

Washington, D.C., Federal Government

'The Dam is Going to Break,' Courtney Tells CT Examiner

— Juliann Ventura, 5.11.2024



Joe Courtney, Democratic Representative for Connecticut's second district

WASHINGTON – More than ten months after the Supreme Court blocked the Biden administration’s student loan forgiveness plan, in an interview with CT Examiner, U.S. Rep. Joe Courtney called on Congress to do more to relieve borrowers and lower the cost of college tuition, stressing that the issue is so urgent that, “the dam is going to break.”

Courtney, who sits on the House Education and Workforce Committee, raised a number of steps that he says need to be taken, like creating and updating incentives through Title IV programs that provide federal financial aid, passing a bill that he introduced last July that would lower student loan interest and reauthorizing a bill aimed at strengthening resources for colleges and universities to provide financial aid.

Last June, the Supreme Court rejected the Biden administration’s plan to deliver partial relief to individuals who make less than \$125,000 a year – \$250,000 for households – in 2020 or 2021, leaving **43 million** people who were eligible for relief unable to reap its benefits.

Courtney’s bill, formally known as the **Student Loan Interest Elimination Act**, is more related to keeping costs down for borrowers by eliminating interest on all current federal student loans and capping interest rates at 4% for new federal student loans starting in two months, July 2024. After July, interest rates would be based on a student financial need.

Courtney also mentioned that reauthorizing the Higher Education Act would allow Congress to modernize federal laws and policies, strengthening resources to provide financial assistance. Congress used to renew the bill every five years, said Courtney, but it has struggled to go beyond the committee level since 2008, forcing it to rely on temporary extensions.

The interview below was edited for length and clarity.

CTEx: Would it be more cost-effective for taxpayers if Congress passed laws to cap the costs of college tuition to prevent further price escalation rather than forgiving large amounts?

Rep. Joe Courtney: The federal government’s ability to control prices is pretty constrained. These are private institutions or state institutions that have legal bandwidth to set the tuition room and board. The federal

government can create incentives through various Title IV programs... Pell Grants, eligibility, Stafford loans, even the GI Bill, which provides funding through the Department of Veterans Affairs for veterans to pay for college. If you look at my bill (Student Loan Interest Elimination Act) which is really not about loan forgiveness, it's about interest elimination. Because that money is being set aside and invested in very low risk municipal bonds and government bonds, any surplus would be distributed to universities on the basis that they actually were constraining their tuition costs. So, again, we're trying to incentivize institutions to do better in terms of just what they're charging students. From a public policy standpoint, the legal ability of the federal government to just come in and set tuition prices across the country, I think, is a very thorny issue as a matter of law.

CTEx: Given that more than 35% of the population over 25 years old has a bachelor's degree, and the median income for people with a bachelor's degree is higher than for people without one, how do you respond to critics who see forgiving student loans as a massive giveaway to the wealthiest and most privileged Americans?

Rep. Joe Courtney: I agree with that criticism. I don't think people with high incomes should get student loan forgiveness. If you look at the programs that are in place right now in the U.S. Department of Education, loan forgiveness is very targeted [to] people who have performed public service for an extended period of time. Getting the balance of their student loans forgiven, is really an equity to taxpayers because the taxpayers benefit from having good people in those professions. The SAVE Program, which the Biden administration instituted after the Supreme Court ruling, is targeted at very, very low income borrowers... These people are not in that category of people that you described in the question by any means, and who have stayed current even with the reduced payments for an extended period of time in terms of when the loans are discharged.

CTEx: Are you satisfied with the Biden administration's approach to tackling student debt or do you think that more can be done?

Rep. Joe Courtney: I definitely think there's more that can be done. Again, it's actually not tax incentives, it's incentives based on the fact that federal programs are at least partially underwriting the payment of tuition by students. So, the way the incentive would work is that the institutions would have to demonstrate that they are moderating tuition costs. So, the answer

is we can absolutely do more. When Congress votes on higher ed issues, we used to, every five years, do what was called a Higher Education Act reauthorization, which basically would update federal policies and federal laws. Congress has not passed a reauthorization and the system is screaming out for change. So if we did, then we could take up issues like incentivizing lower tuition costs, or interest elimination, like my bill calls for, or updating the Pell Grant program, or student employment in colleges and universities, which is a way to reduce costs for students to have them work for their tuition. The issue is still so urgent that I do think, at some point, the dam is gonna break and we're going to have to address these issues.

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