US media and policy outlets oppose student debt relief, claim it will subsidize “low value” degrees

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Numerous news outlets and policy institutions have declared their opposition to plans released by the Department of Education (DOE) to update its Revised Pay As You Earn (REPAYE) student loan repayment program, claiming they would give too much to student debtors, many of whom are saddled with debts entirely disproportionate to their ability to pay.

Under the proposed changes to REPAYE, student loan borrowers would enroll in an Income Driven Repayment (IDR) plan where they would pay 5 percent of their discretionary income above 225 percent of the federal poverty line ($30,600 a year) each month. This is a change from 10 percent of discretionary income above 150 percent of the poverty line in the existing plan, meaning that a person making $50,000 a year would pay around $1,000 a year.

Most significant of the proposed changes is that the federal government will waive any interest if the monthly payments are not enough to cover it, and those making below 225 percent of the poverty line will not be required to make payments. Additionally, those with loans below $12,000 in total will be eligible for loan forgiveness after 10 years of payments, with an extra year added per $1,000 up to a maximum of 20 years for undergraduate loans and 25 years for graduate loans. The DOE expects the changes to save a typical borrower around $2,000 a year.

The proposed changes will go through a 30-day public comment period and the DOE hopes to implement them later this year.

If imposed, the changes to REPAYE could reduce the monthly payment burden for many student loan borrowers. However, the promise of student loan forgiveness is far less likely. Only 32 people have ever had the remainder of their student loans forgiven after participating in an IDR. This is largely due to the sheer size of loans and interest, but also a scandal involving several federal contractors who failed to record student loan payments, meaning millions of people do not know how much they have paid off or how much remains.

Despite its limitations, the program has prompted commentators from liberal and conservative media outlets and think tanks alike to criticize the plan for being “too generous” and raise concerns over its economic effects.

The Washington Post’seditorial board argued that the plan would pose “some big risks for taxpayers and even the borrowers themselves,” and that “it would amount to a huge new subsidy for higher education that Congress never specifically approved.”

Lamenting that borrowers may not pay back the full amount of their loan, the *Post* declared, “This would represent a shift in philosophy on debt forgiveness, from viewing it as a safety net for those who fall into financial distress to an entitlement for most undergraduate borrowers. Because the new program would be so generous, it would create a strong incentive to borrow, which could encourage more students to take on debt rather than pay for their education out-of-pocket.”

The *Post* continues to argue that the plan circumvents Congress and that the Biden administration is ignoring the “spirit” of the law.

Phil Kerpen, president of American Commitment, a right-wing policy organization, argued that the plan was “morally unjustifiable” and complained that the plan would enable low income borrowers to reduce their total payments.

“Biden’s new plan to force taxpayers to pay for other people’s college is as legally and morally bankrupt as his old plan—and may prove even more expensive. . . . Even for undergraduate programs, the heftiest subsidies go to the lowest paying fields, where students can get a free ride because their future earnings will never be high enough to make payments.”

Another commentary by the *Wall Street Journal*’s editorial board claimed that the plan created “perverse incentives” to raise tuition and would encourage students to pursue less “marketable degrees.”

“Why not indulge your interest in film noir or take an extra year to finish when you won’t have to pay any more as a result?” the editorial asked in a sneering tone.

The *Journal* ended the article with a call on the Supreme Court to intervene and rule that “only Congress can cancel student debt.”

Common themes emerge in these articles. All argue that the plan will hurt "taxpayers" and many complain that the Biden administration is overstepping its executive authority, if not by failing to follow the law then by abusing its "spirit."

Also common is the complaint that the plan would disproportionately benefit borrowers who make poverty wages or those who are already well off, some arguing that the plan would do both at the same time.

Such criticisms traverse party lines, with conservative and liberal voices making almost identical arguments.

David Freddoso, online opinion editor for the right-wing *Washington Examiner*, called the proposed changes a "scam" and argued that those with college degrees are "the most privileged people in America."

Echoing this sentiment, the Brookings Institution, a liberal policy think-tank aligned with the Democratic Party, published an article by economist Adam Looney who called student loan forgiveness "regressive" and heavily criticized the proposed changes to REPAYE.

Central to Looney's complaints was that the program would subsidize "low-quality, low-value, low-earning programs" and benefit already wealthy borrowers by promising eventual debt forgiveness. "Want a free ride to college?" he asks, "You can have one, but only if you study cosmetology, liberal arts, or drama, preferably at a for-profit school. Want to be a nurse, an engineer, or major in computer science or math? You'll have to pay full price (especially at the best programs in each field)."

He proceeds to complain that the plan would ruin accountability programs for degree programs that produce low earnings and argues that students could abuse the plan by taking out large loans to pay for living expenses that they would never pay back.

There are two core complaints among the voices of the upper-middle class here: 1) the changes to the plan will be too generous and cost "taxpayers" too much, and 2) they will subsidize "low value" degrees in the arts and humanities.

Looney repeatedly states a "fear" that under the changes "institutions will have an incentive to create valueless programs and aggressively recruit students into those programs with promises they will be free under an IDR plan."

Underlying these complaints is a complete disdain for the arts and humanities and a desire to gut higher education of any program that does not produce the greatest value for the capitalist class. Preston Cooper, a senior fellow at the Foundation for Research on Equal Opportunity, said, "If students are unable to pay back their loans in full, maybe the programs that they attended are not something that the federal government should be funding."

The demand is clear: If any relief is to be given to student loan borrowers it must be done on the condition that funding for higher education be slashed and that students be pushed into "high value" programs, measured only by the amount of a student's paycheck and ability to generate profit.

This is in conflict with certain financial interests concerned by the ballooning student debt crisis and its effects on a potential recession. Nearly 1 million people default on their loans every year and millions of people struggle financially due to the burden of student debt. According to Education Data, 18 percent of student debt holders find it difficult to afford basic necessities because of debt payments, and one out of seven food stamp recipients and 24 percent of Medicaid recipients hold a college degree. For some in the financial oligarchy limited student debt reform is worth the cost to avoid a collapse in consumer spending.

Regardless of which faction wins out on student debt relief, nothing will be done to reduce the exorbitant cost of higher education. The average cost of tuition and living expenses for a four-year public college degree is around $100,000 and the average debt held by students is $37,000, saddling many with debt repayments for a lifetime.

Even if the plan is implemented, it will not address the crisis of skyrocketing higher education costs, nor will it handle the demands of the financial oligarchy to gut federal funding for education at all levels. While hundreds of billions of dollars are spent on the military each year, even more money must be made available for the waging of imperialist war.

The WSWS and the Socialist Equality Party hold that education is a fundamental social right for all people. All student loan debt must be abolished, and the vast riches of the capitalist class expropriated to provide high quality education to all, free of charge.

The value of an education cannot be measured in dollars, but by total economic, social and cultural enrichment that it provides to a society. Capitalism cannot appreciate, let alone provide, education as a social good. Only the abolition of the capitalist system and the building of a socialist society, based on social need and not private profit, can accomplish such a task.

To contact the WSWS and the Socialist Equality Party visit:

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