

Biden Cancels an Additional \$9 Billion in Student Loan Debt

The move comes just three days after student loan repayments resumed following a three-year pause.

**By Zach Montague
New York Times**

President Biden canceled an additional \$9 billion in student debt on Wednesday as repayments [started up again this month](#) after a three-year pause.

The move affects 125,000 people who qualify under existing programs, including for public-service workers such as teachers and firefighters and for people on permanent disability, according to [a White House statement](#).

“This kind of relief is life changing for individuals and their families,” Mr. Biden said on Wednesday.

The announcement comes as Mr. Biden tries to find workarounds to offer some debt relief after the [Supreme Court struck down](#) his more ambitious plan over the summer. That plan would have wiped out more than \$400 billion in student debt for about 43 million borrowers.

Under the [original plan](#), borrowers who made under \$125,000 as an individual (or \$250,000 for couples) would have qualified for up to \$20,000 in relief if they had received a Pell Grant and \$10,000 if they had not.

The Supreme Court found that Mr. Biden’s loan plan exceeded his authority — a decision that shot down one of the president’s signature policy efforts and a key promise to voters as the 2024 campaign heats up.

Mr. Biden hammered the court on Wednesday for its decision in June.

“The money was literally about to go out the door, but Republican elected officials and special interests stepped up and sued us,” he said. “The Supreme Court sided with them, snatching from the hands of millions of Americans thousands of dollars in student debt relief that was about to change their lives.”

Interest on outstanding student loans began to accrue again in September. [Many economists have expressed concerns](#) that the resumption of student loan payments this month could cause a substantial drag on the economy at a critical point in the country’s economic recovery, in which fears of a lurking recession remain.

With the additional \$9 billion, the administration said it had managed to extend \$127 billion in relief to nearly 3.6 million Americans.

The money comes through “[fixes](#)” the Education Department made to several debt relief programs, including the [Public Service Loan Forgiveness](#) program.

More than \$5 billion will go toward relief for 53,000 employees working in federal, state and local government and other organizations that qualify for the program. Mr. Biden said that because of “red tape,” only 7,000 people in the Public Service Loan Forgiveness program had received the relief they were eligible for over nearly 15 years.

Another \$2.8 billion was directed toward about 51,000 people who have been paying down an undergraduate loan for 20 years or more but missed out on some amount of forgiveness eligibility. The Education Department said it had achieved this by fixing “historical inaccuracies in the count of payments that qualify toward forgiveness” for those borrowers.

The rest of the money goes toward those on disability.

Since his setback in the Supreme Court, Mr. Biden has pledged to use executive action to decrease the burden on borrowers.

Last month, the administration distributed \$37 million to help more than 1,200 students who took on debt to take classes through the University of Phoenix, which [the Federal Trade Commission said](#) misled students with dishonest ads and promises of high-paying jobs.

In August, the administration began enrollments for a new income-driven plan [known as SAVE](#), which allowed about 30 million borrowers with federal undergraduate or graduate loans to recalculate their monthly payments after taking into account their income and family size.