

College Costs, Loan Forgiveness and Employment Options

By Rep. Frank Ryan (R-Lebanon)

Not a week goes by that I do not hear from a local high school student about college costs, military academies, apprehension about student debt post-graduation, and options for them to consider other than college.

In my lifetime, not since the decades of the military draft, have the opportunities and the challenges for our young student been so great.

The recent announcement of loan forgiveness of up to \$10,000 per student (\$20,000 in some cases) has intensified the arguments and concerns. The reaction to this potential program has been fierce to say the least.

The Biden Administration [loan forgiveness program](#) rolls out this month. The final regulations are in flux and there are numerous court challenges to the plan, but it is unclear, at this point, if the relief is transferable to the parents if they cosigned the loans.

Some highlights of the plan include: (Source: [PA Independent Fiscal Office](#))

- “Borrowers earning less than \$125,000 (single) or \$250,000 (married) a year can qualify for up to \$10,000 of debt cancellation. Pell Grant recipients under the income thresholds can qualify for up to \$20,000 of debt relief. The forgiven debt would not be subject to federal income tax.

- The student loan forbearance is extended through December 2022. It is the seventh extension (two under the prior administration), and the administration asserts it will be the final extension.

- The income-driven repayment (IDR) plan would be revised to (1) cap monthly payments at 5% of discretionary income for undergraduate borrowers, (2) cover the borrower’s unpaid monthly interest so that debt balances do not grow even if monthly payments are zero, (3) raise the amount excluded from the discretionary income computation from 150% to 225% of the federal poverty level and (4) forgive loan balances after 10 years of repayments (instead of 20 years) for borrowers with original loan balances of \$12,000 or less.”

The governor has also announced that the [debt forgiveness will not be taxable](#) as income in Pennsylvania citing actions taken in 2021 as precedent. This would provide an additional savings of \$307 per \$10,000 in debt forgiven.

Pennsylvanians are the sixth largest borrower of student loans in the United States and the debt forgiveness will impact 1.9 million borrowers according to the [Independent Fiscal Office](#).

The debt forgiveness has sparked significant debate.

First, individuals who will benefit generally are pleased with the announcement obviously.

However, there has been significant negative reaction from those who never went to college and for the residents of our districts who paid off their student loans already, paid their own way through college, or parents who incurred the costs of their children's education themselves.

The unintended consequence of the debt forgiveness program though has been unprecedented pushback in the Legislature.

The Legislature is demanding that our colleges and universities reign in the escalating costs of education. In the most recent budget battle, **Senate Bill 1284**, the appropriation for certain colleges and universities in Pennsylvania, received the most negative votes for such an appropriation in decades. The 55 of us that voted against the appropriation demanded that they reign in the cost of tuition and limit tuition hikes this year. We also wanted the grants to go to the students and their parents directly. In the case of University of Pittsburgh, there was also a demand that they stop fetal tissue research from aborted fetuses.

Costs of post high school education have far outpaced inflation for the past few decades. [According to recent studies](#), while costs of higher education stabilized during the pandemic, costs of education have risen almost 180% since the 1980's. The inflation trend resurrected with the tuition hikes announced in the summer of 2022.

Most agree that increasing state and federal subsidies without also looking at the cost drivers of higher education would be financially unacceptable and not viable.

The financial instability of academic institutions in the United States is also beginning to be noticed. Because of this, colleges are dealing with tuition costs in unique ways that may very well spell disaster for the school in the long run. In our area for example, Elizabethtown College and Lebanon Valley College are handling the tuition problem with either tuition cuts or deep discounts for local students. The PASSHE (PA State System of Higher Education) has seen continued enrollment declines for almost two decades and they recently adopted massive consolidations in the education model.

Parents and students alike are demanding accountability and results. The value of the college education in light of exploding costs is under intense scrutiny.

Stay tuned. I would love your feedback as well.

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