



## **More than 40 million Americans carry student loan debt today, totaling roughly \$1.75 trillion**

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Members of a Senate Committee on Thursday heard from financial experts about the economic impact of the debt and potential solutions.

“Instead of achieving the American dream, borrowers are trapped in economic debt and economic instability,” said Sen. Sherrod Brown (D-OH), Chair of the Senate Committee on Banking, Housing and Urban Affairs. “The Biden administration has the power to change the financial lives and future of millions of borrowers by forgiving meaningful portions of student loan debt.”

The panel heard from two witnesses echoing that call for student loan debt forgiveness.

“Rising debt produces fewer homeowners and more credit card debt, jeopardizes secure retirements, and drives intergenerational debt,” said Mike Pierce, Executive Director of the Student Borrower Protection Center. “Canceling student debt is just. It is equitable. It is legal and it is the only appropriate response to decades of government mismanagement and industry abuse.”

Last month, the U.S. Department of Education announced fixes to the income-based repayment (IDR) plan which will bring relief for some borrowers.

“Federal Student Aid (FSA) estimates that these changes will result in immediate debt cancellation for at least 40,000 borrowers under the Public Service Loan Forgiveness (PSLF) Program,” the U.S. Department of Education said in a statement. “Several thousand borrowers with older loans will also receive forgiveness through IDR. More than 3.6 million borrowers will also receive at least three years of additional credit toward IDR forgiveness.”

But progressives in Congress and outside Washington say that’s not enough and called for more widespread student loan forgiveness.

“We need full debt cancellation, and we need it yesterday,” said Dr. Jalil Mustaffa Bishop, Co-Founder and Assistant Professor for Equity Research Cooperative & Villanova University.

Republicans on the committee, however, said student loan forgiveness would lead to an unfair burden on taxpayers.

“Let’s be clear about what canceling student loan debt means,” said Sen. Pat Toomey (R-PA), Ranking Member of the Senate Committee on Banking, Housing and Urban Affairs. “It’s a massive wealth transfer from taxpayers to a small subset of mostly wealthy individuals.”

One witness urged Congress and the Biden administration not to institute broad loan forgiveness but to instead consider other solutions like holding colleges more accountable.

“Loan problems do not justify drastic actions such as sweeping cancelation which would create bigger problems from helping the well-to-do to exacerbating tuition inflation and workforce distortions,” said Dr. Neal McCluskey, Director of the Center for Educational Freedom at the Cato Institute. “Congress could also institute skin in the game in which colleges pay a share of their defaults.”

President Biden has said he is considering taking executive action to broadly cancel student loan debt but so far, no final decision has come down from the administration.