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Attacks on student loan forgiveness threaten millions in the U.S.

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June 4, 2023

Congress is spearheading an effort to force millions of student debtors deeper into financial despair



45 million people in the U.S. have student debt—around one in five adults.

U.S. Senators from the Republican and Democrat parties pushed to quickly approve the bipartisan debt ceiling deal on Thursday night, June 1. Republicans, led by Speaker of the House Kevin McCarthy, successfully negotiated severe cuts on government spending in a way that will hurt workers [the most out of any class](#): by kicking millions off of food and health benefits, cutting the IRS making it easier for the wealthy to evade taxes, and officially putting an end date to the current freeze on student loan payments. Senate leaders pushed this bill through ostensibly to avoid a government default. The typically slow-moving Congress quickly funneled through the debt ceiling deal, much as it infamously funneled through a bill [putting down a potential rail workers strike](#) last year in record time.

A bad deal

As [explained](#) by The Debt Collective, which organizes working-class debtors in the

U.S., the codification of an end to the student debt payments pause, which will terminate the pause on September 1, will put millions of borrowers in a deeply precarious financial position.

The pause has been extended seven times, but the debt ceiling deal will take away that option for good. Biden has been trying to push through a [student debt cancellation](#) program since August 2022, but these efforts have been hamstrung by conservatives who have thus far successfully prevented the measure from being implemented. The program would have eliminated entire debt balances for 20 million people. Student debt cancellation is [popular](#) in the U.S.: 55% support student debt cancellation of up to \$10,000 per borrower, and 47% support up to \$50,000. Only a minority (31%) oppose student debt cancellation entirely.

The fate of Biden's program will be sealed by the Supreme Court in a decision coming later this year. It is likely that the Court, now majority ultra-conservative, will rule against the measure. If this happens, Biden will probably try a different tactic to implement loan forgiveness. But the debt ceiling deal will ensure that if the Court rules against Biden's program, the administration cannot continue to provide temporary relief past September 1, no matter what. Debtors will be on the hook for payments that they largely cannot afford to pay.

"What if the Biden admin comes across a new reason to extend the pause before Sept 1? What if they learn that 20% of the people with student loan accounts have incorrect information, leading to illegal debt collection practices?" asks the Debt Collective in a recent Twitter thread. "Too bad. The end to the pause was codified. Collect."

Some politicians, such as progressive Senator Bernie Sanders, [refused to vote](#) in favor of the debt ceiling deal based on the fact that Biden could have taken executive action to avoid a default by invoking the 14th Amendment. Therefore, such a deal was unnecessary in the first place. "The willingness of Republicans to hold the

economy hostage to their cruel demands has made it extremely difficult to enact a bipartisan budget deal,” Sanders [tweeted](#) on May 24. “President Biden has the authority under the 14th Amendment to avoid a default. It must be exercised.”

The larger problem

Student loan debt is a [crisis](#) in the United States, as even the country’s comparably few public universities are quite expensive when compared with the rest of the world. As a result, even the average public university student borrows \$31,410 to obtain a Bachelor’s degree.

45 million people in the U.S. have student debt — around one in five adults. 43.8 million of those have federal loans, which account for 93.1% of the total U.S. outstanding student loan balance of [\\$1.635 trillion](#).

Federal student loan payments have been frozen for debtors since the height of the COVID-19 pandemic in March 2020. In September 2022, when payments were set to resume in January of 2023 before the deadline was once again extended, a [survey](#) found that three out of five borrowers could not afford these payments.

According to a recent [report](#) by the Student Debt Crisis Center, those who owe student loans are more precarious than the overall population, which is already in [economic despair](#) in the U.S. While 34 million people are food insecure, student debt borrowers experience food insecurity at a [61% higher rate](#) than the rest of the country. The percentage of borrowers struggling to pay for healthcare and medicine increased by 34% between 2020 and 2022, and the percentage of those who could not afford rent increased by 17% in the same period. A majority of borrowers (51%) reported feeling “anxious, stressed, or depressed,” compared to a national average of 15.6%. And borrowers were eight times more likely to be housing insecure than the rest of the U.S. in 2022.

Attacks continue

Another attack on Biden's student loan program has been making headlines. On May 24, the House of Representatives approved a measure that would not only eliminate student debt relief and end the pause on payments, it would charge interest canceled due to the pause, and it could potentially hold borrowers responsible for retroactive payments from the past three years of the pause. The Senate passed the same bill on June 2, but Biden has vowed to veto the resolution once it reaches his desk. Luckily for borrowers, this will almost certainly prevent it from becoming law.

However, many have pointed out the hypocrisy of the Republicans and Democrats who voted for the measure. Marie Gluesenkamp Pérez, one of only two Democrats in the House that voted for the resolution, had a Paycheck Protection Program loan of over \$63,000 forgiven by the U.S. government. Her spokesperson has [doubled down](#) in a response to criticism, saying, "She didn't choose to live through a pandemic ... Access to PPP loans was practically universal," despite such loans being only available to business owners, not workers.

Source: [Peoples Dispatch](#)

