



Raoul Co-Led Coalition of 20 Attorneys Generals In Urging Adoption Of Far- Reaching Proposed Student Loan Reforms

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CHICAGO — Attorney General Kwame Raoul co-led a coalition of 20 attorneys generals in commending the U.S. Department of Education for its far-reaching proposed regulatory reforms and in urging the department to adopt additional improvements to achieve equitable and transparent relief for student borrowers. [The coalition submitted public comments](#) to Education Secretary Miguel Cardona, supporting the department's proposed changes to its Borrower Defense, Public Service Loan Forgiveness (PSLF) and Closed School Discharge regulations, while recommending additional changes to further benefit borrowers.



“I commend the U.S. Department of Education for making important reforms to protect student borrowers and taxpayers from predatory schools,” said Raoul. “Today, we are calling on the department to strengthen and clarify some of these changes to ensure equitable relief for students in Illinois and across the country.”

The Borrower Defense Rule was intended to hold abusive higher education institutions accountable for cheating students and taxpayers out of billions of dollars in federal loans and to provide loan relief for borrowers who were misled by their schools. Under the previous administration, attorneys general sued the department for gutting the rule and replacing it with a wholly inadequate regulation that benefited predatory schools at the expense of victimized borrowers.

Raoul and the coalition commend the department for undoing the harm caused to borrowers by the prior administration’s unlawful rule by proposing a more equitable and streamlined process. In particular, the coalition commends the department’s decision to reinstitute provisions that limit schools’ use of binding predispute arbitration agreements and class action waivers, increase the department’s ability to hold predatory schools

financially accountable for the costs of their misconduct and provide a basis to expand borrower relief. These proposed regulatory changes are essential to ensuring that students have access to critical relief and that students and taxpayers are no longer left holding the bag for predatory schools' misconduct.

To further strengthen the proposed regulations' ability to fully protect borrowers and taxpayers, the coalition urges the department to bolster and clarify the presumption of full relief for borrowers with meritorious claims, to allow states and individuals to raise claims under state law and based on state attorney general actions in the first instance, and to ensure that borrowers with pending claims are protected from financial harm.

The letter also applauds the department for undertaking rulemaking to create formal fixes to the problems that have plagued the administration of the PSLF program. The proposed regulations would expand the definition of qualifying payments and create a formal reconsideration process. The coalition urges the department to further increase the scope of individuals who qualify for relief and to automate the PSLF process as much as possible, pointing to the pervasive loan servicer misconduct that has imperiled loan relief for borrowers across the country.

The letter notes that the new proposed closed school discharge regulations make great strides toward providing efficient and effective relief for students whose schools close before they can complete their degree. To further strengthen these regulations, the coalition urges the department to clarify certain aspects of the Closed School Discharge regulation to better provide relief to borrowers enrolled at institutions at, or just before, their school's closure.

"Under ED's proposed regulations, borrowers who have been victimized by their schools will be able to obtain critical relief, predatory schools will bear the consequences of their misconduct, and public servants will finally have a clearer path to loan forgiveness. We appreciate the care with which ED has undertaken this essential rulemaking process and look forward to working as partners to support and protect borrowers," the comments state.

The Illinois Attorney General's office has long been a national leader in investigating and enforcing consumer protection violations in the higher education field. Since entering office, Attorney General Raoul has secured over \$160 million in relief for Illinois borrowers who were deceived by their school, private lender, or servicer. Earlier this year, Raoul's office announced a \$1.85 billion national settlement with Navient, formerly the nation's second largest student loan servicer. Last year, Attorney General Raoul's office initiated and worked to pass "Know Before You Owe," to alert borrowers of their remaining federal student loan eligibility to help them steer clear of predatory private loans. Raoul has also overseen the rollout of the state's first Student Loan

Ombudsman, a position created by the Student Loan Servicing Rights Act, to provide resources for student borrowers who are struggling to make student loan payments.

California Attorney General Rob Bonta and Massachusetts Attorney General Maura Healey joined Raoul in leading the coalition. Joining them in filing the comments are attorneys general from Colorado, Connecticut, Delaware, the District of Columbia, Michigan, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Oregon, Rhode Island, Vermont, Washington and Wisconsin, as well as the State of Hawaii Office of Consumer Protection.

Student borrowers who have questions or are in need of help can call the Attorney General's Student Loan Helpline at 1-800-455-2456. Borrowers can file complaints against their student loan servicer at the [Illinois Attorney General's website](#).