

Right-wing opposition mounts to Biden's new limited student loan forgiveness program

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More than two weeks after the Biden administration announced its revised student loan forgiveness plan—the first one having been struck down by the Supreme Court on June 30—questions are mounting about the bureaucratic process required for its implementation, along with legal challenges over the president's authority to carry it out in the first place.

On July 10, the Department of Education issued final regulations for Biden's new Saving on a Valuable Education (SAVE) plan. The core of the plan is to reduce federal student loan repayments for borrowers, including those making payments under so-called income-driven repayment (IDR) programs, as well as others using standard repayment plans.

In announcing the SAVE plan, the White House said it would apply to approximately 804,000 student loan borrowers and eliminate \$39 billion in debt. This is a significant reduction from the original plan, which would have provided loan repayment relief to 43 million borrowers and resulted in \$400 billion in debt forgiveness, although the maximum relief any individual would receive was \$20,000.

According to media reports, the details about who will qualify and how much relief individual borrowers will be given under the SAVE plan are not clear, and the specifics will not be available for months. The complete plan will not be implemented until July 1, 2024.

Since the SAVE program is being advanced under the Higher Education Act of 1965, it must go through a series of bureaucratic procedures before implementation. The procedures are called the "negotiated rulemaking process." It requires public hearings in which "feedback from stakeholders" and "experts" is solicited.

In this process, which has no time limit, a

"consensus" is supposed to take shape that determines the final character of the relief program. A previous rulemaking process to change higher education regulations took 15 months to complete.

According to a government website, the negotiators could include "students, legal assistance organizations that represent students, institutions of higher education, state student grant agencies, guaranty agencies, lenders, secondary markets, loan servicers, guaranty agency servicers, collection agencies, state agencies, and accrediting agencies."

With this list of "stakeholders," it is clear that whatever emerges from the rulemaking process will not be in the interests of working class and middle class students and their families but rather in the interests of the financial industry, which is hell-bent on making sure that no substantial relief is extended.

On July 18, the Biden administration held the first of four public hearings on its student loan proposal. The nature of the exercise was indicated by Under Secretary of Education James Kvaal, who said, "We want to help borrowers who were let down by the fundamental bargain of federal student loans—that investments in yourself and your education will help lead you to a better life."

Like Education Secretary Miguel Cardona, who said students—including those with disabilities and veterans—were "cheated" due to "past administrative failures," Kvaal did not elaborate on who "let down" student loan borrowers, or exactly what was going to be done to punish those who exploited US laws that make it impossible for those facing a lifetime of debt to get out from under it.

A study from the University of Pennsylvania Wharton School that has been widely reported says that Biden's SAVE plan will cost more than the

administration's original proposal, coming in at \$475 billion over a 10-year period. This projection says the payment reductions on the existing \$1.6 trillion in outstanding US student loan debt will cost the government \$200 billion, and the additional \$275 billion will come from payment reductions on the \$1 trillion in new loans expected over the coming decade.

The average student loan debt among all borrowers is \$32,731, and the largest group, 32 percent of the 45 million borrowers, owes between \$10,000 and \$30,000. Seventeen percent owe \$50,000 to \$100,000, and 10 percent, or 4.5 million people, owe more than \$100,000.

Currently, nearly all 45 million student loan borrowers have paused repayment since March 2020 because interest and payment requirements were frozen under emergency pandemic measures implemented by the Trump administration and kept in place by the Biden administration. As part of the deal worked out by the Biden White House with the Republicans in Congress to raise the debt ceiling, further extension of the repayment pause is blocked and borrowers will be forced to resume payments on October 1.

Right-wing political forces and representatives of powerful financial interests are mounting a campaign to block the SAVE plan, just as they did with Biden's original program. Most are preoccupied with the legality of Biden's assertion of authority over loan forgiveness.

Typical is an opinion column by Jay Everson of *Deseret News*, who says Biden's Plan B "won't work" because it "still ignores the rules laid out by the nation's founders." It continues: "Congress has to be the one making a decision as large as forgiving student loans—a move that would cost taxpayers \$400 billion. Presidents aren't dictators."

Everson also repeats a widely quoted statement from Democrat and former Speaker of the House Nancy Pelosi, who said: "People think that 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."

Virginia Foxx, Republican Representative from North Carolina, said, "Taxpayers just got sucker punched—again—by this administration." She went on to say that the Biden plan ignores the law and will "extend

the repayment pause while also ignoring the Supreme Court and still trying to do blanket loan forgiveness." She added, "What the president is pushing is illegal, inflationary and irresponsible."

Of course, none of these voices care to mention that successive US presidents have spent trillions of tax dollars on wars that destroyed entire countries and killed over 1 million people over the past three decades and that none of these wars was authorized by Congress.

The charade of "democratic process" is exposed by the fact that the massive military appropriations by the government are opposed by a majority of Americans, and a majority also supports student loan forgiveness.

A poll in February by the American Friends Service Committee showed that 56 percent of US adults supported cutting Pentagon spending and investing those funds in programs that benefit everyone, including pandemic recovery, healthcare and jobs. A survey conducted by The College Investor in May showed that 63 percent of Americans supported student loan forgiveness of \$50,000 per borrower, and 60 percent favor total debt elimination.



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