



White House Bracing for Supreme Court to Kill Student Loan Forgiveness Program: WSJ

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Officials within the Biden Administration are preparing for the possibility that the Supreme Court will strike down its large-scale student loan forgiveness program, according to [reporting](#) from the Wall Street Journal.

It is expected that the Supreme Court will soon issue a decision regarding the Biden Administration's plan to eliminate an estimated \$430 billion in student loans.

Should the Court ultimately kill this program, sources told the Wall Street Journal that the administration is likely going to pursue more targeted policy options aimed at helping those who will soon be required to resume student loan payments following the expiration of a three-plus year pandemic related moratorium.

A person familiar with the matter, however, told the Wall Street Journal that these discussions occurred as part of a routine "scenario planning" that is regularly conducted in anticipation of Supreme Court decisions.

According to the report, the Education Department is also considering additional ways to relieve student debt by building upon existing loan forgiveness programs for disabled individuals, those who work in public services, and those who were "defrauded by for-profit schools."

The Biden Administration is also planning to emphasize its proposed income-based payment options that are slated for finalization later this year.

From WSJ:

"The administration's goal is for many borrowers, especially those with low incomes, to enroll in income-based repayment programs that allow them to pay a set percentage of their discretionary incomes each month. If enacted, the proposed changes would provide qualifying borrowers with significantly more generous options that could leave them debt-free sooner, while paying off only a fraction of their total loan balances."

Despite the administration's public insistence that it remains confident the Court will rule in its favor, February's oral arguments appeared to reveal doubts among the Court's conservative majority that the Education Secretary has the authority to wipe \$20,000 in federal student loan debt from accounts belonging to the millions of borrowers making less than \$125,000 a year.

President Biden's sprawling loan forgiveness plan has also recently faced challenges in the legislative branch.

Earlier this month, Biden vetoed a bill that would have canceled his plan outright.

Although efforts to pass this legislation were primarily led by Republican members of Congress, the bill did garner a handful of Democratic votes in the Senate.

Uncertainty toward this policy is also not confined just to those within government.

Americans carrying student debt were allowed to apply online for student debt reductions last year, just before the election, through an online form managed by the federal government.

Some who applied might still be wondering when they'll see their loan balances reduced by \$20,000.

Although federal student loan forgiveness may sound good to some at first glance, support for the policy diminished when individuals are prompted to consider the trade-offs.

A survey conducted by the Cato Institute in 2022 found that while 64 percent of Americans initially indicated support for student loan forgiveness up to \$10,000 for people making \$150,000 a year or less, the statistic flipped when they were presented with the costs that would likely be associated with such a policy.

Sixty-four percent of respondents reported they would oppose loan forgiveness if it resulted in a tax increase.

Even more dramatic is approximately three-quarters of respondents stated they would oppose such a policy if it were to raise the cost associated with attending college or if it would lead to credential inflation wherein more employers would require a college degree when it's not necessary for the job in question.

In light of the challenges facing the Biden Administration's federal student loan forgiveness program – not only from the Supreme Court, but also from Congress and even some voters – America's college graduates shouldn't be banking on a debt jubilee anytime soon.