



# IN CASE YOU MISSED IT

## WSJ Editorial Board: *States Push Back on Biden's Student Loan 'Forgiveness' Schemes*

Since taking office, President Biden has attempted to “[cancel](#)” more than **\$1 trillion** worth of student loan debt – all without approval from Congress.

One of these cancellation schemes, the so-called “[SAVE Plan](#),” was unveiled *after* the U.S. Supreme Court ruled the Biden Administration’s **\$330 billion** student loan bailout as unconstitutional last summer.

Implementation of the “SAVE Plan” **is now being legally challenged by 18 states.**

The *Wall Street Journal's* Editorial Board [breaks down](#) this latest legal challenge to Biden’s unilateral student loan actions.

### BACKGROUND

President Biden’s “SAVE Plan” will result in a staggering **91 percent of new student debt** becoming eligible for reduced payments and eventual transfer to taxpayers.

The Congressional Budget Office (*CBO*) estimates the “SAVE Plan” will cost taxpayers **\$260.7 billion**; outside analysis by the Penn Wharton Budget Model (*PWBM*) projects the plan could cost up to **\$558 billion**.

**The so-called “[SAVE Plan](#)” turns the originally targeted income-driven repayment (IDR) program into a backdoor student loan cancellation scheme by:**

- ***Reducing*** monthly payments from 10 percent of borrowers’ discretionary income to 5 percent of borrowers’ discretionary income.
- ***Reforming*** the “assumed amount of expenses” from 150 percent of the Federal Poverty Line to 225 percent, resulting in:



- An individual needing an income of above **\$32,805** before being expected to pay anything.
- A family of four needing a total income of over **\$67,500** in 2023 (roughly equal to the median income of all households in the U.S.) before being expected to pay anything.
- **Covering** the cost of unpaid monthly interest for loan payments less than the full amount, including zero payments, which prevents the loan balance from growing.
- **Forgiving** loan balances after 10 years of payments, *instead of 20 years*, for borrowers with loan balances of **\$12,000** or less.



## WORD ON THE STREET



### Via [\*The Wall Street Journal\*](#):

- *“Education Secretary Miguel Cardona recently declared that if the Administration’s new SAVE loan repayment plans weren’t challenged in court, “I’m not pushing hard enough.” Congratulations, sir. **Eighteen states have now challenged this back-door loan forgiveness.**”*
- *“The Administration rolled out the SAVE plans a mere 10 days after the Supreme Court last summer struck down Mr. Biden’s \$430 billion loan forgiveness. As states argue in their lawsuits, the Education Department **rushed out the plans with sloppy regulatory analysis and illegally converted loans into de facto grants.**”*
- *“As for legal authority, the department refers to a section of the Higher Education Act that supposedly lets Mr. Cardona “craft ‘an alternate repayment plan,’ under certain circumstances.” But it **omits that the law specifies that this authority is to be exercised “on a case by case basis” to “accommodate the borrower’s exceptional circumstances.**”*
- *“The Administration is making millions of borrowers eligible for forgiveness and zero payments **no matter the circumstances.** Even the Obama Administration in a 2015 rule-making disclaimed the authority to relax repayment terms as Mr. Biden has done because “such a change would require congressional action.”*



- *“The Education Department now says there’s **no limit to how much debt it can forgive** since the secretary has “discretion as to how much a borrower must pay.” Under this view, as states argue, there is nothing to prevent the secretary from limiting debt repayment to “0.01% of income over \$1,000,000 for 1 year only” with the rest forgiven.”*
- *“**Mr. Biden is playing young people for chumps by promising lower loan payments and forgiveness that may not survive in court.**”*



# TIMELINE OF BIDEN'S STUDENT LOAN SCHEME

## BIDEN'S STUDENT LOAN SCHEME:

### Timeline of Major Events

#### August 22, 2022

Using a flawed interpretation of a 2003 law meant to provide time-limited relief to military members following 9/11, Biden announces his Administration would cancel \$10,000 of student loan debt per borrower and \$20,000 for Pell Grant recipients.

#### June 3, 2023

The bipartisan Fiscal Responsibility Act of 2023 ensures emergency student loan repayment pauses cannot be further extended, marking October 2023 as to when payments will resume.

#### June 30, 2023

President Biden responds to the Supreme Court's decision by announcing additional student loan schemes, including a finalized rule, the so-called "SAVE plan" that changes the originally target income driven repayment program to one in which 91 percent of new student debt would be eligible for reduced payments and eventual transfer to taxpayers.

#### April 8, 2024

In Madison, Wisconsin, President Joe Biden announces his latest plan to circumvent Congress and unilaterally wipe away student debt for millions of borrowers.

#### January 20, 2021

Biden promises to "forgive all undergraduate tuition-related federal student debt from two- and four-year public colleges and universities and private Historically Black Colleges and Universities and Minority Serving Institutions for debt-holders earning up to \$125,000."

#### November 22, 2022

The Department of Education extends the emergency student loan repayment pause for an eighth time since the beginning of the COVID-19 pandemic in March 2020, despite the President claiming in September 2022 that the "pandemic was over."

#### June 30, 2023

The U.S. Supreme Court finds President Biden's student loan bailout plan unconstitutional.

#### October 2023

Student loan repayment pause lifted.

**To date, President Biden has cancelled \$153 billion worth of student debt for 4.3 million borrowers**



## THE BOTTOM LINE

President Biden responded to the U.S. Supreme Court by doubling down on his costly and legally questionable student loan ‘cancellation’ plans.

Just last week, the Biden Administration [unveiled](#) a brand new tranche of rules aimed at canceling student debt, which the Committee for a Responsible Federal Budget [estimates](#) could cost taxpayers up to **\$750 billion**.

In stark contrast, the [House Budget Committee’s FY 2025 “Reverse the Curse” Budget Resolution](#) protects taxpayer dollars by ending current and future student loan bailouts.

- Click [HERE](#) to see an overview of Biden’s student loan scheme.
- Click [HERE](#) to see Chairman Arrington’s reaction to Biden’s latest student loan “Forgiveness” scheme.
- Click [HERE](#) for Chairman Arrington’s statement when President Biden announced this student loan scheme.
- Click [HERE](#) to read about Penn Wharton Budget Model’s (PWBM) analysis of President Biden’s student loan bailouts.

