



Biden administration begins canceling student loan debt for 804,000 borrowers

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Starting Monday, hundreds of thousands of federal student loan borrowers will receive emails from their servicers with the subject line "Your student loans have been forgiven."

The notices will come as part of the Biden administration's previously announced efforts to cancel debt for 804,000 borrowers who qualify for relief under their repayment plans but haven't yet received it because of what officials have called administrative failures.

The emails were set to start going out on Monday, according to a copy of the confirmation notices to borrowers that ABC News has exclusively obtained.

It's expected that 800,000-plus borrowers will be notified of some relief in the coming weeks, and by the end of the day Monday, the Department of Education estimated that it had wiped the debt of more than 200,000 people.

Around 614,000 people are expected to have their entire student loan debts canceled, while the others might have remaining loans that they took out at different times.

The relief is targeted at people who enrolled in income-driven repayment (IDR) plans, which allow student loan debts to be forgiven by the federal government once payments have been made for 20 or 25 years, depending on the plan.

But because of well-documented errors in tracking payments, many borrowers enrolled in IDR plans have been left paying well beyond their payment end dates, with no forgiveness in sight.

President Joe Biden, whose administration has faced legal setbacks and conservative criticism in pursuing more sweeping student loan cancellation, heralded the beginning of these account adjustments as a step toward fixing what he called the broken student loan system.

"Under these plans, if a borrower makes 20 or 25 years' worth of payments, they get the remaining balances of their loans forgiven. But because of errors and administrative failures of

the student loan system that started long before I took office, over 804,000 borrowers never got the credit they earned, and never saw the forgiveness they were promised - even after making payments for decades," Biden said in a statement to ABC News.

"I was determined to right this wrong," he said.

Impacted borrowers with IDR plans should expect to receive emails from their loan servicers with the subject line "Your student loans have been forgiven" and a message of "Congratulations! The Biden-Harris Administration has forgiven your federal student loan(s) listed below with [servicer name] in full."

Administration officials were unable to provide an exact timeline for how many borrowers would receive their relief and when, citing the complicated nature of reviewing each individual loan, but said the process would be complete within weeks.

There is also the potential for lawsuits to interrupt the debt discharges, though a recent suit filed by the New Civil Liberties Alliance on behalf of the Cato Institute and the Mackinac Center for Public Policy, arguing that the Department of Education is going beyond its authority, was recently dismissed by a U.S. district court judge in Michigan.

For the time being, the Department of Education is moving forward with the plan to discharge debt for borrowers who qualify.

"We are standing up for borrowers who did everything right, but whose progress toward forgiveness went uncounted due to past administrative failures that the Biden-Harris team has worked tirelessly to correct," Secretary of Education Miguel Cardona said in a statement.

In total, the fixes to the IDR plans being made by the Department of Education will result in \$39 billion of automatic debt relief, ABC News previously reported.

Advocates for debt relief called Monday's debt relief "delayed justice."

"The Biden Administration kept its latest promise to 800,000 people who were repeatedly failed by the broken student loan system. For these borrowers, the prospect of delayed justice will be life changing," said Persis Yu, deputy executive director and managing counsel for the Student Borrower Protection Center.

Detractors like Republican Rep. Virginia Foxx, who is chairwoman of the House Education and Workforce Committee, have called the relief an abuse of taxpayer money.

"The Biden administration's blatantly political attempt to circumvent the Supreme Court is shameful. The Biden administration is trampling the rule of law, hurting borrowers, and abusing taxpayers to chase headlines," she said in a statement when the policy was announced last month.

The effort is part of a wave of changes to federal loan programs that officials have said weren't ultimately holding up their end of the deal. That includes \$45 billion in forgiveness to people

enrolled in Public Service Loan Forgiveness who weren't getting the debt relief they were promised and \$22 billion to borrowers who were defrauded by for-profit colleges.

In all, the debt relief announced by the Biden administration so far totals \$116.6 billion for more than 3.4 million borrowers, according to the Department of Education.

Biden's program to cancel student loan debt on a massive scale was rejected by the Supreme Court in June, with a majority of justices ruling that he had exceeded his power.

That program, a Biden campaign promise, would have canceled between \$10,00 and \$20,000 in federal loans for people making below a certain income.

Since then, the White House has announced a new IDR plan that will lower monthly payments to 5% of a person's discretionary income, down from 10%, and decrease the timeline for forgiveness down to 10 years of payments, from 20 or 25, if the initial loan was less than \$12,000.

The Department of Education is also in the rulemaking process to attempt debt forgiveness again through a different law, the Higher Education Act, though that's likely to face legal challenges as well.