

Congress of the United States
Washington, DC 20515

January 25, 2022

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

Dear President Biden:

We thank you for extending the federal student loan payment pause. As we navigate the challenges presented by the Omicron variant, this is a welcome step to reduce financial hardship for families. As you continue to evaluate the best way forward toward an equitable recovery, we urge you to direct the Department of Education to publicly release the memo outlining your legal authority to broadly cancel federal student loan debt and immediately cancel up to \$50,000 of student loan debt per borrower.

Cancelling \$50,000 of student debt would give 36 million Americans permanent relief and aid the millions more who will eventually resume payments their best chance at thriving in our recovering economy.ⁱ In light of high COVID-19 case counts and corresponding economic disruptions, restarting student loan payments without this broad cancellation would be disastrous for millions of borrowers and their families.

Significantly relieving student debt would put borrowers in the best possible position to budget for themselves and their families by reducing the financial shock that the resumption of student loan payments, collections, and interest would bring. Over a quarter of borrowers expect at least one-third of their income will go towards student loans once the pause ends.ⁱⁱ This is partly because borrowers' budgets and needs have changed since the pandemic began. In fact, 89 percent of full-time employed borrowers are expecting to be financially insecure if their payments resume.ⁱⁱⁱ New variants of COVID-19 are causing cases to spike across the country, leading to widespread uncertainty and exacerbating existing workforce and supply chain challenges.^{iv} As families continue to struggle with financial setbacks emanating from the pandemic, lifting this pause without generous student loan debt cancellation will compound these issues and spur anxiety for working families. Resuming payments without cancellation would also strip \$85 billion from our national economy over the next year.^v Therefore, eliminating debt before the pause ends is a commonsense step so that millions of borrowers have more breathing room in their family budgets and our national economy is not further held back.

For generations, young people have been encouraged to pursue higher education as a tool for economic and social mobility. However, the enduring weight of student loan debt has negated opportunities for many borrowers to truly transform their lives and our country. Substantially eliminating student debt would help Americans access important paths to build the middle class which have been delayed by student loan debt. More than 80 percent of borrowers with student loan debt report that it holds them back from being able to afford a home.^{vi} Without this debt, many would be in a better position to begin saving for homeownership as well as retirement and starting a business.

Student loan cancellation would also help close the racial and gender wealth gap in Black and Brown communities that have been borne out of generations of discriminatory policies. Due to systemic barriers, Black, Latino and Native American borrowers are more likely to struggle with repayment and consequently default on their loans at higher rates.^{vii} Additionally, the average student debt for Black households tripled in the 12 years following the 2008 recession, with Black borrowers owing three times what white borrowers owe just four years after graduating.^{viii} Freeing up income from student loan payments is a necessary part of reversing these wealth inequities, repairing the harms that decades of discriminatory policies and setting the groundwork for an equitable economic recovery.

By the same token, student loan debt is a rising threat to the retirement security of each borrower. Older Americans have seen the largest increase in student loan debt, with the average amount owed by seniors growing by 71.5 percent in the last 5 years.^{ix} Over 7 million borrowers aged 50 and up are still paying their student loans or paying for a loved one's tuition, with 25 percent of those borrowers having to make payments because the student is no longer able. Student loans have hamstrung their ability to save for retirement, with seniors working an additional 2 to 7 years to have the same bank account balances as those retiring without debt. Making payments also tightens their already-strained budgets. Nearly 114,000 older borrowers who default on their loans while receiving Social Security benefits have had their benefits withheld as an offset.^x For one in four seniors, Social Security makes up 90 percent of their income.^{xi} Eliminating student loan debt would single-handedly provide much-needed relief to our seniors and secure their ability to retire with dignity.

Publicly releasing the memo outlining your existing authority on cancelling student debt and broadly doing so is crucial to making a meaningful difference in the lives of current students, borrowers, and their families. It has been widely reported that the Department of Education has had this memo since April 5, 2021 after being directed to draft it.^{xii}

We urge you to use every tool at your disposal to deliver relief to the millions of families inspired by your proposal to make a debt-free college degree within their reach by eliminating up to \$50,000 in federal student loan debt for all families before payments resume.

Thank you for your continued work to prioritize student loan debt relief as a key element of the administration's pandemic recovery plans. Robust assistance to borrowers is necessary to drive a full recovery. We look forward to working with you on this important matter.

Sincerely,



PRAMILA JAYAPAL
Member of Congress



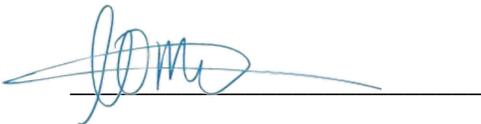
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RON WYDEN
United States Senator

ⁱ *Education Department Responses to Data Request by Senator Warren, April 2, 2021* (Apr 2, 2021) Office of U.S. Senator Elizabeth Warren

<https://www.warren.senate.gov/imo/media/doc/Education%20Department%20Response%20to%20Sen%20Warren%20-%202024-8-21.pdf>

ⁱⁱ *Survey: Huge majority of student loan borrowers not financially secure enough to resume payments*, Student Debt Crisis Center <https://studentdebtcrisis.org/student-debt-covid-survey-4/>

ⁱⁱⁱ *Id*

^{iv} *Covid News: N.H.L. Is First League to Hit Pause Over Virus Surge* (Dec 20, 2021) The New York Times

<https://www.nytimes.com/live/2021/12/20/world/omicron-covid-vaccine-tests>

^v *Sheffey, Ayelet, The student-loan payment restart in 55 days will 'strip' \$85 billion from 18 million borrowers next year, 3 top Democrats say* (Dec 8, 2021) Business Insider <https://www.businessinsider.com/student-loan-payment-restart-will-strip-85-billion-from-families-2021-12>

^{vi} *Student Loan Debt and Housing Report 2017: When Debt Holds You Back* (Sep 26, 2017) National Association of Realtors, et al. <https://www.nar.realtor/sites/default/files/documents/2017-student-loan-debt-and-housing-09-26-2017.pdf>

^{vii} *Scott-Clayton, Judith, et al., Black-white disparity in student loan debt more than triples after graduation* (Oct 20, 2016) Brookings Institute https://www.brookings.edu/wp-content/uploads/2016/10/es_20161020_scott-clayton_evidence_speaks.pdf

^{viii} *Scott-Clayton, Judith, The looming student loan default crisis is worse than we thought* (Jan 10, 2018) Center on Children & Families at Brookings <https://www.brookings.edu/wp-content/uploads/2018/01/scott-clayton-report.pdf>

^{ix} *Friedman, Zack, Student Loan Debt Statistics in 2019: A \$1.5 Trillion Crisis* (Feb 25, 2019) Forbes

<https://www.forbes.com/sites/zackfriedman/2019/02/25/student-loan-debt-statistics-2019/?sh=17579e12133f>

^x *Bawden, Allison, et al., Social Security Offsets: Improvements to Program Design Could Better Assist Older Student Loan Borrowers with Obtaining Permitted Relief* (Dec 2016) United States Government Accountability Office

<https://www.gao.gov/assets/gao-17-45.pdf>

^{xi} *Id*

^{xii} *United States Department of Education, Office of the General Counsel The Secretary's Legal Authority for Broad-Based Debt Cancellation* (Apr 5, 2021) <https://s3.documentcloud.org/documents/21096471/21-02311-f.pdf>