



President Biden's Student Loan Forgiveness Debt Relief Denied By A Federal Judge

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In a complaint filed earlier this month, the Cato Institute and Mackinac Center for Public Policy alleged that the administration broke the law by not developing the student loan forgiveness debt relief policy through the standard regulatory procedure and giving the public a chance to comment.

Furthermore, the groups argued that the approach would undermine their efforts to recruit new members and requested the court to prevent the federal government from erasing any debt while the case is still pending.

In an 18-page ruling dismissing the action, US District Judge Thomas L. Ludington of the Eastern District of Michigan stated that the groups lacked the legal authority to obstruct one of the administration's most recent initiatives to reduce the burden of student debt.

The decision was made on the same day that the Education Department started canceling more than 804,000 federal student loan holders' \$39 billion balances after more than 20 years of repayment.

The plans claim that after 20 or 25 years of payments, the remaining balance will be canceled, capping monthly payments at a specific proportion of earnings.

After the first income-driven strategy was put in place, the government did not begin effectively tracking payments, according to a 2022 Government Accountability Office assessment.

Authorities from the state and the federal government have also charged student loan servicers for too frequently directing borrowers into long-term forbearances, a less time-consuming choice that does not contribute to loan forgiveness. Due to this, very few debtors have benefited from the programs' forgiveness.

President Joe Biden spoke out late on Monday over the administration's initiatives for student loan forgiveness debt relief and the growing number of lawsuits that are being filed to oppose them.

In response, even if borrowers were not enrolled in an income-driven plan, the Biden administration declared in April 2022 that every month that they were in repayment status would count toward student loan forgiveness debt relief.

According to the department, loosening the regulations would grant 3.6 million people at least three years of extra credit. The change made it easier for more than 800,000 people to reach the payment threshold required for loan forgiveness.

The Mackinac Center and Cato, however, asserted that Congress, which established income-driven repayment schemes in the 1990s, never authorized the Education Department to grant credit for nonpayment.

Borrowers having Direct Loans or Federal Family Education Loans owned by the department, including Parent PLUS Loans, are included in the programs targeted for the new student loan forgiveness debt relief.

The Education Department announced that student loan forgiveness debt relief for the in question borrowers has started and would impact individuals in every state shortly after the judge's order was posted on Monday.