

United States Senate

May 30, 2017

COMMITTEES:
BANKING, HOUSING, AND
URBAN AFFAIRS
COMMERCE, SCIENCE, AND
TRANSPORTATION
ENERGY AND NATURAL RESOURCES
AGING
INDIAN AFFAIRS
RULES AND ADMINISTRATION

The Honorable Betsy DeVos
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Dear Secretary DeVos:

We are writing today to request data regarding the Department of Education's (the "Department") progress in providing relief to Nevada students who were previously enrolled in failed colleges and universities. This request is particularly urgent given that these failed institutions frequently recruited Nevada veterans.¹

To summarize, students have two paths for relief available under the law: "Closed School Discharges" and "Borrower Defense to Repayment." Closed School Discharges are only available to those students who were either enrolled at the time their schools closed, or who withdrew within 120 days of the school's closure.² Borrower Defense to Repayment is a decades-old regulation that provides that students are entitled to discharges of their Federal student loans if their school misled them or treated them unfairly. This letter seeks information on both avenues for relief available to students. Recently, several schools that engaged in misleading and unfair practices collapsed under the weight of various investigations. The resulting failures have left students in Nevada desperate for relief from large debt burdens that prevent them from buying homes or cars, finding apartments or jobs, and otherwise moving on with their lives.

Data provided to our offices suggests that as of January 2017, there were 784 Borrower Defense to Repayment applications from Nevada students still pending. However, the public has no view into which schools these students attended, nor whether their discharge requests have actually been processed. This statistic likely undercounts the number of Nevadans currently awaiting relief, as many more students may have applied for debt discharges since January 2017.

What's more, there are at least 1,300 Nevada students that are eligible for Borrower Defense to Repayment claims that never applied for relief, likely because they are unaware it is available.³

¹ For a discussion of veterans enrolled in failed Nevada schools, see Whitaker, Ian. "We All Kind of Got Duped": Local ITT Tech Students Left with Few Options After School's Closure." *Las Vegas Sun*, September 27, 2016. Available at: <https://lasvegassun.com/news/2016/sep/27/local-itt-tech-students-left-few-options-closure/>

² Though the standard window of time that a student may have withdrawn from a school, but is still eligible for a Closed School Discharge, is within 120 days of the school closing, the Department has the ability to extend this window. For Corinthian, the Department extended the eligibility window by some months, enabling any student who withdrew from Corinthian on or after June 20, 2014 to be eligible for a closed school discharge. See: <https://www.ed.gov/news/press-releases/fact-sheet-protecting-students-abusive-career-colleges>.

³ Note that this 1,300 figure is substantially incomplete because it only pertains to the failed schools within the Corinthian Colleges, Inc. franchise. See:

Though Nevada Attorney General Laxalt has undertaken a public awareness campaign to alert these borrowers of the rights available to them under the law,⁴ we have a very limited view into whether these borrowers have actually applied to the Department for relief, or whether the Department has processed their applications.

In addition to Borrower Defense to Repayment claims (which are available to wider groups of students that attended schools in which unfair or deceptive acts and practices were documented), students who were enrolled at a school when it closed, or who withdrew from it within 120 days of the school closing, are eligible for a Closed School Discharge.⁵ Though available to a narrower set of borrowers, these discharges are meant to be streamlined. The public also lacks data on the number of Closed School Discharges received by residents of Nevada. There are three major college franchises with presences in Nevada that have closed in recent years: Corinthian Colleges, Inc. (“Corinthian”), ITT Education Services, Inc. (“ITT”), and Marinello Schools of Beauty. Likewise, we are requesting Closed School Discharge information related to these campuses, and any other campus that may have closed in the recent past.

In summary, in order to better understand how the Department is serving harmed borrowers in the State of Nevada, we ask that you provide our offices with the following information:

- a. The total number of students in Nevada that are eligible for a Borrower Defense to Repayment discharge to date, disaggregated by school; The total number of students in Nevada that have applied for a Borrower Defense to Repayment discharge to date, disaggregated by school;
- b. The total number of students in Nevada that have been granted a Borrower Defense to Repayment discharge to date, disaggregated by school;
- c. The total number of former Corinthian students in Nevada that are eligible for a Borrower Defense to Repayment discharge using the streamlined Attestation Form;⁶
- d. The total number of former Corinthian students in Nevada that have applied for a Borrower Defense to Repayment discharge using the Attestation Form referenced in (d), above;

http://ag.nv.gov/News/PR/2017/Attorney_General_Laxalt_Notifies_Former_Corinthian_College_Students_of_Eligibility_for_Federal_Student_Loan_Cancellation/

⁴ See “Attorney General Laxalt Notifies Former Corinthian College Students of Eligibility for Federal Student Loan Cancellation.” *Press release*, April 17, 2017. Available at:

http://ag.nv.gov/News/PR/2017/Attorney_General_Laxalt_Notifies_Former_Corinthian_College_Students_of_Eligibility_for_Federal_Student_Loan_Cancellation/

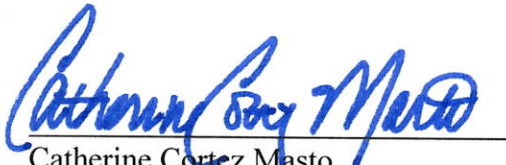
⁵ The Department previously committed to *automatically* grant Closed School Discharges if a borrower has not applied for one after three years (and has not transferred to a substantially similar program at another school) in the updated version of the Borrower Defense to Repayment regulations. When the Department released these regulations, it said “The Department intends to designate this provision for early implementation as soon as operationally possible before July 1, 2017, which will allow eligible Corinthian borrowers to benefit from this streamlined process sooner.” See: <https://www.ed.gov/news/press-releases/us-department-education-announces-final-regulations-protect-students-and-taxpayers-predatory-institutions>.

⁶ The Attestation Form is available for us for borrowers who attended Everest, Heald, and WyoTech between July 1, 2010 and September 30, 2014, and attended a list of the programs where the Department found misrepresentation of job placement rates, providing for an expedited process allowing for debt discharge. Namely, the Department, together with the California Attorney General’s office, pursued two enforcement actions against Corinthian where they found misrepresentation in certain programs during that time period. By the Department’s own estimates, 125,000 former Corinthian students are covered by these actions, and thus eligible for relief by filling out the Attestation Form. The programs covered by the Attestation Forms are available at <https://studentaid.ed.gov/sa/sites/default/files/ev-wy-findings.pdf> and <https://studentaid.ed.gov/sa/sites/default/files/heald-findings>.

- e. A breakdown of the number of Corinthian Attestation Form applications from students in Nevada related to Borrower Defense that have been accepted and rejected, along with summary information describing the rationale for any rejections;
- f. The total number of students in Nevada that were eligible for a Closed School Discharge from 2008 to the present, disaggregated by school;
- g. The total number of students in Nevada that have been granted a Closed School Discharge from 2008 to the present, disaggregated by school; and
- h. The number of veteran students qualifying under each of (a) through (h).

Nevada students that work hard to prepare themselves for a 21st Century workforce shouldn't be burdened with debt from institutions that misrepresent themselves, and veterans seeking to bolster their education and enter the civilian workforce should be made whole. We request the data outlined herein in order to better understand whether Nevadans are being afforded the rights conferred to them under the Higher Education Act, and we look forward to working with the Department on our shared goals of advancing the skills and job-readiness of students.

Sincerely,



Catherine Cortez Masto
United States Senator



Dean Heller
United States Senator