



The Joint Consolidation Loan Separation (JCLS) Act

Legislation by Congressman David E. Price (D-NC) to provide relief to borrowers who need to separate their joint consolidation loans, including separate applications for borrowers who are victims of abuse or for borrowers who are unable to get in touch with their fellow borrower.

The Problem:

From January 1, 1993 until June 30, 2006, married couples were able to combine their student loan debt into joint consolidation loans. Both borrowers agreed at the time to be jointly liable for repayment, which would prove problematic if they ever wanted to separate the loans.

Congress eliminated the joint consolidation loan program effective July 1, 2006, but did not provide a means of severing existing joint loans, even in the event of domestic violence, economic abuse, or an unresponsive partner. As a result, there are borrowers nationwide who remain liable for their abusive or uncommunicative spouse's portion of their consolidated debt with no legal options to separate them.

The Solution:

The bipartisan *Joint Consolidation Loan Separation (JCLS) Act* would allow borrowers to submit an application to the Department of Education to split the joint consolidation loan into two separate federal direct loans. The joint consolidation loan remainder (unpaid principal, outstanding charges and fees, and accrued unpaid interest) will be split proportionally based on the percentages that each borrower originally brought into the loan. The two new federal direct loans will have the same interest rates as the joint consolidation loan.

This legislation would allow two borrowers to submit a joint application to sever their joint consolidation loan or allow one borrower to submit a separate application in certain circumstances. Those separate applications would be available when:

- One borrower is the victim of domestic or economic abuse;
- One borrower has certified that they are unable to reasonably reach or access the loan information of the other borrower; or
- An individual application is deemed appropriate by the Secretary of Education.

While the universe of borrowers still making payments on a joint consolidation loan is relatively small, this legislation would greatly benefit the individual borrowers who are most in need of relief – including victims of abuse and those who are unable to get in touch with their ex-spouse.

This bill has the support of the National Network to End Domestic Violence, National Consumer Law Center, American Federation of Teachers, North Carolina Coalition against Domestic Violence, and the Virginia Sexual and Domestic Violence Action Alliance. This bill was included in the Education and Labor Committee's *Higher Education Act (HEA) Reauthorization* during the last two Congresses.