

— TOP TAKEAWAYS —

# Student Loan Forgiveness

## THE STUDENT LOAN CRISIS IS REALLY A COLLEGE COST CRISIS

- Student loans are an increasing burden on American graduates, but **the loan crisis is really just the symptom of skyrocketing college costs**. Bringing down the cost of college, which has risen far above inflation for decades due to government-subsidized student loans, should be the focus of policymakers.
- **Student loan forgiveness is a temporary Band-Aid that ultimately increases upward pressure on tuition and makes the situation worse for the next generation of borrowers.**
- College cost has been inflating at an incredible rate—nearly twice as badly as other expensive services like healthcare. This is because the federal government now acts as banker, offering a blank loan check to any high school graduate regardless of academic preparedness.

## STUDENT LOAN FORGIVENESS IS AN UNFAIR GIFT TO THE WEALTHY

- **Loan forgiveness is primarily a payoff to the wealthy** at the expense of those of fewer means. The top quintile of earners hold \$3 of student loan debt compared to every \$1 held by students from families at the opposite end of the economic spectrum.
- Federal interference in the student loan market was meant to increase opportunities for low-income Americans, but has had the opposite effect. Students with families in the lower half of the economic spectrum make up a smaller percentage on campus than they did in the 1970s.
- **Government backing of student loans has created a “credentialing treadmill” that puts those with a high school diploma at an increasing disadvantage.**
- Student loan forgiveness is deeply unfair to those who have spent years living frugally in order to pay off high student debt. **Forgiving debt on the back end sends people the message that playing by the rules makes you a sucker.**

## THE REAL WINNERS OF STUDENT LOAN FORGIVENESS ARE PREDATORY UNIVERSITIES

- **Universities get paid upfront, leaving students with high debt burdens and taxpayers stuck with the bill.** This system encourages predatory behavior, like accepting students who are unlikely to graduate.
- **Universities should have *skin in the game* with regard to their graduates' success.**
- We should draw down government backing for student loans, and allow private lenders who will actually look at the value of a degree restore accountability.

Read the policy focus here: [Loan Forgiveness: Costly, Unfair, And Regressive.](#)