



**Opening Statement of Rep. Burgess Owens (R-UT), Chairman
Subcommittee on Higher Education and Workforce Development Hearing:
“Breaking the System Part II: Examining the Implications of Biden’s Student
Loan Policies for Students and Taxpayers”**

May 24, 2023

(As prepared for delivery)

This is the second hearing in a two-part series examining the implications of Biden’s student loan policies for students and taxpayers.

We titled the series “Breaking the System,” because that is exactly what the Biden administration is attempting to do.

Mr. Cordray and Mr. Kvaal, the Department of Education has vastly overstepped its authority. You are operating under complete executive fiat.

Upon my reading of the Constitution, nowhere are Congress’ legislative powers delegated to federal agencies like the Office of Federal Student Aid. The first section of the first Article of our Constitution is unequivocal: “All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.”

Yet, under the guise of a 2003 law meant to alleviate administrative hardships in dealing with federal student loans for our men and women in uniform, the Department has proposed and implemented sweeping changes to the entire student loan system. Congress has in no way authorized the Department’s actions of the last two years, nor significantly legislated in this area in over a decade.

Let me quickly run through the Department’s abuses:

To start, your Department extended the student loan repayment moratorium six

times. Each time, it neglected to provide proper guidance for servicers and borrowers regarding returning to repayment. Rather, education bureaucrats opted to wait 'til the 11th hour to announce the moratorium extensions, leaving borrowers scrambling in the dark.

Last week, Chairwoman Foxx asked Secretary Cardona whether he or either of you, had spoken directly with the loan servicers about returning to repayment. Instead of directly answering the question, the Secretary unfortunately obfuscated. We're therefore looking forward to hearing more about those communications today.

Next, the Department announced blanket student loan cancellation. This plan amounts to a legal wait-and-see strategy, in which President Biden knowingly proposed a dubious rule to push the limits of our Constitutional order.

The next and possible final blow to our broken system is the legal end-around devised by the Department, otherwise known as Income-Driven Repayment. If the blanket cancellation sham cannot pass Supreme Court muster, IDR and other back door cancellation schemes like borrower defense to repayment will effectively achieve its same goal.

Let me put it in perspective. President Biden has signed three bills this year. Just three. One to end the pandemic, one to reform DC's criminal code, and one to declassify intelligence related to COVID-19's origins. Meanwhile, the Department of Education has submitted billions of dollars of regulations completely reshaping postsecondary education. When in the world did unelected bureaucrats at the Department of Education and so-called "nonpartisan" leaders at Federal Student Aid become legislators?

The Department's actions are not a fix. Instead, they only exacerbate the long-term structural problem of college costs.

Indeed, in 1987, then-Secretary of Education William Bennett foreshadowed the mounting problem, saying, "If anything, increases in financial aid in recent years have enabled colleges and universities to blithely raise their tuitions, confident that Federal loan subsidies would help cushion the increase." Study after study show that Mr. Bennett was unfortunately spot on in his assessment.

In fact, the Congressional Budget Office recently estimated that the administration's IDR plan will lead to a 12 percent increase in student borrowing largely due to increases in tuition. It is the taxpayer who will ultimately foot the bill for this reckless proposal.

Taken together, Biden's student loan scam could cost taxpayers up to a trillion dollars when all is said and done, and simply put, America cannot afford it. America is broken, to the tune of \$32 trillion. Every borrowed dollar is inflationary, and according to the Committee for a Responsible Federal Budget, the administration's blanket cancellation plan could increase inflationary pressures by 15 to 27 basis points. Americans will not soon forget the inflationary havoc already wrought by this administration.

All in all, we need to put a stop to Biden's Radical, costly, and unlawful student loan scheme. This starts with fixing a broken and unaccountable executive branch. For that reason, I'm glad we are having this hearing today and conducting robust oversight. As always, sunshine is the best disinfectant.