



The lawlessness of Biden's student loan bailout workarounds

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President Biden is defying the Supreme Court's ruling striking down his \$430 billion student loan bailout. He is advancing numerous college debt cancellation workarounds that violate the spirit, if not the letter, of the court's decision that his original plan amounts to "staggering" executive overreach.

Based on recent news reports, Biden's lawlessness appears to be part of a broader and longer-running trend. But it's not a surprise. He all but promised he wouldn't let the separation of powers get in the way of his debt cancellation plans.

"I believe the court's decision to strike down my student debt relief program was a mistake, was wrong," said Biden on the day the ruling was announced. "I'm not going to stop fighting to deliver borrowers what they need."

Biden is advancing two student loan bailout alternatives and a grace period for borrowers restarting payments after a three-and-a-half-year break due to the pandemic. These actions contradict the Supreme Court and Congress.

In July, he announced that nearly one million borrowers would have \$39 billion of student debt forgiven through a generous recalculation of the payment period for income-driven repayment (IDR) plans, which allow borrowers to pay only 10% of their earnings to their debt and then have their balances forgiven after 20 years.

How did Biden come up with this recalculation to forgive so much debt? By allowing borrowers to count the period when payments were in forbearance or deferment toward their IDR payment period.

In what world does a suspended payment count as servicing a loan? By this logic, I should be able to skip a few mortgage payments and still have my house paid off after my original 30-year mortgage term is complete. On behalf of the Cato Institute and the Mackinac Center for Public

Policy, the New Civil Liberties Alliance filed a lawsuit to block this forgiveness from taking effect.

Biden is also advancing another student loan bailout program by dramatically expanding the IDR program itself. Under the terms of his so-called SAVE plan, borrowers who make less than 225% of the federal poverty line (about \$30,800 for an individual or \$67,500 for a family) will face monthly payments of zero dollars then have their loan balances canceled in as few as 10 years. More than one million borrowers will see their student debt forgiven under this plan.

While different in style, this bailout plan has little difference in substance from the student loan bailout program the Supreme Court struck down. According to the University of Pennsylvania, this plan would cost \$475 billion, even more than Biden's original plan. Adding insult, the SAVE program allows higher earners to make de minimus monthly payments of merely 5% of their incomes above 225% of the poverty line before their remaining balances are forgiven.

Biden is also ignoring the will of Congress, which has considered but failed to pass student debt relief. In its recent debt-ceiling deal, Congress required student loan payments to resume in September.

Yet in breach of this legislation, Biden subsequently announced a one-year repayment grace period where missed payments will not count against borrowers' credit scores or risk putting them in default. Sen. Bill Cassidy, R-La., called this administrative grace "a direct violation" of this legislation Congress passed and Biden signed into law.

Biden's student loan forgiveness actions are not only executive overreach but also bad policy. They fail to address -- and, in fact, exacerbate -- the underlying reason for the college debt crisis: unaccountable colleges that overcharge students. By transferring college debt from students to taxpayers, Biden gives colleges a blank check to continue rapidly raising tuition.

A new Wall Street Journal report shows how colleges have engaged in a decades-long spending binge, including billions of dollars on five-star amenities, and passed the costs along to students in massive tuition hikes. To meaningfully fix the debt crisis, colleges must be held accountable for their role in causing it.

Finally, Biden plans to announce another broad debt forgiveness plan in the coming months under a different presumed legal authority. While the details of his bailout plan may change, the program will still be executive overreach that violates the Supreme Court's ruling and Congress' will. His lawlessness threatens the American institution of divided government.