



Press Release

Assessing the Impact of Blanket Student Loan Forgiveness

ANGELA KUCK | JUNE 30, 2021

The Biden Administration is examining whether it has the authority to provide \$10,000 in blanket student loan forgiveness on every federal student loan. In a new analysis, AAF's Data and Policy Analyst Tom Lee assesses the impacts of the temporary pause on federal student loan payments during the COVID-19 pandemic and the administration's loan forgiveness to date, and considers the potential implications of blanket student loan forgiveness.

His central points:

- More than 60 percent of federal student loan holders have entered and remained in forbearance on their loans since the third quarter of 2020, a 47.8 percentage point increase from the previous quarter, while under 1 percent of all borrowers are regularly making payments right now;
- A \$10,000 blanket forgiveness would reduce outstanding federal student loan debt by \$380 billion, but more than half of this relief would go toward families in the top 40 percent of income, while the bottom 40 percent would receive just a quarter of the relief; and
- Blanket loan forgiveness also would introduce a moral hazard into the federal student loan system and likely inundate the system with poorly written and possibly fraudulent loans.

[Read the Analysis](#)