

**Carolyn B. Lamm**  
President

**AMERICAN BAR ASSOCIATION**

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The Honorable Richard J. Durbin  
United States Senate  
Washington, D.C. 20510

The Honorable Steve Cohen  
House of Representatives  
Washington, D.C. 20515

Dear Senator Durbin and Representative Cohen:

On behalf of the American Bar Association (ABA) and its nearly 400,000 members, I am writing to you expressing the Association's support for S. 3219, the "Fairness for Struggling Students Act of 2010," and for H.R. 5043, the "Private Student Loan Bankruptcy Fairness Act of 2010." Dischargeability of private student loans should be granted for those who have made good faith efforts to repay their educational debts yet have had to declare bankruptcy as a last resort because of the current economic downturn and low-hiring job market.

Eighty percent of students finance higher education with student loans, and law students on average incur almost \$60,000 in debt for public schools and over \$90,000 for private schools, in addition to \$20,000 average debt for undergraduate loans. Because of the limits on Stafford loans, many borrowers have turned to private loans that often do not provide the same repayment flexibility as federal loans. Legal employers had some of their largest layoffs on record last year, and many graduates are unable to repay their educational debts due to un- or underemployment. Allowing dischargeability of certain student loans would provide needed assistance to good-faith borrowers struggling in the current economy.

In 2009, the United States' largest law firms suffered the deepest cuts in their attorney numbers in more than 30 years. According to the Bureau of Labor Statistics, in the twelve months ending in November 2009, the legal industry as a whole lost approximately 42,000 jobs. The current job market makes it difficult for many borrowers to find gainful employment to enable them to pay back their student loans; the number of associates in large firms shrank by almost nine percent last year, and forty-two percent of incoming first-year associates had deferred start dates. While bankruptcy is a difficult decision for anyone enduring economic hardship, allowing dischargeability of private student loans would provide help to borrowers who have tried but are simply unable to repay in full their educational loans.

Although this legislation is needed for those who simply cannot repay their student loans, other loan reforms would assist borrowers without the stigma and long-term effects of declaring bankruptcy. To help students and recent graduates in this economic climate and to ensure that bankruptcy is only used as a last resort, we respectfully request expanding this legislation to provide other forms of loan relief. Increasing Stafford Loan limits, incorporating bar study loans into the definition of an educational loan, allowing borrowers to refinance private loans in the federal system, and relaxing the criteria and provisions of income-based repayment (IBR) and other federal loan programs so more may qualify are all options that would assist students and graduates. These measures could bring relief so that borrowers can repay their educational debts without having to resort to bankruptcy.

We appreciate your dedication to easing educational debt burdens and are ready to work with you on this issue; the need for assistance in the current economic climate cannot be overstated. Thank you for your attention to this matter. Should you have any questions, please feel free to contact me or Ann Carmichael (202-662-1767; email [carmicha@staff.abanet.org](mailto:carmicha@staff.abanet.org)).

Sincerely,



Carolyn B. Lamm

cc: The Honorable Sheldon Whitehouse, Judiciary Committee, United States Senate  
The Honorable Al Franken, Judiciary Committee, United States Senate  
The Honorable Danny Davis, Judiciary Committee, House of Representatives  
The Honorable Tom Harkin; Health, Education, Labor, and Pensions Chairman  
The Honorable Mike Enzi; Health, Education, Labor, and Pensions Ranking Member  
The Honorable George Miller, Education and Labor Chairman  
The Honorable John Kline, Education and Labor Ranking Member  
The Honorable Christopher Dodd; Banking, Housing, and Urban Affairs Chairman  
The Honorable Richard Shelby; Banking, Housing, and Urban Affairs Ranking Member  
The Honorable Barney Frank, Financial Services Chairman  
The Honorable Spencer Bachus, Financial Services Ranking Member  
Members of the Judiciary Committee, United States Senate  
Members of the Judiciary Committee, House of Representatives