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## **Biden Administration Extends Student Loan Payment Pause Amid Forgiveness Court Battle**

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The U.S. Department of Education announced an eighth extension to the payment pause and interest waiver on November 22. The student loan moratorium will continue until 60 days after the U.S. Department of Education is permitted to implement the student loan forgiveness program, the lawsuits opposing President Joe Biden's student loan forgiveness plan reach a conclusion, or June 30, 2023, whichever comes first.

U.S. Secretary of Education Miguel Cardona says that the Biden administration is extending the payment pause and interest waiver because it would be "deeply unfair" to require borrowers to make payments on student loans that may ultimately be forgiven.

### **Lawsuits Seek to Block Student Loan Forgiveness**

On August 24, 2022, President Biden announced a "final" seventh extension to the student loan moratorium in conjunction with his student loan forgiveness plan. Federal student loans were set to restart repayment in January 2023.

But, six lawsuits were filed to block the president's plan.

Two of these lawsuits, by Pacific Legal Foundation and the Brown County Taxpayers Association, were dismissed because of a lack of legal standing. A plaintiff must demonstrate legal standing before the court can consider the lawsuit on the merits.

A lawsuit by six state Attorneys General was dismissed because of a lack of legal standing and was appealed to the 8<sup>th</sup> Circuit Court of Appeals. The appeals court initially provided a temporary stay and later a preliminary injunction, preventing the Biden administration from discharging student loans while the appeal is pending. The Biden administration has appealed the preliminary injunction to the U.S. Supreme Court.

The court merged the legal standing and merits phases of a lawsuit by the Job Creators Network, finding that the plaintiffs had legal standing and ruling that the president's plan is unconstitutional. The court vacated the program, preventing the Biden administration from accepting more student loan forgiveness applications or discharging student loans. The Biden administration is appealing this ruling to the 5<sup>th</sup> Circuit Court of Appeals.

Two other lawsuits, one by the Arizona Attorney General and one by the Cato Institute, are still pending.

### **Tips for Borrowers**

Borrowers should take advantage of the extra time to prepare for the restart of repayment.

- Update contact information with their student loan servicers and on the StudentAid.gov website.
- Sign up for autopay, where the monthly payments are automatically transferred from the borrower's bank account to the loan servicer. Not only will this ensure a smooth transition to the restart of repayment, but the borrower will qualify for a 0.25% percentage point interest rate reduction as an incentive.
- If a borrower expects to be unable to restart repayment, they should explore options for continuing to suspend repayment with their loan servicer, such as the economic hardship deferment, unemployment deferment, and general forbearances. Borrowers can also consider switching into an income-driven repayment plan. If the borrower's income is less than 150% of the poverty line, they may qualify for a zero monthly payment under income-based repayment (IBR), pay-as-you-earn repayment (PAYE) or revised pay-as-you-earn repayment (REPAYE).
- Start saving their monthly student loan payment to get used to a tighter budget. The money, which can be saved in a high-yield savings account, can be used to pay down their student loan debt when repayment restarts, pay off other debt or build or bulk up their emergency fund.