

Advocates Applaud Senate Vote to Restore Rule to Protect Borrowers from School Fraud and Closures

FOR IMMEDIATE RELEASE: March 11, 2020

National Consumer Law Center contacts: Jan Kruse (jkruse@nclc.org) or Abby Shafroth (ashafroth@nclc.org), (617) 542-8010

Boston - Today, National Consumer Law Center advocates applauded the U.S. Senate's bipartisan use of the Congressional Review Act to block the 2019 Borrower Defense to Repayment rule from going into effect and to preserve the existing rules protecting borrowers from school fraud and closures. The vote was 53 - 42. "We are cheered to see that a bipartisan group of Senators joined the House in standing up for students and protecting access to student loan relief for students harmed by school fraud and closures," **said National Consumer Law Center attorney Abby Shafroth.** "Barring a presidential veto, this vote for students means that students will be far more likely to get much needed loan relief if their school closes before they can graduate or lied to them to get them to enroll and take out loans for a program that left them worse off."

In voting to block the 2019 Borrower Defense to Repayment, the Senate joined the U.S. House, which voted to block the rule in January. These votes were supported by broad coalitions of organizations representing veterans (who are disproportionately targeted by predatory schools for their GI Bill dollars), students, low-income consumers, and advocates for education. For example, last December, a broad coalition of 57 organizations sent a letter to original sponsors Representative Susie Lee and Senator Dick Durbin, supporting their use of the CRA to keep the new rule from becoming law, noting that if it goes into effect the rule would provide relief to only about 3% of student borrowers who were victims of fraud and other illegal school conduct, and that only 1% of schools that defrauded students would have to reimburse taxpayers. The rule would therefore green light school misconduct while making relief for defrauded borrowers all but impossible.

This vote indicates there is bipartisan support for ensuring real access to student loan relief for students harmed by predatory school conduct and abrupt closures. Access to relief is urgently needed: there are currently more than 200,000 pending applications for relief, and many borrowers have been in limbo for years. "This vote demonstrates Congressional support for providing real relief to student loan borrowers who were scammed and left with heavy debt and worthless degrees—or no degrees at all—by predatory schools," **said Shafroth.**

The Congressional Review Act gives Congress the authority to overturn rules promulgated by federal agencies. A CRA resolution of disapproval must be passed by both the House and the Senate and signed by the President in order to overturn a rule. "We urge President Trump to join the bipartisan group of Senators and Representatives in standing up for student borrowers by promptly enacting this reform," **said Shafroth.**