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Watch: Biden’s Student Loan Debt Cancellation Plan Undermines Congress, Says NCLA

Cato Institute v. U.S. Department of Education, Miguel Cardona, Richard Cordray and Joseph Biden



Photo: President Joe Biden announces student loan debt relief plan.

Washington, DC (June 8, 2023) – The Biden Administration’s illegal plan to unilaterally cancel student loan debt is getting pushback in the courts from the nonpartisan nonprofit civil liberties group, New Civil Liberties Alliance. A [video](#) released by NCLA outlines how the U.S. Department of Education’s unlawful plan to forgive 500 billion dollars in student loan debt not only makes end-run around Congress, but also circumvents the pre-existing Public Service Loan Forgiveness (PSLF) program by erasing non-profit organizations’ significant competitive advantage to recruit and retrain talented borrower employees.

NCLA represents the Cato Institute, a nonprofit organization that promotes individual liberty, limited government, free markets, and peaceful international relations. The complaint argues the Biden Administration’s arbitrary one-time student loan debt cancellation scheme violates the Constitution’s Appropriations and Vesting clauses, infringing on Congress’ sole power of the purse. The program abuses the Department of Education’s discretionary power and must be set aside.

Nonprofits attract and retain employees with incentives that Congress put in place through the PSLF program, which allows student loan borrowers to receive outstanding balance forgiveness following ten years of work at a qualifying nonprofit organization, like Cato. The PSLF program features stringent debt cancellation criteria, which pose a severe challenge for those claiming that Congress empowered the Secretary of Education to arbitrarily forgive debt without requiring borrowers to meet such standards.

Excerpts from the video:

“The reason the Constitution invests Congress with the power of the purse is that only Congress has the bandwidth to really consider the broader implications of whether or not to spend billions and billions of dollars on a particular program or not. The Department of Education is too myopic. It can’t make that determination.”

— **Sheng Li, Litigation Counsel, NCLA**

“One of the real geniuses of our system of government, and the Constitution itself, is to protect us from overweening government by dividing power among different branches of government and different levels of government. And if we allow that constitutional structure to be not only disrupted, but just ignored wholesale by ambitious political actors like President Biden, then that puts all of us at tremendous risk.”

— **Clark Neily, Senior Vice President for Legal Studies, Cato Institute**

For more information visit the case page [here](#).

ABOUT NCLA

[NCLA](#) is a nonpartisan, nonprofit civil rights group founded by prominent legal scholar [Philip Hamburger](#) to protect constitutional freedoms from violations by the Administrative State. NCLA’s public-interest litigation and other pro bono advocacy strive to tame the unlawful power of state and federal agencies and to foster a new civil liberties movement that will help restore Americans’ fundamental rights.

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