

9 million received misleading emails about their student debt forgiveness applications as Biden's cancellation program heads to Supreme Court

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Nine million student loan borrowers were sent an email from the Department of Education last week correcting a confusing mix-up of information in a previous email. The first emails, sent on November 22–23, included a confusing error in the subject line stating that the application for debt forgiveness had been approved, while the body of the email only said that the application had been received and that the department was awaiting the resolution of litigation against the program for it to be processed.

So far, 26 million people have applied for debt relief with 16 million approved before the plan met legal challenges preventing the Department of Education from processing new applications. Millions of update emails were sent out in late November. Some informed borrowers that their applications were approved and awaiting resolution in court: “We received your application or have the income information to process you for loan relief. You do not need to take any further action at this time. We will keep your application information and will continue our review of your eligibility if and when we prevail in court.”

The Department of Education said that the recent correction email was to clarify any confusion and ensure that applicants were aware that their applications had not actually been approved. According to the Department of Education, the subject line error was caused by a federal contractor, Accenture Federal Services, which sent out the emails with the misleading subject lines.

Regardless of who is responsible, the unprofessional and confusing mistake demonstrates a lack of regard for

borrowers and their struggles to survive under crushing debt. Biden's plan has been consistently shown to be little more than a political stunt designed to garner support for the Democratic Party in the midterm elections with little concern for its implementation.

Biden had campaigned for president on the promise of student debt cancellation, initially pledging to cancel all federally held student debt for those making less than \$125,000 and who attended a public university or college. While campaigning, he stated, “I propose to forgive all undergraduate tuition-related federal student debt from two- and four-year public colleges and universities for debt-holders earning up to \$125,000, with appropriate phase-outs to avoid a cliff.”

But after being elected, Biden altered his policy to be just \$10,000 for those who make less than \$125,000 and up to \$20,000 for students who received Pell grants. This \$400 billion cancellation would only put a dent in the \$1.7 trillion of total student debt.

Almost immediately after the announcement of the program in August, the Republican Party jumped in to try and stop it. Multiple lawsuits were filed by Republican-controlled states and right-wing groups.

Following the complaints of Republican state governments that student loan forgiveness would harm financial interests, the Department of Education issued an unannounced ban on the ability of private loan borrowers to consolidate their loans into federal holdings, immediately excluding more than 800,000 people from the program.

Soon after, a federal appellate court put a stay on the approval of new applications until it could review the

merits of lawsuits against the program. This was followed soon after by a block on the entire program by a federal judge in Texas, which has since then prevented the Department of Education from processing or approving any new applications.

So far, 26 million people have applied for student loan forgiveness with 16 million approved before the program was blocked. None of this debt has been forgiven to this date.

From the first announcement of Biden's plan, the debt forgiveness program has been mired in legal challenges from the right and a meek response by the Biden Administration. As justification for the plan, the Department of Education invoked the 2003 Heroes Act, which includes some authority for the department to modify and cancel student debt in the case of national emergencies like the pandemic. However, conservative challengers have claimed that the Heroes Act does not grant the authority to cancel student debt en masse.

Meanwhile, proponents of student debt cancellation have argued for years that the 1965 Higher Education Act should be invoked to cancel all debt. The act grants the Department of Education the authority "to modify, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right to redemption." This act was not invoked in Biden's debt forgiveness plan.

Regardless of the legal basis for Biden's program, the \$10,000 forgiveness falls far short of alleviating, let alone resolving, the crisis of student debt.

Ten thousand dollars will be significant for many, but the nightmare that is student loan repayment will continue to trap millions. The average borrower has \$37,000 in outstanding loans and the average total cost for a public four-year degree in the United States is over \$100,000.

According to the Education Data Initiative, the cost of higher education has more than doubled over the last two decades and when accounting for interest payments, the cost of a four-year degree can be as high as \$500,000 over the life of the loan.

Much of this rise in cost is the result of decades of cuts to public funding for higher education. To offset this, the federal government expanded access to student loans, which in turn has fueled further increases in the cost of education. Research from the Federal Reserve Bank of New York estimates that every \$1 in federal

loans has increased the cost of higher education by \$0.60.

Trapped in this cycle of ever-rising costs and seemingly inexhaustible loan payments (the average student pays \$2,186 a year in interest each year, or \$43,000 over 20 years), many students and borrowers were hopeful of Biden's promise of student debt cancellation.

But it is becoming increasingly clear that Biden's debt plan was primarily meant to drum up support for the midterm elections in November. Now that the plan has faced legal challenges from the right, the Biden administration has appeared unwilling to defend it or push for congressional legislation to ensure its implementation.

The fate of Biden's plan is now in the hands of the Supreme Court, which has decided to hear arguments against the program in February of next year. With an ultra-conservative majority it is unlikely that the court will rule in Biden's favor.

The Democratic Party-controlled Congress could have intervened at any time during the first two years of Biden's term to pass legislation alleviating the burden of student debt, but refused to do so. The entire debacle shows a complete disregard for the plight of students and indebted workers, using their struggle to pay off immense debts as a political tool to leverage votes under false pretenses. For a party that recently voted overwhelmingly to impose a pro-corporate contract on rail workers and violate their right to strike, nothing more can be expected.



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