MAXINE WATERS, CA
CHAIRWOMAN

PATRICK MCHENRY, NC
RANKING MEMBER

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

May 18, 2022

The Honorable Joseph R. Biden, Jr.
President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear President Biden,

I am writing to follow up on my letter to you on December 4, 2020, when you were President-elect,[1] to again urge you to promptly cancel $50,000 of student loan debt for all federal student loan borrowers. At a time of record inflation, this relief will enhance economic growth and financial freedom, allowing millions of people saddled with student loan debt to finally buy their first home or start a new business. I urge you to act without delay.

As you know, federal student loan payments have been paused since the beginning of the pandemic. This pause has helped tens of millions of borrowers to stay afloat during a time of tremendous economic uncertainty. Now, as of May 2022, student loan borrowers owe more than $1.75 trillion in student debt,[2] and despite the student loan payment pause, the average debt per borrower continues to increase.[3] Borrowers of color are especially burdened by student loan debt, with Black college graduates owing an average of $25,000 more in student loan debt than their White peers.[4] And even when borrowers make timely payments on their loans, the overall balance of debt can go up rather than down due to things like interest accrual and faulty loan servicing.[5] Again, Black borrowers are disproportionately impacted by this phenomenon. For example, four years after graduation, nearly half of Black borrowers owe an average of 12.5 percent more than they borrowed.[6] It is for these reasons that research has shown that canceling $50,000 of student loan debt would help to close the racial wealth gap by immediately increasing the wealth of Black student loan borrowers by 40 percent.[7]

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[1] House Financial Services Committee Press Release, *Waters Provides Recommendations to President-Elect Biden on Trump Actions to Reverse* (Dec. 6, 2020).
[2] Federal Reserve Bank of St. Louis, *Student Loans Owed and Securitized* (May 6, 2022).
[3] Education Data Initiative, *Student Loan Debt Statistics* (May 9, 2022).
[4] Education Data Initiative, *Student Loan Debt by Race* (Mar. 10, 2022).
[5] *See, e.g.*, Forbes, *For Many, Paying Student Loans Doesn't Stop Balances From Growing; Advocates Push Cancellation As A Fix* (Aug. 12, 2021).
[6] Education Data Initiative, *Student Loan Debt by Race* (Mar. 10, 2022).
[7] Roosevelt Institute, *How Canceling Student Debt Would Bolster the Economic Recovery and Reduce the Racial Wealth Gap* (Dec. 8, 2021).

I applaud you for your actions to ensure existing cancellation avenues like Public Service Loan Forgiveness[8] and Income Driven Repayment forgiveness[9] are effective, but these programs are not sufficient. Forgiveness under these programs can take decades for those now graduating college and not all borrowers will be covered by these programs. Many people around this country pursued a higher education because of the promise that it would secure their financial future. It is our responsibility to ensure that these borrowers, and especially Millennial and Gen Z borrowers, do not continue to put off major life milestones, like buying a house, starting a small business, getting married, having kids, and saving for retirement, due to the burden of student debt. The people of this country need your decisive action to cancel $50,000 of student loan debt for all federal student loan borrowers.

Sincerely,

MAXINE WATERS
Chairwoman

cc: The Honorable Patrick McHenry, Ranking Member

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[8] U.S. Department of Education, *U.S. Department of Education Announces Transformational Changes to the Public Service Loan Forgiveness Program, Will Put Over 550,000 Public Service Workers Closer to Loan Forgiveness* (Oct. 6, 2021).
[9] U.S. Department of Education, *Department of Education Announces Action to Fix Longstanding Failures in the Student Loan Programs* (Apr. 19, 2022).