



# BIDEN'S REPAYMENT SCAM

## **BACKGROUND:**

- Since March 2020, federal student loan borrowers, regardless of income or ability to work, have not been required to make a student loan payment – not a single penny in two years. This was originally intended to be a safety net at the height of the pandemic. Two years later, it has turned into a \$150 billion spending spree predominately benefiting lawyers, doctors, and bankers who racked up their debt in graduate school.
- On April 6, 2022, Biden announced he was extending the repayment pause and interest rate moratorium for a fourth time. The announcement also moves 8 million borrowers who have defaulted on their loans into good standing, which will erase the black mark on the borrowers' credit report and make them eligible again for additional federal student loans. The administration has provided zero details about how this will be implemented or how much it will cost, and failed to explain how it has the legal authority to do so. Once again, President Biden is confusing borrowers, and screwing taxpayers with his radical agenda.

## **HOW IS BIDEN DOING THIS?**

- The Biden administration is using COVID-19 as an excuse to craft policy through executive decree. Unemployment continues to go down, help wanted signs continue to go up, yet this administration is keeping the pandemic going to enact harmful policies such as extending the regressive, costly, and unwarranted student loan repayment pause.
- He is abusing a 2003 law meant to provide time-limited relief to military members during deployment following the attacks on 9/11, which can only be employed in the time of a national emergency.

## **DEMOCRATS' REPAYMENT PAUSE:**

- **Steals from the poor to pay the rich.**
  - Forcing millions of taxpayers (who never went to college) to pay for the tuition bills of Ivy League lawyers and surgeons is unfair.
  - Every continuation of the repayment pause increases this cost to taxpayers. Thus far, the extensions have cost taxpayers over \$100 billion. And the majority of the benefit has gone to graduate students.
    - Medical school graduates, who earned as much as \$775,000 in 2021, are receiving the greatest benefit – bachelor's degree holders get less than 10 cents in relief for every dollar of loan forgiveness for medical students; those who never completed college get just four cents.



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- **Fuels the Inflation Crisis.**

- Extending the repayment pause or providing loan forgiveness fuels the dumpster fire that is Biden's inflation crisis.
- According to a recent analysis, extending the repayment pause through 2023 would increase inflation by as much as 68 basis points, hurting Americans already struggling to put food on the table and gas in their cars.
- Even Larry Summers, former Clinton Treasury Secretary and Obama economic advisor, is sounding the alarm, noting that the continued extensions are "highly regressive," "highly problematic," and "untargeted and inappropriate at a time when the economy is overheated."

- **Ignores the REAL CRISIS - exploding college costs.**

- The Department of Education is following the playbook that led to the 2008 housing crisis by providing predatory loans to low-income borrowers for an expensive education with little value.
  - While the majority of student loan borrowers see a positive return on their investment, many degrees are leaving borrowers worse off than when they started.
  - According to recent studies, a substantial share of college degrees have zero return on investment (ROI).
    - Over 25 percent of bachelor's degree have a negative ROI.
    - 40 percent of master's degrees have zero or negative ROI.
- The repayment pause does nothing to address the root causes of soaring college costs or the lack of accountability for colleges' abysmal completion rates.
  - Since 1980 the average cost of college has risen by 1200 percent.
  - Four in ten students who attend college never graduate.
- Continuing the pause on student loans will increase borrowing because the administration is sending the signal that loans will never have to be paid back. In turn, institutions can continue raising prices and demanding students borrow more and more.
  - Graduate students and parents have zero limits on what they can borrow, regardless of their ability to pay for the program they choose.
  - As a result of generous financial aid, studies have found that institutions increased tuition at rates of up to 60 cents for every dollar in additional grants and loans.

## ***BOTTOM LINE:***

- President Biden is ruling by executive fiat. Clearly, he will do whatever progressives want when they want it. Respect for hardworking taxpayers and responsible borrowers be damned.



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