

1 **Say Goodbye to Your Student Debt. Or Maybe Not.**  
2 **by Allie Collins-Anderson and Tabitha Wilson | April 24, 2019**

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4 In the ever-growing pool of Democratic presidential candidates, Senator Elizabeth Warren has  
5 differentiated herself from the candidates; proposing a new progressive education policy. The  
6 proposed legislation would make tuition free at public universities and forgive up to \$50,000 in  
7 student debt, dependent on an individual's income, in addition to increasing grants for low-  
8 income and minority students.

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10 Warren estimates the cost of the plan to be \$2.75 trillion dollars over 10 years, which she plans  
11 to fund via her “wealth tax” on individuals with assets worth more than \$50 million dollars.  
12 While Warren’s plan sounds enticing and well-meaning, its practicality should be called into  
13 question. Current debt forgiveness programs have proven to have only limited success, and the  
14 probability of the wealth tax being passed to fund the program is unlikely.

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16 It’s true, the price of higher education in the United States is unsustainable. Tuition prices have  
17 increased around 200 percent over the last 20 years, [according to U.S. News & World Report](#).  
18 After exhausting the limited resources of personal finances, college savings and financial aid  
19 options, students turn to borrowing to make up the difference in education costs. It is then no  
20 surprise that trends in student debt mirror the growth in tuition expenses. Total student debt  
21 remains at \$1.46 trillion, with \$79 billion added in the last year alone.

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23 With increasing student debt, millennials have been forced to tighten their wallets in ways that  
24 they may not have otherwise. We won’t try to refute this fact because we, as students, understand  
25 the burdens of debt. However, we disagree with arguments made about what types of  
26 investments recent grads would make if they didn’t have large amounts of debt. One argument in  
27 support of debt forgiveness programs such as Warren’s is that more young people would own  
28 homes if they weren’t crippled with student debt. While it is true that fewer young professionals  
29 are choosing to buy a home as soon as their parents or grandparents may have, there is more to  
30 this story than just rising levels of student debt.

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32 The overall culture of what it means to be a twenty or thirty-something is changing rapidly. More  
33 young people are choosing to rent nearly everything in their lives instead of buying it  
34 themselves. Many millennials rent not only their homes but also workspace in a co-working  
35 community, modes of transportation such as from a bike share program or ride services like  
36 Uber, and even clothing for special occasions. Why buy it when you’re only going to wear it  
37 once, live in it for two years, or could reduce your carbon footprint by riding a bike or  
38 commuting with others?

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40 This is the trend in lifestyle that young people are following and eliminating student debt will  
41 most likely not change that. Recent grads will not decide to buy a home immediately after  
42 graduation just because they might have the funds to do so because the culture doesn’t encourage  
43 ownership. Therefore, using the argument that more people would own homes if they didn’t have  
44 student debt to support forgiveness plans such as Warren’s does not make sense in today’s world.

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46 This isn't the first time the government has promised to excuse student debt. However, prior debt  
47 forgiveness programs haven't necessarily worked for everyone. Obama's Pay as You Earn  
48 program (PAYE) only really benefits those who borrowed large amounts of federal money and  
49 who earn relatively low incomes. What makes Warren's new proposal different? As opposed to  
50 PAYE, this new plan would greater benefit those who earn higher incomes. Adam Looney from  
51 the Brookings Institution found that individuals earning below the 20<sup>th</sup> income percentile would  
52 save \$569 dollars per year while those earning in the 80<sup>th</sup> and 90<sup>th</sup> percentiles would save \$2,653  
53 dollars. Warren's plan is no different from previous ones in its inability to benefit all student  
54 borrowers equally. It just discriminates in a different way.

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56 In addition, the wealth tax needed to fund Senator Warren's proposal seems unlikely to pass  
57 through Congress, given the current political climate. Both the Democratic and Republican  
58 parties have become more partisan, leaving only a handful of moderates on both sides. The  
59 Republican party has shown immense pushback to the Democratic majority-led House of  
60 Congressional and Senate Republicans have already deemed similar propositions from  
61 candidates as "socialist" and have vowed to block any legislation that involves raising taxes to  
62 appease their base and wealthy donors. Unless the Democrats can mobilize their base enough to  
63 win both houses, a wealth tax of Warren's proposed measure will not pass.

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65 Even if the wealth tax were to become enacted law, the funds generated could ultimately serve a  
66 better purpose. It is worth noting that the majority of Americans, nearly two-thirds of the adult  
67 population, do not have a college degree. With this said, the debt reduction component of the  
68 proposal is nearly half of the cost at \$1.25 trillion and would only affect a smaller part of the  
69 population. Government revenue could instead go to increasing environmental protections,  
70 strengthening primary and secondary education, or providing more assistance to low-income  
71 people who need it most.

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73 Ultimately, Warren's new proposed policy is hopeful at best. Debt forgiveness policies haven't  
74 worked in the past and there is no guarantee that this one will be any different. The arguments  
75 made for supporting a plan like this—such as potentially increasing the possibility of young  
76 home-ownership—are not entirely fleshed out.

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78 We would like to believe that a plan like Warren's could actually come to fruition in the way that  
79 it promises to, but it is unlikely that it will be the case. For now, we'll continue to pay off our  
80 student debt, and if somehow that debt actually does disappear we'll check twice to make sure it  
81 really did before throwing a party.

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