

## Conservative Legal Group Sues To Block Biden's Student Loan Forgiveness

Josh Christenson

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A conservative legal group is suing the Biden administration to block what it says is the president's illegal and unconstitutional plan to cancel hundreds of billions of dollars in student loan debt.

Pacific Legal Foundation on Tuesday asked a federal court in Indiana to stop the Department of Education from forgiving \$500 billion of student debt beginning in October. The group says President Joe Biden is abusing a 2003 law meant to forgive student loans for veterans or service members in times of war or "national emergency." The Biden administration claims the coronavirus pandemic constitutes a national emergency.

The lawsuit is the first challenge to Biden's plan to cancel up to \$20,000 of loans per student, which is poised to cost up to \$1 trillion over the next decade. Former Obama economic adviser Jason Furman has said the cancellation will be like "gasoline on the inflationary fire that is already burning."

The Department of Education did not respond to a request for comment.

The Biden administration relied on a 2003 law, the Higher Education Relief Opportunities for Students Act, to justify the "emergency" loan cancellation. The law requires that loan forgiveness not place borrowers in a worse financial situation.

According to the Pacific Legal Foundation, Biden's plan does just that. Borrowers who are part of federal student aid programs in six states will have their loan forgiveness taxed as income, threatening their financial stability.

Frank Garrison, the plaintiff in the case, is a public interest attorney at Pacific Legal Foundation and part of one such federal student aid program. He "will be stuck with a tax bill that makes him financially worse off than continuing with his repayment program" along with hundreds of thousands of similar aid recipients in Indiana, Wisconsin, North Carolina, Minnesota, Mississippi, and Arkansas, the group said.

"Canceling student debt is unjust to those who have paid their loans or never took any," Steve Simpson, a senior attorney at Pacific Legal Foundation, said in a press release. "It will only lead to more calls for government intervention in education at taxpayers' expense."

Studies have confirmed Pacific Legal Foundation's assessment that loan forgiveness benefits those who are already financially stable. Over half of student debt is held by the top 40 percent of wage earners. Two-thirds of Americans oppose Biden's student debt cancellation if it "primarily benefits higher income people," a September Cato Institute poll found.

The case, *Garrison v. U.S. Department of Education*, was filed in the U.S. District Court for the Southern District of Indiana.