

June 17, 2022

The Honorable Joseph R. Biden, Jr.  
President of the United States  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

The Honorable Kamala D. Harris  
Vice President of the United States  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear President Biden and Vice President Harris:

The undersigned civil rights, student, community, and consumer advocacy organizations, along with faith leaders from across the country, urge you to use the authority of executive action to cancel \$50,000 of federal student loan debt per borrower to stimulate the economy, bridge the racial wealth gap, and alleviate the financial suffering of millions of Americans, including Black women. While women carry around two-thirds of student debt, Black women are more than twice as likely as white men to owe more than \$50,000 in undergraduate student loan debt.<sup>1</sup>

Please consider the following:

**Americans carry more than \$1.6 trillion in student debt.** That number has grown by more than \$20 billion in each of the last twenty years—including throughout the pandemic.<sup>2</sup> While we appreciate the short-term pause on student loan payments, it is only a band-aid solution. According to a recent report from the Consumer Financial Protection Bureau (CFPB), 15 million student loan borrowers are at risk of delinquency when the federal student loan payment pause ends on August 31<sup>st</sup>.<sup>3</sup> In light of this evidence, we ask you to extend the payment pause and cancel student debt.

As highlighted in a [letter](#) sent to you last year by more than 300 faith leaders and organizations, “the pause did nothing to reduce the overall balances that many shoulder,” the groups said. “It is crucial that substantial, broad-based student debt cancellation be ordered immediately.”

**The student debt crisis is pervasive and detrimental for borrowers.** Student debt depresses the purchasing power of 45 million Americans and prevents millions from starting families, buying homes, investing in local economies, starting businesses, and going back to school.<sup>4</sup>

**The burden of student debt is disproportionately felt by the historically marginalized.** Due to systemic inequality in accessing higher education and employment opportunities, Black students borrow at higher rates and are more likely to struggle during repayment than their white counterparts. Additionally, women hold two-thirds of the country’s student debt and on average borrow \$3,000 more than men, but—because of the wealth and wage gap—find it more difficult to repay their loans.<sup>5</sup> While a typical white male borrower pays off almost half of their balance within 12 years of starting college, the balance of a typical Black female borrower grows by 13%.<sup>6</sup>

**The student debt crisis affects more than millennials.** In recent years, the number of student borrowers over the age of 60 has quadrupled. As of 2017, nearly 40% of student borrowers over

the age of 65 were in default. As older borrowers struggle to repay student debt they took out on behalf of their children, grandchildren, and themselves, their Social Security can be garnished. Older borrowers are almost twice as likely to report skipping medical treatment than older consumers without student loans.<sup>7</sup>

**Student debt cancellation will stimulate the economy and benefit all Americans—not just borrowers burdened with debt.** A 2018 Levy Economics Institute report found that student debt cancellation would not only boost GDP, but would also reduce unemployment, producing economic gains that mitigate its budgetary cost. Further analysis suggests cancellation will spur the formation of small businesses and cause an increase in homeownership.<sup>8</sup>

**Limiting cancellation by income will miss huge numbers of borrowers in dire need.** It will also leave millions of borrowers with the exact monthly payment they previously had; thus, negating the purpose of cancellation. Limiting cancellation by income does not target the neediest borrowers, and in fact, will leave a substantial number of them with unaffordable debt, and paired with \$10,000 cancellation penalizes poor people who have worse debt-to-income ratios.

**Cancelling \$50,000 per borrower would help bridge the racial wealth gap.** Student debt is more burdensome for lower-income borrowers, particularly Black and Latino borrowers. Cancellation of \$50,000 would provide immediate relief to more than 75 percent of all borrowers.<sup>9</sup> Cancelling \$10,000 has a negligible impact on the racial wealth gap, as compared to cancelling \$50,000 or more. To truly narrow the widening racial wealth gap, cancelling all student debt or at least \$50,000 would facilitate your larger economic agenda as well.

**After cancellation, additional reform is needed to end the cyclical nature of this crisis.** While we welcome the changes made to income-driven repayment (IDR) by your Administration, the Department of Education needs to address past failures and ensure that program mismanagement by servicers is not repeated. Cancellation of \$50,000 per borrower would help struggling students who may not be covered by IDR or other forms of forgiveness such as Public Service Loan Forgiveness (PSLF).

**Interest rates on loans should be set at zero percent.** Setting the interest payment at zero encourages paying down the principle and discourages paying interest, which has been a barrier to repayment. Eliminating interest rates would eliminate the possibility of interest capitalization, which happens when interest goes unpaid and essentially compounds upon itself. Since interest is charged as a percentage of loan principal balance, capitalization can lead to runaway balance growth. Studies have shown that interest accrual and capitalization can trap student loan borrowers in debt for decades.

**An urgent need and a unique opportunity have converged.** The student debt crisis threatens the transformative power of higher education and the ability to build wealth during one's lifetime. On behalf of the 45 million Americans burdened by student debt, we, the undersigned, ask the Biden-Harris Administration to immediately order across-the-board student debt cancellation.

Sincerely,  
The undersigned.

1000 Women Strong  
Alpha Phi Alpha Fraternity Inc.  
American Baptist College  
American Federation of Teachers  
Americans for Financial Reform Education Fund  
Association of Young Americans (AYA)  
Benedict College  
Catholic Charities of NE KS  
Center for Responsible Lending  
Church WORLD SERVICE  
Clinton College  
Cooperative Baptist Fellowship  
Education Trust  
First Baptist Church/MPAC  
General Board of Church and Society of the United Methodist Church  
Harris-Stowe State University  
HBCU Collective  
Hip Hop Caucus  
Interdenominational Theological Center  
International Association of Machinists and Aerospace Workers  
Iota Phi Theta Fraternity Inc.  
Kappa Alpha Psi Fraternity Inc.  
Knoxville Leadership Foundation  
Lane College  
Langston University  
Leadership Conference on Civil and Human Rights  
Lee Miles Hunger Center  
Links, Incorporated  
Louisiana Budget Project  
Marsalis Avenue Baptist Church

Mecklenburg County Sheriff Office  
MoveOn  
NAACP  
National Action Network Washington Bureau  
National Baptist Convention  
National Coalition on Black Civic Participation  
National Council of Negro Women  
National Women's Law Center  
National Education Association  
NC Coalition for Responsible Lending  
NoCap  
Phi Beta Sigma Fraternity Inc.  
Pilgrim United Church of Christ  
Quad Cities Interfaith  
Sigma Gamma Rho Sorority Inc.  
Southern New England Conference, United Church of Christ  
Student Borrower Protection Center  
Student Debt Crisis Center  
Tuskegee University  
UNC Charlotte School of Architecture  
United Auto Workers  
United Church of Christ, Justice and Local Church Ministries  
United Methodist Clergy  
Urban League of the Central Carolinas  
Vega Family Foundation  
Virginia Union University  
Voices for Progress  
We the 45M  
Wesley Memorial United Methodist Church  
Young Invincible

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<sup>1</sup> American Association of University Women (AAUW). May 2017. “Deeper in Debt: Women and Student Loans.” <https://www.aauw.org/resources/research/deeper-in-debt/>

AAUW’s calculates the share of student loan debt held by women using New York Federal Reserve estimates at the end of 2016, which estimated \$1.31 trillion in outstanding student loan debt. CRL analysis using National Postsecondary Student Aid Study: 2016 Undergraduates (NPSAS:UG). National Center for Education Statistics. United States Department of Education. Retrieved from Datalab April 19, 2022.

<sup>2</sup> Federal Reserve Bank of New York: Research and Statistics Group, “Quarterly Report on Household Debt and Credit,” February 2022, [https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/hhdc\\_2021q4.pdf](https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/hhdc_2021q4.pdf).

<sup>3</sup> Consumer Financial Protection Bureau, “Student Loan Borrowers Potentially At-Risk when Payment Suspension Ends,” April 14, 2022, <https://www.consumerfinance.gov/data-research/research-reports/student-loan-borrowers-potentially-at-risk-payment-suspension-ends/>.

<sup>4</sup> Center for Responsible Lending, “Quicksand: Borrowers of Colors & the Student Debt Crisis,” September 2019, <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-quicksand-student-debt-crisis-jul2019.pdf>.

<sup>5</sup> American Association of University Women, “Deeper in Debt: Women and Student Loans,” May 2017, <https://www.aauw.org/app/uploads/2020/03/DeeperinDebt-nsa.pdf>.

<sup>6</sup> Mark Huelsman, “Debt to Society: The Case for Bold, Equitable Student Loan Cancellation and Reform,” Demos, June 6, 2019, <https://www.demos.org/sites/default/files/2019-06/Debt%20to%20Society.pdf>.

<sup>7</sup> Consumer Financial Protection Bureau: Office for Older Americans & Office for Students and Young Consumers, “Snapshots of older consumers and student loan debt,” [https://files.consumerfinance.gov/f/documents/201701\\_cfpb\\_OA-Student-Loan-Snapshot.pdf](https://files.consumerfinance.gov/f/documents/201701_cfpb_OA-Student-Loan-Snapshot.pdf).

<sup>8</sup> Rich Griset, “How wiping out all student loan debt would change the economy,” *Fortune Education*, January 3, 2022, <https://fortune.com/education/business/articles/2022/01/03/how-does-student-loan-debt-forgiveness-impact-borrowers-and-the-economy/>.

<sup>9</sup> Julia Barnard et al., “Road to Relief: Supporting Federal Student Loan Borrowers During the COVID-19 Crisis and Beyond,” Center for Responsible Lending and National Consumer Law Center, November 2020, <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/nclc-crl-road-to-relief-23nov2020.pdf>.