

[TEMPLATE]
SOFI
FY 2023 LHHS APPROPRIATIONS REQUEST

Name/short title of request: Restart to Student Loan Repayment/Impact of Student Loan Moratorium

Requesting Entity:

Organization Name: Social Finance (SoFi) Technologies, Inc. & its affiliates

Address: 10701 Parkridge Blvd, Suite 120 Reston, VA 20191

POC/Title: Ricardo Quinto, Senior Lead, Public Policy and Product Communications

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Phone: [REDACTED]

Organization Name: CommonBond

Address: 524 Broadway, 6th Fl., New York, NY 10012

POC/Title: David Klein, CEO

Email: David@CommonBond.co

Phone: [REDACTED]

DC Contact:

Organization Name: Arnold & Porter

Address: 601 Massachusetts Ave. NW, Washington, DC 2001

POC/Title: Amy Smith, Policy Advisor

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Appropriations Bill/Subcommittee: Labor-Health and Human Services- Education (LHHS)

Department: Department of Education

Appropriations Account: Student Aid Administration

Program or Activity Name: N/A

Amount included in President's Budget for FY 2022: N/A

Amount Requested: N/A

Request Type: Report/Bill Language

Language Requests: Report/Bill Language

What other organizations might be in favor of this request?

In addition to SoFi and CommonBond, other student loan refinancing and servicing organizations would support the request.

Proposed Language (if applicable):

Report Language:

Report on Borrowers Affected by Debt Cancellation. The Committee understands the challenges the 43.4 million federal student loan borrowers face as they seek to repay their loans within a complicated system. The Committee remains concerned with the current \$1.6 trillion in student loan debt and the rising costs of higher education. The Committee is disappointed the \$150 billion cost of the two-year federal student loan moratorium was not well-focused, wasting precious resources on borrowers who did not need financial support during the pandemic. The Committee believes the Department should have prioritized relief to those in distress. As the administration contemplates further student loan relief efforts and to better understand which student loan borrowers would benefit while also preventing further inflation, the Office of Federal Student Aid shall submit a report to Congress, no later than 90 days after enactment, with the following information: (1) the number of student loan borrowers who have \$10,000 or less in federal student loan debt, disaggregated by loan status and race, gender, education, and socioeconomic status; (2) a breakdown of the cost of the student loan moratorium beneficiaries by 2021 income levels of (a) \$30,000 or less; (b) \$30,001-\$50,000; (c) \$50,001-\$75,000; (d) \$75,001-\$99,999; and (e) \$100,000 and up; (3) a breakdown of the cost of the student loan moratorium to borrowers who participate the Public Service Loan Forgiveness (PSLF) program and the Income-Driven Repayment (IDR) program; and (4) a model that shows how many student loan debtors could have been paid off completely had the total expenditures of the student loan moratorium gone to help the following target audiences: (a) debtors with debt of less than \$10,000 total; (b) debtors who failed to complete their degree; or (c) debtors making less than the 2021 median national income.

Clearly state what this request would do in one sentence.*

The request would require a report from the Office of Federal Student Aid on the total debt amount and number of federal student loan borrowers who have \$10,000 or less in student loan debt, disaggregated by loan status and race, gender, education, and socioeconomic status, to better target any future relief and prevent further inflation.

Brief Summary of Request

At the beginning of the COVID-19 pandemic in March 2020, the Executive Branch proactively took quick action to pause student loan payments for all federal borrowers. Throughout the past two years, the Trump and Biden Administrations extended the payment and interest moratorium several times, with the latest extension expiring on May 1, 2022. The payment pause assisted borrowers who faced unexpected financial or personal issues due to the pandemic's onset; however, with the economy back on track and unemployment under five percent, most borrowers are now able to restart paying back their student loans. Therefore, we request information related to the number of borrowers -- including those in distress -- who could have benefitted from more targeted relief at a fraction of the cost.

Problem/Issue Statement

Describe the problem or issue to be addressed. Be as specific as possible, and explain why the problem or issue cannot be addressed without an appropriation or how it will benefit from an appropriation: Extending the payment and interest moratorium continues to be costly and inefficient. The latest extension amounts to a total of approximately \$150 billion in relief -- most of which was given without congressional approval. The more time elapses before borrowers are phased back into repayment, in combination with the conflicting and confusing messages the Department has sent to borrowers throughout the moratorium, the harder it will be on borrowers and the Department to make the transition back to a normal repayment environment. The federal government is wasting taxpayer

funds by providing payment relief to all borrowers, including wealthy, high-earning borrowers, instead of using those funds for the neediest borrowers. Directing the Department of Education to submit a report on the number and types of borrowers who would be debt-free with \$10,000 in student loan cancellation would allow Congress to target any future relief and to understand the impact.

Request Goals and Expected Outcomes: The Department of Education should stay on course and keep May 1, 2022 as the final deadline to end the moratorium, providing clarity to servicers and allowing borrowers to make informed financial decisions. The Department also should:

- Ensure any additional relief to borrowers is targeted to distressed borrowers. There are many borrowers who have done well financially during the pandemic and do not need assistance.
- Aggressively enroll distressed borrowers into income-driven repayment plans where borrowers can pay as little as \$0.
- Increase its marketing and communications campaigns to make borrowers aware of their repayment options, especially focusing on outreach to distressed and defaulted borrowers.

Explanation/Justification for Request

Provide a full explanation of and rationale for this request. Why is this project important? What does it seek to accomplish? What is the benefit to the taxpayer?: The administration's announcement to extend the payment and interest moratorium a fourth time in December 2021 contradicted statements made early in the year that the third extension would be the final one. Since March 2020, the payment and interest moratorium has cost taxpayers over \$150 billion. Another extension past May will continue to cost the federal government \$5 billion a month, an unnecessary expense on taxpayers that benefits only a small population of borrowers who need financial assistance. The federal government is wasting taxpayer funds by providing payment relief to high-earning borrowers instead of using those funds for the neediest borrowers. It also has caused disruption in the system, with several servicers leaving the space. An additional extension would continue wasting millions of dollars the Department of Education and federal student loan servicers have spent on their outreach campaigns to bring people back into repayment, including the \$91 million allocated in the American Rescue Plan. Additionally, changing course on the February 1, 2022 restart has confused borrowers. After two years of not having to make payments, many federal student loan borrowers will question whether they will ever have to repay those loans. Such a report would provide insight into federal taxpayer dollars spent thus far and how to target any additional relief needed due to the pandemic.

Local/State Impact

Please include a statement on the specific impact and relevance to the local, state and/or national need, as well as any relevant background information (i.e., please describe the program's connection to or impact on [STATE] and/or [DISTRICT]): The federal government is wasting taxpayer funds by providing payment relief to wealthy, high-earning borrowers instead of using those funds for the neediest borrowers. Taxpayers throughout the country have paid over \$150 billion in relief for federal borrowers. Another extension past May would continue to cost the government \$5 billion a month in unnecessary expenses that only benefit a subset of borrowers. The extension of the moratorium is unnecessary in an economic environment where the current unemployment rate is 4.2 percent and has declined substantially, adding more jobs than workers. Additionally, the unemployment rate among college graduates is 2.3 percent.

[SoFi Florida Offices] - SoFi has a facility in Jacksonville, where 382 employees are located.

[SoFi Utah Offices] - SoFi has three locations in Utah, including Cottonwood Heights, Murray, and Sandy. The locations employ 885 employees, including 377 in Cottonwood Heights, 147 in Murray, and 361 in Sandy.

[SoFi Montana Offices] - SoFi has a facility in Helena, where 95 employees are located.

[CommonBond NC Office] - CommonBond 5 employees in North Carolina.

List of Members of Congress who are receiving this request:

<u>Receiving Request</u>	<u>Meeting Only</u> <i>(will not formally submit)</i>
<ul style="list-style-type: none"> • Sen. Richard Burr (R-NC) - CommonBond footprint • Sen. Susan Collins (R-ME) • Sen. Steven Daines (R-MT) • Sen. Bill Hagerty (R-TN) • Sen. John Kennedy (R-LA) • Sen. Jerry Moran (R-KS) • Sen. Marco Rubio (R-FL) • Sen. Richard Shelby (R-AL) • Rep. John Curtis (R-UT) • Rep. Burgess Owens (R-UT) • Rep. David Price (D-NC) - CommonBond footprint • Rep. John Rutherford (R-FL) • Rep. Chris Stewart (R-UT) 	<ul style="list-style-type: none"> • Sen. Mitt Romney (R-UT) • Rep. Virginia Foxx (R-NC)

Agency and Point of Contact you've been in contact with about your request (as applicable): N/A