



‘Just Kidding’: Biden Yanks Student Loan Forgiveness From 770,000 Borrowers

Description

USA: In a jarring reversal, **the U.S. Department of Education on Thursday quietly revised its online guidance on who qualifies for the \$10,000 of student loan forgiveness** that President Biden announced in August. In doing so, it pulled the rug out from under at least several hundred thousand people.

At issue: Borrowers who have Perkins loans and Federal Family Education Loans (FFEL). Those earlier-generation loans were guaranteed by the federal government but were issued and are managed by private lenders. The FFEL program ran from 1965 to 2010; Perkins loans ended in 2017.

People who have FFEL loans are older, have families, many obligations and are being crushed by this ongoing debt. Retirement? Gotta keep paying those student loans. New car? Appliances? Kids college? Nope. Nope.

— as the crow flies?? (@anandasara) [September 30, 2022](#)

Previously, the Department of Education’s online guidance said Perkins and FFEL loans could be consolidated into federal direct loans and then qualify for debt forgiveness.

On Thursday, however, the Department of Education — without fanfare or a press conference — changed the rules by adding this content to its website: “As of Sept. 29, 2022, borrowers with federal student loans not held by ED cannot obtain one-time debt relief by consolidating those loans into Direct Loans.”

This is no marginal change: An anonymous Biden administration official told *Reuters* it will affect 770,000 borrowers. That estimate relies on the fact that many of the 4 million total FFEL borrowers also have direct loans and can still qualify for consolidation.

“This is a gut punch, to say the least,” tweeted Betsy Mayotte, president of the Institute of Student Loan Advisors. **“This is one of the most harmful decisions I’ve seen come out of the Ed in a long time.”**

The [@FAFSA](#) just updated their website to say that ffel borrowers who didn’t consolidate before 9/29 aren’t eligible for debt relief. As recently as yesterday the site said they were working on a solution for these borrowers. This is a gut punch to say the least...

— Betsy Mayotte (@betsy514) [September 29, 2022](#)

The Education department says it’s “assessing whether there are alternative pathways to provide relief to borrowers with federal student loans not held by ED.”

The harsh withdrawal of the debt forgiveness from nearly a million or more Americans came on the same day that **Arkansas, Iowa, Kansas, Missouri, Nebraska and South Carolina asked a federal judge to impose an immediate temporary restraining order** on entire the debt forgiveness scheme.

The suit specifically [attacks](#) the forgiveness of FFEL loans, arguing that doing so deprives private lenders of assets and “the ongoing payments that those loans generate.”

In their [lawsuit](#), the states also more broadly allege that Biden is overstepping his authority by using the 2003 HEROES Act to wipe away the debt. That legislation focused on aiding active duty military service members serving in the war on terror.

“It is inconceivable, when it passed the HEROES Act, that Congress thought it was authorizing anything like the Administration’s across-the-board debt cancellation, which will result in around half a trillion dollars or more in losses to the federal treasury,” the six state attorneys general wrote in their filing.

The estimated cost of the debt forgiveness scheme has already soared in just the first month after it was announced. **The Congressional Budget Office says it will cost at least \$400 billion** over three decades, far above earlier estimates of \$300 billion.

Biden’s loan forgiveness proclamation was in keeping with a 2020 campaign pledge, and the announcement was clearly timed to maximize its impact on the midterm election. **However, after Thursday’s jolting move by the Biden administration, some 770,000 to 4 million borrowers may be feeling a little less confident in Democratic governance.**

Nigga said that student debt relief was a Labor Day Sale only <https://t.co/8Zr7jQOMmq>

— Roadkill Ricky (@tkm11218) [September 29, 2022](#)

by Tyler Durden

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