

New borrower defense regulations empower students to hold for-profit colleges accountable

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Final “Borrower Defense” Regulations Expand Protections for Defrauded Students, Ban Mandatory Arbitration for Direct Loan Holders

CHICAGO – U.S. Senator Dick Durbin (D-IL) issued the following statement after the U.S. Department of Education (ED) announced its final “borrower defense” rules to

protect students and taxpayers from deceptive and illegal practices in higher education. The final regulations, announced today after a period of public comment, help clarify the process for defrauded students to discharge their loans, and ban schools from requiring students to sign pre-dispute arbitration agreements waiving their rights to file individual and class action lawsuits. Additionally, the regulations restore Pell grant eligibility for students who have received closed-school discharges so that they can continue their education.

“As for-profit schools close, these protections will help bring much-needed relief to students whose dreams of earning a college degree were exploited by predatory institutions. I am especially pleased that the final rule takes important steps to crack down on for-profit colleges’ use of mandatory pre-dispute arbitration clauses. This reform will help bring real transparency and accountability to the for-profit college industry for the benefit of students and taxpayers. For too long, shady for-profit colleges have denied victimized students their day in court, forcing those students to instead seek debt relief at the taxpayers’ expense – but this rule will empower students to hold for-profit colleges directly accountable for their misdeeds,” said Senator Durbin **“I commend the Department of Education for taking this critical step to protect students, and I look forward to continue working with Secretary King to hold for-profit colleges accountable for their deceptive practices.”**

Last month, Senator Durbin met with Education Secretary John King and Under Secretary Ted Mitchell to discuss debt relief options for former students of ITT Tech. During that meeting, Durbin urged the Department to pass a strong Borrower Defense Rule that includes expanded use of Letters of Credit and bans mandatory arbitration without loopholes.

Today’s announcement comes after a wave of for-profit college closures that have left tens of thousands of students saddled with debt and without anything to show for their years of hard work. In September, for-profit giant ITT Tech announced that it would halt operations and shut down all of its campuses after the Department of Education decided to withdraw its participation from the federal Title IV program. Shortly after, Minnesota-based Regency Beauty Institute became the most recent for-profit school to close its doors, leaving its students in academic and financial limbo. The Education Department announced last month, pending appeal, that it would terminate recognition of the Accrediting Council for Independent Colleges and Schools (ACICS), the nation’s largest accreditor of for-profit colleges, including the now-defunct ITT Tech, Corinthian, and Westwood Colleges.