

No. 22-3179

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

STATE OF NEBRASKA, *et al.*,
Plaintiffs-Appellants,

v.

Joseph R. Biden, Jr., in his official capacity as the President of the
United States of America, *et al.*,
Defendants-Appellees

On Appeal from the United States District Court
for the Eastern District of Missouri
The Honorable Henry E. Autrey, Judge Presiding
Case No. 4:22-cv-1040-HEA

Brief of *Amicus Curiae*
Hamilton Lincoln Law Institute
in Support of
Plaintiffs' Emergency Motion for Injunction Pending Appeal

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Rule 26.1 Corporate Disclosure Statement

The *amicus curiae* Hamilton Lincoln Law Institute is a nonprofit corporation. It does not issue stock, and is neither owned by nor is the owner of any other corporate entity, in part or in whole. It has no parent companies, subsidiaries, affiliates, or members that have issued shares or debt securities to the public. The corporation is operated by a volunteer Board of Directors.

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Interest of *Amicus Curiae*

Amicus curiae Hamilton Lincoln Law Institute (“HLLI”) is a 501(c)(3) public-interest law firm committed to, *inter alia*, defending the constitutional separation of powers and principles of limited government against executive-branch abuse. *E.g.*, *Competitive Enterprise Inst. v. FCC*, 970 F.3d 372 (D.C. Cir. 2020). This case not only presents critical separation-of-powers issues, but has personal resonance for the many attorneys of HLLI who expect to pay tuition for children attending college. The government’s illegal changes to federal student loan policy will create perverse incentives that will substantially raise tuition for future students. *E.g.*, David O. Lucca, *et al.*, *Credit Supply and the Rise in College Tuition: Evidence from the Expansion in Federal Student Aid Programs*, FED. RESERVE BANK OF N.Y. STAFF REP. #733 (rev. Feb. 2017); Alex Tabarrok, *The Student Loan Giveaway is Much Bigger Than You Think*, Marginal Revolution blog (Aug. 27, 2022). Regrettably, because this actuarially certain expectation of future economic harm is not “imminent,” existing standing doctrine arguably precludes HLLI attorneys from bringing suit on behalf of themselves. Missouri, on the other hand, has suffered cognizable injury. Ilya Somin, *Federal Court Issues Dubious Decision Dismissing Six-State Lawsuit Against Biden Loan Forgiveness Program for Lack of Standing*, Volokh Conspiracy blog (Oct. 20, 2022). HLLI supports Missouri’s suit.

HLLI states under FRAP 29(a)(4)(E) that no counsel for a party other than HLLI authored this brief in whole or in part, and no counsel or party other than HLLI made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus* or its counsel made a monetary contribution to its preparation or submission. All parties have consented to the filing of this brief. FRAP 29(a)(2). Because the rules limit appellants' motion brief to 5,200 words, we limit our *amicus* brief to under 2,600 words.

Summary of the Argument

The states' brief ably states the major-questions doctrine violation that the contested executive action presents. Emergency Mot. 17-21. This brief will not rehash those arguments, but seeks to aid the Court through adding important context through focusing on the legislative text and history of the HEROES Act that demonstrate the mastodon-in-the-mousehole problem here. *Cf. Whitman v. American Trucking Assoc., Inc.*, 531 U.S. 457, 468 (2001).

Argument

The text and legislative history of the HEROES Act demonstrate the absurdity and illegality of the executive branch’s attempted violation of the major-questions doctrine.

The administration has relied upon the HEROES Act to both execute the Debt Forgiveness Program—at a cost of hundreds of billions of dollars—and to evade the normal notice-and-comment protections of the Administrative Procedure Act. *Cf.* 20 U.S.C. §1098bb(b)(1)-(2). This approach violates the text and intent of the Act.

The HEROES Act was a wartime measure passed in the wake of the September 11 attacks and again shortly after the start of the Iraq War. *See* Pub. L. 107-122, 115 Stat. 2386 (Jan. 15, 2002); Pub. L. 108-76, 117 Stat. 904 (Aug. 18, 2003). Initially the Act was to sunset in 2005, but Congress extended it for two additional years (Pub. L. 109-78, 119 Stat. 2043 (Sept. 30, 2005)), and in 2007, Congress made the Act permanent with no amendments. Pub. L. 110-93, 121 Stat. 999 (Sept. 30, 2007).

From the acronym title of the bill to the text of the HEROES Act itself, every aspect of the law is targeted to military personnel. Section 1098aa(b) sets forth Congress’s findings justifying the legislation; each finding speaks exclusively with respect to the armed forces and the men and women who serve in them. Congress recognized that “The men and women of the United States military put their lives

on hold, leave their families, jobs, and postsecondary education in order to serve their country and do so with distinction.” 20 U.S.C. §1098aa(b)(5). The final finding concludes “There is no more important cause for this Congress than to support the members of the United States military and provide assistance with their transition into and out of active duty and active service.” 20 U.S.C. §10988aa(b)(6).

Other provisions of the HEROES Act similarly are exclusively devoted to members of the armed services. For instance, §10988cc deals exclusively with “Tuition refunds or credits for members of armed forces” and the definitions in Section 1098ee relate largely to terms such as “Military Operation,” “Active Duty,” and “Qualifying National Guard Duty.”

Furthermore, the Act only authorizes the Secretary to waive or modify any provision relating to student financial assistance programs “to ensure that recipients of student financial assistance . . . who are affected individuals are not placed in a *worse* position financially in relation to that financial assistance because of their status as affected individuals.” 20 U.S.C. §1098bb(a)(2)(A) (emphasis added). The bill defines “affected individual” as

an individual who—

(A) is serving on active duty during a war or other military operation;

(B) is performing qualifying National Guard duty during a war or other military operation;

(C) resides or is employed in an areas that is declared a disaster area by any Federal, State, or local official in connection with a national emergency; or

(D) suffered a direct economic hardship as a direct result of a war or other military operation or national emergency, as determined by the Secretary.

20 U.S.C. §1098ee(2). Subparts (A) and (B), like the rest of HEROES Act, exclusively refer to members of the armed forces. Subparts (C) and (D) are the only provisions of the HEROES Act that reach beyond members of the armed force, but only in limited circumstances. The borrower must reside or be employed in disaster area that has been declared in connection with a national emergency, or the borrower must have suffered an economic hardship as a direct result of a war, military operation or national emergency (*e.g.*, a spouses of service members called to active duty or deployed overseas; residents of a city hit by a disruptive terrorist attack). Subpart D also requires the Secretary to make a determination that borrowers suffered a direct economic hardship because of the military operation or national emergency.

“It is a fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme.” *Davis v. Mich. Dep’t of Treasury*, 489 U.S. 803, 809 (1989). “Where the statute at issue is one that confers

authority upon an administrative agency, that inquiry must be ‘shaped, at least in some measure, by the nature of the question presented’— whether Congress in fact meant to confer the power the agency has asserted.” *W. Virginia v. EPA*, 142 S. Ct. 2587, 2607-08 (2022) (quoting *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 159 (2000)). In these “major questions” cases, “the ‘history and the breadth of the authority that [the agency] has asserted,’ and the ‘economic and political significance’ of that assertion, provide a ‘reason to hesitate before concluding that Congress’ meant to confer such authority.” *Id.* at 2608 (quoting *Brown & Williamson Tobacco Corp.*, 529 U.S. at 159-60).

Congress’s discussion of the bill showed, consistent with the text, that representatives thought they were simply relieving active-duty military from “making student loan payments ... while they are away.” 149 Cong. Rec. at H2522 (Apr. 1, 2003) (Rep. Garrett). *See also id.* at H2524 (Rep. Isakson) (the Act ensures that the “loan payments” of troops who “serve us in the Middle East and in Iraq” “are deferred until they return”); *id.* at H2524-25 (Rep. Boehner) (“None of us believe that our active duty soldiers should ... have to make payments on their student loans while in fact they are not here.”); *id.* at H2525 (Rep. Burns) (“The HEROES bill would excuse military personnel from their Federal student loan obligations while they are on active duty”). The 2007 discussion was no different. *See* 153 Cong. Rec. at H10790 (Sept. 30, 2007) (“This bill is

specific in its intent to insure that, as a result of a war or military contingency operation or national emergency, our men and women in uniform are protected.”) (Rep. Kline); *id.* (“What this bill does is allow the Secretary of Education to accommodate the unique needs of our student soldiers”) (Rep. McKeon).

We hesitate to call these statements part of a “debate.” The 2001 HEROES Act passed by unanimous voice vote weeks after 9/11. 147 Cong. Rec. H7155 (Oct. 23, 2001); 147 Cong. Rec. S13311 (Dec. 14, 2001). The 2003 Act passed the House 421-1 via a suspension of the rules, and the Senate passed it by unanimous consent. 149 Cong. Rec. S10866 (July 31, 2003); 149 Cong. Rec. H2553-54 (Apr. 1, 2003). The 2007 Act that made the HEROES Act permanent was a three-paragraph bill that Congress passed by voice vote. Pub. L. 110-93, 121 Stat. 999.

And the first decades of use of the HEROES Act is consistent with those limited uncontroversial goals of avoiding “plac[ing affected individuals] in a worse position.” 20 U.S.C. §1098bb(a)(2)(A). Despite the September 11 attacks and multiple wars, the Department never used the HEROES Act to cancel a single soldier’s—much less a civilian’s—loan debt. Not a single legislator suggested in the runup to its passage that the HEROES Act authorized the Department to do so.

Little wonder: the statute permits the Department only to “waive” or “modify” certain provisions. 20 U.S.C. §1098bb(a)(1). But these

“modest words” cannot bear the weight the Department places on them. *W. Virginia*, 142 S. Ct. at 2609. The Department’s waivers or modifications can do nothing more than ensure that borrowers “are not place[d] in a *worse* position financially in relation to that financial assistance because of their status as affected individuals.” 20 U.S.C. §1098bb(a)(2)(A) (emphasis added). Canceling debt puts debtors in a *better* position, rather than the same position in relation to their debt as before the “war or other military operation or national emergency.” 20 U.S.C. §1098bb(a)(1). And as discussed above, the legislative discussion assumed that the Secretary would defer, rather than cancel, obligations.

Congress has “conspicuously and repeatedly declined to enact” explicit legislation seeking to do what the administration claims the HEROES Act does here. *W. Virginia v. EPA*, 142 S. Ct. 2587, 2610 (2022); *see, e.g.*, S. 2235, 116th Cong. §101 (2019) (cancelling up to \$50,000 of student loan debt for those who make under \$100,000) (died without vote after being referred to committee); H.R. 2034, 117th Cong. §2 (2021) (cancelling the outstanding balance on loans for all borrowers under a certain income cap) (died without vote after being referred to committee). Even after the HEROES Act first passed, Congress made it harder, rather than easier, to cancel student-loan debt—for example, making it more difficult to discharge federally guaranteed loans in bankruptcy. 11 U.S.C. §523(a)(8); Pub. L. 109-8 § 220, 119 Stat. 23, 59 (Apr. 20, 2005).

When Congress did want to provide relief for student debt—including during the COVID crisis—it did so with specificity and modulation reflecting legislative compromise. *See, e.g.*, 20 U.S.C. §§1087e(d)(1)(D) & (E) and 1098e (income repayment plans); 20 U.S.C. §1087e(e)(1) (income-contingent repayment plans); 20 U.S.C. §1087e(h) (relief where borrower can demonstrate fraud); *compare also* CARES Act, Pub. L. 116-136 § 3513, 134 Stat. 281, 404 (Mar. 27, 2020) (mandating forbearance, but not forgiveness, on swath of federal student loans) *and id.* §2206, 134 Stat. at 346-47 (providing tax benefits for private loan forgiveness) *with* H.R. 6800, 116th Cong. §150117 (2020) (unsuccessfully proposing to cancel up to \$10,000 of student loan debt for economically distressed borrowers). And Congress has never tasked the Department of Education with identifying broad classes of borrowers entitled to loan forgiveness. Rather, when Congress wants the Secretary to cancel debt for a class of borrowers, it explicitly describes those groups. *E.g.*, 20 U.S.C. §1078-10 (teachers); 20 U.S.C. §1078-10(c)(3) (teachers in mathematics, science, or special education); 20 U.S.C. §1078-11 (service in areas of national need); 20 U.S.C. §1087ee (certain public service); 20 U.S.C. §1098(d) (disabled veterans). By attempting to do so itself, the Department is seeking to expand and “transform” its statutorily prescribed role. *W. Virginia*, 142 S. Ct. at 2610. These facts alone justify applying the major-questions doctrine because courts “presume that

Congress intends to make major policy decisions itself, not leave those decisions to agencies.” *W. Virginia*, 142 S. Ct. at 2613 (cleaned up).

It is unimaginable that Congress gave the executive branch that authority in uncontroversial bills passed by voice vote. Thus, the Rubenstein Memo correctly concluded that the HEROES Act was never intended to provide the Secretary broad discretion to execute a mass cancellation of federal student debt. Reed Rubenstein, *Memorandum for Betsy DeVos, Secretary of Education, re: Student Loan Principal Balance Cancellation, Compromise, Discharge, and Forgiveness Authority* 6 (Jan. 12, 2021) (available at <https://tinyurl.com/a4n326cw>). The HEROES Act does not provide the Secretary the statutory authority to perform a “blanket or mass cancellation, compromise, discharge, or forgiveness of student loan principal balances, and/or to materially modify the repayment amounts or terms thereof, whether due to the Covid-19 pandemic or for any other reason.” *Id.* at 8.

No presidential administration has ever lawfully adopted a program of similar size, scale, and importance without notice and comment. The baseline presumption is that important and consequential agency actions should be “tested via exposure to diverse public comment.” *Int’l Union v. MSHA*, 407 F.3d 1250, 1259 (D.C. Cir. 2005). So too here. The Debt Forgiveness Program is *ultra vires*.

Conclusion

For these reasons, this Court should grant Plaintiff States' Motion for Injunction Pending Appeal.

Dated: October 23, 2022

Respectfully submitted,

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Combined Certifications of Compliance

1. This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B):

This brief is 2,244 words long, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii).

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3. This brief complies with 8th Cir. R. 28A(h) because the PDF file has been scanned for viruses by McAfee Virus Scan Build 26.4.154 Engine 4960.0, and is said to be virus-free by that program.

Dated: October 23, 2022

Respectfully submitted,

/s/ Theodore H. Frank

Theodore H. Frank

Certificate of Service

I certify that on October 23, 2022, the foregoing was filed electronically with the Clerk of the Court to be served by operation of the Court's electronic filing system. All participants are registered CM/ECF users and service will be accomplished through electronic notification of the CM/ECF system.

Respectfully submitted,

/s/ Theodore H. Frank

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