

Biden presses forward with February 2022 resumption of student loan repayments

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The Biden administration has reiterated that it will not extend the current student loan payment pause beyond February 1, 2022, despite the continuing spread of COVID-19 and the arrival of the more infectious Omicron variant of the coronavirus.

When asked last Friday about any possibility of an extension of the pause, White House Press Secretary Jen Psaki said that the administration was “still assessing the impact of the Omicron variant,” but a high priority is “a smooth transition back into repayment.”

Making it clear that the administration had in fact made up its mind on the matter, Psaki went on to say, “In the coming weeks, we will release more details about our plan and will engage directly with student loan borrowers to ensure that they have the resources they need and are in the appropriate repayment plan.”

In August, the White House announced its “final extension” of the payment pause on federal student loans that began under the Trump administration in March 2020. The program put a freeze on loan balances and halted payments due and interest accrual. The policy also placed on hold any collections, garnishments and tax refund interceptions on defaulted loans.

Combined federal and private loan debt in the US is estimated at \$1.6 trillion. There are 42.2 million people with balances on federal student loans. According to a household debt study by NerdWallet, the average US household with student loans owes approximately \$57,500 and average debt ranges from \$28,950 for a bachelor’s degree and \$183,302 for students with a veterinary degree.

Like all the pandemic relief programs contained in the \$2.2 trillion CARES Act passed in March 2020 with overwhelming bipartisan support, the student loan

payment pause was fundamentally aimed at securing the financial interests of the ruling elite. Fully aware that the economic impact of the pandemic would mean that tens of millions of borrowers would not be able to make payments, the Democrats and Republicans acted to prevent a wave of catastrophic defaults that could threaten the entire capitalist financial system.

It is within this context that a group of leading congressional Democrats have submitted a letter to the White House urging President Biden to reconsider his plan to restart loan payments within two months.

In their letter of December 8, Senators Elizabeth Warren of Massachusetts and Charles Schumer of New York and Representative Ayanna Pressley of Massachusetts state, “In order to prevent the student debt crisis from dragging down on our economic recovery, undermining the effectiveness of the American Rescue Plan, and causing unnecessary pain and stress for American families, we strongly urge you to extend the pause on student loan payments and interest and act to cancel student debt.”

The trio based their appeal to the White House on an analysis performed by the Democratic Party-affiliated Roosevelt Institute on the economic impact of forcing borrowers to resume student loan payments on February 1, 2022. According to the study, if the resumption of payments were implemented, “\$85.48 billion annually will be stripped from 18,125,800 student loan borrowers’ budgets.”

Furthermore, the Roosevelt Institute says the income retained by borrowers from the repayment pause improved their “economic security” and, above all, “injected necessary consumer spending across communities during the pandemic, complementing the monetary and fiscal policies intended to prevent the American economy from slipping into an unnecessarily

long recession.”

In other words, the proposal to extend the payment pause, as well as the proposal to cancel up to \$50,000 of student debt per borrower, is aimed at “pumping billions of dollars per year back into our national economy,” not addressing the imposition of the financial burden of higher education upon the public that is a hallmark of American capitalist society.

Expressing the opposition within the ruling establishment to the proposal from Warren, Schumer and Pressley, *Forbes* published an article on December 7 entitled, “No, Biden Won’t Extend Student Loan Relief Again.”

Senior Contributor Zack Friedman wrote, “These senators know that the Biden administration is unlikely to extend student loan relief indefinitely. Precedent suggests if there were any extension, it would be date-specific. Previously, members of Congress have called for specific extensions beyond January 31, 2022, including extensions to both March 31, 2022, and September 30, 2022. For some reason, this letter doesn’t have a specific date.”

Right-wing political figures in the Republican Party are using the discussion about the student loan crisis as an opportunity to attack the financial aid programs altogether. The *Wall Street Journal* quoted a congressional aide who remarked that the response of several Republicans was to say of the students who graduate with degrees that earn modest incomes while carrying massive debt, “Why are they able to borrow so much if they’re only able to make that much?”

Other unnamed Republicans, the *Journal* said, “largely favor shrinking the government’s role in funding student loans.” The former chief operating officer of the office of Federal Student Aid, A. Wayne Johnson, who is now a Republican campaigning for a US congressional seat in Georgia, called the Plus federal student loan program a “runaway train.”



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