



Gordon Watts <gww1210@gmail.com>

Responding to your message

Senator Chuck Grassley <Senator@grassley.senate.gov>
To: gww1210@gmail.com

Wed, Jan 11, 2023 at 5:53 PM

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United States Senate

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January 11, 2023

Dear Gordon:

Thank you for taking the time to contact me about President Biden's proposal regarding unpaid student loans and your concerns about bankruptcy. As your senator, it is important that I hear from you. Please accept my apology for the delay in my response.

First, I appreciate hearing of your support for the Biden administration's recent efforts to transfer unpaid student debt from borrowers. I know that paying for higher education requires a great deal of planning and sacrifice for many students and their families. But I do not believe it's right to make all Americans – 2/3 of whom do not have a bachelor's degree – to take on the burden of debt that others willingly took out to get an education.

Make no mistake. Nothing is getting "canceled" or "forgiven." These dollars have already gone out the door to pay for college educations. Now, it's just a matter of who will pay those dollars back. President Biden's proposal would transfer up to \$20,000 in debt for individuals making up to \$125,000 (or married couples making up to \$250,000) from borrowers to the taxpayer, with the full proposal adding between \$500 billion and \$1 trillion to the national debt over the next decade. Studies show that a bachelor's degree raises lifetime earnings by an average of \$2.8 million. And yet, the Biden administration is putting the taxpayer on the hook for loans that Americans with advanced degrees and higher earning potential took out to pay for their higher education.

Instead of a blanket approach that disproportionately pays off the debt of those who are already, or soon likely to be, well-off, we need to target relief to those who need it. That is why Congress has already created a number of programs, such as income driven repayment plans. Most borrowers are eligible and these payment plans take account of the borrower's income and are intended to be affordable based on discretionary income and family size. These are especially beneficial for borrowers with low incomes, as some see no monthly payment at all. Additionally, those who have been in income-based repayment programs for a long time but whose income is not sufficient to pay off their loans entirely have the remainder forgiven.

However, these existing payment plans were created through laws passed by Congress. This latest action was

just unilaterally declared by the president. Last year, even Speaker Pelosi said President Biden does not have the authority to wipe away student debt. Now, he is claiming that, under a post-9/11 law to help service members with loans in times of war or national emergency, he should have the authority for a blanket transfer of debt due to COVID-19.

Further, the executive order does nothing to make higher education more affordable. This policy will only feed tuition growth and inflation. President Biden's student debt transfer raises expectations of debt forgiveness, encouraging borrowers to take out more loans with scant regard to repay them. Instead, we need reforms that give students better bang for their buck. That's why I've introduced a package of bipartisan bills to bring more transparency into the student loan market and to empower students with financial tools to be smart borrowers. My legislation would cut red tape and tell students in plain language what the loan amounts are and how that compares to their ability to repay. It would make a universal financial aid tool easily available to students so they can compare financial aid packages between schools. Transparency brings accountability and will help give peace of mind to those making one of the most consequential financial decisions of their lives. You can read more here: <https://www.grassley.senate.gov/news/news-releases/grassley-smith-ernst-introduce-bipartisan-bills-to-empower-students-provide-resources-to-better-understand-college-costs>

Additionally, I have championed several tax provisions that have already become law. These include enhancing 529 college savings plans that allow families to save for college tax-free. I also authored the college tuition deduction that allows eligible individuals to deduct up to \$4,000 of college expenses and the student loan interest deduction that does the same with up to \$2,500 in student loan interest. Additionally, I have conducted oversight to make sure colleges are using their endowments to hold down tuition and provide aid to families. I will be sure to keep your thoughts in mind as I continue this work.

First, you shared your support for S.2598, the FRESH START Through Bankruptcy Act. This bill seeks to amend title 11 of the United States Code to improve the treatment of student loans in bankruptcy. The bill was introduced in the Senate on August 4, 2021, and referred to the Committee on the Judiciary, of which I was Ranking Member. The Senate Judiciary Committee held a hearing on August 3, 2021, entitled "Student Loan Bankruptcy Reform" to discuss this important issue. The hearing can be viewed in its entirety here: <https://www.judiciary.senate.gov/meetings/student-loan-bankruptcy-reform>

As I mentioned in the hearing, I am open to the concepts in this bill. I would like to see certain changes to this proposal, but I am hopeful that we will be able to find a solution that works for all those involved. As you likely know, this bill did not pass during the previous session of Congress and would need to be reintroduced in the new 118th Congress. As Senator Durbin continues to pursue the bill, I look forward to working with him on it.

Thank you again for contacting me. Please do not hesitate to reach out if I can be of any help in the future. Keep in touch.

Sincerely,



Chuck Grassley
United States Senator

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