

# Supreme Court rejects Biden's appeal to lift injunction on student debt relief plan

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On August 28, the US Supreme Court rejected the Biden administration's request to lift a lower court injunction against its "Saving on a Valuable Education" (SAVE) student loan forgiveness plan.

The 8th Circuit Court of Appeals, based in St. Louis, the lower court in question, rendered a sweeping injunction requested by Republican state government litigants. This blocked the remaining provisions of SAVE not blocked by two lower court rulings.

The Biden administration criticized this sweeping injunction as effectively granting an appeal requested (and subsequently denied) in another lawsuit in the 10th Circuit Court of Appeals by the Republican governments of Alaska, South Carolina and Texas to put the whole plan on hold. Both cases were sent back to their respective circuit courts of appeal.

Borrowers enrolled in SAVE were placed in forbearance, an interest-free payment pause, in June, and, according to the US Department of Education, will remain there until the resolution of the lawsuits.

SAVE was launched in July 2023, lowering the relative amount required to pay towards student loans in order to count toward debt forgiveness. Before, under the REPAYE program, borrowers were required to pay a percentage of their "discretionary" income above 150 percent of the federal poverty line. SAVE raised the amount protected to 225 percent, or any income below \$33,885 before taxes for a single person living in the contiguous 48 states.

The amount paid of income earned above this level is 5 percent for undergraduate debt, and between 5 and 10 percent for above-undergraduate level debt. While the plan "forgives" student loans of \$12,000 or less after 10 years of "income-driven repayment," as we previously wrote, undergraduate and graduate degree debt holders, who have on average \$29,400 and

\$38,787 in debt respectively, would have to work around a quarter or a third of their remaining life to reach "forgiveness" for their student loans. The plan had forgiven about 0.3 percent of the \$1.75 trillion in student loan debt before being put on ice.

The appeal by the administration was rejected in an unsigned two-sentence order. The significance of an unsigned order is that no objection was lodged by any of the justices, indicating the tacit agreement of the liberal minority on the court. The Supreme Court, which struck down Biden's previous student loan forgiveness plan, could intervene at a future date, especially if the lower courts render a verdict in favor of SAVE.

SAVE's "income-driven repayment" (IDR) plan is currently blocked, with all SAVE payments blocked and not accruing interest. Of the 8 million borrowers enrolled in SAVE, the 3.4 million who owe monthly payments are currently in indefinite administrative forbearance, with payments not due even if bills are received. While in indefinite forbearance, however, borrowers will not earn credits towards IDR or Public Service Loan Forgiveness (PSLF), according to the Department of Education.

Education Secretary Miguel Cardona, appearing on "CBS Morning," said the Biden administration was continuing to fight the lawsuits in court.

Several corporate publications aligned with the Democratic Party have pointed to the fact that a second Trump administration would likely drop the defense of the SAVE plan. The Democrats, when they had control of the House, the Senate and the presidency in 2021, failed to pass any legislation codifying student loan forgiveness.

The various half-measures proposed by the Biden administration, and now embraced by the Kamala

Harris campaign, do not in any sense establish higher education as a social right. While funding for war with Russia, Israeli genocide in Gaza and attempts to provoke a wider regional war with Iran, and preparations for war with China meet with bipartisan agreement, even bandaid measures to alleviate some of the financial pressures weighing down on students and ex-students are fiercely resisted by the courts and opposed by congressional Republicans.

To put it simply, the program of global war cannot be reconciled with even the most minimal program of social reform. President Lyndon B. Johnson's Great Society social reforms were scrapped as his imperialist war against Vietnam escalated. The constituency for such reforms in the ruling class has long since dissipated.

The \$1 trillion military budget is diverted from the pockets of the working class and extracted through the destruction of the social conditions of workers and young people. From the standpoint of the bourgeoisie, every dollar not squeezed out of student loan holders is a dollar that could have been used for weapons for world war—not to mention the lining of their own pockets.

In the present epoch of imperialism, only a revolutionary program is capable of defending and establishing democratic and social rights, such as the right to a free, quality education, as well as defeating fascism and stopping world war. This is explained in the main resolution of last month's Eighth National Congress of the Socialist Equality Party (US), titled *The 2024 US elections and the tasks of the Socialist Equality Party*, which states under Point 40:

Immediate measures must be taken to promote social equality and a radical redistribution of wealth, including a progressive income tax that places the burden of taxation on the rich while lowering taxes for the vast majority of the population. Taxes on the profits of all major corporations must be sharply increased. The wealth of the capitalist oligarchs must be seized, while immediate measures must be taken to alleviate the crushing debt burden on workers, including the cancellation of household and student debt.

The program explicitly calls for the working class to expropriate the banks and financial institutions and nationalize all corporations valued at over \$10 billion. Such socialist and revolutionary measures, carried out by the working class united as an independent social and political force against both capitalist parties and the entire profit system, provide the only basis for ending the servitude of millions of student loan borrowers to the banks, hedge funds and billionaire oligarchs.



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