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19 states have higher student-loan debt than annual budgets, report finds

Ayelet Sheffey Apr 5, 2021, 8:55 PM



[ROBYN BECK/Contributor/Getty Images](#)

- **Student Loan Justice found 19 states have more student debt owed than the annual state budget.**
- **Georgia, Florida, and Missouri top the list, with debt of at least 140% of the budget in each state.**
- **Student Loan Justice Founder Alan Collinge said Biden**

must use his executive powers to cancel student debt.

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The student-debt problem numbers are massive: 45 million people owe \$1.7 trillion. But another big number is 19, as that many states have more outstanding student debt than their annual budgets.

Student Loan Justice — an organization advocating for student-debt cancellation — released a [report](#) in March on these 19 states, with Georgia, Florida, and Missouri topping the list at 169%, 148%, and 141% of debt owed relative to their budgets, respectively, and South Carolina and New Hampshire close behind at 135% and 131%.

To put that in perspective, Georgia's state budget is slightly more than \$48 billion, but Georgians' total student debt comes close to \$82 billion.

Alan Collinge, founder of Student Loan Justice, told Insider that the reason those 19 states made the list could be a result of high borrowing alongside state budgets that are smaller than others.

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He added that although President Joe Biden's Department of Education has already taken steps to cancel student debt for borrowers defrauded by for-profit schools and borrowers with disabilities, that isn't nearly enough to address the scope of the problem.

"I see this as massively unimpressive, and it really skirted around the real issue, which is the widespread catastrophic effects the student lending program is having on the citizens," Collinge said.

The key question right now is whether Biden will cancel student debt through executive order or wait for Congress to draft legislation, and similar to progressive lawmakers' arguments, Collinge said Biden does have the authority under the Higher Education Act to cancel up to \$50,000 in student debt, which would not only help borrowers, but the economy, as well.

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"There is no easier or cheaper way than to simply cancel it by executive order," Collinge said. "You don't need to raise one dime in tax, and you don't add anything to the national debt, so I think to most common-sense thinkers, this is the low-hanging fruit on the economic stimulus tree."

Democratic lawmakers like Sen. Elizabeth Warren of Massachusetts and Senate Majority Leader Chuck Schumer have long been calling for Biden to use his executive powers to cancel up to \$50,000 in student debt per person.

In a press call last month, Warren said executive action would be much quicker than going the legislative route.

"We have a lot on our plate, including moving to infrastructure and all kinds of other things," she said. "I have legislation to do it, but to me, that's just not a reason to hold off. The president can do this, and I very much hope that he will."

Schumer added in the same call that if Biden believes he can cancel \$10,000 in student debt per person, which he campaigns on, there's no reason he can't cancel up to \$50,000.

While Biden has not yet committed to canceling any form of student debt, White House Press Secretary Jen Psaki said in February that the Justice Department will review Biden's legal authority to cancel up to \$50,000 in student debt, and White House Chief of Staff Ron Klain told Politico last week that Biden asked the Education Department to prepare a memo on his legal authority to cancel debt.

At a Monday press briefing, Psaki was asked to clarify these recent statements and said Biden would "happily sign" a bill to cancel \$10,000 per person in student debt, and he has

not ruled out the option of cancelling up to \$50,000 in debt.

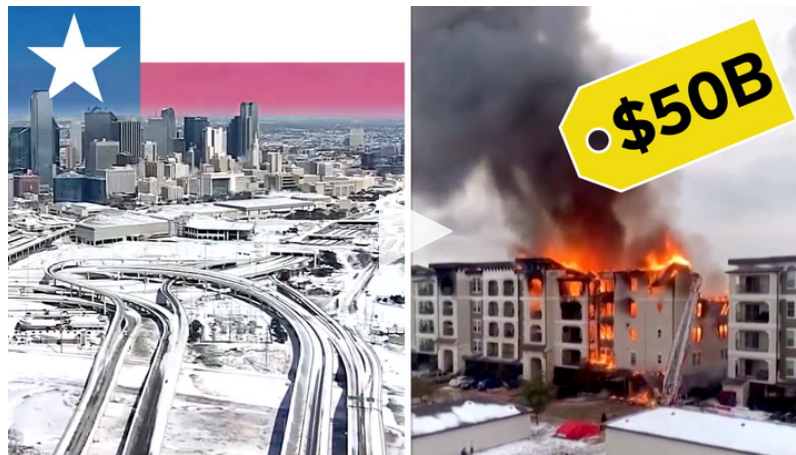
"I think that would naturally be the first step before it's a larger amount beyond there," she said. Psaki did not clarify whether Biden is in favor of using an executive order to cancel \$50,000 per person.

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