



Biden Legal Victory Cleared The Way For Student Loan Forgiveness For 804,000 Borrowers

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A court victory for President Joe Biden this week means that thousands of borrowers are joining the growing list of people whose student loans have been forgiven since he took office.

On Monday, a federal judge in the district court of Eastern Michigan dismissed a lawsuit filed by conservative groups seeking to block a Department of Education program designed to give federal student loan borrowers more credit toward having their loans forgiven under income-driven repayment plans.

The same day, the department said it was beginning discharges of \$39 billion in student loan balances for 804,000 borrowers, implementing a plan first announced in 2022.

“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.

The latest round of student loan forgiveness brings the total number of borrowers who have had their loans discharged under the Biden administration to 3.4 million who have collectively had \$116 billion forgiven, an average of \$34,000 per borrower, according to the Department of Education.

Despite the defeat in the Supreme Court of Biden’s biggest swing at student loan forgiveness—a sweeping order that would have forgiven up to \$20,000 of debt per borrower—the administration has granted forgiveness under a modification to the Public Service Loan Forgiveness Program, and to borrowers who said they were misled by the for-profit schools they attended.

The one-time adjustment to payment counts for borrowers with IDR plans moves people closer to the 20 or 25 years of monthly payments they need to make before their loans are forgiven. The adjustment gives borrowers credit for partial payments, late payments, and for up to three years when their loans were in forbearance. The adjustment is meant to help borrowers who were improperly put into forbearance by the private companies that the government hires to collect payments and manage customer service for federal student loan programs, the department said.

Conservative advocacy groups, the libertarian Cato Institute and the pro-business Mackinac Center for Public Policy, sued earlier this month to stop the adjustment. They argued that the adjustment hurt taxpayers, and that the Department of Education didn’t have the authority to carry it out.

Judge Thomas L. Ludington threw the case out on grounds that the groups had not shown they were directly hurt by the policy, so they didn't have the right to challenge it in court. A representative of the New Civil Rights Alliance—the conservative advocacy group that brought the lawsuit on behalf of the two plaintiffs—told USA Today that they were reviewing their legal options.

The NCRA did not immediately respond to a request for comment.