

# THE STUDENT DEBT CRISIS

## TALKING POINTS AND MESSAGING GUIDE FOR LOCAL AND STATE LEADERS

On Feb. 28, the Supreme Court will hear arguments about President Biden's student debt cancellation plan. The Court's decision will have immense repercussions for the 40 million Americans who qualify to have up to \$20,000 of student debt cancelled under this plan— as well as for the communities these borrowers live in, and the broader economies of our cities and states.

### MESSAGE #1:

The \$1.7 trillion student debt crisis has created financial despair in our communities and the pandemic exacerbated these challenges. Debt cancellation will help alleviate the financial burden on our residents and help families cover rising costs and invest in our local economies.

- Cities serve on the frontlines of the student loan debt crisis and see firsthand the devastating burdens it imposes on our communities.
- Student debt is an intergenerational crisis. Seniors are now the fastest growing group of debtors and an entire generation of young people have been held back from buying a home, starting a family or a business, or saving for retirement.
- Student debt has overwhelmed borrowers with stress and anxiety, and has pushed many families into poverty, increasing reliance on public benefits and services.
- Cancelling student debt will help to lift up families in our communities and protect borrowers and their families from being thrown back into the broken student loan system.

### MESSAGE #2:

The economic crisis caused by the COVID-19 pandemic is far from over and student debt cancellation is necessary to prevent millions of borrowers from falling behind.

- The social, economic and cultural effects of the pandemic will be felt for years, if not decades.
- The burdens of the student debt crisis fall most heavily on the same communities hit hardest by the COVID-19 pandemic and ensuing economic crisis. Crises are not great equalizers; they lay bare racial inequities and uncover deep structural flaws in social and economic systems.
- This is not a time for partisan politics, it is a time for our government to do its duty in assisting the public. President Biden's debt relief plan will help alleviate debt for many of our most vulnerable residents and help millions from falling behind if payments resume.

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### MESSAGE #3:

Student debt perpetuates and expands the racial wealth gap and disproportionately impacts communities that have been hit hardest by the economic fallout of the pandemic. Student debt cancellation will help ensure our most vulnerable communities get the relief they need.

- While student debt affects broad segments of our communities, it disproportionately impacts people of color.
- In a vicious cycle, due to our country's unjust debt-financed system of higher education, Black and Latino/a students have to take on far more debt than their white peers, and are at greater risk of default. Twenty years after starting college, the median Black borrower still owes 95% of their original student debt balance, while the median white borrower has paid down almost 95% of their original balance.
- President Biden's debt cancellation plan will fully eliminate student loan debt for 20 million of our most vulnerable borrowers. One-in-four Black borrowers will see their debt fully eliminated and nearly half of all Latino/a borrowers will be entirely debt free.

### MESSAGE #4:

Student debt cancellation is urgently needed & will create huge economic benefits for borrowers and cities.

- The relief created by the Biden debt cancellation will help our residents make ends meet, keep roofs over their heads and pay for other essential needs, lifting many families out of poverty.
- The Biden plan will provide relief to up to 43 million borrowers nationally, including cancelling the full remaining balance for roughly 20 million borrowers; nearly 90% of relief dollars will go to those earning less than \$75,000 a year. [link to local/city cancellation data?]
- Cancelling debt will allow more money to flow into our local economy— and will give borrowers the opportunity to invest in their family's future, boosting intergenerational economic mobility.

### MESSAGE #5:

Cities are speaking up and standing in the gap.

- For more detailed arguments in support of the Biden Administration's effort to cancel student debt for 40 million Americans, see this amicus brief signed by 44 cities.