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RESOLUTION 44-15

Title: Ensuring Equality in Loan Repayment Programs for Married Couples

Introduced by: Jeremy Llaniguez, Brenton Kinker, Sarah Gorgis, Gunjan Malhotra, Tamara Roumayah, and Joshua Kong for the Medical Student Section

Original Author: Jeremy Llaniguez

Referred to: Reference Committee E

House Action: **APPROVED**

Whereas, in response to financial burdens of high-debt borrowers serving in low-income and public service jobs, in 2007, Congress passed the “College Cost Reduction and Access Act” that established the Income-Based Repayment (IBR) system and the Public Service Loan Forgivenessⁱ (PSLF) program that expanded policies that originated in the Federal Direct Loan Programⁱⁱ, and

Whereas, as originally passed, the IBR, included all of the income of a borrower's spouse for purposes of calculating the annual repayment amount, even if the spouse kept his or her income separately, did not make it available to the borrower, and filed a separate tax return; thereby, creating a “marriage penalty”, and

Whereas, as written, a married borrower with a spouse making a substantial income would be subject to a much higher annual repayment obligation than an otherwise identically established borrower who cohabitated with a partner, or who became divorced but still lived with the former spouse, and

Whereas, initially incentivizing cohabitation and divorce while disincentivizing marriage, Congress passed a technical amendment (Public Law 110-53) to the College Cost Reduction and Access Act that allowed a married borrower to only count their income for repayment calculations if the borrower and spouse filed separate tax returnsⁱⁱⁱ, and

Whereas, in the 2015 Fiscal Year budget proposal, the White House Administration proposed an update to the IBR (currently termed Pay As You Earn [PAYE] after amendments in 2010 and 2012)^{iv} that encourages Congress to “calculate payments for married borrowers filing separately on the combined household Adjusted Gross Income,” and

Whereas, allowing the Adjusted Gross Income to be divided by two for calculating repayment amounts if both spouses are borrowers would reduce the effects of any “marriage penalty,” and

Whereas, for families with only one spouse with student debt, accepting the 2015 Fiscal Year budget proposal would restore the “marriage penalty” as outlined in

51 the original College Cost Reduction and Access Act of 2007; thereby, again
52 incentivizing cohabitation and divorce while burdening those couples that are married;
53 therefore be it

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55 RESOLVED: That the American Medical Association oppose any stipulations
56 in loan repayment programs that place greater burdens upon married couples than for
57 similarly-situated couples who are cohabitating.

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60 **WAYS AND MEANS COMMITTEE FISCAL NOTE: None**

ⁱ College Cost Reduction and Access Act, P.L. 110-84 (2007) (<http://www.gpo.gov/fdsys/pkg/PLAW-110publ84/html/PLAW-110publ84.htm>)

ⁱⁱ U.S. Code Title 20, Chapter 28, Subchapter IV, Part C, § 1087a-j (www.uscode.house.gov)

ⁱⁱⁱ P.L. 110-53 (2007), Codified as U.S. Code Title 20, Chapter 28, Subchapter IV, Part F, § 1098e (www.uscode.house.gov)

^{iv} <https://studentaid.ed.gov/repay-loans/understand/plans/income-driven>