



\$400 Billion!? Biden Student Loan Forgiveness To Cost Far More Than Initial Estimate

Description

USA: President Joe Biden's student loan forgiveness plan will cost **at least \$400 billion over three decades**, blowing away initial estimates of \$300 billion, the Congressional Budget Office has estimated.



The plan, a handout for the middle and upper classes (and will only raise GDP by 0.1%), will provide debt relief of \$10,000 per borrower, subject to income caps of \$125,000 per individual or \$250,000 per household – while Pell Grant recipients will receive an additional \$10,000 of forgiveness, *Bloomberg* reports.

According to the CBO, the moves will cancel \$430 billion in overall debt – while Biden's suspension of student loan payments through the end of 2022 could cost an additional \$20 billion –

notwithstanding changes Biden's administration has made to income-driven repayment plans, which the Committee for an Responsible Federal Budget pegged at an additional \$120 billion.

Around 40 million Americans could receive some level of student loan relief under the plan – with half potentially having their entire debt canceled, according to the White House.

Roughly 8 million borrowers, whose income is already on file at the department, will have their loans automatically forgiven without having to apply, according to the Education Department. Everyone else will have to apply in [early October](#), when the agency expects to release the form.

GOP lawmakers and state attorneys general have said they are exploring the possibility of a lawsuit to overturn the policy before it goes into effect. One conservative group, the Job Creators Network, has said it plans to sue the administration once the Education Department guidance is released. –[WaPo](#)

To put the plan in context, the so-called “Inflation Reduction Act” which passed in August is estimated to reduce deficits over 10 years by \$58 billion, with an additional \$180 billion reduction factored in due to anticipated new tax revenue from **more audits**.

“This might be the most costly executive action in history,” said CRFB President Maya MacGuineas in a statement, adding “It’s unacceptable that the President would implement it without offsets and without Congressional approval.”

The CBO report was requested by Sen. Richard Burr (R-NC) and Rep. Virginia Foxx (R-NC) amid criticism from GOP lawmakers, who say the debt forgiveness plan is unfair to students who have paid off their loans, and taxpayers who never attended college.

Unlike draining the SPR- everyone consumes energy- the student loan relief as a vote buying tool is a waste bc the Dems already have 99% of the double-Masters/cat owner demo.

— Barbarian Capital (@BarbarianCap) [August 23, 2022](#)

by Tyler Durden

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Date Created

09/28/2022