

Press Release



Biden Administration Turns Direct Student Loan Program Into a Permanent Big Spender

PAULINA ENCK | MAY 16, 2023

The Federal Direct Loan program was originally projected by the Congressional Budget Office to save taxpayers \$62 billion over a decade, assuming, of course, that student loan borrowers pay back their loans. In a new insight, Data and Policy Analyst Tom Lee notes that student borrowers were already repaying far less than projected—primarily due to the COVID-19 payment pause—and walks through how the Biden Administration’s student loan forgiveness efforts would turn the program into a much larger and long-term taxpayer liability.

Key points:

- As a “pay for” for the Affordable Care Act, in 2010, Congress passed a law to have all federal student loans issued directly by the Department of Education – a reform that was expected to save taxpayer dollars.
- Under the Biden Administration’s proposed blanket student loan forgiveness, borrowers would pay back much less than they owe, if anything at all.
- The administration’s blanket forgiveness under the Federal Direct Loan program would cost taxpayers from \$230 billion–\$1 trillion over the next decade, far surpassing in costs the program’s projected savings.

[Read the analysis](#)