



## Does Biden have the legal authority to forgive student loans?

By Kayla Gaskins

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After months of will he or won't he, President Joe Biden is reportedly leaning toward forgiving \$10,000 of student loans for federal borrowers making less than \$125,000 a year. An announcement is expected as early as Wednesday.

"From day one, we've been really focused on making sure we're protecting our students and our borrowers," said Secretary of Education Miguel Cardona on [NBC's Meet the Press](#) this past Sunday.

The move would cost an estimated [\\$300 billion in government spending](#).

Former Clinton Treasury Secretary Larry Summers worries that forgiving student loans will make inflation worse, tweeting, "Student loan debt relief is spending that raises demand and increases inflation. It consumes resources that could be better used helping those who did not, for whatever reason, have the chance to attend college. It will also tend to be inflationary by raising tuitions."

A new [CNBC/Momentive poll](#) shows the majority of Americans share Summer's fears, with 59% saying they're concerned student loan forgiveness will make inflation worse.

Some in the president's own party point out that student loan forgiveness classifies as government spending, so it's not within his authority.

"People think the president of the United States has the power for debt forgiveness. He does not. He can postpone. He can delay. But he does not have that power. That has to be an act of Congress," House Speaker Nancy Pelosi, D-Calif., [said last month](#).

So the move could spell legal trouble.

"Members of Congress can sue to say you have taken the power that is supposed to be with us, onto yourself," said Neal McCluskey, the director of Cato Institute's Center for Educational Freedom. "The difficulty there is it would mostly be Republicans who would want to do that and right and right now they don't have the numbers to have such a suit."

Critics also accuse Biden of timing his announcement for political reasons — to fire up progressive young voters ahead of November's midterms. But he also runs the risk of alienating those who don't like the idea of another government giveaway.