



Student Loan Forgiveness: Lawsuits Pile Up Around Biden’s Initiative — Could They Succeed?

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It seems that some Americans simply cannot stomach the idea of student loan borrowers getting debt relief, as lawsuits keep pouring in challenging President Joe Biden’s loan forgiveness plan, which is already in the application stage. Whether any of the lawsuits will succeed is unclear, but they do threaten to delay the process of canceling loan debt.

As previously reported by GOBankingRates, multiple lawsuits have been filed that aim to either alter the program or shut it down — including one filed by six state attorneys general alleging that Biden is overstepping his executive powers by canceling up to \$10,000 in debt for most borrowers.

A couple of those lawsuits have already been thrown out, only to be replaced by more lawsuits. One was filed on Wednesday by the Cato Institute, a libertarian think tank co-founded by conservative businessman Charles Koch. The suit, filed in federal court in Kansas, challenges the legality of the Biden administration’s mass cancellation of student loan debt.

“Forcing taxpayers to pick up the tab for other people’s college loans is bad policy,” Cato President and CEO Peter Goettler said in a statement. “But in the case of President Biden’s order, it is also illegal, because neither President Biden nor the Department of Education has the power to cancel student loans without congressional authorization.”

The Cato suit alleges that by providing across-the-board loan-forgiveness, Biden’s plan “unlawfully” undermines Congress’s goal in enacting the Public Service Loan Forgiveness program, which forgives the remaining balance on Direct Loans after borrowers in certain public service jobs have made 120 qualifying monthly payments.

“The Constitution does not give the federal government the power to fund, guarantee, or cancel student loans,” Goettler said. “But if it’s going to wield illegitimate power, it should at least do so without additional, maybe even more fundamental, violence to the rule of law. Allowing the

executive branch to undermine the explicit policy choices of the legislative branch, as President Biden's debt-cancellation scheme plainly does, is completely beyond the pale."

On the same day the Cato Institute filed its suit, a Wisconsin taxpayers association asked the Supreme Court to block the loan forgiveness program before relief hits borrower accounts later this month, Forbes reported.

The Brown County Taxpayers Association asked the Supreme Court to immediately block the program while the group's litigation against it proceeds. The group alleges that the Biden administration exceeded its authority and violated the Administrative Procedure Act with its loan

forgiveness plan, arguing that it will lead to a "gargantuan increase in the national debt," and that only Congress should approve such large spending measures.

As Forbes noted, a lower district court has already denied the request to block the program. Among other things, the court said that by allowing taxpayers to legally challenge every federal government move, "the federal courts would cease to function as courts of law and would be cast in the role of general complaint bureaus."

Other lawsuits have alleged that loan forgiveness will be counted as income in some states and therefore lead to a higher tax burden. But the White House has maintained that federal student loan borrowers do not have to take part in the forgiveness program if they don't want to.

That's what White House Press Secretary Karine Jean-Pierre told a news briefing late last month, the Washington Examiner reported.

Opponents of the Biden-Harris administration's student loan plan are trying to stop it because

they know it will provide much-needed relief for working families," Jean-Pierre said. "Anyone who does not want to get that debt relief can choose to opt out. It is something they are able to do."