

STATEMENT OF LAUREN ASHER  
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## Statement on Education Department's Recommendations for Strengthening Student Loan Borrower Protections

"Today's [report](#) from the U.S. Department of Education takes a comprehensive look at where student loan borrowers need more protection and moves the conversation forward on many important fronts. We strongly support the report's goal of better protecting borrowers with both federal and private loans, through administrative actions when possible and legislative changes when needed.

"There is much to praise in this report, and we were especially pleased to see recommendations to:

- Better protect students and taxpayers by holding unscrupulous schools and their executives accountable for fraud, and strengthening relief for harmed borrowers by restoring their Pell Grant eligibility in addition to discharging their loans;
- Ensure that debt discharged through income-driven repayment plans or because the borrower was defrauded is not treated as taxable income;
- Simplify the income recertification process for borrowers in income-driven repayment plans, with newly expressed support from the Treasury Department and as urged today by a [bipartisan](#) group of legislators;
- Strengthen protections for private loan borrowers by eliminating the egregious lender practices of auto-defaulting borrowers when a co-signer goes bankrupt or dies and denying discharges when a borrower dies, and requiring school certification before private loans are issued;
- Require entrance counseling before, rather than after, federal loan borrowers sign their promissory note; and
- Make it easier for students and borrowers to get the help they need through a centralized, user-friendly complaint tracking system, and using the information collected to improve oversight.

"In addition to these important improvements, we believe the Department's borrower-protection agenda should also include recommendations to:

- Protect all discharged federal student loans from taxation, including debt discharged due to the borrower's death or disability; and
- Restore fair bankruptcy treatment for *all* private education loan borrowers.

"As the Department's report makes clear, all student loan borrowers need better information, processes, and support, as well as access to relief when they have suffered harm. Wherever the Department can move forward right now, it should, including processing defense to repayment claims from defrauded students, establishing a centralized complaint tracking system, and continuing to work with Treasury on multi-year consent to income recertification. And when necessary, we urge Congress to act to further strengthen borrower protections on behalf of both students and taxpayers."

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