

United States Senate

WASHINGTON, DC 20510

October 7, 2019

The Honorable Betsy DeVos
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202

Dear Secretary DeVos,

We write in strong opposition to the U.S. Department of Education's ("the Department's") new borrower defense rule. We are concerned that this new rule will make it significantly harder for defrauded students to seek debt relief. We urge you to quickly reverse course by abandoning your proposal and resolving the backlog of current borrower defense claims.

In Michigan, the collapse of predatory for-profit colleges like Corinthian Colleges, Inc. ("Corinthian") and ITT Educational Services ("ITT Tech") left students saddled with debt and worthless credits and degrees while costing taxpayers billions of dollars. Both Corinthian and ITT Tech had been collectively investigated or sued by more than 20 state attorneys general, the Department of Education, and several other federal agencies for misrepresenting job placement rates and attendance records, suspect recruitment practices, and deceptive advertising in the years leading up to their collapse. According to your Department, over 12,000 former Corinthian students in Michigan were eligible to file for loan relief through the "borrower defense" authority granted to the Department under the Higher Education Act.

Borrower defense is a long-standing authority that is supposed to provide cheated and defrauded students with the debt relief and the opportunity they need to restart their education. The Obama Administration moved forward to process many discharges from students who attended predatory colleges and also issued a new rule in 2016 to streamline relief to borrowers.

Unfortunately, this progress was later halted by the Trump Administration—allowing claims to pile up and stalling relief to borrowers. As of June 30, 2019, the Department had 5,645 pending claims from borrowers living in Michigan. Under your leadership, the Department has failed to process these borrower defense claims and provide relief to cheated and defrauded students, many of whom are veterans.

In addition to stalling claims for defrauded borrowers, your Department recently proposed to roll back the 2016 borrower defense rule and all of its protections for borrowers. One analysis of the Department's own data found that defrauded borrowers will be stuck with 97 percent of the bogus loans they've been issued due to the Administration's rollback of these rules. This new rule will effectively end debt relief for cheated and defrauded students in the future. This rule limits the window for defrauded students to file claims and severely restricts automatic discharges for students whose schools collapse. The Department will also force borrowers to

meet a nearly impossible standard to demonstrate misrepresentation and will allow predatory colleges to resume using forced arbitration clauses in their enrollment agreements, effectively denying students the opportunity to hold their colleges accountable in court.

Borrower defense is an important tool in the Department's mission to protect students and taxpayer investments. Unfortunately, you have decided to stall relief for pending claims and to block future relief with a new rule. These changes will encourage bad actors to abuse students and put the interests of predatory colleges over those of hardworking Michigan students.

We urge the Department to immediately reverse course, preserve the 2016 borrower defense rule, and begin processing the backlog of claims it has already received.

Sincerely,



Debbie Stabenow
United States Senator



Gary C. Peters
United States Senator