



STATEMENT OF LAUREN ASHER
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TICAS Statement on Education Department's Proposed Borrower Defense Rules

"Today, the U.S. Department of Education released proposed [regulations](#) that clarify and strengthen protections for federal student loan borrowers who were defrauded or deceived by their college. The proposed rules lower barriers between harmed borrowers and necessary relief in several ways that are dramatic improvements over current policy.

"TICAS and more than 30 other organizations had [urged](#) the Department to make it easier for borrowers to get the relief they are entitled to under law, and the proposed rules take important steps in that direction. The Department's proposed rules provide a pathway for group discharges, recognizing that students defrauded as a group deserve relief as a group, without having to apply. The proposal also gives borrowers the ability to submit claims for relief from outstanding debt without a time limit, and to recoup debts already repaid for up to six years based on the type of claim. Also among the proposed new protections is a ban on mandatory arbitration clauses in enrollment agreements, so that colleges can no longer hide fraud by blocking students' access to the courts. And schools receiving federal funds can no longer prevent students from combining their complaints into class actions.

"However, there are several ways in which the proposed rules need to be improved to be more fair, transparent, and efficient. For example, providing full loan relief to defrauded students is the most appropriate and equitable course of action. Instead, the Department proposes an unclear and complex method for limiting relief to borrowers. And, while we applaud that the Department's proposal allows automatic group discharges, we are concerned that the designation of a group is at the Department's sole discretion, without a process for state attorneys general or legal aid attorneys to file group claims.

"We look forward to commenting on the proposed rules. Their importance for students and taxpayers cannot be overstated."

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An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. Our Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see www.ticas.org or follow us on Twitter at www.twitter.com/TICAS_org.