

March 8th, 2022

Dear Secretary Miguel Cardona:

We urge you to end the moratorium on federal student loan repayments. The moratorium is fundamentally unfair and is a special favor for affluent elites at the expense of low- and middle-income Americans. The policy contributes to out-of-control spending, makes surging inflation worse, and costs taxpayers \$5 billion every month.

President Biden [announced](#) in December that he would be extending the federal student loan repayment moratorium until May 1, 2022. This is the [third](#) extension. The moratorium [began](#) in March 2020 and was supposed to end on January 31st, 2022.

Just two weeks before the extension announcement, White House press secretary Jen Psaki assured Americans that the loan payments would restart in February. Instead, the administration caved to progressives who claimed that it was necessary, and that inaction would cost Democrats in the midterms.

The pause applies to any loan given by the federal government; this does not apply to FFEL Programs and HEAL loans that are held by commercial lenders, Perkins Loans held by schools, or any private loans.

This policy is fundamentally unfair. A moratorium on student loan payments is unfair to blue-collared Americans who did not rack up tens of thousands of dollars of debt and those who proactively paid off their debt. Many Americans pursued other opportunities instead of going into debt for an expensive four-year degree, such as less expensive schooling, serving in the military to receive education assistance, or working long hours to put themselves through school.

Though the Left claims extending the moratorium will help low-income Americans, it's actually giving a free lunch to wealthier individuals. The Brookings Institution [described](#) those who would benefit most from student debt forgiveness as “higher income, better educated, and more likely to be white.” The top 20 percent of households currently hold [\\$3](#) in student loan debt for every \$1 of debt held by the bottom 20 percent of earners. About 75 percent of student loan repayments come from the top 40 percent of earners, as the Committee for a Responsible Federal Budget [notes](#).

In fact, this “issue” is hardly a low-income one at all: the median income of households making active payments on their student loans was [\\$76,400](#), with just [4 percent](#) of these households being below the federal poverty line.

The moratorium is a driver of new spending at a time that the U.S. has racked up trillions in new debt. As of January, the moratorium has cost the federal government more than [\\$100 billion](#). Every month, the moratorium costs the government \$4 to \$5 billion. Further continued extensions expose the taxpayer to risks that the entire \$1.6 trillion student loan balances will not be collected.

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In 2020, the U.S. government spent over \$6 trillion. In 2021, the U.S. spent [\\$6.82 trillion](#), or 30 percent of the economy. The CBO projects that U.S. interest costs will triple within the next decade — from \$331 billion this year to \$910 billion in 2031, accounting for 12 percent of the entire federal budget. In 2021, the United States’ interest payments cost roughly [\\$2,600](#) per household.

This massive spending is exacerbating inflation. This policy is one example of many handouts, subsidies, and payment pauses through which the federal government floods the economy with so much money that demand is growing too fast for production to keep up.



The results of these policies are clear. In January, inflation surged to [7.5 percent](#), the highest it has been in 40 years. The average U.S. household spent [\\$3,500](#) more in 2021 due to inflation, according to a Penn Wharton University of Pennsylvania Budget Model analysis.



We urge you to resume federal student loan payments. The student loan moratorium is not only regressive and unfair, but it has exacerbated America’s inflation problem and contributed to historic, out-of-control spending.



Sincerely,



Grover Norquist

President, Americans for Tax Reform



Brent Wm. Gardner

Chief Government Affairs Officer, Americans for Prosperity

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President, Center for a Free Economy

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