



December 16, 2021

WHAT YOU NEED TO KNOW ABOUT

# Student Loan Forgiveness

## PRO POINTS

- **Federal student debt has ballooned to \$1.6 trillion** across roughly 45 million Americans.
- **On the 2020 campaign trail, Joe Biden promised to forgive at least \$10,000 of federal student loan debt per borrower** as an immediate response to the economic havoc caused by Covid-19.
- **Activists and progressive lawmakers are pushing the White House to make good on Biden's campaign promise and go further, by unilaterally canceling as much as \$50,000 of debt per borrower.**
- **The Biden administration is still weighing its options and being pressured to reduce outstanding debt as it prepares to resume collection of student loan payments on Jan. 31 for the first time since the pandemic began.**

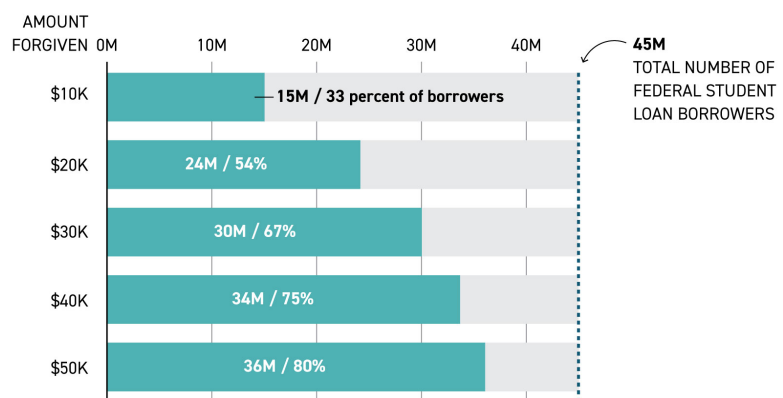
## HOW WE GOT HERE

The idea of the federal government writing off all or substantial amounts of its \$1.6 trillion portfolio of student debt in recent years has moved from the political fringes to the mainstream of progressive causes. More than 45 million Americans owe money on student loans from the Education Department — and several Democrats running for president in 2020 promised voters they would erase some of that debt.

Joe Biden, as a presidential candidate, said that he would cancel at least \$10,000 of student debt per person and cancel some debt of borrowers earning up to \$125,000 who attended public universities or private historically Black colleges and universities. Some Democrats, including Senate Majority Leader Chuck Schumer, have called on Biden to use executive authority to cancel \$50,000 of debt per borrower. Since taking office, Biden has said he's opposed to writing off \$50,000 of student debt per borrower but remained comfortable with \$10,000 of loan forgiveness.

## Forgiving up to \$20K would eliminate more than half of borrowers' debts

MILLIONS OF FEDERAL BORROWERS WHOSE DEBTS WOULD BE ELIMINATED



Sources: Department of Education, Office of Sen. Elizabeth Warren (D-Mass.), POLITICO reports

A key question is whether the Biden administration has the power to unilaterally cancel large amounts of debt without congressional approval. The Higher Education Act — which authorizes the federal government's student lending program — includes provisions that empower the

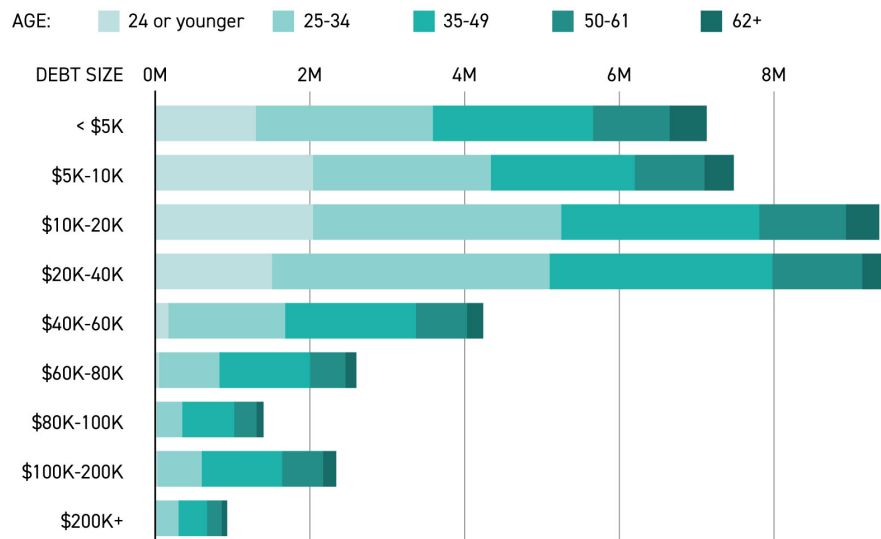


secretary of Education to cancel student loan debt in some circumstances. And a separate law gives the Education Department special powers to modify the terms of student loans during national emergencies, such as the pandemic. Both the Trump and Biden administrations have relied on those laws to provide student loan relief.

In January 2021, outgoing Trump administration appointees at the Education Department published a legal memo asserting the executive branch lacks the authority to enact widespread loan forgiveness. Biden appointees swiftly removed the memo from the agency's website but haven't rescinded or replaced it with their own interpretation of the law, which officials have said they are still reviewing.

### Most borrowers owe \$20,000 to \$40,000

MILLIONS OF FEDERAL BORROWERS, BY AGE AND DEBT SIZE



Sources: Department of Education, Enterprise Data Warehouse

### WHAT'S NEXT

There's no clear path in the current Congress for progressives to pass legislation that cancels large swaths of outstanding student loan debt — and the outlook for such legislation would be snuffed out if Republicans win back control of either chamber in 2022.

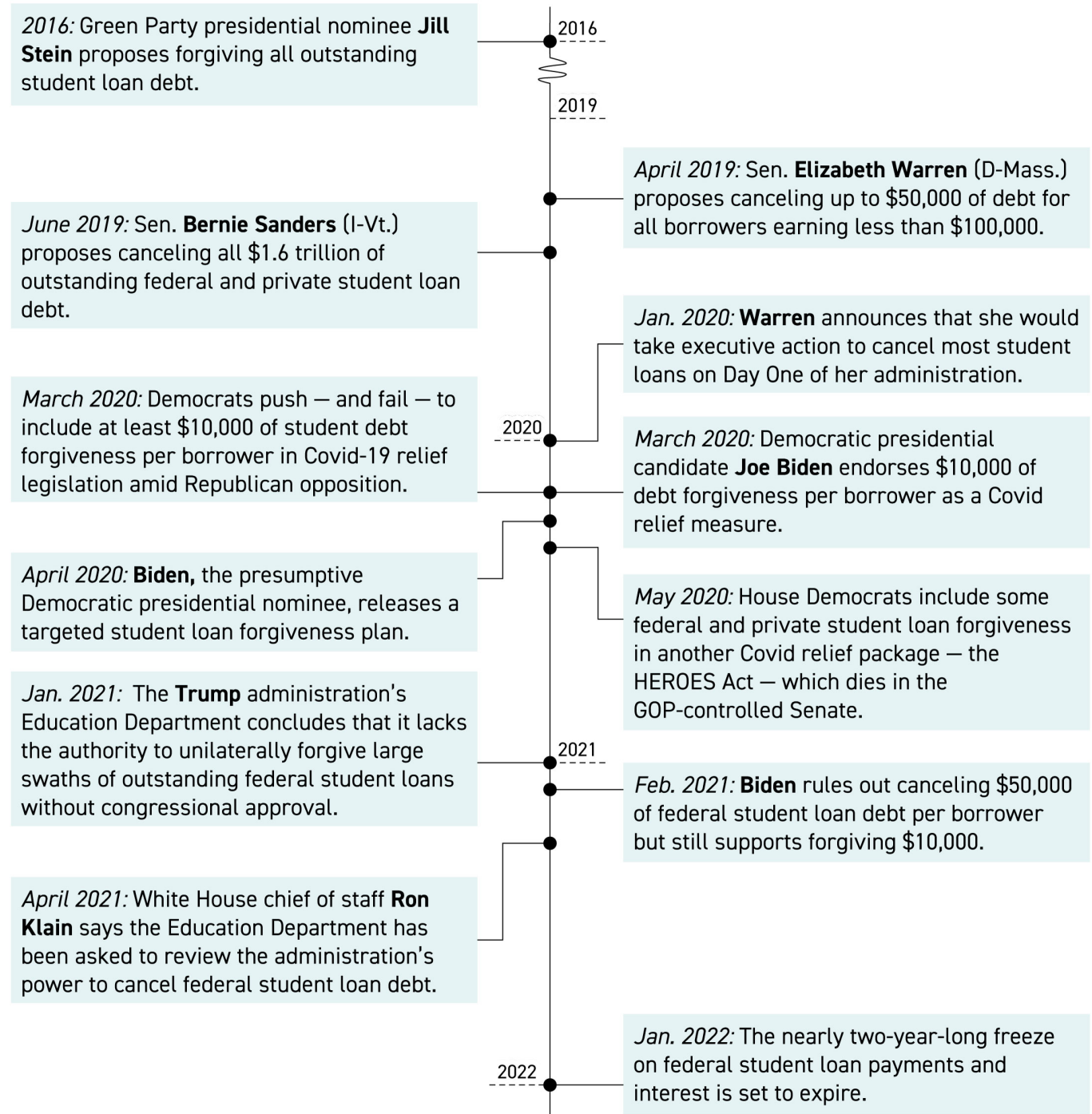
That leaves the issue to the Biden administration. So far, White House has said it is still considering whether to cancel large amounts of student loan debt through executive action. But top administration officials have said they're focused on expanding or improving existing programs that offer targeted relief to certain populations of borrowers, such as those with severe disabilities, students who were defrauded by their college and public service workers.

Progressives are again stepping up their pressure on the Biden administration to act before Jan. 31, when tens of millions of borrowers will have to resume repaying their debt for the first time since the pandemic began.



## Key moments in the push to cancel federal student loan debt

Over the past decade, eliminating student debt has moved from the political fringes to become a core progressive priority. Debate over how to offload the debt has divided Democrats and put pressure on the Biden administration to act unilaterally.



Source: POLITICO reporting



## POWER PLAYERS

- ✿ **Sen. Elizabeth Warren:** The Massachusetts senator was the first Democratic presidential candidate to pitch the idea of using executive authority to cancel student loan debt. She's continued to pressure Biden's Education Department from the left on student loan issues.
- ✿ **James Kvaal:** An Obama administration alumnus, Kvaal works as the undersecretary of Education under Biden and is the top official overseeing student loan policy at the Education Department. He's publicly said a major goal of the agency is to improve existing student debt relief programs and repayment options for all borrowers.
- ✿ **Ron Klain:** The White House chief of staff publicly said earlier this year that Biden had tasked the Education and Justice departments with reviewing the executive authority to cancel debt.
- ✿ **Civil rights groups:** The NAACP, ACLU and similar organizations are important parts of the Democratic coalition. They've been calling on the White House to cancel student debt as a racial justice issue.