

U.S. Department of Education's Action on Discharges for Borrowers with Total and Permanent Disabilities Falls Short

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Boston – Today, the U.S. Department of Education announced that it is temporarily easing paperwork requirements and cancelling the loans of 41,000 federal student loan borrowers whose disability discharges were revoked and loans were reinstated due to paperwork issues during the pandemic. A 2016 U.S. Government Accountability Office study found that when disability discharges are revoked, in 98% of cases it is not because the borrower is earning too much to be considered disabled, but simply because the borrower did not submit some paperwork.

The following is a statement of Persis Yu, director of NCLC's Student Loan Borrower Assistance project.

"Today's announcement is not cause for celebration but rather for outrage that the Department revoked these borrowers' discharges in the first place. It is scandalous that the Department revoked the loan discharges for 41,000 borrowers with total and permanent disabilities due to paperwork issues during a pandemic. While we are glad that the Department has rectified this injustice, we should not cheer for the Department re-cancelling loans that should have never been reinstated.

This announcement demonstrates the depths of the broken student loan system. We urge the Department to take bold steps towards systemic reform. At a minimum, the Department should provide automatic relief to the 400,000 borrowers known to qualify for a disability discharge. It should also commit to never restarting the paperwork requirements that undermine the ability of borrowers with disabilities to get the relief they need.

Today's announcement demonstrates the failure of the Department of Education programs designed to provide relief to vulnerable borrowers and the need for widespread student debt cancellation."