



WHO REALLY BENEFITS FROM STUDENT DEBT CANCELLATION?

How the Biden-Harris Administration Responded to the Extremist Supreme Court and Provided Student Loan Relief to Millions of Americans



Prepared by the Offices of Senator Elizabeth Warren and Senator Jeff Merkley

SEPTEMBER 2024

CONTENTS

EXECUTIVE SUMMARY	5
INTRODUCTION	7
I. Fixing Existing Debt Relief Programs in the First Three Years of the Biden-Harris Administration	7
A. Improving Relief Under Income-Driven Repayment (IDR) Plans.....	7
B. Launching the Saving on a Valuable Education (SAVE) Plan.....	7
C. Streamlining Public Service Loan Forgiveness (PSLF).....	8
D. Compensating Scammed Borrowers	8
E. Discharging Debt Owed by Totally and Permanently Disabled Borrowers	9
II. The Administration’s 2024 Rulemaking Will Provide Additional Relief for Tens of Millions of Borrowers	9
A. The new rule will provide relief for borrowers who have balances that are larger than what they originally borrowed.....	9
B. The new rule will help borrowers who have been repaying their loans for over 20 years	10
C. The new rule will help borrowers who are eligible for existing relief but have not been able to successfully apply	10
D. The new rule will provide relief for borrowers who attended “low-financial-value” programs or institutions.....	10
E. A future rule will provide relief for borrowers experiencing financial hardship.....	11
FINDINGS	
The New Biden-Harris Student Debt Relief Plan Will Help Millions of Low- and Middle-Income Borrowers, Seniors, Black Borrowers, and Women	12
I. Low- and Middle-Income Borrowers	12
II. Seniors	13
III. Black Borrowers	14
IV. Women	15
CONCLUSION	16
ENDNOTES	19

EXECUTIVE SUMMARY

Over 40 million Americans are burdened by \$1.6 trillion in outstanding federal student loan debt.¹ The average debt held by each borrower has increased by nearly 40% since 2007, and the total number of student debt holders has been steadily rising.² Americans' total student loan debt burden is now larger than all other sources of consumer debt with the exception of mortgages.³ For individual borrowers, holding a student loan is correlated with financial hardship, lower rates of homeownership, and reduced entrepreneurship.⁴

Because of this widespread and heavy student loan debt burden, the Biden-Harris Administration has prioritized providing relief to American borrowers. Despite ongoing challenges from Republicans across the country, the Administration has taken numerous actions to reduce debt.

In August 2022, President Biden announced a plan to cancel up to \$20,000 of student loan debt for borrowers nationwide.⁵ But this plan was blocked by a coalition of Supreme Court Justices appointed by former President Donald Trump and confirmed by a Republican-controlled U.S. Senate.⁶ Nonetheless, the Biden-Harris Administration did not give up—fixing broken student debt relief programs to provide nearly 5 million Americans with relief.⁷ And in April 2024, using existing authority under the *Higher Education Act*, the Administration announced, and is now finalizing, a new debt relief rule that will ensure 30 million students receive relief by the end of the year.⁸ This rule will broadly reform the student loan program. Specifically, it will:

- Help borrowers who have balances larger than what they originally borrowed;
- Help borrowers who have been repaying their loans for over 20 years;

- Help borrowers who are eligible for existing relief but have been unable to successfully apply; and
- Help borrowers who enrolled in low-financial-value programs or institutions.

A future rule will provide relief for borrowers experiencing financial hardship.

This report, prepared at the request of Senators Elizabeth Warren and Jeff Merkley, examines the impact of this new rule on borrowers and explains how they will benefit. Specifically, it highlights how low- and middle-income borrowers, seniors, women, and Black borrowers will receive enormous benefits from the new rule.

LOW- AND MIDDLE-INCOME BORROWERS

The majority of student debt is held by families with zero or negative net worth.⁹ The new rule mitigates their acute student debt burden, benefitting low- and middle-income borrowers in the following ways:

- The rule institutes protections against spiraling balances for the more than 20 million borrowers whose balances have risen above what they initially borrowed.¹⁰ These borrowers tend to have lower incomes before they pursue higher education than borrowers who possess the financial resources to consistently pay down their debt.¹¹
- Long-term student debt holders tend to live in areas with lower median household incomes. By cancelling debt for borrowers who have been in repayment for over 20 years, including borrowers who did not graduate from their institutions, the new rule will provide relief to lower-income

borrowers trapped in a long-term cycle of debt.¹²

- Expanding access to loan cancellation under existing income-driven repayment (IDR) plans such as the SAVE plan, the Biden-Harris Administration's new IDR program, benefits borrowers from low-income backgrounds by providing relief to over 1.1 million borrowers who received a Pell Grant.¹³
- Providing relief to individuals experiencing financial hardship could benefit millions of borrowers from low-income backgrounds who have been in repayment for under 20 years.¹⁴

SENIORS

The number of retirement-age student debt holders has increased by 500% over the last two decades:¹⁵ over nine million student loan borrowers are more than 50 years old,¹⁶ and nearly 60% of borrowers over the age of 60 have been in repayment for over 15 years.¹⁷ The new rule will disproportionately benefit this growing group of seniors in the following ways:

- Expanding enrollment in the SAVE plan will provide almost 500,000 borrowers over the age of 50 with partial or complete relief.¹⁸
- Eliminating balances that exceed original loan amounts will provide immediate relief to over five million borrowers over the age of 50.¹⁹
- Providing relief to individuals who have been in repayment for over 20 years will immediately wipe the entire debt of over 1.5 million borrowers over the age of 50.²⁰

BLACK BORROWERS

Black borrowers owe an average of \$25,000 more in student loan debt than white borrowers, have the highest monthly payments among all racial groups, and are the most likely of any racial group to delay buying a home due to their student loan debt.²¹ The new rule will benefit Black borrowers in the following ways:

- Eliminating balances that exceed original amounts borrowed will have extraordinary benefits for the average Black borrower.²² The Center for American Progress projects that this provision will benefit approximately 6 million Black borrowers.²³
- Cancelling long-held balances will benefit the almost 75% of Black borrowers who have not paid off their outstanding loans after 20 years.²⁴
- Relief for borrowers facing financial hardship relief will have an outsized influence on Black borrowers and especially Black women. For instance, 57% of Black women were unable to meet essential expenses four years after graduation,²⁵ and more broadly, Black borrowers are three times as likely to default on their student loans as white graduates.²⁶

WOMEN

Women hold almost two-thirds of all student loan debt, are more likely to hold higher debt balances than their male counterparts,²⁷ and face perpetually lower incomes after graduating.²⁸ The new rule will benefit millions of women in the following ways:

- Expanded PSLF relief will disproportionately benefit the 77% of public school teachers who are women.²⁹
- Women hold student loan balances for two years longer than men, on average, and stand to benefit from relief directed at those with long-held balances.³⁰
- Relief targeted at borrowers experiencing financial hardship could benefit the 34% of women who report financial difficulties associated with repaying their loans,³¹ as women experience higher relative debt burdens and lower incomes due to a persistent gender pay gap.³²

INTRODUCTION

The Biden-Harris Administration has worked hard to provide relief from student loan debt to working Americans. In August 2022, the Administration attempted to provide direct, broad-based relief to up to 43 million borrowers, including canceling the full outstanding balance for approximately 20 million Americans.³³ The vast majority of those who would have benefitted from cancellation were Americans earning less than \$75,000 per year.³⁴ But a coalition of Republican state attorneys general spearheaded a lawsuit opposing broad-based relief for borrowers.³⁵ Then, a group of Supreme Court Justices appointed by former President Donald Trump and confirmed by a Republican-controlled U.S. Senate blocked this plan from being implemented.³⁶

Despite the Supreme Court's decision, the Biden-Harris Administration used its existing legal authority to provide borrowers with relief. First, by fixing existing debt relief programs, the Biden-Harris Administration has provided relief for more than 4.75 million borrowers.³⁷ Second, the Biden-Harris Administration is finalizing a rule that is expected to provide relief to an additional 24 million borrowers—bringing the total number of borrowers helped by the Administration's student debt policies to 30 million.³⁸ President Biden has canceled more student debt than all previous Presidents combined. In fact, under this Administration's leadership, 2023 was the first year in history that student loan debt in America declined.³⁹

I. FIXING EXISTING DEBT RELIEF PROGRAMS IN THE FIRST THREE YEARS OF THE BIDEN-HARRIS ADMINISTRATION

The Biden-Harris Administration has used its authority to improve existing debt relief

programs, providing relief to more than 4.75 million borrowers.⁴⁰ Through these fixes, the Biden-Harris Administration has made sure that higher education works for more Americans by expanding access to existing avenues for relief.

A. Improving Relief Under Income-Driven Repayment (IDR) Plans

IDR plans are designed to be sensitive to a borrower's income level by capping monthly payments at an affordable amount and canceling all outstanding debt after a prescribed time period. The first IDR plan was a pilot under President George H.W. Bush and was expanded into a fully-fledged program with bipartisan support through the 1992 amendments to the *Higher Education Act*.⁴¹ Despite being designed to "ensur[e] that federal student loans did not turn into the type of debt trap commonly associated with payday loans and predatory subprime mortgages,"⁴² the widespread failures of student loan servicers to track borrower payments and IDR eligibility have meant that IDR plans have not realized their promise.⁴³ Before President Biden took office, less than three dozen of the two million eligible IDR borrowers received student loan cancellation.⁴⁴ In April 2022, the Biden-Harris Administration directed the Department of Education to examine and address inaccurate progress tracking and the misuse of forbearances to ensure that these programs achieved their purpose.⁴⁵ To date, these reforms have provided direct relief to almost one million borrowers.⁴⁶

B. Launching the Saving on a Valuable Education (SAVE) Plan

In August 2023, in addition to reforming existing IDR plans, the Biden-Harris Administration launched the Saving on a Valuable Education (SAVE) plan.⁴⁷ The SAVE plan is a new IDR program that lowers monthly payments for enrolled borrowers by updating the formula for

calculating payments⁴⁸ and raising borrowers' income exemption from 150% to 225% of the federal poverty line.⁴⁹ On top of modifying borrowers' monthly payments to account for income and family size, the plan pays down any remaining monthly interest for borrowers that make their full monthly payments and after as few as 10 years provides automatic loan cancellation for individuals who borrowed \$12,000 or less.⁵⁰ This program primarily benefits low-income borrowers by reducing monthly student loan payments commensurate with income and ensuring that individual borrowers who make less than \$32,800 per year will have no monthly payments.⁵¹ Since implementing the SAVE program, the Biden-Harris Administration has cancelled student debt for almost 360,000 borrowers.⁵² Despite these benefits, Republican state attorneys general have filed lawsuits to block the program, and the Eighth Circuit temporarily stayed the entirety of the program.⁵³ If the injunction sought by Republican attorneys general is made permanent, it would be responsible for doubling the monthly payments of some low-income borrowers.⁵⁴ In order to protect the program now and in the future, Senator Jeff Merkley introduced the *Codifying SAVE Plan Act*, which would explicitly enact the President's landmark SAVE plan into law.⁵⁵ The legislation would ensure student borrowers have a much-needed path to lower payments and loan cancellation for years to come.

C. Streamlining Public Service Loan Forgiveness (PSLF)

The Public Service Loan Forgiveness (PSLF) program is designed to incentivize borrowers to pursue a career in public service.⁵⁶ Congress created the program during the George W. Bush Administration as part of the *College Cost Reduction and Access Act*.⁵⁷ Now, some Republicans are instead pushing to repeal federal student loan relief plans such as PSLF.⁵⁸

PSLF expands access to higher education and public service careers by providing student debt relief to individuals who have worked in a public service position for 10 years while

making 120 qualifying monthly payments.⁵⁹ Failures by student loan servicers enabled by the Trump Administration⁶⁰ meant that only 7,000 individuals had been approved for PSLF relief prior to the Biden-Harris Administration taking office.⁶¹ To redress these failures, the Administration implemented fixes and regulatory improvements to expand the program's effectiveness.

First, the Administration implemented a "limited PSLF waiver" that provided credit to borrowers for payments that previously did not qualify under the program.⁶² Second, the Administration standardized and modernized elements of the program, including unifying rules related to late, partial, and lump sum payments—enabling borrowers to obtain credit for certain payments and periods of deferments if they certify their employment in a qualified profession.⁶³ The goal of these fixes is to rectify the failures of student loan servicers such as MOHELA that contributed to 99% of PSLF applications being rejected.⁶⁴

Through these program improvements, the Biden-Harris Administration has provided relief to nearly 950,000 borrowers since assuming office.⁶⁵

D. Compensating Scammed Borrowers

Scammed borrowers do not receive the value they were promised when they signed up for an educational program and its accompanying loans. For example, major national for-profit colleges accused of misconduct such as falsely advertising career and earnings prospects often scammed individual borrowers into taking out loans based on these representations.⁶⁶ To protect these consumers, the Biden-Harris Administration revamped and improved the borrower defense program to provide relief to borrowers misled or victimized by institutional misconduct.⁶⁷ The Administration improved the program by rescinding a Trump-era formula that the Department of Education determined often "did not result in an appropriate relief determination."⁶⁸ Specifically, the Administration changed this formula to simplify

the rules to enable borrowers to receive full relief if they were the victim of a scam.⁶⁹ To date, these reforms have provided relief to 1.6 million borrowers who were scammed by their institutions.⁷⁰

E. Discharging Debt Owed by Totally and Permanently Disabled Borrowers

Borrowers who are totally and permanently disabled are often unable to repay their loans.⁷¹ Rather, they are often referred to collection agencies or see their benefits garnished, impeding their access to critical services.⁷² To rectify this issue, the Biden-Harris Administration has cross-referenced borrower data with the Social Security Administration (SSA) and automatically discharged the student debt of borrowers identified as eligible for a total and permanent disability discharge.⁷³ More than 548,000 borrowers have received relief through this action.⁷⁴

II. THE ADMINISTRATION'S 2024 RULEMAKING WILL PROVIDE ADDITIONAL RELIEF FOR TENS OF MILLIONS OF BORROWERS

On June 30, 2023, the same day the Supreme Court struck down President Biden's first student debt cancellation plan, the Biden-Harris Administration announced a new proposal using existing legal authority to cancel borrowers' student debt under the *Higher Education Act* (HEA).⁷⁵ The HEA requires a "negotiated rulemaking process" that brings together representatives of the Department of Education and affected stakeholders to negotiate the terms of a proposed regulation.⁷⁶ This process generally takes longer than the rulemaking processes typically undertaken by executive agencies.⁷⁷

The Administration started this process in June 2023 and, after robust negotiations, announced a proposed rule in April 2024.⁷⁸ As a result, the Biden-Harris Administration is now close

to finalizing a rule that is expected to provide relief to an additional 26 million borrowers—bringing the total number of borrowers provided relief by the Administration's student debt policies to over 30 million.⁷⁹ Utilizing clearly defined authority under Section 432(a) of the HEA, the Biden-Harris Administration proposes to eliminate accrued interest for 23 million borrowers, fully cancel debt for over four million borrowers, and provide over 10 million borrowers with at least \$5,000 in debt relief.⁸⁰ The Administration's actions are targeted as follows.

A. The new rule will provide relief for borrowers who have balances that are larger than what they originally borrowed.

The first category in the rule provides relief to borrowers who have been buried by the accumulation of interest on their debt and currently owe more money than when they first received their loan.⁸¹ In doing so, the Biden-Harris Administration is seeking to counteract a phenomenon known as negative amortization,⁸² helping borrowers who are underwater on their loans recover from excessive interest charges. This provision is income-sensitive. First, it provides up to \$20,000 in cancellation to relieve the amount that any borrower's current loan balance exceeds their initial loan balance.⁸³ Second, for individuals making \$120,000 or less a year, heads of a household making \$180,000 or less, and married couples making \$240,000 or less, this provision would waive the *entire* amount that a borrower's current loan balance exceeds their initial loan.⁸⁴ The goal is simple: intervene in the debt spiral by reducing borrower's loan balances to what they initially owed. Loan repayment plans have consistently failed to implement a waiver process for interest payments—leading to compounding loan balances even when a borrower's monthly payment was lowered as part of an income-driven repayment (IDR) plan.⁸⁵

B. The new rule will help borrowers who have been repaying their loans for over 20 years.

The second category in the new rule targets undergraduate borrowers who have been in repayment for over 20 years and borrowers holding non-undergraduate loans who have been in repayment for over 25 years.⁸⁶ The standard repayment plan administered by the U.S. Department of Education covers a 10-year repayment period.⁸⁷ However, in practice, it often takes borrowers close to 20 years⁸⁸ to pay off their balances—creating a “chronic strain that carries with it real physical and mental challenges.”⁸⁹ Congress sought to mitigate this chronic strain—as expressed in the *Higher Education Act*—by capping the maximum time a borrower is in repayment at 25 years.⁹⁰

In defiance of Congress’ intent, student loan servicers have failed to properly track and qualify individuals eligible for IDR relief—leaving millions of otherwise eligible borrowers floundering as their loan balances increase or remain outstanding for decades.⁹¹ The Administration estimates that 2.6 million undergraduate borrowers have been in repayment for over 20 years.⁹² While all debt holders are affected by crushing student debt burdens, the longer a borrower holds student debt, the higher their chances of default—severely affecting their ability to secure credit opportunities or withstand financial difficulties.⁹³ By relieving this long-term debt burden from borrowers, this provision unlocks the ability of long-term borrowers to meaningfully participate in economic activity—from starting a small business to buying a home.⁹⁴

C. The new rule will help borrowers who are eligible for existing relief but have not been able to successfully apply.

The third category of borrowers targeted by the new rule are individuals who are otherwise eligible for existing relief programs but have been unable to successfully apply. The Biden-

Harris Administration will automatically cancel student debt for eligible borrowers: under the new SAVE program, through the existing Public Service Loan Forgiveness (PSLF) program, as well as under other existing federal programs such as those providing protections for borrowers who attended schools that closed unexpectedly.⁹⁵

Millions of borrowers could benefit from this rule. First, one estimate projects that 3.5 million borrowers are eligible for relief under the PSLF waiver program.⁹⁶ Of these borrowers, more than 800,000 are teachers, 350,000 are nurses and related healthcare professionals, over 200,000 are social workers, and 140,000 are firefighters and police officers.⁹⁷ Second, 1.7 million borrowers hold loans that are eligible for relief under the SAVE program but have never applied, and over half of these borrowers are eligible to have their entire balances cancelled.⁹⁸ Third, 260,000 borrowers are eligible to have their loans automatically discharged because they have attended schools that have closed—the rule would benefit almost 200,000 borrowers who come from low-income backgrounds and received Pell Grants.⁹⁹ This new rule dramatically improves the effectiveness of Congressionally-authorized avenues for student debt relief.

D. The new rule will provide relief for borrowers who attended “low-financial-value” programs or institutions.

The fourth category of relief provides ongoing relief for borrowers who took out student debt to complete programs or attend institutions that failed to provide sufficient financial value.¹⁰⁰ This provision is available to borrowers who attended an institution that lost federal funding due to high student loan default rates or for failing to provide sufficient financial value.¹⁰¹ Additionally, it would provide relief to borrowers who attended institutions or completed vocational programs that have consistently failed to produce earnings beyond those of a high school graduate.¹⁰² In taking this action,

the Biden-Harris Administration is expected to provide relief to almost one million borrowers.¹⁰³

E. A future rule will provide relief for borrowers experiencing financial hardship.

The final proposed category would provide relief to borrowers experiencing substantial financial hardship.¹⁰⁴ Hardship determinations will likely rely on factors that include a borrower's household income, assets, type and level of institution attended, age of the borrower's loan, receipt of means-tested public benefits, the size of the student debt burden relative to income, and other considerations.¹⁰⁵ Additionally, the Secretary of Education would have the authority to provide immediate relief to borrowers who are at least 80% likely to be in default in the upcoming year.¹⁰⁶ While not included in the text of the new rule, the Biden-Harris Administration has indicated that borrowers can expect a separate proposal to address financial hardship "in the coming months,"¹⁰⁷ and the Department of Education has targeted the proposal for a September release.¹⁰⁸

FINDINGS

The New Biden-Harris Student Debt Relief Plan Will Help Millions of Low- and Middle-Income Borrowers, Seniors, Black Borrowers, and Women

Ten of millions of borrowers will benefit from the Biden-Harris Administration's new student debt relief rule. This new rule will help low- and middle-income families and the economy as a whole—freeing up borrowers from crushing debt and empowering them to buy homes, start new businesses, and invest in themselves and their families.

I. LOW- AND MIDDLE-INCOME BORROWERS

Broad-based student debt relief would have extraordinary benefits for low- and middle-income families, as the majority of student debt is held by households with no wealth.¹⁰⁹ An increasing number of low- and middle-income families turn to community college and non-degree awarding vocational programs as alternatives to four-year universities¹¹⁰ in the face of skyrocketing tuition costs.¹¹¹ Upon entering the workforce, students who pursue community college and vocational options tend to make less money to pay down their student debt than those who pursue a bachelor's or graduate degree.¹¹²

The Biden-Harris Administration's proposed relief plan captures these individuals and benefits borrowers who incurred debt to attend a two-year institution, those who completed a certificate program, and those who never completed college but are still saddled with a crushing student debt burden.

The burden of student debt payments can be especially devastating for those that choose

historically affordable education options. 24% of associate's degree programs failed to provide earnings above those of the average high school graduate¹¹³ while only 3% of bachelor's degree programs failed to achieve the same benchmark.¹¹⁴ The impacts are severe. By age 30, 37% of associate's degree holders have been delinquent in student loan payments at least once.¹¹⁵ Targeted relief to lower-income borrowers through the SAVE program has provided additional relief from unfairly high payment burdens. The Administration's new rule goes even further to help low- and middle-income borrowers.

First, the rule's protections against negative amortization will mitigate the compounding student debt burden that weighs down low- and middle-income borrowers in particular—benefiting those with lower incomes relative to the size of their debt.¹¹⁶ Over 50% of all borrowers experience negative amortization,¹¹⁷ and these borrowers tend to have lower pre-college incomes than borrowers who consistently pay down their debt.¹¹⁸ These individuals will receive immediate relief under the new rule as their excess balances are wiped out—increasing their earning potential and reducing instances of loan delinquency and default.¹¹⁹

Second, by targeting relief to borrowers that have been in repayment for over 20 years, the new rule will provide relief to low- and middle-income borrowers trapped in a cycle of debt. In New York, for instance, more than two-thirds of low-income student debt holders do not have a college degree and face significant challenges repaying lower levels of debt—often

choosing between affording necessities and paying down their student loans.¹²⁰ Nationally, the vast majority of individuals holding student debt live in census tracts with median incomes below \$40,000,¹²¹ and in 2019, the lowest income decile of America would have had to devote 98% of their income to paying off their debts.¹²² This debt-to-income ratio is practically impossible to manage and contributes to long, and in some cases never-ending, repayment periods for lower-income borrowers. By providing relief for borrowers that have been in repayment for over 20 years, the new rule will provide immediate relief to many low- and middle-income borrowers.

Third, the new rule expands access to existing programs, including the SAVE program, which already targets relief to low- and middle-income borrowers. This program expansion will benefit over 1.1 million borrowers who received Pell Grants¹²³—a program reserved for students who display “exceptional financial need.”¹²⁴ Further, 64% of borrowers who earn less than \$25,000 per year face default, and low-wealth individuals generally are over twice as likely to default on their student loans.¹²⁵ Under the Administration’s new rule, over 750,000 borrowers who have defaulted on their loans will be eligible for relief under the expanded SAVE program.¹²⁶

Finally, the Administration’s proposed relief for borrowers who attended “low-financial-value programs or institutions” and its proposed financial hardship rule will provide relief to low- and middle-income borrowers who have been in repayment for under 20 years but are facing delinquency and default. Almost 90% of individuals who default on their student loans are Pell Grant recipients,¹²⁷ and each year, nearly 100,000 borrowers default on their loans for a second time.¹²⁸ In total, approximately 8 million Americans are in default and borrowed just over \$9,600 on average, about half of what non-defaulters borrow.¹²⁹ By implementing protections and relief for borrowers who attended institutions with high rates of student loan default, the Biden-Harris Administration

will provide immediate relief to over 400,000 borrowers who have defaulted on their student debt.¹³⁰ Furthermore, this provision could also provide relief to borrowers who attended the 24% of associate’s degree programs that failed to provide earnings above those of the average high school graduate.¹³¹ Finally, through broader relief to borrowers experiencing financial hardship, the Biden-Harris Administration stands poised to potentially provide immediate support to millions of borrowers from low-income backgrounds who are facing dire financial circumstances and a crushing debt burden.¹³²

In sum, the Biden-Harris Administration is applying its regulatory power to relieve the student debt burden of low- and middle-income borrowers by lowering, and in some cases eliminating, monthly payments and canceling debt altogether. The rationale is clear—lower-income borrowers pursuing higher education should not be punished for their lack of generational wealth.

II. SENIORS

The Biden-Harris Administration’s student debt plan will confer significant benefits on American seniors. Nine million, or 20%, of all federal loan borrowers are 50 years and older,¹³³ and there has been a 500% increase in the number of borrowers aged 60 and over in the past two decades, as older Americans face particular challenges in repaying outstanding debt given lower incomes and “unusually low” cash savings.¹³⁴ Seniors who hold student debt face distinct financial constraints and are exposed to financial distress because they tend to hold debt for longer and have more chances to default.¹³⁵

The new rule would benefit older borrowers by alleviating their long-term financial burdens and providing opportunities for accelerated relief. Crucially, the rule would help borrowers entering retirement age by expanding the uptake of existing programs, targeting negative amortization, and wiping debt for those who

have been in repayment for at least 20 years.¹³⁶ Over 1.5 million borrowers over the age of 50 will receive immediate and total relief under the rule's 20-year repayment provisions, while the rule's other provisions could potentially provide many more with varying levels of partial relief.¹³⁷

First, by expanding enrollment in the SAVE plan, almost 500,000 borrowers over the age of 50 would receive some debt relief.¹³⁸ Second, new provisions in the proposed rule will eliminate balances that exceed borrowers' original loan amounts—providing immediate relief to over five million borrowers over the age of 50.¹³⁹ Finally, the new rule will provide relief to individuals who have been in repayment for over 20 years.¹⁴⁰ Of these borrowers, 63% are over the age of 50, meaning the rule will wipe out the debt of over 1.5 million older borrowers.¹⁴¹

III. BLACK BORROWERS

Student debt burdens Black borrowers more than any other racial group, but the new Biden-Harris Administration rule will help close the racial wealth gap.¹⁴² While higher education is critical to closing this gap,¹⁴³ an absence of generational wealth due to historic discrimination means that Black college graduates owe an average of \$25,000 more in student loan debt than white college graduates, pay the highest monthly payments of any racial group, and are the most likely of any racial group to delay buying a home due to their student loan debt.¹⁴⁴

The initial student debt relief provided by the Biden-Harris Administration has already benefitted Black borrowers. For instance, residents of majority Black zip codes are over 75% more likely to have attended a for-profit college.¹⁴⁵ Nearly 65% of Black borrowers at for-profit four-year schools and almost half at for-profit two-year institutions drop out because costs become unmanageable.¹⁴⁶ By expanding and improving support for scammed borrowers, the Biden-Harris Administration has already

helped mitigate the effects of substandard, for-profit institutions targeting Black borrowers.¹⁴⁷

The Biden-Harris Administration's new proposals will build on these existing actions. On average, Black borrowers hold debt for longer, are most likely to see their loans negatively amortize, are most at risk for the financial hardships that accompany loan default, and are highly represented in public sector employment.¹⁴⁸

First, Black borrowers will be helped by the rule's negative amortization provisions. Just four years after graduating with their bachelor's degree, almost half of Black borrowers owed more than they did at graduation, and more broadly, Black graduates owed an average of 105% of their original loan balance,¹⁴⁹ compared to the 72% owed after the same period by white borrowers.¹⁵⁰ The new rule will eliminate negative amortization held by these borrowers, and the Center for American Progress projects that this provision will "deliver relief to roughly 6 million Black borrowers."¹⁵¹

Second, Black borrowers stand to immediately benefit from policies providing relief for long-held balances. Over 20 years after graduation, Black borrowers still owe an average of 95% of their original debt, while white borrowers, on average, only owe 6% of their original balance.¹⁵² Black borrowers tend to take on higher levels of initial debt and subsequently earn less than their white counterparts due to the enduring racial pay gap.¹⁵³ Higher loans compounded by lower incomes at "every level of educational attainment" is why "access to college alone will not solve long-standing racial . . . inequities in the labor market."¹⁵⁴ The Biden-Harris Administration's proposal to eliminate undergraduate debt held for 20 years or more will help redress some of these systemic barriers—benefitting the 74% of Black borrowers who do not pay off their outstanding loans after 20 years.¹⁵⁵

Finally, financial hardship relief will likely have an outsized influence on Black borrowers and especially Black women—who face higher rates of defaults, shoulder higher debt burdens, and

are the most likely to see debt spiral out of control.¹⁵⁶ For instance, 57% of Black women were reportedly unable to pay off their student loans and meet essential expenses four years after graduation as they incur higher balances and earn lower wages.¹⁵⁷ More broadly, Black borrowers are three times as likely to default on their student loans as white graduates.¹⁵⁸ Within six years of starting college, one-third of Black borrowers who had entered repayment had defaulted,¹⁵⁹ and after 20 years, almost half of Black borrowers had defaulted.¹⁶⁰ If the Biden-Harris Administration finalizes its plan to consider impending default and high-cost burdens in its financial hardship rule,¹⁶¹ almost half of all Black borrowers and 57% of Black women could have a strong case for relief.

survey data indicates that the average length of repayment is between 18 and 21 years across all borrowers.¹⁶⁶ Because women, on average, take almost two years longer than men to pay off their student loans, they may be more likely to benefit from debt relief for balances held for at least 20 years.¹⁶⁷

Finally, the proposed financial hardship waiver could benefit millions of women. 34% of women report financial difficulties associated with repaying their loans as compared to only 24% of men.¹⁶⁸ Given the Biden-Harris Administration's expected focus on borrowers with high relative debt burdens in its financial hardship rule,¹⁶⁹ more women could be eligible for financial hardship waivers.

IV. WOMEN

Women hold 64% of all student loan debt, and their average initial student debt burden is \$1,700 higher than it is for their male counterparts.¹⁶² This disparity grows at a rate of 3% per year,¹⁶³ as higher initial debt levels are compounded by a workforce gender pay gap where college-educated women earn 21% less than college-educated men on average.¹⁶⁴ The new rule will address some of these issues by expanding relief under the PSLF program, targeting relief to those with lower incomes, erasing balances that are held for longer than 20 years, and providing relief for those experiencing financial hardship.

First, expanded PSLF relief will benefit women. For instance, women represent 77% of public school teachers.¹⁶⁵ By successfully implementing automatic mechanisms for relief under existing programs, the new rule will provide significant benefits for women working as public school teachers and in other public service jobs.

Second, by targeting relief to those with long-held student loan balances, the new rule may confer significant benefits on women. Gender-based information about the total time it takes to repay student loans is sparse; however,

CONCLUSION

The Biden-Harris Administration has taken historic actions to relieve student loan debt, and its new rule will help tens of millions of borrowers. Low- and middle-income borrowers will disproportionately benefit from the new rule because they are more likely to have to borrow to attend college and more often face challenges repaying their student loan debt. Because of the rule's focus, it will also significantly benefit seniors, women, and Black borrowers, taking an important step forward in creating an economy that works for all Americans.

ENDNOTES

- 1 Education Data Initiative, "Student Loan Debt Statistics," Melanie Hanson, July 15, 2024, <https://educationdata.org/student-loan-debt-statistics>.
- 2 Education Data Initiative, "Average Student Loan Debt by Year," Melanie Hanson, October 25, 2023 <https://educationdata.org/average-student-loan-debt-by-year>.
- 3 Education Data Initiative, "Student Loan Debt vs Other Debts," Melanie Hanson, July 8, 2024, <https://educationdata.org/student-loan-debt-vs-other-debts>.
- 4 SOCIUS, "Student Debt Forgiveness and Economic Stability, Social Mobility, and Quality-of-Life Decisions: Results from a Survey Experiment," Jason Jabbari, Stephen Roll, Mathieu Despard, and Leah Hamilton, January-December 2023, p.1, <https://journals.sagepub.com/doi/epub/10.1177/23780231231196778>.
- 5 The White House, "Fact Sheet: President Biden Announces Student Loan Relief for Borrowers Who Need It Most," August 24, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/>.
- 6 Biden v. Nebraska, 143 S. Ct. 2355 (2023)
- 7 The White House, "Fact Sheet: President Biden Announces New Plans that would Provide Relief to Borrowers Disproportionately Burdened by Student Loan Debt," press release, April 8, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/04/08/fact-sheet-president-biden-announces-new-plans-that-would-provide-relief-to-borrowers-disproportionately-burdened-by-student-loan-debt/>.
- 8 U.S. Department of Education, Federal Register, "Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program," April 17, 2024, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>; The White House, "Fact Sheet: President Biden Announces New Plans that would Provide Relief to Borrowers Disproportionately Burdened by Student Loan Debt," press release, April 8, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/04/08/fact-sheet-president-biden-announces-new-plans-that-would-provide-relief-to-borrowers-disproportionately-burdened-by-student-loan-debt/>.
- 9 Brookings, "Student debt cancellation should consider wealth, not income," Andre M. Perry and Carl Romer, February 25, 2021, <https://www.brookings.edu/articles/student-debt-cancellation-should-consider-wealth-not-income/>.
- 10 Student Borrower Protection Center, "Driving Runaway Debt: How IDR's Current Design Buries Borrowers Under Billions of Dollars in Unaffordable Interest," Mark Huelsman, September 2021, p.8, https://protectborrowers.org/wp-content/uploads/2021/09/SBPC_Driving_Runaway_Debt.pdf.
- 11 RTI International, "The Long Journey Through Student Loan Repayment," Erin Dunlop Velez, Austin Lacy, Michael Duprey, Jonathan Conzelmann, and Nichole Smith, October 2019, pp.5-6, <https://www.pewtrusts.org/-/media/assets/2019/10/the-long-journey-through-student-loan-repayment.pdf>.
- 12 Urban Institute, "When Student Loans Linger," Kristin Blagg, January 2020, p.9, https://www.urban.org/sites/default/files/publication/101492/when_student_loans_linger_0.pdf.
- 13 U.S. Department of Education, Federal Register, "Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program," April 17, 2024, Table 3.7, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 14 Center for American Progress, "Who Are Student Loan Defaulters?" Ben Miller, December 14, 2017,

- <https://www.americanprogress.org/article/student-loan-defaulters/> (finding that 90% of approximately 8 million defaulters are Pell Grant recipients).
- 15 New America, "Why Do So Many Older Americans Owe Student Loans?," Tia Caldwell and Sarah Sattelmeyer, May 31, 2023, <https://www.newamerica.org/education-policy/edcentral/why-do-so-many-older-americans-owe-student-loans/>.
 - 16 Federal Student Aid, "Federal Student Loan Portfolio: Portfolio by Age," <https://studentaid.gov/data-center/student/portfolio>.
 - 17 New America, "Most Seniors with Student Loans Have Held the Debt for at Least 15 Years," Tia Caldwell and Sarah Sattelmeyer, December 14, 2023, <https://www.newamerica.org/education-policy/edcentral/seniors-with-student-loans-15-years-of-debt/>.
 - 18 U.S. Department of Education, Federal Register Notice, "Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program," April 17, 2024, Table 3.7, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
 - 19 Id., Table 3.2, 3.4.
 - 20 Id., Table 3.6.
 - 21 Education Data Initiative, "Student Loan Debt by Race," Melanie Hanson, May 13, 2024, <https://educationdata.org/student-loan-debt-by-race>.
 - 22 Brandeis, "Reframing Student Debt Cancellation as a Racial Justice Issue," Bethany Romano, October 26, 2021, <https://heller.brandeis.edu/news/items/releases/2021/impact-report-iere-student-debt.html>.
 - 23 Center for American Progress, "New Student Debt Relief Policies Fix Broken Promises and Benefit Borrowers Most in Need," Sara Partridge, Madison Weiss, and Brendan Duke, August 7, 2024, <https://www.americanprogress.org/article/new-student-debt-relief-policies-fix-broken-promises-and-benefit-borrowers-most-in-need/>.
 - 24 Institute on Assets and Social Policy, "Stalling Dreams: How Student Debt is Disrupting Life Chances and Widening the Racial Wealth Gap," Laura Sullivan, Tatjana Meschede, Thomas Shapiro, and Fernanda Escobar, September 2019, p.3, <https://heller.brandeis.edu/iere/pdfs/racial-wealth-equity/racial-wealth-gap/stallingdreams-how-student-debt-is-disrupting-lifechances.pdf>.
 - 25 Student Borrower Protection Center, "Deep Dive: The State of the Student Debt Crisis for Black Women," Khandice Lofton, June 19, 2024, <https://protectborrowers.org/deep-dive-black-women-and-the-student-debt-crisis/>.
 - 26 Federal Reserve Bank of Richmond, "Black-White Differences in Student Loan Default Rates Among College Graduates," Urvi Neelakantan, April 2023, https://www.richmondfed.org/publications/research/economic_brief/2023/eb_23-12.
 - 27 Education Data Initiative, "Student Loan Debt by Gender," Melanie Hanson, June 20, 2024, <https://educationdata.org/student-loan-debt-by-gender>.
 - 28 Id.
 - 29 AAUW, "Deeper In Debt: Women and Student Loans," Kevin Miller, Raina Nelson, and Sarah Dice, May 2017, <https://www.aauw.org/app/uploads/2020/03/DeeperinDebt-nsa.pdf>; National Bureau of Economic Research, "Waivers for the public service loan forgiveness program: Who could benefit from take-up?," Diego Briones, Nathaniel Ruby, and Sarah E. Turner, April 14, 2023, p.15, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4153101.
 - 30 AAUW, "Deeper In Debt: Women and Student Loans," Kevin Miller, Raina Nelson, and Sarah Dice, May 2017, p.27, <https://www.aauw.org/app/uploads/2020/03/DeeperinDebt-nsa.pdf>.

- 31 Id., p.29.
- 32 Pew Research Center, "The Enduring Grip of the Gender Pay Gap, Rakesh Kochhar, March 1, 2023, <https://www.pewresearch.org/social-trends/2023/03/01/the-enduring-grip-of-the-gender-pay-gap/>.
- 33 The White House, "Fact Sheet: President Biden Announces Student Loan Relief for Borrowers Who Need It Most," August 24, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/>.
- 34 Id.
- 35 Biden v. Nebraska, 143 S. Ct. 2355 (2023).
- 36 Id.
- 37 The White House, "Statement from President Joe Biden on \$7.7 Billion in Student Debt Cancellation for 160,000 Borrowers," May 22, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/05/22/statement-from-president-joe-biden-on-7-7-billion-in-student-debt-cancellation-for-160000-borrowers/>.
- 38 U.S. Department of Education, Federal Register, "Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program," April 17, 2024, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>; The White House, "Fact Sheet: President Biden Announces New Plans that would Provide Relief to Borrowers Disproportionately Burdened by Student Loan Debt," April 8, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/04/08/fact-sheet-president-biden-announces-new-plans-that-would-provide-relief-to-borrowers-disproportionately-burdened-by-student-loan-debt/>.
- 39 Education Data Initiative, "Student Loan Debt Statistics," Melanie Hanson, July 15, 2024, <https://educationdata.org/student-loan-debt-statistics>.
- 40 The White House, "Statement from President Joe Biden on \$7.7 Billion in Student Debt Cancellation for 160,000 Borrowers," May 22, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/05/22/statement-from-president-joe-biden-on-7-7-billion-in-student-debt-cancellation-for-160000-borrowers/>.
- 41 Hutchins Center on Fiscal & Monetary Policy at Brookings, "Income-Driven Repayment of Student Loans: Problems and Options for Addressing Them," David Wessel & Persis Yu, March 2022, p.3, <https://www.brookings.edu/wp-content/uploads/2022/03/IDR-student-loan-report.pdf>; Higher Education Amendments of 1992, S.1150, <https://www.congress.gov/bill/102nd-congress/senate-bill/1150/cosponsors>.
- 42 National Consumer Law Center, "Education Department's Decades-Old Debt Trap: How the Mismanagement of Income-Driven Repayment Locked Millions in Debt," March, 2021, https://www.nclc.org/wp-content/uploads/2022/08/IB_IDR.pdf.
- 43 NPR, "Exclusive: How the most affordable student loan program failed low-income borrowers," Cory Turner, April 1, 2022, <https://www.npr.org/2022/04/01/1089750113/student-loan-debt-investigation> (finding that "some servicers didn't know if borrowers qualified for cancellation unless they were asked, by borrowers, to do a labor-intensive records review."); see generally Offices of Senators Elizabeth Warren, Richard Blumenthal, Ed Markey, and Chris Van Hollen, "Servicing Scandals: Student Loan Servicers' Failures During Return to Repayment," April 10, 2024, <https://www.warren.senate.gov/imo/media/doc/Loan%20Servicer%20Report%20PDF.pdf>.
- 44 National Consumer Law Center, "Education Department's Decades-Old Debt Trap: How the Mismanagement of Income-Driven Repayment Locked Millions in Debt," March 2021, https://www.nclc.org/wp-content/uploads/2022/08/IB_IDR.pdf.
- 45 Federal Student Aid, "Payment Count Adjustments Toward Income-Driven Repayment and Public Service Loan Forgiveness Programs," <https://studentaid.gov/announcements-events/idr-account-adjustment>.
- 46 U.S. Department of Education, "Biden-Harris Administration Approves \$6.1 Billion Group Student Loan Discharge for 317,000 Borrowers Who Attended The Art Institutes," May 1, 2024, <https://www.ed.gov/news/press-releases/biden-harris-administration-approves-61-billion-group-student-loan-discharge-317000-borrowers-who-attended-art-institutes>.

- 47 The White House, "Fact Sheet: The Biden-Harris Administration Launches the SAVE Plan, the Most Affordable Student Loan Repayment Plan Ever to Lower Monthly Payments for Millions of Borrowers," August 22, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/08/22/fact-sheet-the-biden-harris-administration-launches-the-save-plan-the-most-affordable-student-loan-repayment-plan-ever-to-lower-monthly-payments-for-millions-of-borrowers/>.
- 48 Federal Student Aid, "The Saving on a Valuable Education (SAVE) Plan Offers Lower Monthly Loan Payments," <https://studentaid.gov/announcements-events/save-plan>.
- 49 Id.
- 50 Id.
- 51 Id.
- 52 U.S. Department of Education, "Biden-Harris Administration Approves \$6.1 Billion Group Student Loan Discharge for 317,000 Borrowers Who Attended The Art Institutes," May 1, 2024, <https://www.ed.gov/news/press-releases/biden-harris-administration-approves-61-billion-group-student-loan-discharge-317000-borrowers-who-attended-art-institutes>.
- 53 Forbes, "Student Loan Borrowers Face 'Devastating' Impacts After Court Halts Loan Forgiveness Plan, Says Official," Adam S. Minsky, July 19, 2024, <https://www.forbes.com/sites/adamminsky/2024/07/19/student-loan-borrowers-face-devastating-impacts-after-court-halts-loan-forgiveness-plan-says-official/>.
- 54 Id.
- 55 Codifying SAVE Plan Act, S. 4058, <https://www.congress.gov/bill/118th-congress/senate-bill/4058>.
- 56 U.S. News & World Report, "All About Public Service Loan Forgiveness," Sarah Wood, July 31, 2023, <https://www.usnews.com/education/best-colleges/paying-for-college/articles/public-service-loan-forgiveness-everything-you-need-to-know>.
- 57 College Cost Reduction and Access Act of 2007, Public Law 110-84.
- 58 Forbes, "Could Trump Repeal PSLF And Other Student Loan Forgiveness Plans?" Adam S. Minsky, July 10, 2024, <https://www.forbes.com/sites/adamminsky/2024/07/10/could-trump-repeal-pslf-and-other-student-loan-forgiveness-plans/>.
- 59 Federal Student Aid, "Public Service Loan Forgiveness (PSLF)," <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>.
- 60 NPR, "Why Public Service Loan Forgiveness Is So Unforgiving," Cory Turner, October 17, 2018, <https://www.npr.org/2018/10/17/653853227/the-student-loan-whistleblower>.
- 61 U.S. Department of Education, "Biden-Harris Administration Announces New Plans to Deliver Debt Relief to Tens of Millions of Americans," April 8, 2024, <https://www.ed.gov/news/press-releases/biden-harris-administration-announces-new-plans-deliver-debt-relief-tens-millions-americans>.
- 62 Federal Student Aid, "Limited PSLF Waiver Fact Sheet for Borrowers," <https://financialaidtoolkit.ed.gov/resources/limited-pslf-waiver-borrower-fact-sheet.pdf>.
- 63 U.S. Department of Education, "Education Department Announces Permanent Improvements to the Public Service Loan Forgiveness Program and One-time payment Count Adjustment to Bring Borrowers Closer to Forgiveness," October 25, 2022, <https://www.ed.gov/news/press-releases/education-department-announces-permanent-improvements-public-service-loan-forgiveness-program-and-one-time-payment-count-adjustment-bring-borrowers-closer-forgiveness>.
- 64 U.S. Government Accountability Office, "Public Service Loan Forgiveness: Opportunities for Education to Improve Both the Program and Its Temporary Expanded Process," September 19, 2019, <https://www.gao.gov/products/gao-19-717t>; Offices of Senators Elizabeth Warren, Richard Blumenthal, Ed Markey, and Chris Van Hollen, "Servicing Scandals: Student Loan Servicers' Failures During Return to Repayment," April 10, 2024,

<https://www.warren.senate.gov/imo/media/doc/Loan%20Servicer%20Report%20PDF.pdf>.

- 65 CNBC, "Education Department to forgive \$1.2 billion in student debt for 35,000 borrowers," Annie Nova, July 18, 2024, <https://www.cnn.com/2024/07/18/education-department-forgives-1point2-billion-in-pslf-student-debt.html>.
- 66 Forbes, "Student Loan Forgiveness Possible If You Attended These Schools," Adam S. Minsky, November 17, 2023, <https://www.forbes.com/sites/adamminsky/2023/11/17/student-loan-forgiveness-possible-if-you-attended-these-schools-as-bidens-targeted-relief-continues/>.
- 67 Federal Student Aid, "Borrower Defense Updates," <https://studentaid.gov/announcements-events/borrower-defense-update>.
- 68 U.S. Department of Education, "Department of Education Announces Action to Streamline Borrower Defense Relief Process," March 18, 2021, <https://www.ed.gov/news/press-releases/department-education-announces-action-streamline-borrower-defense-relief-process>.
- 69 Id.
- 70 The White House, "Statement from President Joe Biden on \$6.1 Billion in Student Debt Cancellation for 317,000 Borrowers who Attended the Art Institutes," May 1, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/05/01/statement-from-president-joe-biden-on-6-1-billion-in-student-debt-cancellation-for-317000-borrowers-who-attended-the-art-institutes/>.
- 71 The Arc, "Unlocking Dreams: The Power of Student Loan Forgiveness for People With Disabilities," July 8, 2024, <https://thearc.org/blog/unlocking-dreams-the-power-of-student-loan-forgiveness-for-people-with-disabilities/>.
- 72 NPR, "Student Loan Borrowers With Disabilities Aren't Getting Help They Were Promised," Clare Lombardo and Cory Turner, December 4, 2019, <https://www.npr.org/2019/12/04/776058798/why-student-loan-borrowers-with-disabilities-arent-getting-the-help-they-deserve>.
- 73 U.S. Department of Education, "Biden-Harris Administration Announces New Plans to Deliver Debt Relief to Tens of Millions of Americans," April 8, 2024, <https://www.ed.gov/news/press-releases/biden-harris-administration-announces-new-plans-deliver-debt-relief-tens-millions-americans>.
- 74 Id.
- 75 20 U.S.C. Chapter 28; Reuters, "Biden proposes new student-loan measures after court defeat," Steve Holland and Jeff Mason, July 1, 2023, <https://www.reuters.com/world/us/biden-announce-new-actions-protect-student-loan-borrowers-source-2023-06-30/>.
- 76 20 U.S.C. 1098a(b)(1).
- 77 U.S. Department of Education, "The Negotiated Rulemaking Process for Title IV Regulations – Frequently Asked Questions," May 22, 2024, <https://www2.ed.gov/policy/highered/reg/hearulemaking/hea08/neg-reg-faq.html>.
- 78 U.S. Department of Education, Federal Register Notice, "Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program," April 17, 2024, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 79 Id.; The White House, "Fact Sheet: President Biden Announces New Plans that would Provide Relief to Borrowers Disproportionately Burdened by Student Loan Debt," press release, April 8, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/04/08/fact-sheet-president-biden-announces-new-plans-that-would-provide-relief-to-borrowers-disproportionately-burdened-by-student-loan-debt/>.
- 80 The White House, "Fact Sheet: President Biden Announces New Plans that would Provide Relief to Borrowers Disproportionately Burdened by Student Loan Debt," press release, April 8, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/04/08/fact-sheet-president-biden-announces-new-plans-that-would-provide-relief-to-borrowers-disproportionately-burdened-by-student-loan-debt/>.

- 81 Id.
- 82 Negative amortization refers to instances where a borrower’s interest payments cause their initial balance to increase beyond the initial loan balance, regardless of whether payments are being made. See, Consumer Financial Protection Bureau, “What is negative amortization?” September 4, 2020, <https://www.consumerfinance.gov/ask-cfpb/what-is-negative-amortization-en-103/>.
- 83 U.S. Department of Education, Federal Register Notice, “Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program,” April 17, 2024, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 84 Id.
- 85 Forbes, “5 Hidden Benefits of Biden’s New Student Loan Plan Could Have Major Impacts,” Adam S. Minsky, August 28, 2023, <https://www.forbes.com/sites/adaminsky/2023/08/28/5-hidden-benefits-of-bidens-new-student-loan-plan-could-have-major-impacts/>.
- 86 U.S. Department of Education, Federal Register Notice, “Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program,” April 17, 2024, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 87 Federal Student Aid, “Standard Repayment Plan,” <https://studentaid.gov/manage-loans/repayment/plans/standard>.
- 88 Education Data Initiative, “Average Time to Repay Student Loans,” Melanie Hanson, July 21, 2024, <https://educationdata.org/average-time-to-repay-student-loans>.
- 89 Harvard Law School Center on the Legal Profession, “Debt Takes a Toll,” September/October 2023, <https://clp.law.harvard.edu/knowledge-hub/magazine/issues/student-debt/debt-takes-a-toll/>.
- 90 Higher Education Amendments of 1992, Public Law 102-325, (permitting “the discharge of remaining obligation on the loan not later than 25 years after the commencement of income contingent repayment.”).
- 91 Student Borrower Protection Center, “Driving Runaway Debt: How IDR’s Current Design Buries Borrowers Under Billions of Dollars in Unaffordable Interest,” Mark Huelsman, September 2021, p. 21, https://protectborrowers.org/wp-content/uploads/2021/09/SBPC_Driving_Runaway_Debt.pdf.
- 92 U.S. Department of Education, Federal Register Notice, “Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program,” April 17, 2024, Table 3.6, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 93 New America, “Most Seniors with Student Loans Have Held the Debt for at Least 15 Years,” Tia Caldwell and Sarah Sattelmeyer, December 14, 2023, <https://www.newamerica.org/education-policy/edcentral/seniors-with-student-loans-15-years-of-debt/>.
- 94 Education Data Initiative, “Economic Effects of Student Loan Debt,” Melanie Hanson, September 20, 2023, <https://educationdata.org/student-loan-debt-economic-impact>.
- 95 U.S. Department of Education, Federal Register Notice, “Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program,” April 17, 2024, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 96 Journal of Policy Analysis and Management, “Waivers for the public service loan forgiveness program: Who could benefit from takeup?,” Diego Briones, Nathaniel Ruby, and Sarah E. Turner, April 14, 2023, p.13,

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4153101.

- 97 Id., p.13-14.
- 98 U.S. Department of Education, Federal Register Notice, “Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program,” April 17, 2024, Table 3.7, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 99 Id., Table 3.8.
- 100 U.S. Department of Education, “Biden-Harris Administration Releases First Set of Draft Rules to Provide Debt Relief to Millions of Borrowers,” press release, April 16, 2024, <https://www.ed.gov/news/press-releases/biden-harris-administration-releases-first-set-draft-rules-provide-debt-relief-millions-borrowers>.
- 101 Id.
- 102 Id.
- 103 U.S. Department of Education, Federal Register Notice, “Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program,” April 17, 2024, Tables 3.9, 3.10, 3.11, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 104 U.S. Department of Education, “Proposed Regulatory Text Student Debt Relief Negotiated Rulemaking, Session 4,” February 22-23, 2024, <https://www2.ed.gov/policy/highered/reg/hearulemaking/2023/sdr-negotiated-rulemaking-section-30-91-final-text-consensus-reached.pdf>.
- 105 Id.
- 106 Id.
- 107 CNBC, “President Biden is moving forward with another student debt relief plan—you have until August 30 to opt out,” Kamaron McNair, July 31, 2024, <https://www.cnbc.com/2024/07/31/student-loan-borrowers-may-get-relief-from-president-biden-this-fall.html>.
- 108 Office of Information and Regulatory Affairs, “Student Debt Relief Hardship,” Spring 2024, <https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202404&RIN=1840-AD95>.
- 109 Brookings, “Student debt cancellation should consider wealth, not income,” Andre M. Perry and Carl Romer, February 25, 2021, <https://www.brookings.edu/articles/student-debt-cancellation-should-consider-wealth-not-income/>.
- 110 EdSource, “Cost, emotional stress leading to enrollment challenges at colleges, study finds,” Michael Burke, April 22, 2022, <https://edsource.org/2022/cost-emotional-stress-leading-to-enrollment-challenges-at-colleges-study-finds/670739>.
- 111 National Center for Education Statistics, “Average undergraduate tuition, fees, room, and board rates charged for full-time students in degree-granting postsecondary institutions, by level and control of institution: Selected academic years, 1963-64 through 2022-23,” https://nces.ed.gov/programs/digest/d22/tables/dt22_330.10.asp.
- 112 U.S. Bureau of Labor Statistics, “Education pays, 2023,” April 2024, <https://www.bls.gov/careeroutlook/2024/data-on-display/education-pays.htm>.
- 113 Brookings, “Higher education accountability: Measuring costs, benefits, and financial value,” Katharine Meyer, March 14, 2023, <https://www.brookings.edu/articles/higher-education-accountability-measuring-costs-benefits-and-financial-value/>.
- 114 Id.

- 115 Education Data Initiative, "Student Loan Debt Statistics," Melanie Hanson, July 15, 2024, <https://educationdata.org/student-loan-debt-statistics>.
- 116 New America, "Borrowers' student loan balances are growing over time. And it's not just because of the interest rate," Sarah Sattelmeyer, May 12, 2022, <https://www.newamerica.org/education-policy/edcentral/borrowers-student-loan-balances-are-growing-over-time-and-its-not-just-because-of-the-interest-rate/>.
- 117 Student Borrower Protection Center, "Driving Runaway Debt: How IDR's Current Design Buries Borrowers Under Billions of Dollars in Unaffordable Interest," Mark Huelsman, September 2021, p.8, https://protectborrowers.org/wp-content/uploads/2021/09/SBPC_Driving_Runaway_Debt.pdf.
- 118 The Pew Charitable Trusts, "The Long Journey Through Student Loan Repayment," Erin Dunlop Velez, Austin Lacy, Michael Duprey, Jonathan Conzelmann, and Nichole Smith, October 2019, pp.5-6, <https://www.pewtrusts.org/-/media/assets/2019/10/the-long-journey-through-student-loan-repayment.pdf>.
- 119 Jain Family Institute, "The Repayment Pause and the Continuing Crisis of Non-Repayment," Eduard Nilaj, Sérgio Pinto, Marshall Steinbaum, and Laura Beamer, 2023, p.16, <https://jainfamilyinstitute.org/wp-content/uploads/2023/06/MSD-12-Repayment-Pause-6.15.23.pdf>.
- 120 Community Service Society, "Mitigating the Growing Impact of Student Loan Debt," Irene Lew, Carolina Rodriguez, Patrick Joseph and Emerita Torres, August 17, 2022, p.5, https://smhttp-ssl-58547.nexcesscdn.net/nycss/images/uploads/pubs/Student_Loan_V5.pdf.
- 121 Brookings, "Student loans, the racial wealth divide, and why we need full student debt cancellation," Andre M. Perry, Marshall Steinbaum, and Carl Romer, June 23, 2021, <https://www.brookings.edu/articles/student-loans-the-racial-wealth-divide-and-why-we-need-full-student-debt-cancellation/>.
- 122 Jain Family Institute, "Student Debt and Young America," Laura Beamer and Eduard Nilaj, February 2021, p.6, <https://jainfamilyinstitute.org/wp-content/uploads/pdf/student-debt-and-young-america-jfi-feb-2021.pdf>.
- 123 U.S. Department of Education, Federal Register Notice, "Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program," April 17, 2024, Table 3.7, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 124 Federal Student Aid, "Federal Pell Grants," <https://studentaid.gov/understand-aid/types/grants/pell>.
- 125 Pew, "Who Experiences Default?," March 1, 2024, <https://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2024/who-experiences-default>.
- 126 U.S. Department of Education, Federal Register Notice, "Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program," April 17, 2024, Table 3.7, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 127 Center for American Progress, "Who Are Student Loan Debt Defaulters?," Ben Miller, December 14, 2017, <https://www.americanprogress.org/article/student-loan-defaulters/>.
- 128 Id.
- 129 Id.
- 130 U.S. Department of Education, Federal Register Notice, "Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program," April 17, 2024, Table 3.11, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 131 Brookings, "Higher education accountability: Measuring costs, benefits, and financial value," Katharine Meyer,

- March 14, 2023, <https://www.brookings.edu/articles/higher-education-accountability-measuring-costs-benefits-and-financial-value/>.
- 132 Center for American Progress, “Who Are Student Loan Debt Defaulters?,” Ben Miller, December 14, 2017, <https://www.americanprogress.org/article/student-loan-defaulters/> (finding that nearly 90% of 8 million defaulters are Pell Grant recipients).
- 133 Federal Student Aid, “Federal Student Loan Portfolio: Portfolio by Age,” <https://studentaid.gov/data-center/student/portfolio>.
- 134 New America, “Who Are Older Americans Still Repaying Loans From College?” Tia Caldwell and Sarah Sattelmeyer, June 22, 2023, <https://www.newamerica.org/education-policy/edcentral/seniors-borrowers-financially-strapped/>; New America, “Why Do So Many Older Americans Owe Student Loans?” Tia Caldwell and Sarah Sattelmeyer, May 31, 2023, <https://www.newamerica.org/education-policy/edcentral/why-do-so-many-older-americans-owe-student-loans/>.
- 135 New America, “Most Seniors with Student Loans Have Held the Debt for at Least 15 Years,” Tia Caldwell and Sarah Sattelmeyer, December 14, 2023, <https://www.newamerica.org/education-policy/edcentral/seniors-with-student-loans-15-years-of-debt/>.
- 136 U.S. Department of Education, Federal Register Notice, “Student Debt Relief for the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins) Program, and the Health Education Assistance Loan (HEAL) Program,” April 17, 2024, <https://www.federalregister.gov/documents/2024/04/17/2024-07726/student-debt-relief-for-the-william-d-ford-federal-direct-loan-program-direct-loans-the-federal>.
- 137 Id., Table 3.6.
- 138 Id., Table 3.7.
- 139 Id., Table 3.2, 3.4.
- 140 Id.
- 141 Id., Table 3.6
- 142 The racial wealth gap is well-documented—the average wealth of a Black household is less than 20% that of a white household. This gap is driven, in large part, by differences in generational wealth and is accentuated by systemic, “permanent income differences by race [that] lead to a long-run racial wealth gap.” Federal Reserve Bank of Cleveland, “The Dynamics of the Racial Wealth Gap,” Dionissi Aliprantis, Daniel R. Carrol, and Eric R. Young, November 2022, <https://doi.org/10.26509/frbc-wp-201918R>; Historic barriers such as legally mandated segregation in schools, labor market discrimination, and redlining have all reduced access to capital in Black neighborhoods. Federal Reserve Bank of Cleveland, “What Is Behind the Persistence of the Racial Wealth Gap?,” Dionissi Aliprantis and Daniel R. Carroll, February 28, 2019, <https://www.clevelandfed.org/publications/economic-commentary/2019/ec-201903-what-is-behind-the-persistence-of-the-racial-wealth-gap>.
- 143 Demography, “Education and Lifetime Earnings in the United States,” Christopher R. Tamborini, ChangHawn Kim, and Arthur Sakamoto, June 13, 2015, <https://doi.org/10.1007/s13524-015-0407-0> (finding that “the lifetime earnings gap between high school and college graduates, including those with a graduate degree, is around \$1.13 million for men and \$792,000 for women.”).
- 144 Education Data Initiative, “Student Loan Debt by Race,” Melanie Hanson, May 13, 2024, <https://educationdata.org/student-loan-debt-by-race>.
- 145 Demos, “The Debt Divide,” Mark Huelsman, May 19, 2015, p.2, [https://www.demos.org/sites/default/files/publications/Mark-Debt%20divide%20Final%20\(SF\).pdf](https://www.demos.org/sites/default/files/publications/Mark-Debt%20divide%20Final%20(SF).pdf).
- 146 Id.
- 147 Student Borrower Protection Center, “New Report Finds For-Profit Schools Targeting Black and Latino Communities,” press release, July 28, 2021, <https://protectborrowers.org/for-profit-mapping/>.

- 148 Education Data Initiative, "Student Loan Debt by Race," Melanie Hanson, May 13, 2024, <https://educationdata.org/student-loan-debt-by-race>.
- 149 National Institute of Education Sciences, "Baccalaureate and Beyond (B&B:16/20), A First Look at the 2020 Employment and Education Experiences of 2015-16 College Graduates," Mihaela Henderson, Mary Drummond, Erin Thomsen, Shauna Yates, Jennifer Cooney, and Tracy Hunt-White, September 2022, Table A-3. <https://nces.ed.gov/pubs2022/2022241.pdf>.
- 150 Id.
- 151 Center for American Progress, "New Student Debt Relief Policies Fix Broken Promises and Benefit Borrowers Most in Need," Sara Partridge, Madison Weiss, and Brendan Duke, August 7, 2024, <https://www.americanprogress.org/article/new-student-debt-relief-policies-fix-broken-promises-and-benefit-borrowers-most-in-need/>.
- 152 Brandeis, "Reframing Student Debt Cancellation as a Racial Justice Issue," Bethany Romano, October 26, 2021, <https://heller.brandeis.edu/news/items/releases/2021/impact-report-iere-student-debt.html>.
- 153 Joint Economic Committee Democrats, "Education Can Help Narrow the Racial Wealth Gap, but Structural Solutions Are Needed to Close It," October 1, 2021, p.4, https://www.jec.senate.gov/public/_cache/files/1d07cb0d-6ec2-4f49-9fa7-6ee5c771f3e3/education-and-racial-wealth-gap.pdf.
- 154 New America, "College Pays Off. But by How Much Depends on Race, Gender, and Type of Degree," Chris Geary, March 1, 2022, <https://www.newamerica.org/education-policy/edcentral/college-pays-off/>.
- 155 Institute on Assets and Social Policy, "Stalling Dreams: How Student Debt is Disrupting Life Chances and Widening the Racial Wealth Gap," Laura Sullivan, Tatjana Meschede, Thomas Shapiro, and Fernanda Escobar, September 2019, p.3, <https://heller.brandeis.edu/iere/pdfs/racial-wealth-equity/racial-wealth-gap/stallingdreams-how-student-debt-is-disrupting-lifechances.pdf>.
- 156 Student Borrower Protection Center, "Deep Dive: The State of the Student Debt Crisis for Black Women," Khandice Lofton, June 19, 2024, <https://protectborrowers.org/deep-dive-black-women-and-the-student-debt-crisis/>.
- 157 Id.
- 158 Federal Reserve Bank of Richmond, "Black-White Differences in Student Loan Default Rates Among College Graduates," Urvi Neelakantan, April 2023, https://www.richmondfed.org/publications/research/economic-brief/2023/eb_23-12.
- 159 Center for American Progress, "The Continued Student Loan Crisis for Black Borrowers," Ben Miller, December 2, 2019, <https://www.americanprogress.org/article/continued-student-loan-crisis-black-borrowers/>.
- 160 Institute on Assets and Social Policy, "Stalling Dreams: How Student Debt is Disrupting Life Chances and Widening the Racial Wealth Gap," Laura Sullivan, Tatjana Meschede, Thomas Shapiro, and Fernanda Escobar, September 2019, p. 1, <https://heller.brandeis.edu/iere/pdfs/racial-wealth-equity/racial-wealth-gap/stallingdreams-how-student-debt-is-disrupting-lifechances.pdf>.
- 161 U.S. Department of Education, "Proposed Regulatory Text Student Debt Relief Negotiated Rulemaking, Session 4," February 22-23, 2024, <https://www2.ed.gov/policy/highered/reg/hearulemaking/2023/sdr-negotiated-rulemaking-section-30-91-final-text-consensus-reached.pdf>.
- 162 Education Data Initiative, "Student Loan Debt by Gender," Melanie Hanson, June 20, 2024, <https://educationdata.org/student-loan-debt-by-gender>.
- 163 Federal Reserve Bank of St. Louis, "Gender and Racial Disparities in Student Loan Debt," Ana Hernández Kent and Fenaba R. Addo, November 10, 2022, <https://www.stlouisfed.org/publications/economic-equity-insights/gender-racial-disparities-student-loan-debt>.
- 164 Pew Research Center, "The Enduring Grip of the Gender Pay Gap," Rakesh Kochhar, March 1, 2023, <https://www.pewresearch.org/social-trends/2023/03/01/the-enduring-grip-of-the-gender-pay-gap/>.

- 165 National Center for Education Statistics, "Women's Equality Day: The Gender Wage Gap Continues," August 26, 2022, <https://nces.ed.gov/blogs/nces/2022/08/26/default>.
- 166 Education Data Initiative, "Average Time to Repay Student Loans," Melanie Hanson, July 21, 2024, <https://educationdata.org/average-time-to-repay-student-loans>.
- 167 American Association of University Women, "Deeper In Debt: Women and Student Loans," May 2017, p. 27, <https://www.aauw.org/app/uploads/2020/03/DeeperinDebt-nsa.pdf>.
- 168 *Id.*, p. 29.
- 169 U.S. Department of Education, "Proposed Regulatory Text Student Debt Relief Negotiated Rulemaking, Session 4," February 22-23, 2024, <https://www2.ed.gov/policy/highered/reg/hearulemaking/2023/sdr-negotiated-rulemaking-section-30-91-final-text-consensus-reached.pdf>.

