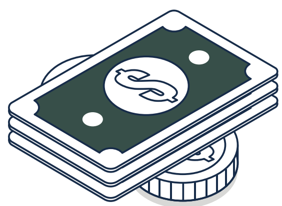
Can States Stop Biden's Backdoor Loan Forgiveness?

The Biden Administration's new Saving on a Valuable Education (SAVE) Program is estimated to **cost taxpayers up to $559 billion** over 10 years, more than the $430 billion mass student loan cancellation program nixed by the Supreme Court in 2023.

Currently, borrowers' payments equal
10% of their income
above 150% of the poverty level.

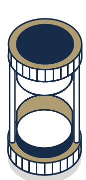


SAVE payments are only
5% of borrowers' income
above 225% of the federal poverty level.

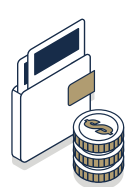
That means that many middle-class borrowers will pay *little to nothing for 10 years*, and then taxpayers will pay to have the balances forgiven.

The policy applies to all current and future loans and will encourage schools to raise tuition further by...

...forgiving loans no matter how much is borrowed, virtually eliminating default and leaving taxpayers on the hook for the bill.



...rewarding academic programs with the very **worst outcomes, highest prices, and least alignment with workforce needs.**



...creating a new de facto welfare program that covers living expenses for students at virtually any two-year college.

THE SOLUTION

States should require public community and technical colleges to compete for funding based on how well they prepare students for careers.

1. The Rewarding Workforce Readiness Act funds community and technical college programs based on their alumni's wages and rewards schools when low-income students see increased wages after graduation.
2. Unless someone can demonstrate that they were directly harmed by SAVE and have "standing" to sue, a case cannot go forward—injury to taxpayers is not enough. Each state's attorney general should analyze closely whether they can fight the SAVE program in court.
3. Governors, state legislators, and attorneys general need to work in concert to deploy or fund new resources to fight the plan.

WHY IT MATTERS

Students and taxpayers have been harmed by schools that do little or nothing to prepare individuals for in-demand jobs.

The SAVE plan rewards these poor-performing schools by expanding access to forgivable loans that will only exacerbate the problem.

THE BOTTOM LINE:

Unlike canceling student loans or providing free college, tying state funding to program performance incentivizes schools to prepare students for in-demand jobs, and it holds schools accountable when they fail to deliver.