

NSDA Public Forum Debate (Nov-Dec 2023)

Topic: Student Loan Forgiveness

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Topic: Student Loan Forgiveness

PRO SIDE

PRO: Education Costs are "Staggeringly" High

S: According to... Harvard Law School, October 2023

<https://clp.law.harvard.edu/knowledge-hub/magazine/issues/student-debt/introducing-the-september-2023-issue/>

F: *It states...* College students are facing staggering costs associated with getting a college degree. There are significant problems from student debt such as social, mental, and emotional harms.

C: *This means...* student loan forgiveness is important for the sake of tens of millions of people who suffer from the tremendously high cost of education and are experiencing serious financial problems as a result.

PRO: Difficulties Finding a Good Paying Job

S: According to... the Washington Post, June 25, 2019

<https://www.washingtonpost.com/business/2019/06/25/heres-what-trillion-student-loan-debt-is-doing-us-economy/>

F: *It states...* In the past, student debt was for those wanting a professional program for a career with high wages, but rising tuition and changes in the job market have made it too difficult for many people.

C: *This means...* forgiving student loan debt is important because degrees are tremendously expensive, yet they no longer guarantee a good paying job for those who graduate.

PRO: Serious Reduction in Living Standards

S: According to... the Washington Post, June 25, 2019

<https://www.washingtonpost.com/business/2019/06/25/heres-what-trillion-student-loan-debt-is-doing-us-economy/>

F: *It states...* Years of research show that post-college debt forces people to put off starting a family, buying a home, or even starting a business. Student loans prevented 400,000 families from buying a home, it also prevented people from having the money to start a business or even get married and start a family.

C: *This means...* student loan debt is directly responsible for millions of people to put off a better quality of life because their debt is too high, and this prevents them from making a better for themselves.

PRO: Preventing Threats to the Economy

S: According to... Forbes Magazine, October 31, 2023

<https://www.forbes.com/sites/forbesfinancecouncil/2023/10/31/student-loan-payments-are-back-the-domino-effect-on-the-us-economy/>

F: *It states...* The U.S. is preparing for a sizeable reduction in consumer spending. According to economists, the repayment of student loans will result cause a monthly reduction in spending of up to \$9 billion, or over \$100 billion annually. This increases the risk of a recession or could end up stalling our economic recovery.

C: *This means...* eliminating student loan debt can reduce the suffering of tens of millions of people by preventing "sizeable" economic harm to the economy and reducing their debt burdens.

PRO: Debt Relief Boosts the Economy

S: According to... Roosevelt Institute, January 2021

https://rooseveltinstitute.org/wp-content/uploads/2021/01/RI_UnburdenedCancellingStudentDebt_FactSheet_202101.pdf

F: *It states...* With skyrocketing tuition and shrinking economic opportunities for young graduates, student debt is a strain our fragile economy cannot afford. We must act quickly to cancel student debt. Doing so would not only offer immediate relief to borrowers but provide a much-needed boost to the economy.

C: *This means...* when people spend the money instead of repaying it to the government, it will boost economic growth improving the lives of millions of people.

PRO: \$108 Billion Dollar Boost to GDP

S: According to... Roosevelt Institute, January 2021

https://rooseveltinstitute.org/wp-content/uploads/2021/01/RI_UnburdenedCancellingStudentDebt_FactSheet_202101.pdf

Q: *It states...* Broad student debt cancellation can stimulate the macroeconomy and boost GDP. Freeing up funds through debt cancellation would allow millions of borrowers to spend into the broader economy. Short-term consumption levels could be boosted by as much as 4 percent, increasing real GDP by between \$86 billion and \$108 billion over 10 years.

F: *In other words...* Freeing up funds through debt cancellation would allow millions of borrowers to spend more in the economy. This can increase our GDP by up to \$108 billion over the next ten years.

C: *This means...* cancelling student debt will stimulate the economy for everyone's benefit making hundreds of millions of people better off with more opportunities to improve their quality of life.

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Topic: Student Loan Forgiveness

PRO SIDE (Continued...)

PRO: Rulemaking is Non-Binding (& Time-Consuming)

S: According to... *Forbes Magazine*, July 17, 2023

<https://www.forbes.com/sites/alisongriffin/2023/07/17/negotiated-rulemaking-is-one-path-to-student-loan-forgiveness-heres-how-it-works/>

F: *It states...* Currently, the focus is on the Department of Education's negotiated rulemaking process. Even if the negotiated rulemaking committee reaches consensus, the decision is not binding and it will take time to gather, to review the issues, and come to consensus (or not), and submit a report back to the government.

C: *This means...* The SAVE Act and the rulemaking approaches are too time-consuming; people are suffering now and shouldn't have to wait months or even years (ex. ten years) to have their debt cancelled.

PRO: Colleges Must Address Affordability Crisis,

S: According to... *CNBC News*, August 9, 2022

<https://www.cnbc.com/2022/08/09/with-or-without-student-loan-forgiveness-college-still-costs-too-much.html>

F: *It states...* Meanwhile, tuition keeps going up, due, in part, to inflation and other pressures. We need to make colleges more affordable, says Temple University President Jason Wingard. Otherwise, “students are going to stop considering higher education as a viable choice, as a valuable choice.”

C: *This means...* student loan forgiveness may not prevent higher prices, but if colleges don't make their degrees more affordable and more valuable then they will lose their customers.

PRO: Strong Support for New Regulations

S: According to... *The Century Foundation*, July 26, 2023

<https://tcf.org/content/commentary/college-tuition-is-out-of-control-voters-want-government-to-do-something/>

Note: Carolyn Fast, Director, Higher Education Policy (Undergraduate: Harvard, Law Degree: Columbia).

Our research shows strong support for a government role in making tuition more affordable—a two-thirds majority of voters agreed that the government should do more to rein in prices (see Figure 3). Support for government intervention is strong across party lines. There is also strong agreement that the government has even more responsibility to regulate the price of tuition for schools that receive federal financial aid.

F: *It states...* Current research shows that there is strong public support for government to regulate the price of tuition.

C: *This means...* student loan forgiveness together with regulation can make a tremendous difference in people's lives. Forgiveness can help the people while the government takes action to regulate the colleges.

PRO: Public Support for Capping Tuition

S: According to... *The Century Foundation*, July 26, 2023

<https://tcf.org/content/commentary/college-tuition-is-out-of-control-voters-want-government-to-do-something/>

Note: Carolyn Fast, Director, Higher Education Policy (Undergraduate: Harvard, Law Degree: Columbia).

Our research found that voters strongly support government action to cap the price of college at schools that receive federal funding. A strong majority of voters—75 percent—expressed support for a proposal to cap tuition at colleges and universities that receive government funding (see Figure 4). This includes support among 81 percent of Democrats, 70 percent of Republicans, and 69 percent of independents (see Figure 5). Many voters indicated that they supported government action to cap tuition because such action would make college more affordable or accessible (see Fig. 6).

F: *It states...* 75 percent of voters, a strong majority support a proposal to cap tuition at colleges and universities that receive government funding.

C: *This means...* with such a strong majority supporting such action, the government already feeling the public pressure will likely take action to make college more affordable, which means “forgiveness” is not needed to solve this problem.

PRO: Preventing Anxiety, Depression, and Suicide

S: According to... *Scientific American*, August 24, 2023

<https://www.scientificamerican.com/article/student-loan-debt-takes-a-toll-on-a-vulnerable-populations-mental-health1/>

F: *It states...* Another study, published in April 2023 in the journal *Addictive Behaviors*, followed 331 college graduates and linked high debt levels with problematic drinking, anxiety and depression, especially among the most economically insecure graduates. In some cases, borrowers even expressed suicidal thoughts. Similarly, a March 2021 survey from the financial services company Student Loan Planner found that one in 14 participants within a group of about 2,300 loan borrowers with a high level of debt reported having suicidal thoughts that they attributed to that plight.

C: *This means...* if we forgive their debt, we can help millions of people who are suffering terribly from the stress.

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PRO SIDE (Continued...)

PRO: Causing Severe Mental Health Issues

S: According to... *Scientific American*, August 24, 2023

<https://www.scientificamerican.com/article/student-loan-debt-takes-a-toll-on-a-vulnerable-populations-mental-health1/>

F: It states... As these skirmishes play out, loan payments are set to resume on September 1 after a three-year pause during the COVID pandemic. Even though payments have not yet resumed, borrowers' stress levels have consistently remained high. A study published in the *Journal of Evidence-Based Social Work* analyzed 85,664 comments from Twitter and Reddit on student loan debt and mental health from 2009 to 2020. Researchers found high levels of mental health issues, including depression, anxiety and fear and anger associated with the loans. "It seems like a mountain too high for students, many of whom reported not having jobs," says Gaurav Sinha, an assistant professor of social work at the University of Georgia, who was lead author of the study.

C: This means... millions of people are suffering serious mental health problems due to the incredibly high amounts of debt and we need to forgive their debt to give them a fair chance at having a life worth living.

PRO: Inflation Unlikely to Matter

S: According to... *Forbes Magazine*, August 25, 2022

<https://www.forbes.com/sites/jonathanponciano/2022/08/25/student-loan-forgiveness-plan-wont-make-inflation-worse-even-if-it-adds-400-billion-to-deficit-goldman-says/?sh=2d04ecbd2e77>

In a separate note on Thursday, Bank of America came to roughly the same conclusion—saying the estimated increase in the deficit over the next ten years is of a similar magnitude to the estimated decrease from the Inflation Reduction Act (also only marginal), meaning the course of inflation would likely not be impacted.

F: *It states...* adding hundreds of billions of dollars to the national deficit would not likely make a significant change to inflation and would likely be offset by the Inflation Reduction Act.

C: *This means...* even total forgiveness would not likely lead to a significant rise in inflation and as such will not cause tuition to rise, will not make food more expensive, nor any of the other impacts our opponents have mentioned.

PRO: Loan Forgiveness Boosts the Economy

S: According to... *Harvard Business School, Harvard University*, May 22, 2019

<https://hbswk.hbs.edu/item/forgiving-student-loan-debt-leads-to-better-jobs-stronger-consumers>

When student debt is erased, a huge burden is lifted and people take big steps to improve their lives: They seek higher-paying careers in new states, improve their education, get their other finances in order, and make more substantial contributions to the economy, according to a new research study *Second Chance: Life without Student Debt*. The study was co-written by Harvard Business School Associate Professor Marco Di Maggio, Indiana University Assistant Professor Ankit Kalda, and Vincent W. Yao of Georgia State University.

F: *It states...* when student loans are forgiven people take significant steps to improve their lives by relocating to better paying companies, improving education, and getting their finances in order. These activities will make substantial contributions to the economy.

C: *This means...* Harvard research proves that student loan forgiveness will boost the economy, which makes millions of lives better.

PRO: Student Loan Debt is Tremendous

S: According to... *Harvard Business School, Harvard University*, May 22, 2019

<https://hbswk.hbs.edu/item/forgiving-student-loan-debt-leads-to-better-jobs-stronger-consumers>

In the past decade, student debt in the United States has ballooned, reaching \$1.5 trillion in the first quarter of 2018. About 44 million graduates shoulder more than \$30,000 in student loans. In fact, student debt is the second largest consumer debt in the US, trailing only mortgage loans—and surpassing car loans, credit card debt, and home equity lines of credit.

F: *It states...* About 44 million graduates have more than \$30,000 in student loans making student debt the second largest debt in the US, more than both car loans, and credit card debt.

C: *This means...* loan forgiveness would make tens of millions of lives better.

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Topic: Student Loan Forgiveness

PRO SIDE (Continued...)

PRO: Debt Relief Helps the Economy

S: According to... Prof. Marco Di Maggio, Harvard Business School, Harvard University, May 22, 2019

<https://hbswk.hbs.edu/item/forgiving-student-loan-debt-leads-to-better-jobs-stronger-consumers>

They increased their spending. Many people relieved of student debt increased their spending afterward. Borrowers that had been delinquent only on their student debts were significantly more likely to purchase cars, for instance. All of these results show that policy interventions in the student loan market should not be considered a zero-sum game between lenders and borrowers alone, since there are broader effects on the economy, Di Maggio says. “These people get better jobs and spend more money, and this money goes back into the economy,” he says. “Those things should be taken into account when evaluating policy interventions aimed at addressing the student loan problem.”

F: *It states...* people relieved of student debt increased their spending afterward, significantly more likely to purchase cars, which has an effect on the economy, people spend more money, and this goes back into the economy.

C: *This means...* by forgiving student loan debt we not only help people who are suffering, we actually help everyone by making the economy stronger.

PRO: Inflation is the Wrong Focus

S: According to... the Center for American Progress, August 23, 2022

<https://www.americanprogress.org/article/canceling-student-debt-of-at-least-10000-will-help-lower-the-cost-of-living/>

Q: *It states...* Commentary has been increasingly focused on whether student debt cancellation will exacerbate inflation. However, inflation is not the lens one should use to analyze the student debt crisis. The student debt crisis predates current inflationary pressures and is part of a decades-long affordability struggle challenging the 43 million Americans who are student loan borrowers as well as their households. The costs of student loan debt have been increasing faster than income for years as the volume of student loan debt has grown from around \$750 billion to \$1.6 trillion since 2010. Targeted student debt cancellation of at least \$10,000 will help millions of Americans better manage their budgets, build wealth, and reduce the racial wealth gap, immediately improving financial security and laying the foundation for faster upward economic mobility.

F: *In other words...* it is undesirable to focus so much on inflation when compared to the suffering of tens of millions of Americans who would be better able to manage the budgets, build wealth, and reduce the racial wealth gap.

C: *This means...* full student loan cancellation would help even more – inflation is already happening - we should not allow this to be an excuse not to help the millions of families who are struggling with their student loan debt.

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CON SIDE

CON: Ignoring "Root of the Problem"

S: According to... *the Brookings Institution, August 25, 2022*

<https://www.brookings.edu/articles/bidens-student-debt-cancellation-doesnt-solve-the-root-problems-facing-borrowers-but-its-a-start/>

F: *It states...* cancelling loan repayment will not address the root of the problem, which is the 300% increase in tuition over the last 30 years - by not changing the system, we are putting future borrowers at risk.

C: *This means...* we will spend more than a trillion dollars on a program that does nothing to address the cause of these problems. This could invite a repeat of even higher costs and even more borrowing.

CON: Wealthiest People Benefit Most

S: According to... *the U.S. Congress, Ways and Means Committee, October 2, 2022*

<https://waysandmeans.house.gov/study-wealthy-reap-vast-majority-of-benefits-from-bidens-student-loan-giveaway/>

Q: *It states...* Top earners benefit the most from Biden's student loan giveaway, despite the Administration's efforts to target low-income borrowers. According to the CFRB, "57 percent to 65 percent of the extended pause and cancellation will go to those in the top half of the income spectrum." Even assuming full participation across incomes, highest earners still reap the most financial reward. As noted by CFRB, in order to receive the handout, Americans must fill out an application, "which is likely to be a more significant barrier to lower income borrowers with fewer resources, particularly those who have long been in default or forbearance and are thus detached from the system."

F: *In other words...* Wealthy people benefit most from a loan giveaway, despite an intent to target low-income borrowers, up to 65% of the repayment pause and cancellation goes to the top 50% of the income scale.

C: *This means...* student loan forgiveness fails miserably by giving away more than a trillion dollars and mostly forgives the people who don't really need the help.

CON: "SAVE Act" Already Lowering Payments

S: According to... *CNBC News, August 31, 2023*

<https://www.cnbc.com/2023/08/31/save-student-debt-repayment-plan-pros-and-cons.html>

Q: *It states...* Affordable monthly payments Your payments on SAVE are capped at 10% of your discretionary income. That's defined as the difference between your adjusted gross income and 225% of the federal poverty line, which is about \$32,800 a year for individuals in 2023. And beginning next summer, that payment will be cut in half, as the cap will drop to 5% of your discretionary income.

F: *In other words...* for low-income families, the current loan program will not exceed 5-10% of their discretionary income. Meaning if they are at or slightly above poverty then their payments will be reduced to zero.

C: *This means...* student loan forgiveness is not necessary to help people who are suffering from poverty or from low-income jobs, without forgiveness families will not have to spend more than 5% of their discretionary income and will pay as little as \$0 dollars/month.

CON: "SAVE Act" Leads to Debt Cancellation

S: According to... *CNBC News, August 31, 2023*

<https://www.cnbc.com/2023/08/31/save-student-debt-repayment-plan-pros-and-cons.html>

Q: *It states...* Forgiveness after as little as 10 years: Beginning in 2024, those with principal loan balances of \$12,000 or less can have their remaining balances forgiven after just 10 years of payments on the SAVE plan. You'll need to make payments for an additional year for every \$1,000 you borrowed above \$12,000 up to 20 or 25 years, depending on the degree.

F: *In other words...* after 20 to 25 years of payments the debt will be considered repaid - even if the family paid just \$0 dollars per month. The debt can be canceled after only 10 years.

C: *This means...* we don't need student loan forgiveness to cancel the debt of families who really need the help the SAVE Act is already doing it without giving away the entire \$1.7 trillion dollars.

CON: Government Income is Severely Reduced

S: According to... *Slate Magazine, March 24, 2021.*

<https://slate.com/business/2021/03/student-loan-total-annual-government-payments.html>

F: *It states...* each year the government collects around 70 billion dollars from student loan repayments of which 20 billion dollars is the interest.

C: *This means...* forgiving student loan debt will cause millions of people to suffer due to significant budget cuts, which will likely include education funding and social programs.

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Topic: Student Loan Forgiveness

CON: Ineffective vs. Rising Tuition Costs

S: According to... Council on Foreign Relations, Last Updated: August 22, 2023

<https://www.cfr.org/backgrounders/us-student-loan-debt-trends-economic-impact#chapter-title-0-7>

Q: It states... Targeted debt relief. These plans would forgive most or all debt for borrowers who make under a certain income, and supporters of targeted relief often advocate for income-driven repayment (IDR) plans. IDRs allow borrowers to pay an amount proportional to their income, and have their remaining balance cleared after ten years assuming they've made all qualifying payments. While proponents argue that targeting the lowest-income borrowers is the fairest approach, critics say that it would do little to stop universities from raising tuition and other costs.

F: it states... Targeted relief may be the fairest approach, yet it will not prevent universities from raising tuition and other costs related to education.

C: This means... forgiving ALL student loan debt will also fail to solve the root problem and is probably the most unfair approach to dealing with the situation as it rewards wealthy people more than anyone else without fixing the problem.

CON: Making Existing Problems Worse

S: According to... Dr. Vance Ginn, Economist, Library of Economics and Liberty, October 20, 2023

<https://www.econlib.org/bidens-student-loan-forgiveness-plan-makes-the-poor-pay-for-the-rich/>

While the intention behind President Biden's student loan forgiveness may appear noble (in likelihood, it is a rent-seeking move), the results may prove detrimental to our nation's economic stability and fairness. And if the debt is monetized, more inflation will result. Forgiving student loans will exacerbate existing problems, with the brunt of the burden falling on lower-income Americans. Instead of improving the situation, it will likely create an intricate web of financial consequences, indirectly affecting the very people it aims to help. But that is the result of most government programs with good intentions.

F: *It states...* forgiveness harms our economy and reduces fairness because it causes inflation to rise, which will make existing problems even worse. So instead of improving the situation it ends up harming the very people it tried to help.

C: *This means...* student loan forgiveness will cause tens of millions of people to suffer. Instead of making life better for low-income families, minorities, and women it will instead harm the economy and ultimately make their lives even worse.

CON: Assumptions of Economic Growth are Unfounded

S: According to... the Texas Public Policy Foundation, May 4, 2022

<https://www.texaspolicy.com/the-economic-problems-with-student-loan-forgiveness/>

In summary, the notion that student loan forgiveness would stimulate the economy is incorrect. While some forgiveness advocates argue the multiplier is 1.5, this result relies on questionable simulations and bizarre assumptions (such as ignoring the Fed's response) that artificially inflate the multiplier. The actual multiplier is likely to be close to zero or even negative.

F: *It states...* The idea that student loan forgiveness would stimulate the economy is incorrect because it relies on questionable simulations and assumptions, which are artificial. The actual multiplier is close to zero or even negative.

C: This means... any evidence assuming the economy will grow is invalid due to severe flaws in their calculations.

CON: Costing More Than \$3,500 per Taxpayer

S: According to... the House Budget Committee, US Government Website, June 1, 2023

<https://budget.house.gov/press-release/bidens-student-loan-bailout-will-cost-average-taxpayer-3526-state-by-state-breakdown>

Q: *It States...* The Senate today is set to consider the Republican House-led resolution to reverse President Biden's reckless student loan cancellation plan for the wealthy. Ahead of the Senate vote, the National Taxpayers Union Foundation (NTUF) released new data showing how much Biden's student loan cancellation will cost taxpayers in each state. \$3,526. On average, Biden's plan to transfer the cost of student loans from wealthy borrowers to working-class Americans will cost the average taxpayer over \$3,500. \$3,847. Worse off, this scheme will shift the cost of expensive degrees to Americans who did not attend college – updated figures predict that Biden Administration actions will cost Americans who are 25 years or older without a bachelor's degree \$3,847 each. State-by-state examples: In Texas: The average cost per Texan will be \$3,456.63. In Pennsylvania: The average cost per Pennsylvanian will be \$3,849.03. In Delaware: The average cost per Delawarean will be \$3,450.64. In Iowa: The average cost per Iowan will be \$3,730.86. The Bottom Line: President Biden's regressive student loan debt bailout is cruelly unfair to the people who couldn't afford to go to college, the taxpayers who will shoulder the burden, and the students who worked their way through school. Republicans will fight to rein-in Biden's reckless spending and reverse this loan giveaway to the wealthy.

F: *In other words...* A 'Partial' forgiveness will cost the average US citizen over \$3,500 in taxes making it unfair to the people who didn't go to college, worked their way through college, and to the taxpayers who will end up paying for it.

C: *This means...* Full forgiveness would be even worse, creating even higher taxes and greater unfairness to everyone.

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Topic: Student Loan Forgiveness

CON SIDE (Continued...)

CON: Domestic Spending Cap Forces Trade-Offs

S: According to... *Wall Street Journal*, November 1, 2023

<https://www.wsj.com/articles/biden-domestic-spending-congress-ukraine-taiwan-israel-bcc0433c>

F: *It states...* The White House notes there's bipartisan support for many of its funding proposals, which may be true. But Democrats and the GOP's pork-barrel spenders agreed to this summer's debt-ceiling deal that capped domestic spending. Mr. Biden could ask Congress to include his proposals in individual appropriations bills if they are a priority, but that would mean making choices not to fund other things.

C: *This means...* since domestic spending has been capped, the only way to pay for the loan forgiveness would be to cut existing domestic programs such as the money for education and/or social welfare.

CON: "Targeted Debt Relief" is Better

S: According to... *Council on Foreign Relations*, Last Updated: August 22, 2023

<https://www.cfr.org/backgrounders/us-student-loan-debt-trends-economic-impact#chapter-title-0-7>

Q: *It states...* Targeted debt relief. These plans would forgive most or all debt for borrowers who make under a certain income, and supporters of targeted relief often advocate for income-driven repayment (IDR) plans. IDRs allow borrowers to pay an amount proportional to their income, and have their remaining balance cleared after ten years assuming they've made all qualifying payments. While proponents argue that targeting the lowest-income borrowers is the fairest approach, critics say that it would do little to stop universities from raising tuition and other costs.

F: *In other words...* Targeted relief is the fairest approach, which will help people who are struggling without cancelling the debt for those who are not. Their payment depends on the borrower's income and it will be canceled in ten years.

C: *This means...* forgiving ALL student loan debt is a costly mistake. The U.S. government is currently using IDR, which is the fairest system, and it won't cancel debt for wealthy families – Unlike the PRO side who cancels everyone's debt.

CON: "SAVE Act" Prevents Harm from Interest Rates

S: According to... *CNBC News*, August 31, 2023

<https://www.cnbc.com/2023/08/31/save-student-debt-repayment-plan-pros-and-cons.html>

Q: *It states...* Cap on interest: Accumulating interest has been called out as a contributor to the student debt crisis. The SAVE plan aims to address that by cutting additional interest charges after you've met your monthly payment. That means if your monthly payment is \$0, you won't be charged additional interest. If \$50 in interest accumulates on your loans in a month, but your payment is only \$30, you won't be charged the additional \$20.

F: *In other words...* The SAVE Act will reduce the monthly interest problem by making it so that if you make your monthly payment, you won't have to pay any extra interest on the loan.

C: *This means...* we don't need total debt forgiveness to help people manage their student loans. If people make their payment, then the loan will always be going down and eventually paid off or canceled depending on how long it takes.

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Topic: Student Loan Forgiveness

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