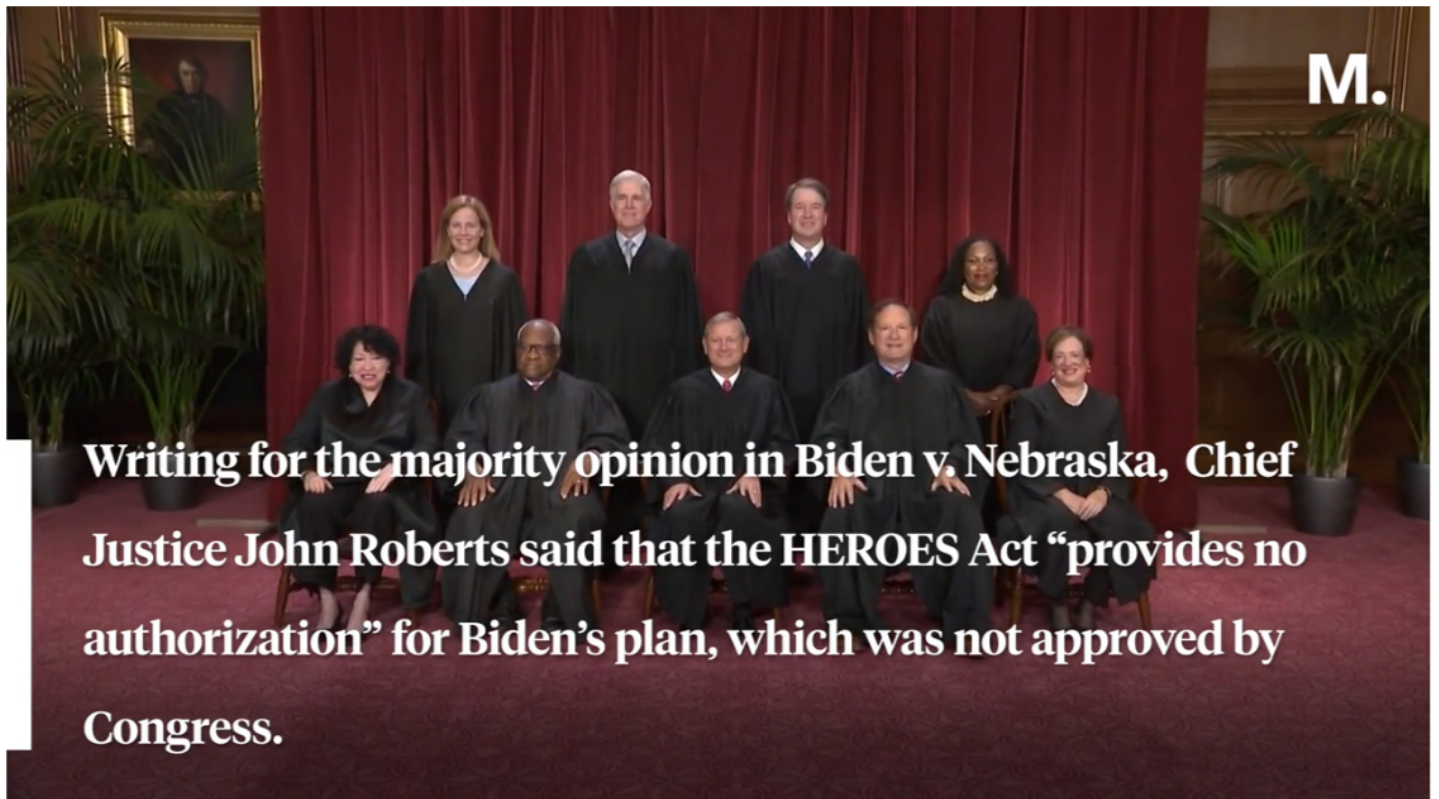
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Supreme Court Strikes Down Student Loan Forgiveness Plan for 40 Million Borrowers

The court ruled 6-3 that Biden didn't have the authority to cancel debt

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[Ben Kessler](#)



The Supreme Court struck down President Joe Biden's plan to wipe away up to \$20,000 from federal student loan balances in a 6-3 vote Friday.

The ruling, widely expected from the conservative-leaning court, is a major blow to the president's agenda and many of the more than 40 million borrowers who were holding out hope the controversial relief measure would still materialize.

Biden responded Friday afternoon, announcing at a press conference that he would [pursue a different way](#) to "compromise, waive or release loans under certain circumstances," but warned the process would take longer.

"I'm never going to stop fighting for you," he said. "The court misinterpreted the Constitution."

Letting the Biden administration forgive an estimated \$430 billion in outstanding student loan debt [would have been the saving grace](#) for borrowers who [must start making monthly loan payments](#) again this fall — particularly the 14 million or more who stood to have their entire balance canceled.

The Education Department recently announced it wouldn't grant any further extensions on a payment moratorium that was triggered by the pandemic, though to cushion the blow Biden said Friday there would be a 12-month transition period in which interest would accrue but borrowers wouldn't otherwise be penalized for missed payments.

Writing for the majority opinion in [Biden v. Nebraska](#), Chief Justice John Roberts said that the HEROES Act "provides no authorization" for Biden's plan, which was not approved by Congress. Roberts was joined in the majority opinion by the five other conservative justices. Justice Elena Kagan dissented and was joined by the court's two other liberal justices.

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The court also ruled on another case related to the debt forgiveness plan, the *Department of Education v. Brown*, but unanimously decided the plaintiffs had no standing to challenge Biden's plan.

Like many subsidies, loan forgiveness — or cancellation — is a divisive issue. The Democrat president and his supporters say it's about giving middle-class borrowers a chance to get out from under, particularly those that are still suffering financially following the economic aftershocks of the pandemic. College tuition has gotten so expensive that it's nearly impossible to avoid burdensome debt, they argue.

But Republican opponents consider it an unfair bailout and say taxpayers shouldn't have to foot the bill when many of them couldn't afford to go to college or found a way to pay for it themselves. Other opponents say the Biden administration cast too wide a net with the plan, setting the income limits too high and wrongly including people who don't really need financial relief.

"Justice was served today," wrote Beth Akers, a senior fellow at the American Enterprise Institute who is one of those opponents. "The Court was right to stop this dramatic overreach by the White House. The power of the purse remains with the US Congress. And if Democrats want to spend taxpayer dollars in this way, they'll need to retake both houses of Congress and maintain the White House in 2024 in order to do it with legislation."



The ruling impacts student loan borrowers around the country. Tom Werner/Getty Images

The question before the court was not related to the policy debate, but instead focused on whether the Biden administration has the authority to cancel federal student loans. Administration officials argued they were justified under the HEROES Act, a 2003 law that allows the U.S. education secretary to "waive or modify"

provisions of federal financial aid programs during emergencies like the pandemic.

But that was challenged by two separate lawsuits that made it to the Supreme Court, *Biden v. Nebraska*, filed by six states including Missouri — home to one of the larger student loan servicing companies — and *Department of Education v. Brown*, filed by two student loan borrowers who said the program unfairly excluded them from benefiting fully.

In the majority decision on the Nebraska case, Roberts said while the HEROES Act allows Cardona to “waive or modify” existing provisions, it doesn’t let the administration “rewrite that statute from the ground up.” The president’s loan program was [too radical to count as a modification](#), Roberts said, and would have required Congressional authority.

He cited Biden’s ally, former Democratic House Speaker Nancy Pelosi, in the decision: “As then-Speaker of the House Nancy Pelosi explained: ‘People think that the President of the United States has the power for debt forgiveness. He does not.’”

It was a reference noticed by Republican House Speaker Kevin McCarthy, who [wrote on Twitter](#) “The Court called out Pelosi in its decision...I agree with her for once!”

“The 87% of Americans without student loans are no longer forced to pay for the 13% who do,” McCarthy tweeted.

In her dissent, Kagan wrote that Cardona “did only what Congress had told him he could,” and said it was not the Biden administration that overreached but rather the court itself in striking down the forgiveness plan.

Kagan also said the mostly GOP-led plaintiffs in the case — Arkansas, Iowa, Kansas, Missouri, Nebraska and South Carolina — “have no personal stake in the Secretary’s loan forgiveness plan.”

“They are classic ideological plaintiffs: They think the plan a very bad idea, but they are no worse off because the Secretary differs,” she wrote.

Biden had pledged to cancel some student debt during his presidential campaign, but it was unclear if he would make good on that — or how he would go about it — until his Education Department unveiled the much-awaited plan last August. Less ambitious than the \$50,000 proposals of his progressive rivals on the campaign trail, his plan promised forgiveness for those earning up to \$125,000 a year — \$20,000 for anyone who had gotten a Pell Grant, which is given to those with lower incomes, and \$10,000 for the others.

The ruling is “another punch in the gut, just like *Roe v. Wade*,” said Steven Mewha, a 38-year-old lawyer from Honolulu, Hawaii, who has almost \$200,000 in debt from earning his undergraduate and law degrees. He spoke before the opinion came down, expecting it to disappoint.

Jess Gawrych, who would’ve been eligible for the full \$20,000 in forgiveness, was

initially disappointed that Biden didn't propose a more ambitious plan but felt it was a step in the right direction. The 30-year-old communications specialist has about \$96,000 of debt and said they feel anxious now about having to resume payments, which restart in October.

"I worry about how and if I will be able to generate savings as I have to start repaying those loans," Gawrych said before the decision, noting the \$20,000 would have helped significantly lower their monthly payments.

Dan Urman, who teaches public policy at the Northeastern University School of Law, wasn't surprised the court knocked down Biden's plan.

"This is not a wild and crazy exercise of administrative power," he said before the decision. "The reason I thought it was doomed is the makeup of the court."

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