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Trump Includes Student Loan Forgiveness In Latest Stimulus Proposal, Signaling Its Broad Appeal



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I'm an attorney focused on helping student loan borrowers.

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WASHINGTON, DC - OCTOBER 10: U.S. President Donald Trump addresses a rally on the South Lawn of the ... [+] GETTY IMAGES

President Trump has offered to forgive some student loan debt as part of a new \$1.8 trillion stimulus proposal to House Democrats, indicating how rapidly the idea of cancelling student debt has gained broad, bipartisan appeal.

Trump's latest attempt to revive stimulus talks comes after he abruptly pulled the plug on congressional negotiations last week. The administration is now proposing that \$25 billion of the \$1.8 trillion package be dedicated to student loan forgiveness. This

figure represents only a tiny fraction of the estimated \$1.7 trillion in total outstanding student loan debt, indicating the effort would have a small impact if enacted. The administration did not make clear how it proposes to allocate the \$25 billion, nor did it specify who would be eligible for student loan forgiveness.

While the offer is relatively small, the overture is an indication of how the concept of student loan forgiveness has rapidly gone mainstream. Widespread student loan forgiveness has [evolved](#) during the last several years from a fringe idea to a serious policy initiative with increasing support by elected officials. And the public backs the concept. A [recent poll](#) conducted last month by Data for Progress found that 67% of respondents, including 58% of Republicans, support some form of widespread student loan forgiveness — whether it is universal, tied to income, or based on specific program eligibility. Only 26% of respondents said student loan debt should not be forgiven.

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President Trump's offer does not go nearly as far as other proposals put forth by congressional Democrats. House Democrats had passed the \$3.4 trillion [HEROES Act](#) in May, which would also have extended the CARES Act's student loan payment and interest suspension to September 30, 2021, and expanded those protections to include commercially-issued FFEL-program federal student loans and Perkins loans. The bill also included \$10,000 in across-the-board student loan forgiveness for borrowers experiencing economic distress. Meanwhile, Senator Elizabeth Warren and Senate Minority Leader Chuck Schumer [introduced a Senate resolution](#) last month calling for \$50,000 in across-the-board student loan forgiveness.

Congressional Democrats have framed student loan forgiveness as imperative not just in response to the Coronavirus pandemic and recession, but also as a matter of racial justice. “Black students are, on average, nearly 20 percentage points [more likely to take out federal student loans](#), [and] [half of Black borrowers and a third of Latinx borrowers default](#) on their loans within 20 years,” said Senators Warren and Schumer in a joint statement unveiling their resolution. “Canceling student loan debt [would increase](#)

[wealth](#) for Black and Latinx families, help them avoid default, and start to close the racial wealth gap.”

Former Vice President Joe Biden has also embraced widespread student loan forgiveness as part of his platform. Under his plan, Biden would forgive all undergraduate federal student loan debt for borrowers with annual incomes under \$125,000 who attended public colleges and universities, as well as historically black colleges and universities (HBCUs) and private minority-serving institutions (MSIs). Biden also supports \$10,000 in across-the-board student loan forgiveness for all borrowers as an economic stimulus in response to the recession. He has also [expressed support for Senator Warren’s proposal to amend the bankruptcy code](#) to allow student loan debt to be more easily discharged in bankruptcy, and has promised to provide debt relief to borrowers harmed by predatory for-profit colleges.

For borrowers working in public service careers, Biden has indicated that he supports revamping the Public Service Loan Forgiveness program to make all federal student loans and all repayment plans qualify (which could address many of the current problems associated with the program), and to allow for progressive loan forgiveness for every year of public service over the course of 10 years. Currently, borrowers must make 10 years of qualifying payments under specific repayment plans before getting any relief under the program. He has also suggested he would [make income-based repayment more affordable for some borrowers](#).

It is unclear if President Trump’s latest proposal will gain any traction. No matter how it is allocated, \$25 billion in student loan forgiveness would only benefit a small fraction of student loan borrowers, and represents less than 1.4% of the \$1.7 trillion in total outstanding student loan debt.

House Speaker Nancy Pelosi had already reduced the price tag of the HEROES Act from \$3.4 trillion to \$2.2 trillion in an attempt to compromise with the White House, but her efforts were rejected when President Trump withdrew from stimulus negotiations last week. Pelosi indicated that the White House’s latest proposal did not go far enough. “This proposal amounted to one step forward, two steps back,” Pelosi said to fellow House Democrats. “When the President talks about wanting a bigger relief package, his proposal appears to mean that he wants more money at his discretion to grant or withhold, rather than agreeing on language prescribing how we honor our workers, crush the virus and put money in the pockets of workers.”

Meanwhile, for many Senate Republicans the White House proposal goes too far. GOP Senators reportedly expressed strong opposition to Trump's \$1.8 trillion proposal during a call with Treasury Secretary Steve Mnuchin, and some Republican senators oppose any new stimulus spending. Thus, even if Pelosi reaches an agreement with the White House, Senate Republicans could still scuttle any deal.

Further Reading

[Biden Affirms: "I Will Eliminate Your Student Debt"](#)

[Biden's Income-Based Student Loan Plan Would Dramatically Lower Payments For Some — Here's How](#)

[How "Cancel Student Debt" Went From A Fringe Idea To Mainstream](#)

[Elizabeth Warren And Chuck Schumer: The Next President Must Cancel Student Debt Without Congress](#)

[Dept. Of Education Tells Court It Has Denied 94% Of Loan Forgiveness Applications](#)

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Adam S. Minsky is an advocate, innovator, and entrepreneur who established a unique law practice devoted entirely to assisting student loan borrowers and their families.... **Read More**

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