



Political, Legal Battle Heats Up Over Student Loan Forgiveness

Alex Gangitano

October 25, 2022

The political and legal battle over President Biden’s student loan forgiveness plan has hit its biggest roadblock yet with a temporary legal hold on the program leaving borrowers in further limbo.

It has also opened up the potential for more opposition by Republicans, but the White House is vowing to fight back after a federal appeals court ruled on Friday that the program should be halted.

“It’s not going to stop our message. We know that there are opponents out there who don’t want us to help middle-class Americans, but it’s not going to stop us,” White House press secretary Karine Jean-Pierre said on Monday. “It is a temporary order. ... It does not reverse the fact that a lower court dismissed the case — let’s not forget that — or suggested that the case has any merit at all.”

Friday’s order from the U.S. Court of Appeals for the 8th Circuit stops the administration from disbursing relief while the court considers a challenge from six Republican-led states. A federal district judge had dismissed the case a day before, ruling that the six attorneys general representing the states did not have standing to sue because they did not demonstrate that the policy directly harms their states.

Biden on Monday also bashed Republican backlash against the plan, calling it extreme and touting the policy as a way to help working Americans bounce back after the COVID-19 pandemic.

“The Republican response? Sue the federal government and block, block that relief. That’s what they’ve done. I mean, think about this. That’s mega MAGA trickle-down politics in the extreme. I’ll never apologize for helping working and middle-class folks, Americans, as they recover from the pandemic,” he said in remarks at the Democratic National Committee.

The order marks a temporary victory for Republicans until a larger panel can weigh in, but it could lead to more actions against student loan forgiveness, said Robert Moran, a former senior policy adviser in the Education Department under former President George W. Bush.

“Republicans will continue to look for avenues to block forgiveness, and this may spur other efforts. However, the court hasn’t really ruled on anything,” Moran said. “This fight is far from over. Whoever loses the appeals court decision will inevitably appeal and won’t likely be decided until the Supreme Court weighs in.”

The president celebrated his own temporary victory just hours before the order was issued.

He touted in remarks on Friday that 22 million Americans had applied for student loan forgiveness in the first week of the applications being available. He also bashed Republicans who have attacked his student loan plan, including Sen. Ted Cruz (Texas) and Rep. Marjorie Taylor Green (Ga.), asking, “Who the hell do they think they are?”

Biden had turned his attention last week to the student loan plan and other issues such as reproductive rights to attract young people, a voting bloc that typically has low voter turnout in midterm elections.

Jean-Pierre on Monday denied the notion that it was the White House’s goal to have borrowers see any loans forgiven prior to the midterms in light of the order stopping the program.

Nonetheless, the order does cast a shadow over the plan.

But Debra Dixon, former chief of staff at the Office of Planning, Evaluation and Policy Development at the Education Department under former President Obama, argued the block could take away from the Democrats’ campaign message with two weeks until Election Day.

“The timing on the stay means that Democratic candidates probably will not be able to point to it as a win heading into Nov. 8. It isn’t clear whether the Republican attorneys general ultimately will be found to have standing, but slowing down the opportunity for bragging rights can be a win in and of itself,” she said. “We’ll see what the courts say.”

Following the order, the White House encouraged people to keep applying for the debt relief because the order does not prevent the administration from reviewing applications and preparing them for transmission to loan servicers.

The plan, which is set to forgive up to \$10,000 in federal student loan debt for borrowers earning under \$125,000 and as much as \$20,000 for borrowers who received Pell Grants, has faced multiple legal challenges.

Last week, the Cato Institute sued the Department of Education over the plan, claiming the plan is illegal because Congress didn’t authorize it. On Thursday, Justice Amy Coney Barrett denied an emergency bid by a group of Wisconsin taxpayers for the Supreme Court to block the program by ruling that the cancellation plan illegally encroaches on Congress’s exclusive spending power.

Moran, a principal at Bose Public Affairs Group, said the Barrett determination shows that legal standing has to be demonstrated through the opposition. The midterm elections, though, which are critical for Democrats fighting to hold onto their majority in Congress, could be a huge factor in the future of the student loan plan.

“The election will have a major impact on the outcome of what happens to the life of this plan. If Republicans win the House, they may try to appeal directly to the Supreme Court for an injunction until they take over in January,” Moran said. “I don’t know whether this is possible legally, but we do know that Congress has standing to challenge the plan.”

Republicans are continuing to slam the administration for the student loan plan, regardless of the order on Friday. The GOP has painted it as an unfair burden on taxpayers, who have to pay for the plan, and bashed it as a bad idea during a time of high inflation.

“Joe Biden’s plan to bail out wealthy college grads is just as unpopular and out of touch as he is,” Republican National Committee spokeswoman Emma Vaughn told The Hill.

“From fueling rampant inflation to unfairly burdening those who chose a different career path or already paid off their loans, this bailout reveals that Biden and Democrats do not care about hardworking Americans,” she added.