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A PATH FORWARD
FIXING STUDENT DEBT AND PROVIDING A PATHWAY TO GOOD JOBS

Christian Collins and India Heckstall

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What's at Stake?

When the Biden-Harris Administration announced its plan to cancel over $400 billion in federal student loan debt in August 2022, student loan repayments had already been **paused** on the federal level for two years. This pause highlighted how loan repayment is an economic tool that disproportionately harms students, families, communities of color, and individuals with lower incomes who either desire to pursue or are in the process of pursuing educational opportunities. Seeing the positive **impact** of the payment pause on both personal borrowers and the national economy prior to taking office, the Biden-Harris Administration committed to protecting future generations from the burden of student loan debt. Their primary pathway for doing so has been through alleviating debt for millions of current and former students overwhelmed by a postsecondary education finance system that for decades has **shifted** an ever-larger share of expenditures onto students and families.

Nearly one out of every 10 federal student loan borrowers has been approved for some form of debt relief, with $167 billion in loan forgiveness **provided** by this administration. This relief happened after the U.S. Supreme Court **struck down** the Biden-Harris Administration's prior effort to broadly forgive student debt for millions of Americans under the HEROES Act. Below is an outline of how the administration has continued to fulfill its promise in the aftermath of the Court's decision.

Recent Progress

Launching the SAVE Plan

Following the Supreme Court's decision, the Biden-Harris Administration **launched** the Saving on a Valuable Education (SAVE) plan. This income-driven repayment (IDR) plan calculates payment based on a borrower's income and family size rather than the remaining loan balance and forgives all debt after a certain number of years. The plan also caps loan repayments at 5 percent of a borrower's monthly income, halving the previous cap of 10 percent, and addresses interest accumulation, which is a key factor in growing student loan debt totals, by not charging unpaid interest for borrowers who make their monthly payments. Over 25 million borrowers **owe more** than they originally borrowed due to interest accrual and payments that don't cover monthly interest charges, even as they work to repay their loans.

Fixing the PSLF Program

Prior to the Biden-Harris Administration, only 7,000 borrowers had **received** debt relief through the Public Service Loan Forgiveness (PSLF) program since its inception in 2007. Less than 1 percent of PSLF applicants were initially **approved**, partly due to loan servicers providing **misleading** and incorrect information to borrowers. The Biden-Harris Administration **implemented** PSLF reforms through executive action, which allowed payments under any repayment plan, including non-income-driven payments made prior to direct loan consolidation, to count toward PSLF. In addition, IDR account adjustments were made to account for prior administrative and loan servicer failures. These two changes **resulted** in student loan debt forgiveness for over 876,000 public service workers and 996,000 borrowers with IDR accounts.

Engaging Stakeholders in Negotiated Rulemaking for Continued Debt Relief

The U.S. Department of Education (ED) **convened** negotiators from 16 different constituency groups to develop proposed regulations for student debt relief targeting specific borrowers. As a result, ED **published** proposed regulations for public comment to waive federal student loan debt under the Higher Education Act, including for borrowers who owe far more than they originally borrowed due to interest; those who entered repayment at least 20 years ago; those who attended career training programs that led to high debt loads or low earnings; and those who are eligible for existing forgiveness programs but never applied. Additionally, ED held a negotiated rulemaking session on debt forgiveness for borrowers experiencing financial hardship. A consensus was **reached** on the regulations, which included at least 17 factors of financial hardship. The regulatory text ED publishes in its forthcoming proposed rule will reflect the agreed-upon language.

Increasing Efforts to Provide Borrower Defense for Students Attending For-Profit Colleges

Less than $600 million in debt relief had been **approved** across all prior administrations for borrowers defrauded by for-profit institutions. The Biden-Harris Administration has consistently **advocated** on behalf of students whose colleges had closed or who had been cheated into student debt, resulting in over $28.7 billion in debt relief for these students.

Enacting a New Loan Discharge Program for Borrowers with a Total and Permanent Disability

In 2021, the Biden-Harris Administration **launched** a program to discharge federal student loans for borrowers identified as totally and permanently disabled by the Social Security Administration. This action has **provided** $14 billion in student debt relief for over 548,000 borrowers.

Potential Threats

The administration's efforts to relieve the debt burden faced by millions of borrowers have increasingly come under challenge from recent legislative and judicial actions. As the result of lawsuits filed by several states, court injunctions halted portions of the SAVE Repayment Plan in June 2024. Also that month, the Supreme Court's majority opinion in *Loper Bright Enterprises v. Raimondo* **limited** the ability of all federal agencies to interpret laws expansively, potentially making it more difficult for ED to provide relief to borrowers through administrative action. Additionally, members of Congress have **proposed** bills to prohibit student loan forgiveness for borrowers impacted by specific types of misconduct from their institutions, signaling a strategy of passing bans on forgiveness for certain groups instead of a blanket ban. These actions, and the Heritage Foundation's Project 2025's call for modifying or rescinding federal student loan forgiveness programs, demonstrate the need for explicit legislative support from Congress to achieve substantial student debt relief.

What's Next

For far too long, the harmful cycle of student debt has punished individuals seeking educational pathways to better their lives. Following the Supreme Court's ruling, Congress has an even greater responsibility to break this cycle. The administration cannot fully address the challenge of reversing the shift of the systemic costs of education onto individual students and families without Congressional support. In the fiscal year 2025 budget cycle, increased funding and expanded eligibility for federal aid programs like Pell Grants and providing a federal guarantee of a tuition-free community college education are crucial components of any efforts to reduce and prevent student debt. Policymakers should also take actions to protect borrowers from future efforts to roll back student debt cancellation.