

# What the resumption of student loan repayments will mean for millions of young people

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President Joe Biden announced Wednesday he is extending the pause on student loan payments until May 1.

The payments, which were set to restart on February 1, have been paused since the beginning of the pandemic. The temporary pause of student loan payments includes a freeze on loan repayments, interest accrual, as well as collections, garnishments and tax refund interceptions on defaulted loans.

The last extension of the freeze, started under the Trump administration in March 2020, was later provocatively called the “final” extension of the relief by the Biden administration.

White House officials have publicly insisted for months that student loan repayments would resume February 1, 2022, and that the administration’s high priority was a “smooth transition back into repayment” after the end of the moratorium. The three-month extension is a sign that the administration anticipates a colossal economic and social catastrophe to unfold over the next few months as the Omicron variant of COVID-19 spirals out of control.

The US Department of Education has taken no notice of the change in messaging, sending out mass emails to loan borrowers warning of the imminent return to student loan payment, as well as numerous tweets on the government’s Twitter account around this same theme.

Federal Student Aid Director Richard Cordray said in a tweet on December 20, “Higher ed partners: Encourage borrowers to prepare for federal student loan payments to begin after Jan. 31 by taking these six steps” linking to the Federal Student Aid website, with a graphic labeled “Preparing for the End of the Payment Pause.” One Twitter user remarked, referring to the graphic, which was winter-weather-clothing themed, “I see what you did with the graphic. People won’t be able to afford heat once loan repayments start, so you’re telling them to bundle up. Great advice.”

Another tweeted: “Thank god you used cute graphics to

show that soon 40 million of us will be giving you hundreds of dollars a month that we don’t have.”

Outstanding student loan debt totals a staggering \$1.75 trillion in the US, with the increase in debt outpacing GDP growth by six times. Over 43 million students and former students owe an average of \$39,000. According to the *Education Data Initiative*, the debt accrued is \$9,000 more than the average cost of a bachelor’s degree at a public university.

Sixty-five percent of college-educated American adults are still paying off student loans according to First Republic Bank. The government took in \$70.3 billion from student loan programs in 2019 according to Slate, with \$22.4 billion of this being from interest alone.

The resumption of student loan payments means that tens of millions of young people will soon be forced to restart debt payments in the midst of a surge in the pandemic fueled by the novel Omicron variant of SARS-CoV-2, while real wages have decreased 1.9 percent in the last year alone, with inflation at its highest in four decades.

On top of this, most of the other remaining Trump-era protections, including the eviction moratorium, child tax credit and federal jobless aid have been eliminated, leaving those in debt more financially exposed than in 2020.

One post, simply stating, “My student loan payments will not be resuming after January 31 because I’m not going to pay them” on the r/antiwork subreddit of the popular social media platform Reddit, received 40,000 up-votes and thousands of posts expressing mass opposition to the restarting of loan payments.

One user responded to the post saying, “Same here. Me and my boyfriend are living paycheck to paycheck and it just feels so draining.”

Another response pointed to the obvious contradiction between the massive government bailouts of the financial elite and the suffering of millions of students: “It’s ridiculous we can bail out other countries and air lines and

shit corporations but we just leave most people in huge debt. The colleges are rich enough, it needs to change.”

A remarkable number of users weighed the idea of moving to another country to evade loan payment.

Another commenter explained the limitations of the income-based repayments (IBR): “Income-based payments don’t help a lot of people because of how they calculate it. The federal poverty line is ridiculously low, and they haven’t properly adjusted it in years, so nearly everyone is paying more than they can afford—especially with inflation as bad as it is right now.”

Speaking to the wider poverty experienced by millions of young people, one user noted that they made \$13 an hour working fast-food and could not keep up with their \$90 monthly payments after other bills. The same user was making too much money to be accepted for food stamps despite “living off of ramen noodles and powdered lemonade the last couple days before each pay period.”

Many will be forced to choose between making medical payments, rent payments, food, utility and other necessary payments, and loan payments.

“This is how you know the true meaning of Covid. No student loans were forgiven no mortgages no Children’s school lunches. Literally nobody got a break or a help unless they were already rich. The elite benefited and got mad rich during Covid while shutting down every mom and pop and small time joint. This is the truth we must fight. The rich are our true enemy.”

Speaking to the widespread political disillusionment being produced by the restarting of loan payments, one student stated, “I’ve always just kept calling and deferring, waiting for a Bernie Sanders-esque hero to come and save us all from student debt lol. I take a couple classes whenever they say I will have to start paying, and that stops me from having to pay, and I get to learn stuff. Love that Joe PROMISED us he’d do something and then proceeded to be like lol jk ... I was furious in that moment. Not that I trust politicians, Trump or Biden especially, but ... wow.”

Matt, a UC Berkeley graduate, told the WSWS, “I’m almost \$30 thousand in debt and when Biden was elected I was ecstatic. I don’t agree with a lot of his positions but his promises to forgive student loan debt led me to believe I wouldn’t have this burden hanging over me. Now that the deferment on student loan payments is ending, I don’t know how I’ll be able to keep up with them. I work full time but I still am often paycheck to paycheck, and I’m concerned that my only options will be to default on my loans or keep deferring them and accumulate interest I won’t be able to pay.”

The government goes to great lengths to collect student debt, even withholding students’ degrees until payment is

received. In addition, the official website on loan repayments threatens debtors with court charges, collection fees, attorney fees, and “other costs” if a debtor is in default. A young person who defaults on their loans also runs the risk of destroying their credit score, preventing those with outstanding debts from taking loans for cars, houses and other necessities. Defaulting also causes the entire unpaid balance and any interest owed to become immediately due, while losing eligibility for additional federal student aid.

A default, which takes place 270 days after a payment is due, can result in the garnishing of borrowers’ wages, Social Security checks, federal tax refunds and even disability benefits.

According to educationdata.org, as of July, 11.2 percent of adults with student loan debt reported being unable to make at least one payment that year-to-date, with 9 percent of students attending public institutions in 2020 being behind on loans. Twenty-three percent of borrowers with outstanding education debt have a credit card balance as well. With the restarting of loan payments, those who were already behind will be plunged further into debt, while many already on the brink will join the category.

The promises of reform by the Democrats have turned out to be utterly fraudulent, from the failure of Biden’s “Build Back Better” bill, which was gutted and ultimately killed, to the campaign promises of raising the minimum wage, free college and erasing student debt, and finally with the reinstatement of loan payments. Higher education is being made more and more a privilege afforded only to the upper class as workers and the poor are more and more priced out of it.



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