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In NCLA Victory, Eighth Circuit Blocks Illegal Biden Admin Plot to Cancel Student Loan Debt

***State of Missouri, et al. v. President Trump, et al.* (*f/k/a/ State of Missouri, et al. v. President Biden, et al.*)**

Washington, DC (February 19, 2025) – The U.S. Court of Appeals for the Eighth Circuit has upheld and expanded the district court's preliminary injunction in ***Missouri, et al. v. Trump*** (originally ***Missouri, et al. v. Biden***) to stop the Biden Department of Education's entire "SAVE" plan. The New Civil Liberties Alliance had long advocated for this outcome. The Eighth Circuit also enjoined a "hybrid" plan that the Department cobbled together to circumvent the district court's initial injunction. The SAVE plan rewrote the 1993 amendments to the Higher Education Act (HEA) to transform student-loan-***repayment*** plans Congress did authorize into loan-***cancellation*** plans Congress did not authorize—at a $475 billion cost to taxpayers. After arguing against the unlawful SAVE plan for years, including in ***amicus curiae*** briefs filed in ***Missouri v. Biden***, NCLA commends the Eighth Circuit for rejecting this unconstitutional Executive Branch attempt to wield legislative power.

NCLA has advocated against the SAVE plan since it was proposed in 2023, pointing out that it exceeds the Secretary of Education's authority under the 1993 HEA amendments, which do not authorize student loan debt cancellation. The 1993 law states that "income contingent repayment shall be based on the [borrower's] adjusted gross income," and would "not … exceed 25 years." Nothing in the statute even contemplates the cancellation of loans—it merely allows repayment on a longer time horizon compared to the standard 10-year plan, thus allowing for lower monthly payments. The Department wrongly claimed the statute's language allowed it to enact SAVE, an income-contingent repayment plan with monthly payments so low that very little would be repaid by the end of the repayment period, at which point the substantial remaining balance would be cancelled.

"If the federal officials' interpretation of the power under [the 1993 law] is accepted, the Secretary could simply require a borrower to pay 0.5% of the total of his adjusted gross income minus 5000% of the federal poverty line for a payment period of ten years before having his loans forgiven," Eighth Circuit Judge L. Steven Grasz wrote, echoing observations—and in fact, nearly the same example—provided by NCLA.

As NCLA had urged, the Eighth Circuit recognized that the Department's claim that the 1993 law authorizes virtually unlimited cancellation under the guise of repayment would have undermined congressionally enacted repayment plans that do provide for limited and targeted loan cancellation under stringent conditions. For instance, Congress would have had no need to enact the Public Service Loan Forgiveness (PSLF) program in 2007, which forgives qualifying public servants' loans after they complete 10 years of repayment, if the Department had authority to forgive public servants'—and anyone else's—loans since 1993.

NCLA had long urged entities with standing, including States, to challenge the illegal SAVE plan, sharing arguments as to why it is unlawful. In 2024, several States launched the ***Missouri v. Biden*** lawsuit in the Eastern District of Missouri, winning a preliminary injunction against parts of the SAVE plan and ultimately securing the latest Eighth Circuit victory.

NCLA released the following statements:

"NCLA warned two years ago that the 1993 ICR statute does not authorize any loan cancellation—it merely allows for lower monthly payments over a longer time horizon. The Department of Education ignored that warning and relied on that law to create a $475 billion loan-cancellation program, which courts predictably found to be unlawful. Now, millions of borrowers are in limbo, and the blame for this debacle falls squarely on agency officials who induced them to join a program those officials should have known was illegal from the start."
— **Sheng Li, Litigation Counsel, NCLA**

"The SAVE program designed under Richard Cordray and Miguel Cardona in Biden's Department of Education was always blatantly illegal. They cynically persisted in implementing it anyway, believing that no one with standing would be found to oppose them in court, that the courts would let them get away with it, or else that it would be impossible to put the loan-forgiveness genie back in the bottle. The Eighth Circuit's wise decision spells an end to all that futile wishcasting and helps keep taxpayers from having to pay off other people's student loans."
— **Mark Chenoweth, President, NCLA**

For more information visit the *amicus* 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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