

Press Release



ICYMI: Douglas Holtz-Eakin on Another Extension of Student Loan Deferrals

PAULINA ENCK | APRIL 7, 2022

Yesterday President Biden once again extended the deferral of premium and interest payments on federal student loans—a policy initially enacted in response to the COVID-19 pandemic. As a bonus, the president kicked in the fact that at the end of the deferral, all borrowers will be considered in good standing...so, if one never paid, don't worry about it. In his [Daily Dish](#), AAF President Douglas Holtz-Eakin outlines the problems of student loan deferral, calling the whole enterprise “[galactically stupid](#).”

His key concerns:

- It's a misuse of pandemic emergency authorities. This has nothing to do with COVID-19.
- It's a misreading of the economy. The job market is incredibly tight, with 1.7 jobs available for every person seeking work. Workers are quitting at historic rates to take jobs with better opportunities and higher pay. If people who have gone to college cannot get a job and make loan payments now, what does it take to end the deferral?
- It's expensive. A month of student loan deferral costs the taxpayer \$4-\$5 billion. According to the [Department of Education](#), the actions in 2020-2021 added roughly \$100 billion to the deficit. Deferring for another four months adds as much as another \$20 billion to the tab. And let's be honest...the president will extend the deferral past the election to December 31. Yesterday's action was the first step in adding another \$40 billion to the costs borne by the taxpayer.
- It's money spent with no return. The United States currently spends about \$30 billion a year on Pell Grants, and in return raises the education and skills of the nation. The Biden Administration is proposing to waste another year of Pell funding – on top of three years already – and get nothing in return: Nobody will learn what a parsec is, calculate a cosine, read the *Iliad*, or – God forbid – learn what's in the Constitution. Super.
- It's throwing money at the affluent. Why? Why? Why? It has been more than adequately [documented](#) that benefits of student loan deferral and forgiveness disproportionately accrue to the more affluent. One can claim that they have “significant economic hardship,” and that payment threatens “financial stability,” but the facts don't support it.

[Read Today's Daily Dish](#)