

Statement on U.S. Department of Education's Approval of \$415M in Borrower Defense Claims

February 17, 2022

Nearly 16,000 borrowers will see their loans discharged as a result of the Department's findings

BOSTON - Today, in response to the Department of Education's announcement of findings that additional federal student loan borrowers who attended DeVry University, Westwood College, and ITT Tech will be eligible to discharge their federal student loans if they submit an application for a borrower defense discharge, **Kyra Taylor, staff attorney at the National Consumer Law Center**, issued the following statement:

"Today's announcement is especially significant because it marks the first time the Department has granted borrower defense relief to borrowers who attended a school that is still open, DeVry University. The Department is sending the message that it is interested in taking steps to help students escape the burden of debt begotten by misconduct, regardless of whether the school is open or closed.

"For borrowers who relied on the false claims DeVry made between 2008 and 2015 - that 90 percent of graduates obtained employment in their field - this relief is well-warranted. Similar allegations were the subject of settlements with the FTC and the Attorneys General of Massachusetts and New York and we are encouraged that the Department is acting in response to other agencies' enforcement actions. This type of intergovernmental cooperation is needed to ensure that students are not saddled with federal student loan debt from predatory schools after their misconduct is identified.

"We are encouraged by the Department's efforts to use its borrower defense authority to make more relief available to more students who were harmed by their schools. The decision to expand the types of claims borrowers can assert to discharge the debt borrowed to attend the now-defunct ITT Tech and Westwood College is long overdue, and we hope more will follow. Similarly, we hope that the Department will take steps to inform all the students who attended these schools that they may be eligible for relief and will provide them with detailed information on how to apply for a borrower defense discharge. Few federal student loan borrowers understand what a borrower defense is and will not know they can apply for relief without substantial outreach.

"While the findings announced today are a step in the right direction, borrowers still must navigate a maze of paperwork and a complex legal analysis to understand what facts the Department has determined are required before receiving relief. For example, the 1,800 DeVry borrowers referenced in the Department's announcement represent an infinitesimal fraction of the hundreds of thousands of borrowers who received restitution from the FTC settlement that addressed the same misconduct. We urge the Department to take steps to provide group relief to borrowers without requiring them to submit an application."