

# Federal Assistance to Initiate Repayment (FAIR) Act

## Reps. Owens, McClain, Foxx

### THE PROBLEM:

- The student loan system is broken, but rather than working with Congress to fix it, President Biden is attempting to ram through his radical free college agenda at the expense of borrowers and taxpayers. From false promises of “forgiveness” to continual extensions of the now three-year long repayment pause, **the administration has treated borrowers as political pawns and the 87 percent of Americans without student loans as an unlimited piggy bank** while they struggle to put food on the table and gas in their cars.
- What’s worse, Biden’s Department of Education (ED) is set to finalize its new income-driven repayment (IDR) plan that will push an already failing student loan program to the breaking point, leaving borrowers paying for decades. **With a price tag of nearly \$300 billion, this will be the most expensive regulation in history.**

### THE SOLUTION:

- The *Federal Assistance to Initiate Repayment (FAIR) Act* is a fiscally responsible, targeted alternative to Biden’s student loan scam and takes a critical step towards fixing our student loan system and providing a path back to repayment for 40 million borrowers. Specifically, the bill:
- **Protects borrowers and taxpayers.**
  - **Ends the Biden administration’s student loan scam** and prevents ED from issuing costly and expansive regulations, including the President’s radical IDR proposal costing \$276 billion over the next decade.
    - Policy experts and economists from across the political spectrum agree that the Biden plan would result in more borrowing, higher tuition, and less accountability for taxpayer dollars.
  - **Simplifies the repayment process** and streamlines the confusing web of IDR plans currently available into **one predictable and affordable IDR plan.**
    - **Puts an end to ballooning loan balances** by preventing excessive interest accrual and crediting at-risk borrowers’ monthly payments directly to their loans’ principal so they see progress in paying down their balances.



- **Simplifies the repayment process** cont'd:
  - **Prevents taxpayer subsidies from going to those who don't need them** by requiring borrowers enrolled in the new IDR plan to recertify their income before payments resume and ensuring that repayment assistance phases out as borrower's incomes increase and they are able to repay their loans unlike the Biden plan where borrowers are expected to repay only half of what they borrow and just two in 10 undergraduate students will fully repay their loans.
  - **Ends time-based forgiveness** which disproportionately benefits graduate students and allows them to make payments as little as \$0 to receive loan cancellation.
- **Ensures a smooth transition back into repayment.**
  - **Provides repayment assistance to borrowers in financial distress** by enrolling borrowers in existing income-based repayment plans in the new IDR plan, which will reduce delinquencies and defaults.
  - **Requires ED and the Office of Federal Student Aid (FSA) to provide ample guidance to servicers** to ensure they have the information and resources necessary to serve borrowers who have been left in the dark for over three years.
  - **Prevents bonuses from flowing to ineffective bureaucrats** if FSA does not meet the requirements for returning borrowers to repayment.
- **Targets relief to those most in need.**
  - **Provides targeted student loan relief** to those who made years of payments but saw their debt explode due to Democrats' poorly designed repayment policies. The bill waives their remaining balances if they already paid back more than they originally owed taxpayers in principal and interest.
  - **Allows defaulted borrowers to get back on track to repayment** by giving them a second chance to rehabilitate their loans and enroll in an affordable repayment plan, removing the black mark of default from their credit report as long as they make their required monthly payments.

## **BOTTOM LINE:**

- [Biden's student loan scam](#) is unfair to borrowers and taxpayers. The FAIR Act, a Republican solution to fix our broken student loan system, will help millions of borrowers return to repayment and protects taxpayers by putting an end to Biden's radical free college agenda.

