

Conservative Advocacy Organizations' Petition Might Prevent Student Loan Forgiveness

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Even if it ultimately loses in court, a lawsuit brought by conservative advocacy organizations might result in the demise of President Joe Biden's most recent proposal to eliminate student loan debt. This week, those opposed to loan forgiveness filed a lawsuit in federal court to block a move by the Department of Education that would cancel \$39 billion in educational loans for 800,000 borrowers. The lawsuit might be successful in getting the program blocked by the courts or delaying it until after the election of the next year when Biden might be replaced as president by a person who rejects forgiveness of student loans.

Supreme Court Rejects President Biden's Proposal

In the wake of the Supreme Court's decision to reject President Biden's proposal to cancel up to \$20,000 in debt from student loans per person, the Department of Education's move would be another financial blow to those who have taken out federal student loans. The complaint is directed at a decision made in April 2022 that would focus on long-standing income-driven repayment (IDR) arrangements, which eliminate student loan debt in exchange for 20 or 25 years of consistent monthly payments. To remedy previous recordkeeping problems made by student loan servicers, the Biden administration announced last year that it was altering the reimbursement counts of borrowers.

Income Driven Repayments

The single payment count adjustment allows borrowers to receive credit for payments they made in a variety of situations, such as when they had been enrolled in a repayment plan that isn't typically eligible for IDR or when their loan was in forbearance or another type of deferment, giving them credit for a maximum of 36 months of forbearance. The last clause aims to assist borrowers who were unjustly placed into abstinence by the private firms that the federal government recruited to handle student loan management and payment collection. The Biden administration's right to grant creditors credit for transactions they never paid is being contested in the case. It was brought on behalf of the pro-business Mackinac Center for Public Policy as well as the libertarian Cato Institute by the New Civil Liberties Alliance, an advocacy group working to weaken the authority of federal regulators. People who file cases must demonstrate that they have standing, or a direct interest in the matter at hand, as a common rule of law in U.S. courts.

Public Service Loan Forgiveness program

The government's Public Service Loan Forgiveness program (PSLF), which pardons loans for persons who work for governments or non-profit organizations if they make income-driven repayments for 10 years, is the basis for the NCLA's argument that think tanks have standing. As nonprofit organizations, the think tanks are beneficiaries of the PSLF, which is supported by the NCLA. The NCLA claims that Biden's proposal would harm think tanks by decreasing that 10-year period to as short as 7 which would lessen the motivation for individuals seeking employment for them through the PSLF program.