



U.S. House of Representatives
Washington, DC 20515

November 17, 2022

The Honorable Shalanda D. Young
Director
Office of Management and Budget
725 17th Street, NW
Washington, D.C. 20503

Dear Director Young:

We write today to request the preservation of all records produced by or in the possession of the Office of Management and Budget (OMB) related to the cost estimates and analysis of the Biden Administration’s overhaul of the federal student loan program.

On August 24, 2022, President Biden announced a costly plan to overhaul the federal student loan program which included cancelling up to \$20,000 in student loan debt for over 40 million households – including those earning up to \$250,000. This plan also included the Administration’s fifth extension of the pandemic-era student loan repayment and interest moratorium and an expansive new income-driven repayment (IDR) plan. The Congressional Budget Office (CBO) recently estimated the President’s loan cancellation policy alone will cost taxpayers over \$400 billion, while his five unwarranted extensions of the repayment pause have increased the deficit by \$105 billion to date. When those two actions are combined with the President’s new IDR proposal, it is quite possible this administration will have spent over \$1 trillion during their first two years in office on the student loan program alone.

While the full details of the proposal have yet to be released, the information that has been shared by the U.S. Department of Education suggests that President Biden’s plan would upend the integrity of the federal student loan program.¹ According to that information, the new plan would significantly increase the cost of the program by cutting payments in half for millions of borrowers and shortening the time to forgiveness to as little as 10 years for those with moderate debt levels. Moreover, this plan reportedly includes graduate students,² who were already expected to receive \$167 billion in forgiveness under IDR before President Biden took office.³

¹ “Biden’s New Student Loan Repayment Plan Would Ruin Student Lending,” Minding the Campus, September 29, 2022, <https://www.mindingthecampus.org/2022/09/29/bidens-new-student-loan-repayment-plan-would-ruin-student-lending/>.

² “Biden’s Income-Driven Repayment plan would turn student loans into untargeted grants,” Brookings Institution, September 15, 2022, <https://www.brookings.edu/opinions/bidens-income-driven-repayment-plan-would-turn-student-loans-into-untargeted-grants/>.

³ “Income-Driven Repayment Plans for Student Loans: Budgetary Costs and Policy Options,” Congressional Budget Office, February 2020, <https://www.cbo.gov/system/files/2020-02/55968-CBO-IDRP.pdf>.

Thus, it is unsurprising that some experts have estimated the administration’s new IDR plan could cost taxpayers an additional \$450 billion over the next decade.

It is critical the Biden Administration is as transparent as possible with the American people on the projected costs and economic impacts associated with these policies, particularly how such fiscal impacts were taken into consideration as policy specifics were debated and finally determined. For example, after a full year of raging inflation, without any signs of abating anytime soon, Americans deserve to know if OMB considered how these actions would make inflation worse.

In accordance with the Committee on the Budget and the Committee on Education and Labor’s oversight responsibilities, we write today to request your cooperation in preserving all records produced by or in the possession of OMB related to the President’s student loan plan announced on August 24, 2022, and any future changes planned for the federal student loan program. Additionally, given a recent Government Accountability Office report finding that the U.S. Department of Education and OMB have underestimated the cost of the federal student loan program by \$311 billion—a program that was supposedly saving taxpayers over \$100 billion over the last two decades— we also request detailed information on the Department’s past and current budgetary models used to estimate the fiscal impacts of federal student loans on the federal budget.⁴

As you know, federal agencies are obligated to ensure that any information requested by Congress is preserved and appropriately archived so that Congress and the American people have a record of how the Administration develops and executes policies funded on the taxpayer’s dime. In light of this, we request that you preserve in complete, unredacted form all information, including but not limited to, all written correspondence, memoranda, documents, legal opinions, records, and any such communication to the extent that such items relate to the following:

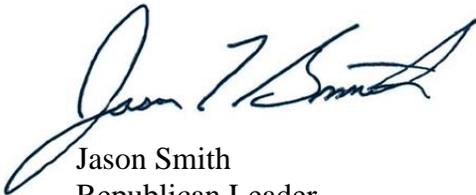
1. Any considerations of the midterm election regarding the timing of the August 24 announcement.
2. Any estimates of the impact on inflation that the student loan actions will cause.
3. Analysis of the beneficiaries of student loan cancellation by household income, disaggregated by income-quintiles.
4. Analysis of the beneficiaries of student loan cancellation by highest degree earned, disaggregated by share of students holding a bachelor’s degree or preceding credential and those holding graduate and professional degrees.
5. The cost per month to U.S. taxpayers from the loan and interest repayment moratorium and the total cost of the five extensions of this moratorium by President Biden.
6. All associated information related to the cost estimate of the following:

⁴ “Education Has Increased Federal Cost Estimates of Direct Loans by Billions Due to Programmatic and Other Changes,” U.S. Government Accountability Office, July 29, 2022, <https://www.gao.gov/products/gao-22-105365>.

- a. Public Service Loan Forgiveness (PSLF) waiver announced on October 6, 2021;
 - b. IDR waiver announced on April 19, 2022;
 - c. Proposed regulations for PSLF, borrower-defense to repayment, and other draft rules published in the Federal Register on July 13, 2022; and
 - d. Student loan relief plan announced on August 24, 2022.
7. Any considerations of the new IDR plan and how varying proposal costs were taken into consideration before final policy decisions were made.
 8. Information regarding upcoming or presumptive rulemakings related to federal student loan programs.
 9. Documentation justifying the use of executive action to bypass Congress and unilaterally cancel the federal loan debt of borrowers.
 10. Information on the failures of the U.S. Department of Education to estimate accurately the cost of the federal student loan programs, and any plans in place to rectify accounting practices and estimates going forward.
 11. Documentation associated with the September 30, 2022 decision to reverse Department guidelines and exclude borrowers with federal loans owned by private entities from debt cancellation. Preserved correspondence should include any mention of the September 29, 2022 lawsuit filed in federal court by the States of Nebraska, Missouri, Arkansas, Iowa, Kansas, and South Carolina challenging the legal justification of the Biden Administration's student loan cancellation actions.

The burden of student loan debt cannot be cancelled: it can only be shifted from Americans who willingly took out student loans to those who did not. Forcing the average taxpayer to foot at least a \$2,500 bill for wealthy Americans' degrees is unfair and does nothing to lower the cost of college tuition for working families. Taxpayers deserve to know if the Biden Administration took this into account when making its unilateral decisions.

Sincerely,



Jason Smith
Republican Leader
Committee on the Budget



Virginia Foxx
Republican Leader
Committee on Education and Labor

Cc: The Honorable Dr. Miguel A. Cardona, Secretary, U.S. Department of Education