



CHAIR JODEY ARRINGTON

HOUSE BUDGET COMMITTEE

Chairman Arrington Responds to President Biden's Second Student Loan Bailout Scheme

WASHINGTON, D.C. – Today, House Budget Committee Chairman Jodey Arrington issued the following statement on President Joe Biden's most recent "cancellation" of student loans. This afternoon in Madison, Wisconsin, the President announced his latest plan to circumvent Congress and unilaterally wipe students for millions of borrowers, leaving taxpayers to foot the bill.

"President Biden is pushing unconstitutional student loan policies in his quest to buy votes. In reality, his plan will shift the responsibility of paying for loans owed by high-income earners who freely incurred them onto the backs of all taxpayers, many of whom do not even have a college degree.

His administration is dead set on circumventing the Supreme Court, defying Congress, and saddling our country with more debt. Meanwhile, President Biden has fumbled this year's Free Application for Federal Student Aid (FAFSA) program at every turn, delayed student aid packages, sending incorrect aid amounts, and making college less accessible for millions of low-income students.

As too many families struggle to make ends meet, and as our nation faces an unprecedented debt crisis, one thing is clear: the American people cannot afford four more years of this administration."

BACKGROUND

- In just three years, the Biden administration has attempted to spend an unprecedented **\$1 trillion** on loan "forgiveness" in a clear circumvention of Congress.
 - The Congressional Budget Office estimated that President Biden's unconstitutional student loan bailout would have cost taxpayers more than **\$330 billion**.



- The President’s six unwarranted extensions of the pandemic student loan repayment pause have increased the deficit by **\$165 billion**.
- One of the administration’s recent backdoor student loan cancellations, the so-called “SAVE Plan” could cost taxpayers as much as **\$558 billion** over the next decade.
- Today’s announced scheme will:
 - Forgive unpaid interest for **~25 million borrowers** who now owe more on their loans than they originally borrowed because of “ballooning interest”.
 - Cancel debt **for ~2 million borrowers** who’ve “carried their debts for decades.”.
 - Cancel debt for **~2 million borrowers** who “would have qualified for existing federal programs but failed to enroll”.
 - Cancel debt for **200,000 borrowers** who attended “low-value programs”.
- Student loan bailouts are regressive and do nothing to address the root causes of soaring college tuition costs.
 - More than 60 percent of Americans **do not** have a college degree.
 - **Only 13 percent of taxpayers** have student loan debt.
 - Since 2000, college tuition and fees have **increased by a whopping 186 percent**, or twice the increase in inflation.
- President Biden’s FY25 budget proposal doubles down on higher education provisions, proposing an additional **\$290.3 billion** to “reduce the cost of and expand access to postsecondary education, and training,” including **\$90 billion for “free community college”**.
 - Less than 1.7 percent of this funding would go toward increasing colleges' and universities' accountability regarding mounting college tuition costs, further exacerbating the crisis.

