Payment Relief During the COVID-19 Pandemic

### Memorandum for the Secretary of Education

Student debt has become an unsustainable burden for millions of households, for our higher education system, and for our society writ large. When the modern federal student loan program was created with the Higher Education Act of 1965, it was to help make our higher education more equal, to ensure that family wealth would not determine life chances. Today, the student loan program has drifted from that purpose, deepening the inequality between households that started with wealth and those that did not, which means deepening the racial wealth gap. Student loans also change how students think about their educations and how colleges think about their students and their governance.

Student loan debt now prevents millions of people from pursuing their dreams. It prevents or delays pursuing public service work, buying a home, getting married, retiring, starting a business. It causes stress, anxiety, depression, and even suicide.

Enough is enough. It is time to wipe the slate clean. Doing so is the first step toward building a more just and sustainable higher education system. It is also a crucial part of the recovery from the rolling crises brought on by the COVID pandemic. Most student loan debtors have benefited from a payment pause during the pandemic, and forcing them to start payment again just as their lives and our economy begins to recover would be cruel and counterproductive.

Accordingly, by the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

**Section 1. *Cancellation of Federal Student Loans.*** (a) In light of the unjustifiable and unequal burdens created by student debt and in pursuit of a reset of federal policies with respect to higher education finance, the Secretary of Education shall immediately use the full extent of his power under the Higher Education Act and any other applicable law to cancel all obligations to repay federal student loans.

(b) The Secretary shall immediately cancel student loans owed directly to the Department of Education—including all Direct Loans and Department-held FFELP Loans—by use of his settlement authorities, 20 U.S.C. §§ 1082(a)(5), (6), and any other applicable legal authority.

(c) The Secretary shall immediately begin negotiations with all interested parties—including, as necessary, FFELP lenders, guaranty agencies, debt collection companies, and institutions of higher education participating in the Perkins program—to eliminate obligations to repay all federal student loans not directly owned to the Department. Through these negotiations, the Secretary shall make all lawful efforts to effectuate the cancellation of these federal student loans, whether by taking possession of them and cancelling them or by inducing the current creditors to cancel or settle them.

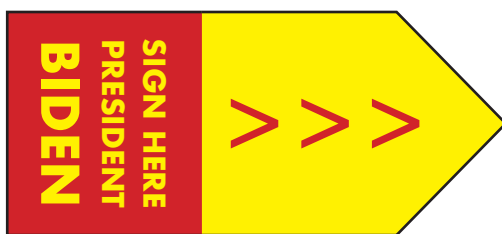
**Sec. 2. *Budgetary Treatment of Student Loan Cancellation.*** (a) Administrative PAYGO shall not be an obstacle of any sort to the actions ordered in Section 2. The Director of the Office of Management and Budget shall treat any revenue foregone due to the actions outlined in Section 2 as part of the baseline assumptions for the relevant fiscal year for the purposes of Administrative PAYGO, waive whichever requirements of Administrative PAYGO would otherwise apply to the Department, or otherwise develop a means to prevent Administrative PAYGO from causing Department's efforts to relieve the burden of student debt to impede the Department's other lawful efforts.

(b) The Director of the Office of Management and Budget shall also undertake a comprehensive review of Administrative PAYGO and produce a public-facing report on its requirements and its impacts on the practices of all government agencies. Based on the findings of this report, the Director of the Office of Management and Budget shall make a recommendation as to whether Administrative PAYGO should be eliminated, modified, or continued.

(c) To the extent possible under current law, budgetary arrangements between executive branch agencies shall not be an obstacle of any sort to the actions ordered in Section 2. The Secretary of the Treasury and the Chair of the Federal Reserve shall determine the most expeditious and proper means by which to ensure that the Department of Education can effectuate the actions ordered in Section 2 without undermining its programmatic capacity. In particular, promissory notes between the Treasury and the Department shall be waived or renegotiated as appropriate.

**Sec. 3. *Tax Treatment of Student Loan Cancellation*** (a) Subject to 26 U.S.C. § 108(f)(5), as modified by Section 9675 of the American Rescue Plan Act of 2021, cancellation of indebtedness subject to the actions ordered in Section 2 is not taxable income.

(b) The Internal Revenue Service shall not issue Form 1099 or otherwise require any declaration of student debt cancellation as income or any explanation from taxpayers as to why it is not income.



THE WHITE HOUSE,  
Washington, \_\_\_\_\_, 2021