

# *The Cost of...* BIDEN'S RADICAL FREE COLLEGE AGENDA

The House Budget Committee's *The Cost Of...* breaks down the fiscal impact of Washington policies, giving context and analysis to how legislative and executive branch actions influence our exploding national debt, which now exceeds \$33 trillion.

*Biden's Radical Free College Agenda* focuses on how President Biden's relentless student loan schemes serve to harm our nation's fiscal outlook, working-class taxpayers, and future generations of college students.

## PRESENTING THE PROBLEM

Since taking office in January 2021, President Biden has relentlessly and unilaterally attempted to force the 87 percent of American taxpayers without student loans to pay for the 13 percent who do:

- **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.”
- **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.
  - The Administration also announces two proposed rules, changing the Income Driven Repayment (IDR) program and the Public Service Loan Forgiveness (PSLF) program.
- **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 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:** The U.S. Supreme Court [finds](#) President Biden's student loan bailout plan unconstitutional.
- **June 30, 2023:** President Biden responds to the Supreme Court's decision by [announcing](#) additional student loan schemes, including:
  - A finalized IDR rule that 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.



- In light of upcoming payment resumption, a 12-month “on-ramp” period in which “borrowers will not be reported to credit bureaus, be considered in default, or referred to collection agencies for late, missed, or partial payments during the on-ramp period.”
- **October 2023:** Student loan repayment pause lifted.
- **October 4, 2023:** The Biden Administration [announces](#) that an additional 125,000 Americans have been approved for \$9 billion in debt relief through his Administration’s changes to IDR and PSLF, bringing the total approved debt cancellation by the Biden Administration to \$127 billion.

## COUNTING THE COST

### **Worsening Our Debt and Inflation Crises:**

President Biden’s three biggest student loan schemes come with hundred-billion-dollar price tags:

Student Loan Scheme	Estimated Cost
Unconstitutional Student Loan Bailout	<a href="#">\$330 billion+</a>
Three-Year Pause on Student Loan Repayments	<a href="#">\$200 billion</a> (nearly \$5 billion per month)
Income Driven Repayment Rule	<a href="#">\$260 billion</a> (Penn Wharton estimates up to <a href="#">\$475 billion</a> )

These numbers only serve to exacerbate our over \$33 trillion, and growing, debt crisis and fuel the fire of *Bidenflation*.

- The Committee for a Responsible federal budget [estimates](#) that the Biden Administration’s November 2022 extension of the student loan repayment pause could have boosted inflation by as much as 20 basis points.
- Larry Summers, former Clinton Treasury Secretary and Obama economic advisor, has sounded the alarm, [noting](#) that the continued extensions are “highly regressive,” “highly problematic,” and “untargeted and inappropriate at a time when the economy is overheated.”

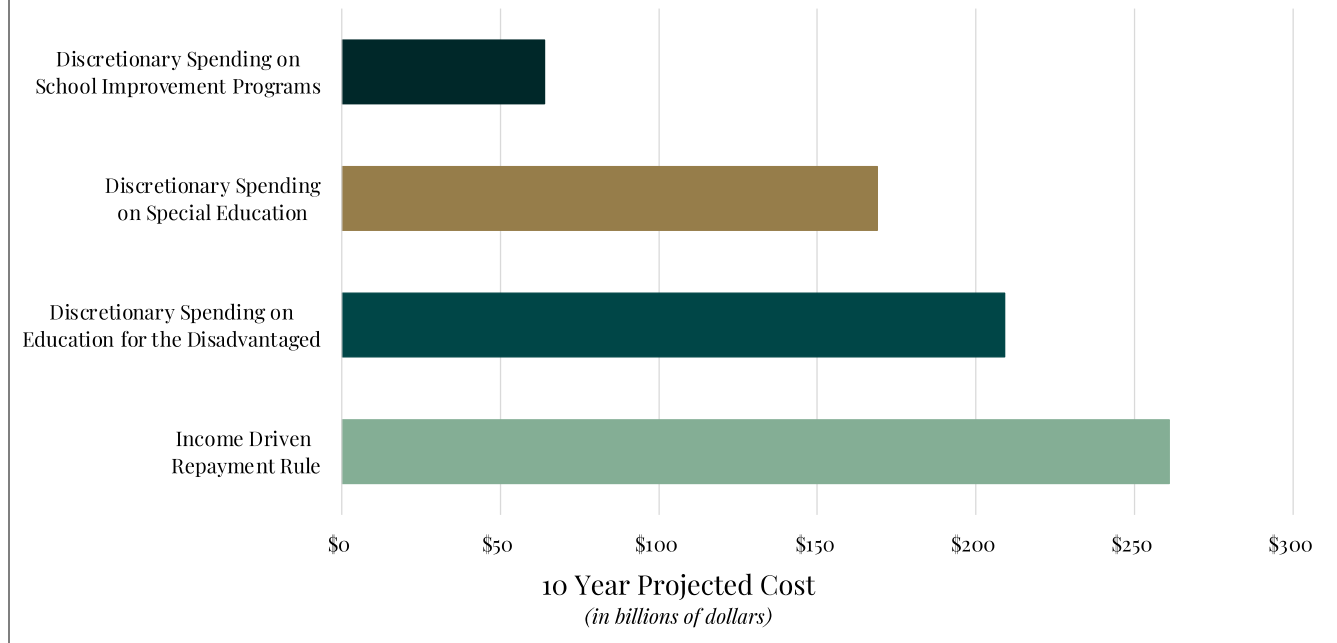
### **Pushing Out Other Education Priorities:**

The price of President Biden’s student loan schemes pale in comparison to federal spending on education programs for the most vulnerable Americans.

Just look at the [10-year projected cost](#) for President Biden’s IDR rule compared to [10-year spending projections](#) for other programs in the education space:



## President Biden's Education Policy Pushing Out Other Education Priorities



### **Punishing 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. According to [research](#) from the Committee on Education and the Workforce:

- 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 chose to take on student loans.
- 56 percent of all student loan debt is owed by the 14.3 percent of individuals with graduate degrees.
- Among households making over \$120,000 per-year, 59 percent have federal student debt.

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

- According to [analysis](#) from the nonpartisan Penn Wharton Budget Model, 70 percent of President Biden’s unconstitutional student loan bailout stood to go to the top half of the income spectrum.
- Researchers at the University of Virginia [found](#) that, for each dollar borrowed, graduate and professional students benefited the most from the President’s student loan repayment pause. Moreover, higher income households saw the largest increases in interest subsidies and cash on hand from the President’s payment pauses.



- Additionally, per [Brookings](#), “white households hold about 63 percent of student debt... (and) student debt is highly concentrated among the wealthiest white households.” Thus, “debt forgiveness in the name of closing nominal wealth gaps actually does more to improve the lives of affluent white households.”
- Under President Biden’s new IDR rule, the Senate Committee on Health, Education, Labor, and Pensions [projects](#) a family of four would need to have total income over \$67,500 in 2023 (roughly equal to the median income of all households in the U.S.) before being expected to pay anything.

Millions of Americans hold debt in the form of mortgages, car loans and credit card debt — none of them got their balances wiped away – let alone a two-year paid vacation from their monthly bills.

### **Incentivizing Personal Debt and Skyrocketing College Tuition:**

President Biden’s student loan schemes do nothing to address the root causes of soaring college costs.

- Since 2000, tuition and fees have [increased](#) 178 percent, or nearly three times faster than inflation.
- The student loan debt balance in the U.S. has increased by 66% over the past decade, and it now totals more than \$1.77 trillion (first quarter of 2023), according to the [Federal Reserve](#).

By signaling that loans will never have to be paid back, the federal government is encouraging colleges to raise prices and demand students borrow more and more.

- Studies have [found](#) that institutions increased tuition at rates of up to 60 cents for every dollar in taxpayer subsidized loans.

It also pushes students to take out 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 IDR 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.

## **THE BOTTOM LINE**

President Biden’s radical free college agenda is bad for our nation’s fiscal outlook, bad for working-class taxpayers, and bad for future generations of college students.

The House Budget Committee’s [10-year balanced budget](#) stops student loan forgiveness schemes by ending Biden’s unconstitutional bailout and misguided IDR program.

