December 9, 2019

Senator Dick Durbin
711 Hart Senate Building
Washington, D.C. 20510

Representative Susie Lee
522 Cannon HOB
Washington, DC 20515

Submitted by electronic mail

Dear Senator Durbin and Representative Lee,

As 57 organizations representing and advocating for students, families, taxpayers, veterans and service members, faculty and staff, civil rights and consumers, we write in support of your efforts to disapprove the 2019 Borrower Defense to Repayment rule pursuant to the Congressional Review Act.

The purpose of the borrower defense rule as defined by the Higher Education Act is to protect students and taxpayers from fraud, deception, and other illegal misconduct by unscrupulous colleges. A well-designed rule will both provide relief to students who have been lied to and cheated, and deter illegal conduct by colleges.

However, the final rule issued by the Department of Education on September 23, 2019, would accomplish neither of these goals. An analysis of the Department’s own calculations estimates that only 3 percent of the loans that result from school misconduct would be cancelled under the new rule. Schools would be held accountable for reimbursing taxpayers for just 1 percent of these loans.

The DeVos Borrower Defense rule issued in September imposes unreasonable time limits on student borrowers who have been deceived and misled by their schools. It requires applicants to meet thresholds that make it almost impossible for wronged borrowers to obtain loan cancellation.

The rule eliminates the ability of groups of borrowers to be granted relief, even in cases where there is substantial compelling evidence of widespread wrongdoing. It prohibits the filing of claims after three years even when evidence of wrongdoing emerges at a later date. It requires borrowers to prove schools intended to deceive them or acted recklessly, although students have no ability to access evidence that might show this intent. And the rule stipulates that
student loans taken by students under false pretenses are insufficient evidence of financial harm to allow the loans to be cancelled.

Additionally, the 2019 rule eliminates the promise of automatic loan relief to eligible students whose school closed before they could graduate. Instead, the Department would force each eligible student impacted by a school closure to individually find out about their statutory right to relief, apply, and navigate the government's bureaucracy to have their loans cancelled.

Many of us wrote to the Department in August 2018 in response to the notice of proposed rulemaking and offered carefully considered recommendations. However, the Department rejected our recommendations that would have provided a fair process that protects students and taxpayer dollars. Instead, the new rule would do little to provide relief to students who have been lied to, and even less to dissuade colleges from systematically engaging in deceptive and illegal recruitment tactics. Moreover, a borrower defense rule that fails to adequately protect students harms the most vulnerable students, including first-generation college students, Black and Latino students, and military-connected students, who are targeted by and disproportionately enroll in predatory for-profit colleges.

Meanwhile, the Department refuses to take action on a massive backlog of over 200,000 pending borrower defense claims, having failed to approve or deny a single claim in over a year. We fully support your effort to repeal the 2019 borrower defense rule, and look forward to restoration of the 2016 rule, which took major steps to provide a path to loan forgiveness for the hundreds of thousands of students who attended schools where misconduct has already been well documented.

Signed,

AFL-CIO
AFSCME
Allied Progress
American Association of University Professors
American Federation of Teachers
Americans for Financial Reform
Association of Young Americans (AYA)
Campaign for America’s Future
Center for Public Interest Law
Center for Responsible Lending
Children's Advocacy Institute
CLASP
Clearinghouse on Women’s Issues
Consumer Action
Consumer Advocacy and Protection Society (CAPS) at Berkeley Law
Consumer Federation of America
Consumer Federation of California