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Cato, Mackinac Center sue Biden admin for new student loan plan, Independent Women's Forum proposes alternative

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The Biden administration's new student loan forgiveness plan faces a lawsuit after the Supreme Court **struck down** the administration's original forgiveness plan in June.

The New Civil Liberties Alliance (NCLA) filed a **lawsuit** in August representing two right-leaning think tanks, the Mackinac Center for Public Policy and the Cato Institute.

"The U.S. Department of Education's actions violate the Constitution's Appropriations Clause, which grants Congress near-exclusive authority to cancel debt owed to the Treasury," the NCLA **claims**.

The Education Department **announced** a second major student debt plan July 14, amounting to "\$116.6 billion in student loan forgiveness for more than 3.4 million borrowers."

"The primary problem with this forgiveness plan is that it ignores basic civics," Holly Wetzel of the Mackinac Center told *Campus Reform*. "Only Congress has the power and authority to unilaterally forgive debt."

"Rather than going through Congress, the Biden administration issued its latest debt forgiveness plan via a press release," she added. "This is not the first time that the Biden administration has blatantly ignored the separation of powers."

Secretary Miguel Cardona said about the Education Department's new plan, "By fixing past administrative failures, we are ensuring everyone gets the forgiveness they deserve, just as we have done for public servants, students who were cheated by their colleges, and borrowers with permanent disabilities, including veterans."

On June 30, the Supreme Court **struck down** Biden's initial plan to cancel over \$400 billion in student loan debt, declaring that the 9/11-era Higher Education Relief Opportunities for Students (HEROES) Act did not authorize this kind of cancellation.

"We are confident that the Court will recognize the complete lack of authority behind the administration's plan," Wetzel told *Campus Reform*. "If the administration continues to overstep its constitutional authority, I would expect it will continue to face legal challenges."

The Independent Women's Forum proposed an **alternative plan** that would tax universities to solve the student debt crisis.

Universities that benefited from the student debt crisis should "foot the bill," author of the report **Inez Stepman** writes, because forgiving student debt encourages universities to increase tuition even more since "the debt they're piling on their students will just be forgiven anyway," Stepman says.

The report shares several policies that aim to achieve this. One such policy would be an increase on the tax levied on endowments to colleges, which currently sits at 1.4%, courtesy of **The Tax Cuts and Jobs Act of 2017**.

Other policy prescriptions include taxing non-tuition revenue, treating university properties the same as other business pertaining to property tax, and increasing taxes on universities when tuition is increased.

The plan was well-received in a corresponding Twitter **thread**, with one user commenting, "The first time I've ever seen this proposed as a solution and it's brilliant. The universities have benefited by far the most from this whole racket."

"Tuition has massively outpaced inflation, many universities have billions in endowments and have become hedge funds that offer classes on the side," another **tweeted**.

For now, the Biden administration has **rolled out** the Savings on a Valuable Education (SAVE) plan to deal with the student debt problem. The new income-driven repayment program will reduce monthly payments according to one's income and will cancel debt altogether for some borrowers.

Campus Reform contacted Inez Stepman, the White House, and all other relevant parties for comment. This article will be updated accordingly.