



## **White House Fires Back in Court Against Block on Student Loan Debt Forgiveness**

Chris Quintana

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The Biden administration on Monday rebuked a group of six states hoping to undo its plans to forgive student loan debt for millions of Americans.

It's the latest salvo in the ongoing legal bickering between conservative groups trying to derail the debt relief plan and the administration's hope of erasing millions of borrowers' debt – in keeping with a campaign promise – before the year's end.

The federal government said the states had failed to prove they would be injured by the administration's debt relief initiative. It also said any limitation the court handed down should be restricted to the states bringing the challenge, where about 2.8 million people are eligible for debt forgiveness.

The six conservative states – Arkansas, Iowa, Kansas, Missouri, Nebraska and South Carolina – have argued the president acted beyond his authority and allege they could be hurt financially by the mass forgiveness of student loan debt.

"Plaintiffs will suffer no irreparable injury from the provision of much-needed relief to millions of Americans, but the public interest would be greatly harmed by its denial," the Biden administration said in its court filing. "If the Court disagrees, any injunction should be narrowly tailored to the plaintiff States."

A federal judge in Missouri had dismissed the states' case over a lack of standing, but the group then turned to the United States Court of Appeals for the Eighth Circuit. That court granted them a stay, and it's unclear how long it will last. The White House filed a response to that stay Monday.

Since President Joe Biden announced his plan, conservatives have criticized it for being an expensive overreach of the executive branch and threatened legal action.

"Twenty-two million of you applied (in one week)," Biden said Monday at a Democratic National Committee event. "The Republican response? Sue the federal government and block that relief."

In its response, the administration said the states had failed to prove they would be affected by the federal government cancelling student loan debt, a point previously made by the district judge.

The administration also responded specifically to concerns raised by the states regarding Federal Family Education Loan (FFEL). They're commercially held, but backed by the federal government, and borrowers holding these loans don't get debt relief. Prior to Sept. 29th, they had been able to consolidate these loans into balances owned by the Education Department, but the federal government has since barred that practice.

Some of the states represented are home to quasi-state agencies that service FFEL loans, and they argued the debt relief program would cause borrowers to drop these plans for loans offered by the federal government. But the feds said they amended their plan before the states filed their case, which meant no borrower would have had reason to ditch their FFEL loans.

"Plaintiffs always have lacked standing to seek prospective relief based on alleged harms related to consolidation," the administration said.

The federal government has argued broadly that a 2003 law allows the government to alter or erase student loan debt during national emergencies, and the COVID pandemic demanded the canceling of student loan debt.

The case involving six states is but one of many legal challenges to the plan so far. Six different parties are actively challenging the plan, including the half-a-dozen conservative states suing together. In most cases, however, the suits have been dismissed almost as quickly as they've been filed.

Associate Justice Amy Coney Barrett last week denied a request to hear a case from a Wisconsin group without explanation or consulting the full court. It's unclear how the full court, which now has a conservative majority, would rule. The challenges to the president's plan have largely been brought by right-leaning organizations or states.

The case brought by the six conservative states has endured.

Biden's plan calls for eliminating up to \$20,000 in student loan debt for millions of borrowers who make less than \$125,000 individually or \$250,000 as a couple. As of Friday, Biden said 22 million people had already applied for student loan forgiveness, which is about half of the eligible applicant pool of nearly 40 million borrowers.

How many borrowers are in the 6 states represented by the suit?

Approximately 2.8 million student loan borrowers are eligible for some amount of student debt cancellation in the six states represented in the joint suit, according to data from the White House:

- Arkansas has roughly 365,000 borrowers
- Iowa has roughly 408,000 borrowers
- Kansas has roughly 361,000 borrowers
- Missouri has roughly 777,000 borrowers
- Nebraska has roughly 232,000 borrowers
- South Carolina has roughly 681,000 borrowers

Keep the loan forgiveness applications coming, White House says

The White House on Monday encouraged eligible borrowers to continue to apply for debt forgiveness so they could be reviewed and prepared to send to loan servicers.

Young voters are divided on the extent to which Biden's debt will be a motivating factor during the midterms.

More than 60% of voters ages 18 to 34 support Biden canceling \$10,000 to \$20,000 of student loan debt, according to a Morning Consult/Politico survey released in August.

In speeches, on Twitter and in op-eds, the administration has taunted some of the GOP critics of its loan forgiveness plan for supporting loans that helped businesses survive the pandemic but panning its student loan debt cancellation effort. And it has emphasized that the majority of people who will be helped are middle- or working-class people, some of whom never completed college but still have debt to pay down.

"Under the Biden-Harris administration's debt relief plan, nearly 90 percent of the benefits will go to people making less than \$75,000 per year," Education Secretary Miguel Cardona wrote in an op-ed for USA TODAY. "These are people in red states and blue states — teachers, nurses, hair stylists, veterans and home healthcare workers. Parents who took out loans so their kids could be the first in their family to go to college."

Some objectors have tried to take multiple bites at the apple, including the Pacific Legal Foundation. In that case, the foundation argued taxpayers would be unfairly taxed in some states due to the president's plan. The federal government has since given borrowers the option to opt-out of relief.

A federal judge has twice dismissed the group's challenge, and both times the foundation appealed to the United States Court of Appeals for the Seventh Circuit. That court dismissed Pacific Legal Foundation's request the first time, and a decision is pending on the second appeal.

The state of Arizona and the Cato Institute, a conservative-leaning think tank, have also separately challenged the plan. Both parties, however, argued that canceling debt en masse will undermine their efforts to recruit employees via the Public Service Loan Forgiveness program.

In the Texas case, the borrowers argued they were arbitrarily cut off from student debt relief either because they hold the wrong type of loan or they earn too much money to qualify for the program.