

BIDEN'S STUDENT LOAN SCHEME:

Counting the Cost

UNCONST. BAILOUT PLAN

- In August, 2022, Biden announced his Administration would cancel **\$10,000** of student loan debt per borrower and **\$20,000** for Pell Grant recipients.
- The U.S. Supreme Court found this law **unconstitutional** in **June 2023**.

**\$330
BILLION**

LOAN REPAYMENT PAUSE

- In March 2020, student loan repayments were paused due to the COVID-19 pandemic.
- However, the Biden Administration extended this pause a total of **six times**, including in November 2022, two months after the President himself declared the *"pandemic was over."*

**\$165
BILLION**

SO-CALLED 'SAVE' PLAN

- In June 2023, President Biden responded to the Supreme Court's decision by announcing additional student loan schemes, including a **finalized income driven repayment rule (SAVE Plan)**.
- The SAVE plan changes the originally target program to one in which **91 percent** of new student debt would be eligible for reduced payments and eventual transfer to taxpayers.

**\$260
BILLION**

NEW PLAN

- This month, President Biden announced **five new provisions** to cancel student loan debt.
- One provision---the forgiveness of longer-term debt---expands eligibility to **higher-income households**.

up to
**\$750
BILLION**

Since taking office, President Biden has attempted to cancel over **\$1 trillion** worth of student loan debt.

Sources:

- Congressional Budget Office: "Costs of Suspending Student Loan Payments and Canceling Debt" (9/22/22) & score of "H.J. Res 88" (9/18/23)
- Committee for a Responsible Federal Budget: "Student Loan Pause Could Cost \$275 billion" (11/22/22) & "Student Debt Plan Would Add Billions to Deficit" (4/16/24)

BIDEN'S STUDENT LOAN SCHEME:

Punishing Working-Class Taxpayers

Make no mistake – President Biden is not “forgiving” loans; he’s transferring the debt from borrowers who willingly took out student loans onto the backs of working-class taxpayers who did not.



More than **60 percent** of Americans do not have a college degree.



87 percent of adults without student loans will be forced to pay for the **13 percent** who do.



56 percent of all student loan debt is owed by the **14.3 percent** of individuals with graduate degrees.



Wealthy Americans stand to benefit overwhelmingly from President Biden’s radical free college agenda



Per Penn Wharton Budget Model (PWBM) analysis, **70 percent** of President Biden’s unconstitutional student loan bailout stood to go to the **top half of the income spectrum**.



Biden’s unwarranted extensions of the pandemic-era student loan repayment pause benefitted **graduate and professional students the most**.



Under Biden’s so-called SAVE plan, a family of four would need to have a total income of over **\$67,500 in 2023** (equal to the median income in the U.S.) before being expected to pay anything.



Under Biden’s most recent plan, per PWBM, **750,000 households** making over **\$312,000** in average household income would be eligible for loan cancellation.



Student debt is highly concentrated among the wealthiest white households. White households hold about **63 percent of the nation’s student debt**.

BIDEN'S STUDENT LOAN SCHEME:

Incentivizing Skyrocketing Tuition

Bailouts do nothing to address the root cause of soaring college tuition.

- The student loan debt balance in the U.S. totals **more than \$1.72 trillion**
- From 2000 to 2023, tuition fees increased **186%** - **more than twice** the increase in inflation.

In fact, bailouts incentivize colleges to raise prices.

- Studies have found that institutions increased tuition at rates of up to **60 cents for every dollar in taxpayer-subsidized loans**.

Bailouts also push students to take on more personal debt.

- Under President Biden's relentless student loan schemes, even those who can fully afford their education would be **leaving money on the table** by not taking out loans they could expect to eventually be paid off by taxpayers.
- The Penn Wharton Budget Model found that Biden's income driven repayment rule will incentivize community college students to **collectively borrow billions more dollars** per year due to the expectation that they will not have to pay the debt.

HOUSE REPUBLICANS ARE FACING THIS PROBLEM HEAD-ON:

Earlier this year, the House Education and Workforce Committee passed **H.R. 6951, the College Cost Reduction Act** out of Committee. The bill:

- ✓ Ensures information about costs and return on investment is transparent;
- ✓ Holds institutions financially responsible for overpriced degrees that leave students with unaffordable debt;
- ✓ Funds colleges based on student outcomes and lifts excessive regulations that further increase costs to families.

BIDEN'S STUDENT LOAN SCHEME:

Timeline of Major Events

August 22, 2022

Using a flawed interpretation of a 2003 law meant to provide time-limited relief to military members following 9/11, Biden announces his Administration would cancel \$10,000 of student loan debt per borrower and \$20,000 for Pell Grant recipients.

June 3, 2023

The bipartisan Fiscal Responsibility Act of 2023 ensures emergency student loan repayment pauses cannot be further extended, marking October 2023 as to when payments will resume.

June 30, 2023

President Biden responds to the Supreme Court's decision by announcing additional student loan schemes, including a finalized rule, the so-called "SAVE plan" that changes the originally target income driven repayment program to one in which 91 percent of new student debt would be eligible for reduced payments and eventual transfer to taxpayers.

April 8, 2024

In Madison, Wisconsin, President Joe Biden announces his latest plan to circumvent Congress and unilaterally wipe away student debt for millions of borrowers.

January 20, 2021

Biden promises to "forgive all undergraduate tuition-related federal student debt from two- and four-year public colleges and universities and private Historically Black Colleges and Universities and Minority Serving Institutions for debt-holders earning up to \$125,000."

November 22, 2022

The Department of Education extends the emergency student loan repayment pause for an eighth time since the beginning of the COVID-19 pandemic in March 2020, despite the President claiming in September 2022 that the "pandemic was over."

June 30, 2023

The U.S. Supreme Court finds President Biden's student loan bailout plan unconstitutional.

October 2023

Student loan repayment pause lifted.

To date, President Biden has cancelled \$153 billion worth of student debt for 4.3 million borrowers