

Senate Democrats hail department of education ruling for debt relief as victory for student rights in higher education

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Students Who Were Cheated By Deceptive And Predatory Practices Will Receive Debt Relief And Discharge; And Colleges Would Be Banned From Blocking Students' Right To Sue

[Pushed By Senate Dems](#), New Protections Are Critical Following Cases Of Institutions, Like Corinthian Colleges, Engaged In Widespread Abuses To Defraud Students

WASHINGTON D.C. - Today, Senators Patty Murray (D-WA), Richard J. Durbin (D-IL), Sherrod Brown (D-OH), and Richard Blumenthal (D-CT) issued the following statements after the Department of Education announced a major new rule creating strong protections for student loan borrowers who are the victims of unlawful and abusive practices in higher education. The rule, also known as “borrower defense,” significantly improves the process for these students to have their federal loans discharged. The rule crucially bans mandatory arbitration clauses—which force students to waive their legal rights to file lawsuits as individuals or as part of class actions—that are sometimes buried in the fine print in school enrollment agreements.

And, after several requests by the Senators, the borrower defense rule also avoids a previously-proposed statute of limitations to receive relief from outstanding loan debt, and would provide a path to more automatic relief for groups of students that have been harmed.

“I am very glad that the Department of Education agreed with us on the need to implement strong new safeguards to protect borrowers and hold institutions accountable for deceptive and predatory practices,” said Murray. “This is a very positive step forward that will make an important difference for cheated student borrowers who have been left to dig themselves out from under a mountain of debt they cannot repay. We need to keep working to make sure students and borrowers in Washington state and across the country are protected.”

“Today’s rule is a strong statement from the Obama Administration that students and taxpayers are no longer going to take a backseat to the interests of for-profit college executives and shareholders,” said Durbin. “Department of Education’s move to protect students from for-profit colleges’ use of mandatory arbitration clauses is a potential game-changer. Ending mandatory arbitration clauses will allow victimized students to obtain relief from culpable schools instead of from the taxpayers, will bring transparency to abuses that are now hidden, and will deter future abuses by unscrupulous for-profit colleges. This rule will be President Obama and Secretary King’s higher education legacy. I hope the Administration and the Department of Education will stand firm against attempts by the for-profit industry and its friends to water down this achievement for students.”

*“Today’s strong rule is a victory for students,” said **Brown**. “These protections will stop for-profit colleges from using fine print to deny students their right to a day in court, and take important steps to create a process for providing students with debt relief when they’ve been defrauded or deceived by a predatory for-profit college.”*

*"This proposed rule recognizes that all too commonly, students have been lured into mountains of debt, often without degrees or anything else to show for it. Abuses have been particularly rampant among some for-profit colleges," said **Blumenthal**. "I am pleased the Department of Education has taken a critical step toward empowering students with more accurate, complete information – and a clear, fair process to hold predatory institutions accountable. I look forward to hearing from students, higher education institutions, education leaders, and others about their views of this rule."? ?*

Full list of actions announced today:

- Give student loan borrowers access to a process to seek debt relief when they have been the victims of unfair, deceptive, or abusive practices;
- Provide debt relief to borrowers without requiring individual applications in instances of widespread misrepresentations;
- Protect taxpayers by ensuring that financially risky institutions are better prepared to take financial responsibility for the discharge of federal student loans they benefitted from;
- Ensure that for-profit schools where students have poor repayment outcomes provide students with warnings so that students can make more informed enrollment and financing decisions;
- Ensure affected borrowers have information about and access to closed school discharge when schools close;
- End the practice of schools forcing arbitration, preventing class actions, and denying students their day in court; and
- End the use of “gag rules” that silence students from voicing their concerns to authorities

Senators Murray, Durbin, Brown, and Blumenthal have been leading voices in Congress calling for giving students the right to use protection laws to receive relief and hold institutions accountable. [In 2015](#), and most recently [in March](#), the

Senators urged President Obama to provide a fair process to all students harmed by the closure of Corinthian Colleges or any other school that has engaged in similar practices.

[In April](#), the Senators led a bicameral letter to the Department to ensure today's announced rule provided victims with fair and equitable debt relief, and made significant progress to protect future student loan borrowers. In the letter, they strongly encouraged holding colleges accountable by banning mandatory arbitration requirements as a condition of the receipt of federal taxpayer dollars, which was confirmed in today's rule.