Press Release

Details on the Biden Administration's $10k Federal Student Loan Forgiveness

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President Biden recently announced $10,000 blanket loan forgiveness for borrowers of federal student loans who make less than $125,000 per year and for married borrowers whose combined spousal income is less than $250,000 per year. In a new insight, Data and Policy Analyst Tom Lee reviews the president's loan forgiveness plan and explains why it will fail to produce any meaningful reform to the student loan program.

Key points:

- The prescribed individual and spousal income caps are at least in the 89th percentile of 2021 U.S. annual income distributions, meaning lower, middle, and even many higher-income borrowers will receive forgiveness in some amount.
- The amount of loan forgiveness increases to $20,000 for borrowers who have also received a Pell Grant as an undergraduate student.
- Blanket loan forgiveness in any amount unfairly shifts large educational costs to taxpayers and would only delay historical trends in outstanding federal student loan debt: By 2026, the total amount of federal student loan debt will likely bounce back to present levels.

Read the analysis