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CONTACT:
Walter Ochinko, (202) 657-1254
VES Research Director and Borrower Defense negotiator representing military and veteran students on both the 2016 and 2018 negotiated rulemaking panels

Twenty-Seven Veteran and Military Service Organization Submit Comments Opposing DeVos’s Proposed Borrower Defense Rule, which Protects Predatory Schools Rather than Military-Connected Students

(Washington, D.C.) Today, 27 veteran and military service organizations submitted a public comment opposing key provisions of the Education Department’s rewrite of the 2016 Borrower Defense rule.

The public comment expresses “...serious concerns about the impact of the rule on military-connected borrowers who were defrauded by predatory schools. As we wrote to you in July and September 2017, the Department should strengthen, not undermine, student protections. In brief, we believe that the proposed rule effectively ends student loan forgiveness for the vast majority of defrauded students by introducing unwarranted restrictions on access to relief. The Department acknowledges that there will be significantly fewer claims under the proposed rule compared to the 2016 rule, reducing its claims processing workload. The corollary to the anticipated workload reduction will be to incentivize the aggressive recruiting of military-connected students by predatory schools that will escape accountability for the misrepresentations they rely on to encourage students to enroll.”

The public comment also includes quotes from veterans who have Borrower Defense applications pending at the Education Department, and includes an image of a redacted letter from ITT Tech to a veteran who had filed a complaint with the US Department of Veterans Affairs. (In addition, nearly 10 veterans whom Veterans Education Success helps filed their own public comments about their experiences, and those are here.)
During both the 2016 and 2018 rulemaking negotiations, robust discussion occurred around key issues related to defining the standards and process for borrower defense, including eligibility, group discharges, time limits, the appropriate misrepresentation standard, evidentiary requirements, financial responsibility protections, and forced arbitration. Student and veterans’ advocates urged the Department to (1) focus on the systemic nature of misrepresentation by predatory schools by establishing a standard and process with minimal barriers to loan relief; (2) put in place financial responsibility standards that deter schools from engaging in risky behavior to ensure that taxpayers won’t be left holding the bag for student loan discharges; and (3) allow students to exercise their constitutional right to bring claims to impartial judges and juries.

Rather than protecting students as well as taxpayers, the proposed rule incentivizes bad behavior by predatory schools, sending the message that (1) few students will actually be eligible to file a borrower defense claim; (2) schools can engage in risky behavior with a reduced likelihood of being asked to provide financial guarantees to protect taxpayers from the cost of loan discharges; and (3) students will have no alternatives to forced arbitration, which exists primarily to shield predatory school behavior from scrutiny by both the public and by the Department of Education.

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*Veterans Education Success is a nonprofit organization dedicated to protecting and defending the integrity and promise of the GI Bill and other federal education programs for veterans and servicemembers*