



Biden pressured by the Left on student loans

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The student loans debate is the latest issue in which President Joe Biden finds himself caught between the Democratic Party's centrist and liberal wings.

Critics charge that Biden hasn't done enough to address the \$1.7 trillion student debt load, while more conservative voices point to the need for financial accountability for taxpayers who would be on the hook for any "canceling" of the debt.

"[The Biden administration] has been needlessly slow in addressing for-profit colleges and student debt servicers and too slow to provide relief to student loan debt holders," said Jeff Hauser, executive director of the Revolving Door Project.

While Biden has extended the student loan repayment pause started under former President Donald Trump through May 1, the latest controversy stems from his Department of Education's promises to reform how it handles bankruptcy claims. A report from the *Daily Poster* detailed how the agency filed an appeal against the bankruptcy of an epileptic Delaware man who owed nearly \$100,000 and had never made payments.

In another case, an Alabama single mother of three who owed \$111,000 while earning less than \$22,000 annually won a court case to have the debt discharged, but the Biden administration appealed the decision. After the cases generated public attention, the Department of Education said it would drop both cases.

Biden played a role in making student debt so difficult to escape, even through bankruptcy, by backing a 2005 Senate bill that Hauser calls a "pro-creditor approach to bankruptcy."

"That approach carved out student loans in the main from being discharged within bankruptcy," Hauser said, adding that Trump's six bankruptcies prior to running for president showcase the system's hypocrisy.

But there's a good reason federal student loans are treated differently, argues the Cato Institute's Neal McCluskey — the creditors are taxpayers who had no say in whether they lent the money out.

"The taxpayer has to pay their taxes whether they agree with it being spent on these loans or not," said McCluskey, director of Cato's Center for Educational Freedom. "You have to remember that there are people who gave you that money who expect it back and may need it."

More focus should instead be spent on lowering college costs, he added, which will address the roots of the issue as a long-term solution.

According to the [Education Data Initiative](#), the federal government holds more than \$1.5 trillion in student loans, with the average borrower owing \$36,510.

Liberal senators such as Elizabeth Warren and [Chuck Schumer](#) have called on Biden to "cancel" up to \$50,000 of debt for each of the nation's 43 million loanees. Biden has mentioned a \$10,000 figure but wants it to come in the form of a bill in Congress, again conflicting with more liberal minds who say he can do it alone.

White House press secretary [Jen Psaki](#) was asked last week why Biden has not pushed harder to have taxpayers absorb student loans.

"The president has conveyed he'd be happy to sign a bill into law that all of those members [of Congress] could work to get passed," she answered.

A common criticism of student loan forgiveness proposals concerns who tends to hold the most student loan debt, with studies showing that it tends to be wealthier people. A [Brookings Institution analysis](#) found that nearly one-third of student debt is held by the wealthiest 20% of households, whereas only 8% is held by the bottom 20%, thus the proposals could be regressive absent income limits or other balancing measures.

But even some right-leaning populist pundits have called on Congress to make changes, including [Fox News](#) host [Tucker Carlson](#).

"We can change the law in all kinds of ways. We can make colleges responsible for loans that default like every other beneficiary of a loan they could cosign," Carlson said in 2020. "We could restrict student loans to schools that let tuition rise too quickly. If you're ripping off kids, we're not going to give you a federally backed loan."

The debt could lead younger people to put off marrying and having children, Carlson concluded.

While shying away from blanket proposals, Biden has embraced smaller moves, such as the pledge to reform the Department of Education's bankruptcy rules, limited [debt write-offs](#) for victims of for-profit college fraud, and reforming existing programs — such as the Public Service Loan Forgiveness plan.

But anything short of a blanket write-off may not be enough for the Democratic Party's liberal wing and voters who supported the presidential campaigns of Warren and Vermont Sen. Bernie Sanders.

"Biden doesn't want to do massive loan forgiveness but also doesn't want to say he won't do it," said McCluskey. "He doesn't want to alienate the Left."