

Currently, more than thirty-seven million people have outstanding college or university loans, and the total amount of student loan indebtedness has reached \$1.2 trillion. Student-loan default rates have gone up in recent years and there is evidence that student-loan indebtedness has become increasingly burdensome for millions of Americans. In addition, widespread fraud and abuse has been documented in the for-profit college and university industry regarding federal student loans. This article argues that the federal student loan program is in crisis and threatens to undermine the national economy. The authors make specific recommendations for restoring its integrity. Specifically the authors suggest that the U.S. Department of Education publish a more transparent measurement of the student-loan default rate, which is much higher than the rate that is officially reported. In addition, the U.S. Bankruptcy Code should be amended to allow student-loan debtors who file for bankruptcy in good faith to discharge their student loans in bankruptcy under the same terms as other unsecured debt. Finally, the federal government needs to continue and intensify its efforts to eliminate fraud and abuse in the for-profit college and university industry, which has higher student-loan default rates than any other sector of post-secondary education.