

Opening Statement of Ranking Member Wilson (FL-24)

Subcommittee on Higher Education and Workforce Development

Breaking the System: Examining the Implications of Biden's Student Loan Policies for Students and Taxpayers

RHOB 2175

Thursday, March 23, 2023 | 10:15 a.m.

Good morning. It is a pleasure to welcome our witnesses and Members for our first Higher Education and Workforce Development Subcommittee hearing of this Congress.

I also want to welcome the students who are in the room and watching online. The work we do here today has direct consequences on your lives and futures. I hope all my colleagues will keep today's hearing grounded in our most important priority: supporting your success and pursuit of the American Dream.

We all know that a college degree is the surest pathway to economic mobility.

When I speak ... I speak from the prism of a young teacher... my very first job in life... It was good. I had no loans, I married, bought a car, bought a home, raised children...never struggled. My daddy paid for my college monthly like a mortgage... no loans.

As the economy slowed and college costs rose, we ushered in student loans for some. Then in 1973 loans for some. Then in 1973 because the loans were overwhelming Pell Grants were born. But the Pell Grant could not keep up with the cost of college. So, through the years the student debt crisis grew. And now the crisis has turned into a catastrophe. Life-altering catastrophe that is out of control and must be addressed and rectified now!

Some families are people in their 60s and 70s still paying student debt and in some instances, the principal has not changed.

Some families are on the brink of disaster because of the toll of parents plus loans. And many have lost their homes or delayed purchases as the cost of college keeps rising out of control. So, President Biden said to erase student loans up to \$20,000 for some and \$10,000 for most and the republicans are whining.

Bailed out the Airlines. Bailed out the automobile industry, especially in Detroit. General Motors became known as government motors.

State governments balanced their budgets because of federal money. And local governments got tons of money.

Members of Congress got their loans forgiven and nobody said a word. A little bad press here and there. But when we decide to Bail out the children, the students, and the college graduates who will contribute to the economy. All hell breaks loose. And the whining turns to outrage.

Where were you when we had bailed out the airlines, the automobiles, the state governments, the local governments, your republican colleagues, and the billionaire farmers every season? A high-ranking member of this committee filed for bankruptcy forgiveness five times.

When Republicans controlled both chambers and the White House in 2017, they gave billionaires \$1.7 Trillion with tax breaks. But today they've come here to lecture this committee on the implications of giving everyday Americans \$1.7 Trillion in student loan forgiveness.

A double standard that speaks volumes to our values. Let's help our children. Let's help the hardworking people who are making a difference and who deserve our support and our country and our economy will prosper.

So, what do we do about it? What about the class of 2024? How do we prepare them for college while addressing the student debt crisis?

Traditionally, Republicans have once again put big banks and hedge fund owners over everyday Americans.

Meanwhile, the average American can't get a bailout and as a result, they are robbing Peter to pay Paul to cover student loans on a degree that we told them would ensure economic prosperity.

The cost of attending college today is more than triple what it cost to attend college in 1980.

The declining value of the Pell Grant—the bedrock of our financial aid system—has also increased the burden for students and families. In 1975, the Pell Grant covered nearly 80 percent of the average cost of tuition, room, and board at a public four-year university. Now, it covers just less than a third of the average cost, leaving far too many low-income students and families with unmet needs.

As a result, many students are saddled with a lifetime of student loans.

I am particularly troubled by the number of students who have been left behind with not only significant student loans but also no *meaningful* degree.

In the last decade, at least five large for-profit college chains have collapsed overnight, leaving tens of thousands of students with debt and often without degrees. These school closures can be devastating for students, plunging them into financial and emotional despair while robbing them of the education and opportunities they deserve.

Regrettably, taxpayers also bare the cost. As of 2022, the non-partisan Government Accountability Office reported that low-quality for-profit institutions have cost taxpayers \$8.2 billion.

Thankfully, in response, the Biden-Harris administration has taken historic steps to provide borrowers with a clear pathway to repayment and protect students, families, and taxpayers.

The administration has forgiven more than \$24 billion in student loan debt for more than 1 million borrowers who were defrauded by their institution or have a total and permanent disability.

Since the beginning of the pandemic, we have ensured that borrowers of federally held student loans were spared from making payments on their loans and accruing interest on them.

The Administration has also streamlined the income-driven repayment program to make paying back loans more affordable.

And finally, President Biden has forgiven more than \$25 billion for more than 370,000 public servants by making time-limit improvements to the Public Service Loan Forgiveness program.

Even in the face of Republican opposition, the Biden-Harris administration has taken these historic steps to get us back on track. However, we know there is more work that still needs to be done.

That's why President Biden announced a plan to forgive up to \$20,000 in outstanding federal student loan debt. This plan would provide debt relief for 43 million current borrowers—some of whom are in this room—and clear the remaining debt of roughly half of those borrowers.

Unfortunately, Republican politicians are denying students—including an estimated 114,000 borrowers in my district—the relief they need to make ends meet.

Despite these challenges, Congress still has a responsibility to solve the underlying problems that caused the student debt crisis in the first place, such as the declining value of the Pell Grant and our flawed student loan system.

To that end, Ranking Member Scott and I recently reintroduced the *Lowering Obstacles to Achievement Now Act*—or *LOAN Act*.

This bill would:

- Double the Pell Grant;
- Improve the Public Service Loan Forgiveness program;
- Cap interest rates on new loans at 5 percent; and,
- Make other critical reforms to make our student loan system work for students.

The *LOAN Act* will help improve the lives of student loan borrowers—both now and in the future— by making loans cheaper to take out and easier to pay off.

To the students in the room and tuning in, please know that your advocacy sends the clear message that reforming our student loan system is a sound investment for students, workers, and our economy.

I look forward to our discussion and the work we have ahead.