



## Overturing student debt relief through the Congressional Review Act will have devastating consequences for student loan borrowers.

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.

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

Source: Ed Workforce Democrats

Forcing repayment of unaffordable student debt poses a significant threat to our economy. A proposal before Congress to block President Biden’s debt relief plan and force retroactive student loan payments would result in chaos for military families, educators, first responders, and other public service workers in communities across the country.

### ***The Price of an American Education***

Education was sold to working-class families as the great equalizer, giving unlimited opportunity to those who would seize it. Families have taken on significant debt to pay for their education in pursuit of the American dream, and when they cannot repay their loans, they fall into a cycle of debt. This situation is both a product of the racial wealth gap and a tool that exacerbates racial inequality.

“I want the Supreme Court to know that if we don’t forgive student loan debt, it’s going to hinder an entire generation from being able to advance in life, build their families, make career choices based on their passions and interests rather than making ends meet.”

Mari Nemec, student loan borrower during protest at Supreme Court on 2/28/23

President Biden’s plan to forgive up to \$20,000 in federal student loan debt in response to the national emergency declared for the COVID-19 pandemic falls squarely within authority granted under the Higher Education Relief Opportunities for Students, or HEROES Act, and will help level the playing field for low-wealth and low-income individuals.

### ***The Rippling Effects of the Congressional Review Act***

The Congressional Review Act (CRA) resolution currently before Congress would overturn the president’s debt relief plan and its pause on federal student loan payments and interest accrual, forcing millions of borrowers into abrupt and unplanned repayment. The retroactive repayments immediately would add thousands of dollars of interest onto the average borrower’s loan balance.

The payment shock will push many borrowers into delinquency and default on their student loans. **Student loan delinquency rates have climbed 7.1 percent since the COVID-19 pandemic began, affecting about 3 million Americans.**<sup>1</sup> Rural communities in particular 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.**<sup>2</sup>

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,<sup>3</sup> 40% of Native American graduates,<sup>4</sup> and 35% of Latino graduates<sup>5</sup> have defaulted on their federal student loans.**

Overturning needed debt relief by using the CRA will further perpetuate inequities in American society, damage fragile local economies still recovering from the pandemic, and unwind hundreds of thousands of previously forgiven loans under the Public Service Loan Forgiveness (PSLF) program for nurses, educators, service members and other public service workers.

The American people, the law, and our current economic instability all support the necessity of debt cancellation and the continuation of the payment pause until cancellation occurs.

### ***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 PSLF, Borrower Defense to Repayment, and Income-Driven Repayment (IDR) a priority.

By contrast, **lawmakers voted to forgive more than 92 percent of PPP loans – at an average amount of \$72,500 – for businesses and wealthy individuals**, including many members of Congress.<sup>6</sup> These figures dwarf the \$20,000, with strict income limits, proposed for student debt cancellation. Unfortunately, many members who voted for PPP forgiveness are now voting to dismantle student debt relief, after having their own PPP loans forgiven.<sup>7</sup>

For many borrowers, due to a lack of family wealth and assets, taking out a federal loan was the only way they could attend college. The [rising cost of tuition has outpaced incomes](#), forcing low- and middle-income families to increasingly depend on student loans to help foot the bill.

### **Student Debt Cancellation Will Benefit the Economy**

More than 26 million Americans applied for student debt cancellation in the few weeks the application was open, before it was shut down by partisan attacks in the federal courts. Tens of millions of borrowers already have been approved for relief.

Student debt cancellation will benefit Americans who have been most impacted by the pandemic, with **90% of relief dollars going to low- and middle-income borrowers earning less than \$75,000 per year**. This includes borrowers with disabilities, veterans, public servants who face high educational costs and low wages, women, and Black and Latino borrowers.

**Without cancellation, 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.**

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, while forcing borrowers into retroactive payments, will harm the nation's overall economic health and well-being as it struggles to avoid a recession.

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<sup>1</sup> [Office of Research blog: Update on student loan borrowers during payment suspension | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#) (last visited May 23, 2023)

<sup>2</sup> [Research Roundup: Rural Communities and Farmers are at the Forefront of the Student Debt Crisis - Student Borrower Protection Center \(protectborrowers.org\)](#)

<sup>3</sup> [Black-White Differences in Student Loan Default Rates Among College Graduates | Richmond Fed](#)

<sup>4</sup> [Student Loan Debt Statistics By Race | Bankrate](#)

<sup>5</sup> [Almost half of Latino student loan debt is expected to be forgiven under Biden \(nbcnews.com\)](#)

<sup>6</sup> Loe, A. M. (2022, August 31). Yes, the average forgiven PPP loan is far more than \$20,000 student loan relief. <https://www.verifythis.com/article/news/verify/student-loan/yes-average-forgiven-ppp-loan-far-more-20k-student-loan-forgiveness/536-01b2b8fd-0842-4b69-8778-22797af5b1ae>

<sup>7</sup> [CIP | Republican PPP Loan Forgiveness.pdf | Powered by Box](#)