

# United States Senate

WASHINGTON, DC 20510

June 18, 2019

The Honorable Betsy DeVos  
Secretary  
U.S. Department of Education  
400 Maryland Ave. SW  
Washington, DC 20202

Dear Secretary DeVos,

I write with significant concerns over the U.S. Department of Education's ("Department") continued backlog of federal student loan discharge requests under "borrower defense." Under the Borrower Defense to Repayment provision in the Higher Education Act (HEA), the Department has the legal authority to cancel the loans of students who were cheated, misled, or defrauded by predatory colleges.

Data recently provided to my office by the Department shows that Oregon Attorney General Ellen Rosenblum submitted a group application on June 5, 2017 on behalf of Oregon borrowers defrauded by Corinthian Colleges, Inc. with supporting evidence establishing students' eligibility for federal loan discharge under the borrower defense provision of the HEA.<sup>1</sup>

Attorneys general from several states have assembled group discharge applications to make it easier for the Department to discharge these loans. Despite these efforts and federal court orders asking you to stop debt collection on loans by defrauded students<sup>2</sup> and to immediately provide relief to students,<sup>3</sup> two-thirds of the 3,281 applications from Oregon borrowers remain pending, including the group discharge application submitted over two years ago.<sup>4</sup> The total number of pending borrower defense claims continues to balloon in size because of your inexcusable failure to review and respond to these applications. I am appalled that it has been one entire year since the Department has publically reported any action on borrower defense claims.<sup>5</sup>

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<sup>1</sup> U.S. Department of Education. Agency Response to Questions for the Record submitted by Senator Merkley to the Senate Committee on Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies. Hearing on the Fiscal Year 2020 Budget Request for the U.S. Department of Education. May 28, 2019.

<sup>2</sup> Kreighbaum, A. (2018, June 21). Court Tells Department of Ed to Stop Debt Collections for Defrauded Borrowers. Retrieved from <https://www.insidehighered.com/quicktakes/2018/06/21/court-tells-department-ed-stop-debt-collections-defrauded-borrowers>.

<sup>3</sup> Kreighbaum, A. (2018, October 17). More than a year later, Obama student loan rule takes effect. Retrieved from <https://www.insidehighered.com/news/2018/10/17/more-year-later-obama-student-loan-rule-takes-effect>

<sup>4</sup> U.S. Department of Education. (2018). *Borrower Defense to Repayment Report*. Retrieved from: <https://studentaid.ed.gov/sa/about/data-center/student/loan-forgiveness/borrower-defense-data>

<sup>5</sup> Ibid.

In Oregon, over a dozen predatory for-profit institutions have closed since 2014.<sup>6</sup> The closures displaced over four thousand students—the majority of whom were Pell Grant recipients, minority students, and working adults—who had the greatest financial need among their peers and were chasing a dream to build a better life for themselves and their families.

I am deeply disturbed by the Department's refusal to help these borrowers and your disregard for the distress your illegal delays<sup>7</sup> continue to have on borrower's daily lives and their families. Because of your failure to act, thousands of students remain waiting for relief with nothing but a millstone of debt and a worthless degree.

As an appointed official, you have a moral and legal obligation to make decisions based on what is best for students and our country. It is time for the Department to do the right thing by ending these delays and providing federal student loan discharges for borrowers who are entitled to loan discharges under the law.

I ask you to immediately communicate the status of the remaining claims to affected students and immediately enforce the borrower defense rule without any further delays.

Sincerely,

  
Jeffrey A. Merkley  
United States Senator

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<sup>6</sup> Bauman, D., & O'Leary, B. (2019, April 4). The Chronicle of Higher Education: College Closures, 2014-18. Retrieved from [https://www.chronicle.com/interactives/college-closures#id=OG\\_3\\_all](https://www.chronicle.com/interactives/college-closures#id=OG_3_all).

<sup>7</sup> Stratford, M. (2018, September 12). Judge rules DeVos delay of Obama-era student loan rules 'unlawful'. Retrieved from <https://www.politico.com/story/2018/09/12/devos-obama-student-loan-rules-818296>