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NEWS FOR IMMEDIATE RELEASE

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Wisconsin DOJ Commends U.S. Department of Education for Proposed Regulations and Urges Further Changes to Help Students Receive Loan Relief

Coalition Applauds the Department's Proposed Regulations, while Recommending Additional Changes to Provide Greater Availability of Loan Relief

MADISON, Wis. – The Wisconsin Department of Justice (DOJ) joined a coalition of 20 states, 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.

“These proposed regulations would provide critical student loan debt relief to many borrowers,” said Attorney General Josh Kaul. “While more can and should be done to address the student loan debt crisis, these regulations represent substantial progress.”

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.

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The coalition commends 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 towards providing efficient and effective relief for students whose school closes 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.

Joining DOJ in filing the comments are the states of, California, Colorado, Connecticut, Delaware, the District of Columbia, Illinois, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Oregon,

Rhode Island, Vermont, and Washington, as well as the State of Hawaii Office of Consumer Protection.