

Congress of the United States

Washington, DC 20515

March 7, 2023

President Joseph R. Biden
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear Mr. President:

We write to express our strong support for your efforts to provide student loan relief to more than 40 million low-to-middle-income borrowers as they recover from the economic crisis brought on by the pandemic. Today in America, tens of millions of Americans are drowning in more than \$1.6 trillion in student debt, leaving them less likely to become homeowners or save for retirement.¹

The consequences of the student debt crisis are devastating. Many young people no longer see college as a tool for economic and social mobility; instead, they fear leaving school with enormous amounts of debt that they may never be able to pay off.² To make matters worse, college enrollment for all students decreased during the COVID-19 pandemic, and progress in the national college completion rate has stalled altogether.³ Such a deterrent is one we cannot afford as we continue to see workforce shortages in the most essential professions, such as teaching and nursing.⁴ This is a tragedy not only for these young people but for our Nation as a whole, because a well-educated population is critical for the strength of our economy and for the health of a prosperous Nation.

Students and families from working- and low-income backgrounds should not be punished for pursuing an education and developing skills needed for a 21st-century economy. And if every student in this country is provided the opportunity to go to college or seek additional

¹ U.S. Department of Education, “Federal Student Aid Portfolio Summary,” Federal Student Aid, December 2022, <https://studentaid.gov/data-center/student>; Rajashri Chakrabarti, Jessica Lu, Wilbert van der Klaauw, “What Might Happen When Student Loan Forbearance Ends?,” Liberty Street Economics, April 21, 2022, <https://libertystreeteconomics.newyorkfed.org/2022/04/what-might-happen-when-student-loan-forbearance-ends/>; William R. Emmons, Ana Hernández Kent, and Lowell R. Ricketts, “Is College Still Worth It? It’s Complicated,” Federal Reserve Bank of St. Louis, February 7, 2019, <https://files.stlouisfed.org/files/htdocs/publications/review/2019/10/15/is-college-still-worth-it-the-new-calculus-of-falling-returns.pdf>.

² Public Agenda, “America’s Hidden Common Ground on Public Higher Education: What’s Wrong and How to Fix It,” July 11, 2022, <https://www.publicagenda.org/reports/americas-hidden-common-ground-on-public-higher-education/>.

³ *Id.*

⁴ Gretchen Berlin, Meredith Lapointe, Mhoire Murphy, and Joanna Wexler, “Assessing the Lingering Impact of COVID-19 on the Nursing Workforce,” May 11, 2022, <https://www.mckinsey.com/industries/healthcare/our-insights/assessing-the-lingering-impact-of-covid-19-on-the-nursing-workforce>; National Center for Education Statistics, “U.S. Schools Report Increased Teacher Vacancies Due to COVID-19 Pandemic, New NCES Data Show,” press release, March 3, 2022, https://nces.ed.gov/whatsnew/press_releases/3_3_2022.asp#:~:text=1%20Forty-four%20percent%20of%20public%20schools%20reported%20having%20vacancies%20were%20due%20to%20resignation.%20...%20More%20items.

postsecondary training without being burdened by massive debt, that will have a profound impact on the future of our country.

The student loan debt crisis not only negatively impacts young people, but it has an adverse impact on borrowers of all ages. More than one third of borrowers eligible for student loan debt cancellation are age 40 or older.⁵ Nearly three million people over the age of 62 hold more than \$100 billion in Federal student loans, and senior citizens all over this country are having their Social Security benefits garnished to pay down their student loan debt.⁶ In fact, many Americans cannot afford to retire because of unaffordable student debt.⁷

Your efforts to cancel student loan debt will help narrow the impact of such debt on the racial wealth gap.⁸ For example, one study found that its debt cancellation proposal would reduce the Black-white racial wealth gap from 12:1 to 5:1 among young Americans.⁹ Black student loan borrowers are more likely to borrow to go to school, take on higher levels of debt, and disproportionately struggle with repayment compared to their white peers.¹⁰

In addition, borrowers of color are more likely than their white peers to face loan default—the most harmful consequence of student debt. Studies show that 37.5 percent of Black borrowers default on their student loans, compared to 12.4 percent of white borrowers.¹¹ While Latino borrowers often have lower loan balances compared to their white peers, Latino borrowers still default at higher rates.¹² Black and Latino students are also less likely to complete their postsecondary degree compared to white students, leaving these former students without the increased earnings potential that accompanies a college degree to repay their debt.¹³ Cancelling student loan debt will help make progress towards addressing this racial wealth gap.¹⁴ Further,

⁵ White House, “FACT SHEET: President Biden Announces Student Loan Relief for Borrowers Who Need It Most,” August 24, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/>.

⁶ Lorie Konish, “Falling behind on student loans can reduce Social Security benefits by \$2,500 a year,” CNBC, January 5, 2023, <https://www.cnbc.com/2023/01/05/delinquent-student-loans-can-reduce-social-security-by-2500-a-year.html>.

⁷ John Waggoner, “Student Loan Debt Is an Unheralded Burden for Older Borrowers,” AARP, November 22, 2022, <https://www.aarp.org/money/credit-loans-debt/info-2021/student-debt-crisis-for-older-americans.html>.

⁸ Louise Seamster and Alan Aja, “A Regressive Student Loan System Results in Costly Racial Disparities,” The Brookings Institution, January, 24, 2022, <https://www.brookings.edu/blog/how-we-rise/2022/01/24/a-regressive-student-loan-system-results-in-costly-racial-disparities/>.

⁹ Marshall Steinbaum, “A Radical Solution to the Student Debt Crisis,” The Roosevelt Institute, February 6, 2018, <https://rooseveltinstitute.org/2018/02/06/a-radical-solution-to-the-student-debt-crisis/>.

¹⁰ Louise Seamster and Alan Aja, “A Regressive Student Loan System Results in Costly Racial Disparities,” The Brookings Institution, January, 24, 2022, <https://www.brookings.edu/blog/how-we-rise/2022/01/24/a-regressive-student-loan-system-results-in-costly-racial-disparities/>.

¹¹ Judith Scott-Clayton, “The Looming Student Loan Default Crisis is Worse Than We Thought,” The Brookings Institution, January 11, 2018, <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>.

¹² Unidos US, “Latinos in Higher Education: Student Loan Repayment, March 2019, https://www.unidosus.org/wp-content/uploads/2021/07/studentloanrepayment_brief_32519.pdf.

¹³ National Student Clearinghouse Research Center, “Completing College, National and State Reports with Longitudinal Data Dashboard on Six-and Eight-Year Completion Rates,” November, 2022, https://nscresearchcenter.org/wp-content/uploads/Completions_Report_2022.pdf.

¹⁴ Louise Seamster and Alan Aja, “A Regressive Student Loan System Results in Costly Racial Disparities,” Brookings Institution, January, 24, 2022, <https://www.brookings.edu/blog/how-we-rise/2022/01/24/a-regressive-student-loan-system-results-in-costly-racial-disparities/>.

under the Administration’s plan, about a quarter of Black borrowers and half of all Latino borrowers would see their debts cleared entirely.¹⁵

As our Nation recovers from the pandemic, your cancellation plan will provide critical relief to millions of families and help avert a sharp rise in delinquencies and defaults. Congress granted the Secretary of Education the authority under the *Higher Education Relief Opportunities for Students (HEROES) Act of 2003* to provide relief to borrowers affected by a national emergency.¹⁶ For the last 3 years, borrowers have had Federal student loan payments, interest, and collection obligations suspended using *HEROES Act* authority—first invoked by former Secretary of Education Betsy DeVos. Secretary Miguel Cardona has found that ending the pause without additional relief would cause delinquencies and defaults to spike above pre-pandemic levels as working- and middle-income borrowers, who are still recovering from the economic fallout of COVID-19, struggle to make payments they have not made since March 2020.¹⁷

Given that your Administration’s debt relief plan falls squarely within your administrative authority, we expect the legal challenges to the plan will fail, and 40 million Americans will be able to have their debts reduced or eliminated as they return to repayment. Through your action, approximately 20 million borrowers will have no remaining balance, and nearly 90 percent of relief dollars will go to those earning less than \$75,000 a year. In the less than 4 weeks that the application for debt relief was available and before the U.S. Department of Education (the Department) was required to stop accepting applications as a result of lawsuits from opponents of the program, 26 million people applied to the Department to be deemed eligible for relief.¹⁸ Of such applicants, most are living in lower-income and majority-minority zip codes, suggesting debt relief will not only help individual borrowers but will also have a positive impact across communities that need it most.¹⁹ Over 16 million of those borrowers’ applications were fully approved by the Department and sent to loan servicers.²⁰

Overall, the debt relief program will help so many borrowers as they continue to recover from the financial distress of the pandemic. We applaud the steps your Administration has taken to

¹⁵ Andre M. Perry, Adrianna Pita, “What will student loan forgiveness mean for Black students and families?,” Brookings Institution, August 26, 2022, <https://www.brookings.edu/podcast-episode/what-will-bidens-student-loan-forgiveness-mean-for-black-students-and-families/>; Callie Rainosek, “What Does Biden’s Student Loan Forgiveness Plan Mean for Latinos,” Salud America, August 31, 2022, <https://salud-america.org/what-does-bidens-student-loan-forgiveness-plan-mean-for-latinos/#:~:text=With%20Biden's%20plan%2C%20about%20half,according%20to%20Excelencia%20in%20Education.>

¹⁶ Edward C. Liu, Sean M. Stiff, Congressional Research Service, “Statutory Basis for Biden Administration Student Loan Forgiveness,” September 13, 2022, <https://crsreports.congress.gov/product/pdf/LSB/LSB10818>.

¹⁷ Federal Register, “Notice of Debt Cancellation Legal Memorandum,” Office of the General Counsel, Department of Education, August 30, 2022, <https://www.federalregister.gov/documents/2022/08/30/2022-18731/notice-of-debt-cancellation-legal-memorandum>.

¹⁸ White House, “FACT SHEET: Biden-Harris Administration Releases New Data Showing 26 Million People in All 50 States Applied or Were Automatically Eligible for One-Time Student Debt Relief,” press release, January 27, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/01/27/fact-sheet-biden-harris-administration-releases-new-data-showing-26-million-people-in-all-50-states-applied-or-were-automatically-eligible-for-one-time-student-debt-relief/>.

¹⁹ Michael Stratford, Sean McMinn, Taylor Miller Thomas, “What We Know About the 25M Americans Who Signed Up for Biden’s Student Debt Relief,” Politico, February 16, 2023, <https://www.politico.com/news/2023/02/16/joe-biden-student-debt-relief-00083243>.

²⁰ *Id.* at 21.

effectively reduce the risk of delinquency and default, particularly for our most vulnerable communities. We strongly support your debt relief plan and look forward to partnering with you to ensure every eligible borrower receives it.

Respectfully



Charles E. Schumer
United States Senator



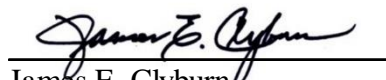
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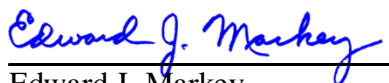
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Mazie K. Hirono
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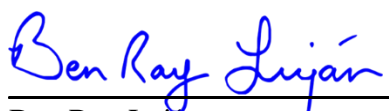
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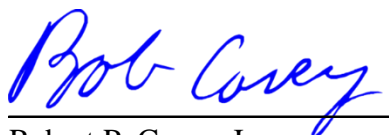
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Ben Ray Lujan
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Martin Heinrich
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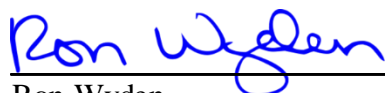
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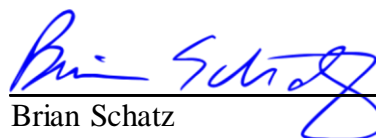
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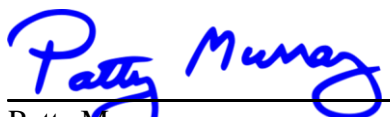
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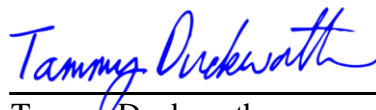
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Patty Murray
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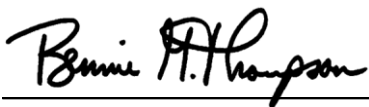
Tammy Duckworth
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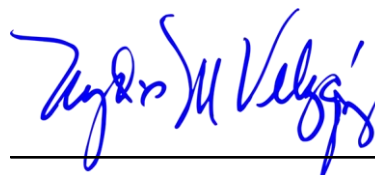
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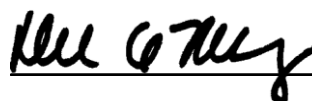
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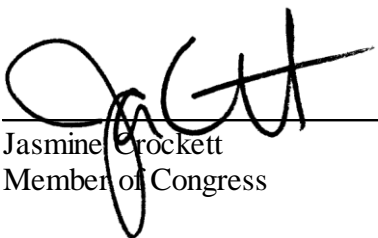
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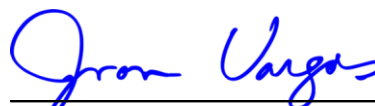
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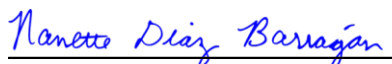
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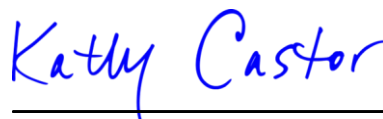
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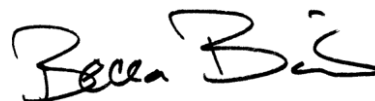
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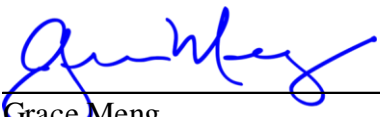
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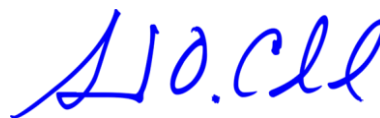
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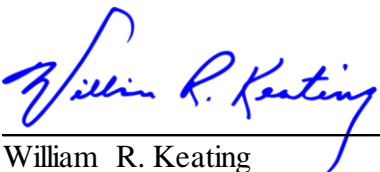
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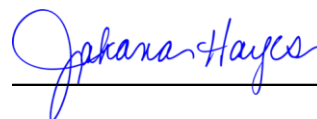
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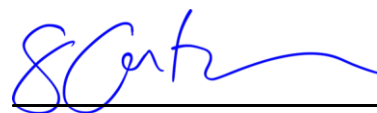
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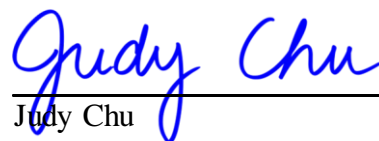
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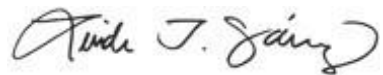
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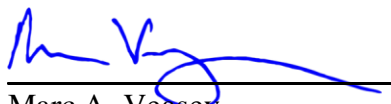
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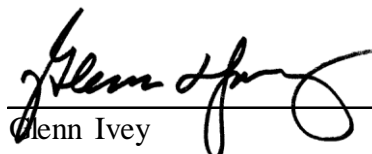
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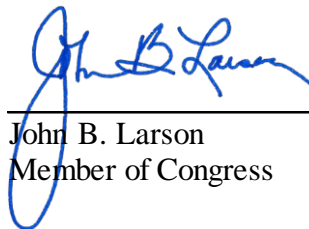
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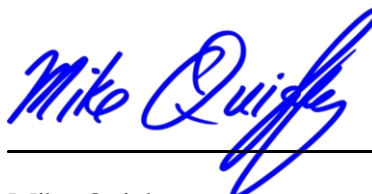
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