

NCLC Advocates Applaud the Department of Education's Decision To Cancel Corinthian College Students' Federal Student Loan Debts

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WASHINGTON – Today, the U.S. Department of Education announced that it would cancel the federal student loans of over 560,000 people who attended Heald College, Everest Institute, or WyoTech, schools owned by the shuttered for-profit Corinthian Colleges.

Kyra Taylor, staff attorney at the National Consumer Law Center, praised this decision and said:

“For the last seven years, NCLC advocates have been calling on the Department of Education to provide relief to Corinthian College students who were harmed by the Department’s failure to ensure that only quality schools are permitted to receive federal aid. Finally, the Department has decided to use its authority to automatically discharge the debts of over 560,000 Corinthian borrowers. The Department’s announcement means that these borrowers are finally financially unburdened from the harm caused by these exploitative schools.

“Students from Corinthian Colleges were left with mountains of debt but little to show for it and were unable to repay their loans. Those loans in turn destabilized them financially and caused them to struggle to get various forms of credit – such as car loans and mortgages.

“For too long, the Department of Education has required students who attended Corinthian schools to submit a borrower defense application to access relief and then left the student to wait months, if not years, for a decision on that application. That system of providing relief was rife with problems: most borrowers do not know that they can apply for an administrative discharge or how to do so, and those who did manage to apply often could not navigate the maze of paperwork and legal standards needed to prove that they had a right to relief. Automatic relief is essential to ensuring that borrowers access the relief they are eligible for and very much need.

“We applaud the decision to automatically discharge the federal loans these borrowers took out to attend these unscrupulous schools. Today’s action allows these borrowers to finally move past the harm Corinthian Colleges caused them.

“I deeply hope that the government will act swiftly to use its existing authority to provide automatic discharges to more borrowers who attended other predatory schools, as hundreds of thousands more students deserve similar relief.”

Related materials:

- NCLC Petition to Department of Education to cancel the federal student loans of Corinthian borrowers (April 2015)
- Leadership Conference on Civil Rights’ Coalition Letter calling for automatic cancellation of Corinthian borrowers’ student loans (October 2016)

- Group Comment led by NCLC to the Department of Education calling for automatic cancellation of Corinthian borrowers' loans and end of application requirements for relief (February 2022)
- NCLC Blog on Department of Education's current borrower defense findings (last updated February 2022)