

Advocates Decry Congress's Failure to Protect Student Loan Borrowers and Taxpayers from School Fraud and Closures

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Boston – National Consumer Law Center advocates are extremely disappointed that today Congress failed to override President Trump's veto of Congress's prior bipartisan vote to protect federal student loan borrowers by striking down the Department of Education's new borrower defense regulations. The severely watered-down regulations, promulgated by Secretary Betsy DeVos's administration, are now set to go effect on July 1. The DeVos rules will limit relief to only about 3% of defrauded student borrowers, and only 1% of schools guilty of misleading students would have to reimburse taxpayers, leaving hundreds of thousands of students trapped deep in debt with no job and a worthless degree.

"Congress and President Trump had the chance to stand with Americans struggling against fraud, corruption, and bureaucratic red tape, but instead they walked away," **said National Consumer Law Center attorney Persis Yu.** "Veterans and low-income communities of color have borne the brunt of predatory schools' worst practices, and the schools' use of arbitration clauses have kept many of their misdeeds secret and out of the courts. The Department of Education should have provided students with a fair path to access the loan relief promised by the Higher Education Act and protected their right to have their day in court. Instead, it gave the schools the green light to defraud students with impunity and continue receiving taxpayer dollars."

This past March, Congress presented President Trump with Senate Joint Resolution 56, which applied the Congressional Review Act to block the 2019 Borrower Defense to Repayment rule from going into effect and to preserve the existing rules protecting borrowers from school fraud and closures. The joint resolution was supported by broad coalitions of organizations representing veterans (who are disproportionately targeted by predatory schools for their GI Bill dollars), students, low-income consumers, civil rights groups, and advocates for education. Last December, a diverse coalition of 57 organizations wrote that that if the 2019 Borrower Defense Rule went into effect, it 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. The group also charged that the rule fails to protect 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. The DeVos rule makes relief all but impossible for them and fails to hold predatory schools who defraud students accountable.