



PUBLIC FORUM DEBATE

NOVEMBER/DECEMBER 2023
TOPIC ANALYSIS



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Disclaimer: *This analysis serves as an introduction to the topic and offers guidance for areas students can explore further with independent research. It does not attempt to provide limitations on debater's interpretations of the topic.*

Resolved: The United States federal government should forgive all federal student loan debt.

Definitions:

Forgive: According to [Investopedia](#), forgiveness of student loan debt would “release borrowers from their obligation to repay part or all of their federal student loan debt.” In the case of this resolution, it would be total forgiveness, meaning borrowers would no longer be required to repay their debt to the government.

Federal student loan debt: The [Federal Student Aid website](#) explains that a federal student loan is money that is borrowed from the federal government to help fund a person’s education, and it must be repaid with interest. The debt is the amount that is then owed to the government.

Background:

The November-December Public Forum topic is one that many debaters will already have some level of understanding of, but there is a great deal of research to be done to dig deeper into what this topic really deals with. This topic is a great example of how high school debate prepares students for college and beyond; having an understanding of how student loans work before going to college will be an incredible benefit to all students debating this topic that plan to pursue a bachelor's degree after high school. It is a particularly interesting topic to have for November and December, which between them contain many high-quality bid tournaments where teams will encounter many judges who have personal experience with student loans.

Student loan debt is a large issue in the US, and it is a problem that continues to grow. Over 43 million Americans currently hold student loan debt, totaling over \$1.7 trillion combined.¹ About 92% of this debt is from federal student loans, and the rest is from private loan companies.² Students have been taking out loans to help fund their education for decades, though the number has risen in recent years. Approximately 70% of college students take out loans to fund their education.³ It is increasingly likely to see these loans as the cost of college increases rapidly. The cost of higher education has doubled roughly every decade,⁴ and since 1980, the cost of attending a four-year institution, regardless of whether it is public or private, has nearly tripled.⁵ Existing programs do not do enough. Pell Grants, which are awarded to low- and moderate-income families based solely on need, now cover only 29% of the average cost of attending college, a marked difference from the 79% they covered in 1975.⁶

This topic is particularly relevant given the fact that student loan repayments resumed in October, after being frozen for much of the past three years due to the economic crisis surrounding the COVID-19 pandemic. President Biden has also worked to combat the growing issue during his time in office, and he has passed executive orders to forgive much of the

¹ "U.S. Student Loan Debt Statistics [2023]." Credit.com. 22 Mar. 2023. www.credit.com/blog/student-loan-debt-statistics/#:~:text=However%2C%20this%20does%20not%20influence,%2C%20you're%20not%20alone.

² Hahn, Alicia. "2023 Student Loan Debt Statistics: Average Student Loan Debt." Forbes. 16 Jul. 2023. www.forbes.com/advisor/student-loans/average-student-loan-debt-statistics/.

³ Johnson Hess, Abigail. "What's Still up for Debate When It Comes to Student Debt Forgiveness." CNBC. 6 Apr. 2021. www.cnbc.com/2021/04/06/what-the-student-debt-forgiveness-debate-is-about.html.

⁴ Kelly, Mark. "Should the Government Forgive Student Loans?" The Gospel Coalition. 2 Mar. 2021. www.thegospelcoalition.org/article/should-the-government-forgive-student-loans/.

⁵ The White House. "FACT SHEET: President Biden Announces Student Loan Relief for Borrowers Who Need It Most." The White House. 24 Aug. 2022. www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/.

⁶ Parrott, Sharon. "Pell Grants — a Key Tool for Expanding College Access and Economic Opportunity — Need Strengthening, Not Cuts." Center on Budget and Policy Priorities. 27 Jul. 2017. www.cbpp.org/research/federal-budget/pell-grants-a-key-tool-for-expanding-college-access-and-economic.

existing debt: \$10,000 per person, with an extra \$10,000 available for Pell Grant recipients.⁷ Biden continues to offer debt relief measures for individuals with student loan debt.⁸ With this being such a relevant topic in terms of both recent political developments and immediate relevance in many peoples' lives, this topic should make for some very interesting and very different debate rounds.

⁷ "The Biden-Harris Administration's Student Debt Relief Plan Explained." Studentaid.gov. 2023. studentaid.gov/debt-relief-announcement.

⁸ "Biden-Harris Administration Announces an Additional \$9 Billion in Student Debt Relief." U.S. Department of Education. 4 Oct. 2023. www.ed.gov/news/press-releases/biden-harris-administration-announces-additional-9-billion-student-debt-relief.

Aff Arguments:

Boosts Economy

Forgiving student debt is likely to benefit the economy in a significant way. As explained below, when individuals have less debt, they are more able and empowered to participate in the economy and find themselves spending more, which benefits the economy as a whole. Some estimates believe that the US GDP could be increased by an average of \$86 billion to \$106 billion per year.⁹ Research has shown that cancellation of debt would add up to 1.5 million new jobs, reducing the unemployment rate by somewhere between 0.22 to 0.36 percentage points over the decade.¹⁰ As long as student debt is harming the economy, it is harming everyone in the country, and thus cancellation of debt should be seen as something that would benefit everyone.

Alleviate Inequality

Opponents of student loan debt forgiveness often argue that it would worsen income inequality. Even Biden has expressed concerns that forgiving debt could disproportionately help those who come from generational wealth and attend Ivy League schools.¹² However, only 0.5% of American undergraduate students attend an Ivy League school, and only 2% of Harvard undergraduate students receive any federal student loans.¹³ The truth is that of students at public institutions with incomes low enough to qualify for the Pell Grant, 84% graduate with student debt, compared to only 46% of non-Pell recipients.¹⁴

Another incredibly important component of student loan debt is the racial divide. Many argue that forgiving student loan debt is an inherent part of racial justice. Black college graduates owe an average of \$25,000 more in student loan debt than White college graduates, and four years after graduation, Black students owe an average of 188% more than White

⁹ Arnold, Chris. "Forgiving Student Debt Would Boost Economy, Economists Say." NPR. 25 Nov. 2019. www.npr.org/2019/11/25/782070151/forgiving-student-debt-would-boost-economy.

¹⁰ Kahn, Suzanne. "Should We Forgive All Federal Student-Loan Debt?" The Wall Street Journal. 26 May 2020. www.wsj.com/articles/should-we-forgive-all-federal-student-loan-debt-11590525387.

¹¹ Banerjee, Asha. "Ten Reasons to Cancel Student Loan Debt." The Center for Law and Social Policy. Jan. 2021. <https://files.eric.ed.gov/fulltext/ED610484.pdf>.

¹² Johnson Hess, Abigail. "'I Will Not Make That Happen': Biden Says He Will Not Support \$50K in Student Debt Forgiveness." CNBC. 17 Feb. 2021. www.cnbc.com/2021/02/17/biden-says-he-will-not-support-50k-in-student-debt-forgiveness.html.

¹³ Nadworny, Elissa. "FACT CHECK: Biden's Comments on Loan Forgiveness and Elite Colleges." NPR. 20 Feb. 2021. www.npr.org/2021/02/20/969639380/fact-check-biden-s-comments-on-loan-forgiveness-and-elite-colleges.

¹⁴ Sullivan, Timmy. "Should the Federal Government Cancel All Student Loan Debt?" The Boston Globe. 14 Jan. 2021. www.bostonglobe.com/2021/01/14/metro/should-federal-government-cancel-all-student-loan-debt/.

students borrowed¹⁵ - an average of \$53,000.¹⁶ This trend continues for years, as other sources find that 20 years after starting college, the median Black borrower still owes 95% of debt, while the typical White student owes just 6%.¹⁷

Financial Freedom

The burden of debt means that many borrowers don't have the financial freedom America prides itself on. People who have a significant amount of student loan debt often postpone plans to buy a home, start a business, or have children.¹⁸ To start small businesses, individuals need to have capital, something that student loan debt greatly inhibits. More than 2 million graduates report delaying starting a business due to their student loan debt.¹⁹ One study found that an increase of one standard deviation in student debt decreased the number of small businesses by 14% on average.²⁰ A \$1,000 increase in student loan debt lowers the homeownership rate by approximately 1.8%²¹ and reduces the odds of first marriage by 1% among college graduates.²² Increased student loan debt also causes borrowers to be more likely to default on their debt, which majorly impacts their credit scores, making it more difficult for them to qualify for a mortgage, auto loan, or credit card.²³ Studies have also found that

¹⁵ Hanson, Melanie. "Student Loan Debt by Race." Education Data Initiative. 3 Sep. 2023. educationdata.org/student-loan-debt-by-race

¹⁶ Hamilton, Darrick and Zewde, Naomi. "Promote Economic and Racial Justice: Eliminate Student Loan Debt and Establish a Right to Higher Education across the United States." Washington Center for Equitable Growth. 18 Feb. 2020. equitablegrowth.org/promote-economic-and-racial-justice-eliminate-student-loan-debt-and-establish-a-right-to-higher-education-across-the-united-states/.

¹⁷ Sullivan, Laura et al. "Stalling Dreams: How Student Debt Is Disrupting Life Chances and Widening the Racial Wealth Gap." Institute on Assets and Social Policy. Sep 2019. heller.brandeis.edu/iere/pdfs/racial-wealth-equity/racial-wealth-gap/stallingdreams-how-student-debt-is-disrupting-lifechances.pdf

¹⁸ Brooks, Khristopher J. "Forgive All Student Loan Debt? A Former U.S. Education Secretary Explains Why It Will Help the Economy." CBS News. 22 Mar. 2022. www.cbsnews.com/news/student-loan-debt-forgiveness-john-king-college/.

¹⁹ Busted, Brandon. "Student Loan Debt: Major Barrier to Entrepreneurship." Gallup. 14 Oct. 2015. news.gallup.com/businessjournal/186179/student-loan-debt-major-barrier-entrepreneurship.aspx.

²⁰ Ambrose, Brent et al. "The Impact of Student Loan Debt on Small Business Formation." Philadelphia Federal Reserve Bank. Jul. 2015. www.philadelphiafed.org/the-economy/the-impact-of-student-loan-debt-on-small-business-formation.

²¹ Mezza, Alvaro et al. "Student Loans and Homeownership." Journal of Labor Economics, 2014. www.journals.uchicago.edu/doi/full/10.1086/704609?mobileUi=0.

²² Bozick, Robert, and Estacion, Angela. "Do Student Loans Delay Marriage? Debt Repayment and Family Formation in Young Adulthood." Demographic Research. 13 Jun. 2014. <https://doi.org/10.4054/demres.2014.30.69>.

²³ Mezza, Alvaro et al. "Can Student Loan Debt Explain Low Homeownership Rates for Young Adults?" The Federal Reserve. Jan. 2019. www.federalreserve.gov/publications/files/consumer-community-context-201901.pdf?mod=article_inline.

after experiencing debt relief, there is an increase in borrowers' geographic mobility, probability of changing jobs, and income, which increases by \$3000.²⁴

²⁴ Di Maggio, Marco, et al. "Second Chance: Life without Student Debt." National Bureau of Economic Research. May 2019. https://www.nber.org/system/files/working_papers/w25810/w25810.pdf.

Neg Arguments:

Helps Wrong People

Many people have argued that President Biden’s recent forgiveness plan had the perfect limit to benefit those who need the help most. Biden and his administration have expressed these concerns as well, arguing that their limit of \$10,000 is the right amount, and increasing to forgiving \$50,000 per person would only benefit the wealthy.²⁵ Indeed, around 13% of student debt is owed by the bottom 20% of earners, and 36% is owed by the top 20%.²⁶ More than a third of borrowers owe less than \$10,000 in debt, and many of these borrowers did not complete their degree, meaning they earn less and thus have a harder time paying off their debt.²⁷ The status quo helps alleviate this, as almost 90% of the benefits of Biden’s existing plan would go to people earning less than \$75,000 per year.²⁸

Forgiving all student debt, however, would only increase inequality. Students from families earning more than \$114,000 a year borrow at the same rate as the lowest-income students, taking out loans nearly twice as large, and students with advanced degrees account for 40% of student debt.²⁹ One recent paper found that the average individual in the top earnings decile would receive \$6,021 in forgiveness, compared to \$1,082 for those in the bottom earnings decile.³⁰ The authors also found that households in the top 30% of the earnings distribution would receive almost half of all dollars forgiven. On top of this, it would demonstrate the US’s priority of favoring higher-income citizens. Forgiving all student debt

²⁵ Johnson Hess, Abigail. ““I Will Not Make That Happen”: Biden Says He Will Not Support \$50K in Student Debt Forgiveness.” CNBC. 17 Feb. 2021. www.cnbc.com/2021/02/17/biden-says-he-will-not-support-50k-in-student-debt-forgiveness.html.

²⁶ Looney, Adam. “Who Owes the Most Student Debt?” Brookings. 28 Jun. 2019. www.brookings.edu/articles/who-owes-the-most-student-debt/.

²⁷ Nadworny, Elissa. “Debate over Student Loan Forgiveness Hinges on 2 Numbers: \$10,000 vs. \$50,000.” NPR. 18 Feb. 2021. www.npr.org/2021/02/18/968324101/debate-over-student-loan-forgiveness-hinges-on-2-numbers-10-000-vs-50-000.

²⁸ Nelson, Libby. “Is Student Loan Forgiveness Fair? The Debate, Explained.” Vox. 31 Aug. 2022. www.vox.com/policy-and-politics/23322129/student-loan-forgiveness-fair-inflation.

²⁹ Ayers, Emma. “I Sold Bibles to Keep My Student Debt Low. Turns Out, I Didn’t Even Need That Degree.” USA TODAY. 3 Dec. 2020. www.usatoday.com/story/opinion/voices/2020/12/03/student-loan-debt-forgiveness-joe-biden-column/3793204001/.

³⁰ Staff. “How Student Loan Forgiveness Could Increase Inequality.” Knowledge at Wharton. 15 Dec. 2020. knowledge.wharton.upenn.edu/podcast/knowledge-at-wharton-podcast/how-student-loan-forgiveness-could-increase-inequality/#:~:text=Essentially%2C%20the%20research%20finds%20that,balances%20greatly%20overstate%20present%20values.%E2%80%9D.

would cost more than the US has spent on food stamps, unemployment insurance over the past 20 years, and the Earned Income Tax Credit.³¹

Temporary Fix

Forgiving student loans would not address the underlying problem of increasing college costs. It would essentially amount to a band-aid on a bullet hole situation, wherein nothing is done to actually address the cost of attending college, and the problem is not solved in the long term. On top of this, the US already has a great deal of student loan forgiveness programs, and we're still in a student debt crisis. It is evident that these programs don't solve the problem of rising college costs and student loans. This plays into the argument of helping the wrong people, as this doesn't help future students to attend college, but only aids those who have already taken out student loans.³²

Additionally, it can be argued that forgiving student debt would actually incentivize colleges to increase costs. There is some evidence to support this idea, as past changes in loan programs have coincided with an increase in tuition. The National Bureau of Economic Research observes a 102% tuition increase after changes to the Federal Student Loan Program.³³ As education subsidies increase demand for education, they push the price of education upwards. If schools had a reason to believe that the government would forgive the costs of education, they would see no incentive to keep tuition down.^{34,35}

Misuse of Funds

Forgiving student loan debt is not a matter of simply saying that payments are no longer due; the government would instead pick up the tab, and it would not be cheap. Biden's recent plan to cancel \$10,000 in student loan debt could cost taxpayers up to \$400 billion over the next decade.³⁶ To go further and forgive the entire amount of outstanding student loan debt

³¹ Looney, Adam. "Putting Student Loan Forgiveness in Perspective: How Costly Is It and Who Benefits?" Brookings. 12 Feb. 2021. www.brookings.edu/articles/putting-student-loan-forgiveness-in-perspective-how-costly-is-it-and-who-benefits/.

³² Looney, Adam. "How Progressive Is Senator Elizabeth Warren's Loan Forgiveness Proposal?" Brookings. 24 Apr. 2019. www.brookings.edu/articles/how-progressive-is-senator-elizabeth-warrens-loan-forgiveness-proposal/.

³³ Gordon, Grey, and Hedlund, Aaron. "Accounting for the Rise in College Tuition." National Bureau of Economic Research. 1 Feb. 2016. www.nber.org/papers/w21967.

³⁴ Hall, Abigail. "Don't Forgive Us Our Debts: The Case against Student Loan Forgiveness." InsideSources. 14 Apr. 2015. insidesources.com/dont-forgive-us-debts-case-student-loan-forgiveness/.

³⁵ Kanno-Youngs, Zolan et al. "Biden to Cancel \$10,000 in Student Debt; Low-Income Students Are Eligible for More." The New York Times. 24 Aug. 2022. www.nytimes.com/2022/08/24/us/politics/student-loan-forgiveness-biden.html.

³⁶ Claybourn, Cole. "Biden's Student Loan Forgiveness Plan: Your Questions Answered." US News & World Report, U.S. News & World Report. 30 Jun. 2023. www.usnews.com/education/best-colleges/articles/federal-student-loan-forgiveness-your-questions-answered.

would cost more than \$1.6 trillion.³⁷ Not only would this cost taxpayers a large sum of money, but it is likely to add to inflation. The US does not have a consumer spending problem, so increasing consumer spending would not necessarily aid the economy, but in fact could lead to further inflation.³⁸ Additionally, if this money was spent on forgiving student loan debt, we would likely see some important social programs be cut in order to find the funding.³⁹

³⁷ McCluskey, Neal. "Top Five Reasons Federal Student Debt Cancellation Is a Bad Idea." CATO Institute. 23 Aug. 2022. www.cato.org/blog/top-five-reasons-federal-student-debt-cancellation-bad-idea.

³⁸ Shaner, Kyle. "How Student Loan Forgiveness Could Affect the Economy." UC News. 8 Mar. 2023. www.uc.edu/news/articles/2023/03/how-student-loan-forgiveness-could-affect-the-economy.html.

³⁹ Smith, Kelly Anne. "Canceling Student Debt Isn't Free. Here's Who Pays for It." Forbes, 11 Aug. 2023. www.forbes.com/advisor/personal-finance/who-pays-for-student-loan-forgiveness/.