

QuickPoint! – Biden’s Student Loan Bailout Brings Chaos to College Students

By Eric Fruits, Ph.D.

By now you’ve heard of President Biden’s student loan orders. You’ve probably also heard some say they provide life-changing relief, and you’ve heard others say they’re a fiscally reckless assault on personal responsibility.

But, there’s another issue that’s not getting much attention: The orders are bringing massive chaos to the millions of families who have kids in college right now. I should know. My daughter starts next month.

The question that I and other families are facing is: How much should we borrow? Tuition, room, and board at an Oregon public university is about \$30,000 a year. Before Biden’s order, the choice was easy: take out a small amount of loans and pay the rest out-of-pocket.

Now, Biden has offered huge incentives to max out on student loans. In addition to canceling up to \$20,000 in debt, there are new rules regarding income-based repayment plans. People on these plans won’t have to pay interest on their loans, plus they’ll get the opportunity to have much of their debt wiped out after 10 years of payments.

Here’s where the chaos comes in: Will any of this still be true when my daughter graduates?

Biden’s plan is an executive order. It wasn’t passed by Congress, and there’s a big chance much of it is illegal. Will a court toss it out? Also, because it’s an executive order, the next president can rejigger or reverse it. Will that happen? No one knows.

Bad policies are bad, but they’re made worse when they come with so many question marks. President Biden’s student loan orders are going to bring years of chaos to college students, their families, and the courts.

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