Congress Must Protect Student Loan Borrowers and Oppose the Codification of Student Debt Payment Pause in Fiscal Responsibility Act (FRA)

Today, more than 44 million Americans are crushed under the weight of $1.7 trillion in student loan debt. This debt prevents borrowers – in red states and blue states, urban and rural communities – from fully participating in the American economy. It delays or denies borrowers the opportunity to buy a home, start a business, or invest in retirement, thereby widening the wealth gap for borrowers from families with modest means.

<table>
<thead>
<tr>
<th>Party of district</th>
<th>Borrowers eligible for relief</th>
<th>Debt set to be cancelled</th>
<th>Borrowers auto-approved or approved through application</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>20,804,100</td>
<td>$198,845,394,721</td>
<td>8,425,500</td>
</tr>
<tr>
<td>R</td>
<td>20,638,100</td>
<td>$197,258,768,262</td>
<td>7,971,900</td>
</tr>
<tr>
<td>Total</td>
<td>41,442,200</td>
<td>$396,104,162,983</td>
<td>16,397,400</td>
</tr>
<tr>
<td>Borrowers whose district is unknown</td>
<td>407,600</td>
<td>$3,895,837,017</td>
<td>89,000</td>
</tr>
</tbody>
</table>

Source: Ed Workforce Democrats

While we agree with President Biden and Congress that America should not default on its debt, we also strongly believe that debt ceiling negotiations should not force borrowers into delinquency or default on their student loans.

The Biden administration previously announced that student loan repayments are to resume. However, Congress should not mandate the start of repayments before the Supreme Court decides the case currently before it on the validity of student debt cancellation. Doing so would eliminate the option of extending the payment pause if circumstances require it. In addition, borrowers should be given adequate time to file for relief if the Court decides to rule in favor of the Biden administration.

**Congress Must Prioritize Relief**

While borrowers await the Supreme Court’s decision regarding the fate of student debt relief, tens of millions of borrowers and their families are relying on the federal student loan payment pause as they navigate the economic aftershocks of the pandemic and rising inflation. Congress should prioritize borrowers’ needs and make programs like Public Service Loan Forgiveness (PSLF), Borrower Defense to Repayment, and Income-Driven Repayment (IDR) a priority.

Without cancellation and the payment pause, many borrowers face the near-certain possibility of delinquency and default when repayment resumes, leaving them with less money to spend on food, housing, and other necessities.

Student loan delinquency rates have climbed to 7.1 percent since the COVID-19 pandemic began, affecting about 3 million Americans.¹ Rural communities have been negatively impacted, with 17% of rural Americans falling into delinquency. Rural communities hold $228 billion of student loan debt and residents typically have low wages, making it even harder for borrowers to repay their student loans.² In addition, due to institutional barriers and a lack of access to generational wealth that forces them to take on a higher proportion of student loan debt, 30% of African American graduates,³ 40% of Native American graduates,⁴ and 35% of Latino graduates⁵ have defaulted on their federal student loans.

Members of Congress should not play with the lives of their constituents to score political points. Student debt relief is popular with voters across the country, and this effort to reverse critical repayment and cancellation initiatives will harm the nation’s overall economic health and well-being as it struggles to avoid a recession.

We applaud Congress and President Biden for finding common ground to ensure that America does not default. We also remind Congress that while the global pandemic and national emergency has ended, the aftermath and rebuilding of our
nation is far from over. Restricting the President’s authority to extend the student loan payment pause will only deepen the student debt crisis for borrowers.

**Congress should not restrict the President’s authority to extend the payment pause, but should ensure that borrowers are protected and prepared to restart repayment and that loan servicers are equipped and funded to assist them at the highest standards.** Debt cancellation through programs like IDR and PSLF needs to be implemented so borrowers can be protected and have access to affordable and inclusive repayment options.

We urge Congress to refrain from taking unnecessary and possible harmful action to force the start of loan repayments until the Supreme Court makes a decision on President Biden’s relief plan.

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1. [Office of Research blog: Update on student loan borrowers during payment suspension | Consumer Financial Protection Bureau](consumerfinance.gov) (last visited May 23, 2023)
2. [Research Roundup: Rural Communities and Farmers are at the Forefront of the Student Debt Crisis - Student Borrower Protection Center](protectborrowers.org)
3. [Black-White Differences in Student Loan Default Rates Among College Graduates | Richmond Fed](
4. [Student Loan Debt Statistics By Race | Bankrate](
5. [Almost half of Latino student loan debt is expected to be forgiven under Biden](nbcnews.com)