

U.S. Rep. Grothman: Fight for student loan responsibility

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(Washington, D.C.) – Congressman Glenn Grothman (WI-06) introduced two bills to address the student loan problem in a responsible way — without shifting the burden to hard-working taxpayers.

H.R. 4711, the [Protecting Taxpayers from Student Loan Bailouts Act](#), will defend the American people against the Biden Administration’s attempts to transfer the burden of student loan debt to the taxpayers. This bill requires that the Department of Education review the fiscal impact of any future plans to forgive student loan debt to ensure costs to the federal government do not increase and result in taxpayers footing the bill.

In addition, Grothman has introduced HR. 4616, the [Informed Student Borrowing Act](#), a bill that will help educate students on the risks of borrowing throughout the student loan decision-making process to better serve students’ financial future. Senator Steve Daines (R-MT) introduced companion legislation in the Senate, the [Informed Student Borrowing Act](#).

“The amount of student loan debt in this country is an embarrassment to our entire educational system,” **said Grothman.** “My bills help shield Americans’ pocketbooks against debt forgiveness schemes like those of President Biden that will spark inflation, add to our national debt, and tank our economy, all without Congressional approval.

“Legal questions aside, the pattern of encouraging student debt cancellation is insulting to every American who paid their loans or never attended college.

“It is high time universities inform their students about the long-term effects of

taking on too much student loan debt. The Informed Student Borrowing Act was inspired by responsible educators in Wisconsin who feel we must do more to educate students on the dangers of excessive loans before they enter higher education institutions, rather than waiting for inevitable financial disaster on the back end.”

“Montana students should have access to all the information they need in order to make a smart decision about their student loans,” **said Senator Daines.** “The Informed Student Borrowing Act helps improve the loan process so students have clear information about the duration of their loan, their expected monthly payment, their expected income after graduation and other important details. While President Biden wants to force Montanans to pay off loans they didn’t take out, I’m focused on addressing real problems—like making sure students know what they’re getting into before taking on debt.”

Background Information

President Biden’s approach to student loan forgiveness has been a series of constitutionally questionable maneuvers to bypass the legislative process and our system of checks and balances. In August 2022, President Biden attempted to manipulate the HEROES Act to provide a bailout of up to \$40,000 to households earning up to \$250,000 annually. Fortunately, the Supreme Court rightly struck it down, recognizing the action as a blatant overreach of executive authority. Now, the Biden Administration wants to exploit the *Higher Education Act of 1965* as they seek to waive federal student loans through a process that does not include working with the legislative branch.

Grothman’s bill, the *Protecting Taxpayers from Student Loan Bailouts Act*, ends the Biden administration’s student loan scam by mandating that the Secretary of Education confirm new regulations or executive actions issued related to the student loan program will not increase costs to the federal government. It also prohibits any regulations that cannot meet that threshold.

The *Informed Student Borrowing Act* will inform students of the whole financial picture, in the short- and long-term, throughout the student loan decision-making process. The goal of this bill is to help students make the right borrowing choices to best serve their financial and academic future.

A major contributor to the crisis of student loan debt is the flawed student loan

decision-making process. Currently, many students are making poor financial decisions because they are driven to accept default choices presented to them, without considering the long-term effects of borrowing. Before committing to a federal loan, students need access to more information on student loans, such as the amount of money an average graduate from the school must pay back and how much they will likely earn in the future.

Specifically, the *Informed Student Borrowing Act* would:

- Require that all borrowers receive and either acknowledge receipt of student loan entrance counseling materials or actively participate in entrance counseling each award year.
- Within student loan entrance counseling materials require disclosures of:
 - An explanation regarding the requirement that the borrower needs to affirmatively enter amount of a student loan they wish to borrow each award year.
 - Sample monthly repayment amounts based on the 10-year repayment plan and the most commonly used income driven repayment plan available;
 - median cumulative student indebtedness at the institution and by specific program in which the student plans to enroll;
 - median earnings of individuals who attended the institution and by specific program, if available, in which the student plans to enroll;
 - The median annual earnings for individuals who attended the institution and by specific program, if available, for which the student plans to enroll;
 - The percentage of borrowers who are no longer enrolled and in active repayment; and
 - Completion rate for undergraduate borrowers.
 - The APR applicable to the loan based on a 10 year standard repayment plan to enable comparison to private lending products.
- Require student borrowers and parents, if applicable, manually enter the amount they wish to borrow prior to the financial aid office on an annual basis before any master promissory note being signed or loan being disbursed.
- Student must affirmatively accept work study, with the understanding that those funds must be earned over time and will not be immediately available.

In August 2022, Grothman introduced the [*Fairness for Responsible Borrowers Act*](#) to clarify that the Biden Administration does not have the authority to unilaterally forgive student loans.

In May 2022, Grothman led 22 of his colleagues on a [letter](#) to President Biden warning of the dire economic consequences of widespread student loan forgiveness.