To amend the Higher Education Act of 1965 to require institutions of higher education to repay a portion of student law default, to make student loan debts dischargeable in bankruptcy, and for other purposes.

IN THE SENATE OF THE UNITED STATES

introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend the Higher Education Act of 1965 to require institutions of higher education to repay a portion of student law default, to make student loan debts dischargeable in bankruptcy, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Make the Universities Pay Act”.
Sec. 2. Institutions of Higher Education Repaying a Portion of Student Loan Debts.

Section 454 of the Higher Education Act of 1965 (20 U.S.C. 1087d) is amended by adding at the end the following:

“(d) Institutions of Higher Education Repaying a Portion of Student Loan Debts.—

“(1) In general.—Each institution of higher education participating in the direct student loan program under this part for a fiscal year shall be liable for 50 percent of any student loan balance that is in default for a loan made under this part that was used towards the cost of attendance at the institution.

“(2) Offset exception.—An institution of higher education shall not increase the costs of tuition at the institution, charge any additional fee to students, or otherwise increase the cost of attendance at the institution in order to offset the liability of the institution under paragraph (1) unless there is an equivalent percentage decrease in administrative expenses at the institution.”.
SEC. 3. MAKING STUDENT LOAN DEBTS DISCHARGEABLE IN BANKRUPTCY.

(a) Exceptions to Discharge.—Section 523(a) of title 11, United States Code, is amended by striking paragraph (8) and inserting the following:

“(8) for an educational benefit overpayment or loan made, insured, or guaranteed by a governmental unit, or made under any program funded in whole or in part by a governmental unit or nonprofit institution, or for an obligation to repay funds received as an educational benefit, scholarship, or stipend received from a governmental unit or nonprofit institution, unless—

“(A) excepting such debt from discharge under this paragraph would impose an undue hardship on the debtor and the debtor’s dependents;

“(B) in the case of such an education benefit overpayment or loan for undergraduate education, the first payment on such debt became due before the 5-year period (exclusive of any applicable suspension of the repayment period) ending on the date of the filing of the petition; or

“(C) in the case of such an education benefit overpayment or loan for graduate edu-
cation, the first payment on such debt became
due before the 15-year period (exclusive of any
applicable suspension of the repayment period)
ending on the date of the filing of the peti-
tion;”.

(b) APPLICATION.—The amendment made by sub-
section (a) shall apply to any proceeding under title 11,
United States Code, that is initiated on or after the date
that is 180 days after the date of enactment of this Act.

SEC. 4. ENSURING TRANSPARENCY OF STUDENT OUT-
COMES.

Section 487 of the Higher Education Act of 1965 (20
U.S.C. 1094) is amended—

(1) in subsection (a), by adding at the end the
following:

“(30) The institution will, not later than Sep-
tember 30, 2023, and annually thereafter, comply
with the following:

“(A) Produce and transmit to the Sec-
retary statistical analysis using the statistical
sampling method developed under subsection
(k) that consists of the following measures of
post-collegiate graduate outcomes for the insti-
tution as a whole and disaggregated by each de-
gree or program of study offered by the institu-
tion at time intervals of 1 year, 5 years, and 15 years after graduation:

“(i) Mean and median earnings of graduates.

“(ii) Student loan default rates of graduates.

“(B) Publish and make available to the public the statistical analysis produced under subparagraph (A) on the website of the institution, within 2 clicks of the homepage and without a paywall, email login, or other restriction to access.”; and

(2) by adding at the end the following:

“(k) Ensuring Transparency of Student Outcomes.—

“(1) Development of statistical sampling method.—The Secretary shall—

“(A) develop a statistical sampling method to be used by institutions of higher education in fulfilling the requirement described in subsection (a)(30); and

“(B) establish a searchable database accessible to the public of all analyses transmitted to the Secretary pursuant to subsection (a)(30)
that can be sorted by institution and degree or program of study.

“(2) AUDIT AND INVESTIGATION AUTHORITY.—

The Inspector General of the Department may audit and investigate the veracity of statistical analysis transmitted to the Secretary by an institution of higher education.”.