



February 8, 2022

U.S. Department of Education,
400 Maryland Ave., SW., Room 2C179,
Washington, DC 20202

Submitted electronically via: www.reginfo.gov/public/do/PRAMain
and by email to : ICDocketmgr@ed.gov.

**Re: Docket No. ED–2021–SCC–0155, Agency Information Collection
Activities; Submission to OMB for Review and Approval; Comment Request;
Borrower Defenses Against Loan Repayment**

Dear Sir or Madam:

Legal Services NYC (LSNYC) submits the following comments regarding the Department of Education’s request for information regarding the burden placed on student loan borrowers who file applications seeking discharge of their student loans related to attending Corinthian College schools known as Heald, Everest and WyoTech.

Who We Are

LSNYC is the largest civil legal services provider in the country with offices throughout New York City. Our organization works to reduce poverty by challenging systemic injustice and helping clients meet basic needs for housing, access to high-quality education, health care, family stability, and income and economic security.

Comments

The request for information indicates that the Department of Education believes that 150,000 former Heald, Everest and/or WyoTech College borrowers (“Corinthian Borrowers”) will apply for borrower defense and that each application will take one hour. This estimate seems highly inaccurate in two ways. First, most low-income borrowers who are victimized by trade schools are unaware of their right to file a borrower defense application. Second, few are capable of navigating the borrower defense portal successfully or effectively. The application requires detailed information about when and where the student enrolled, in what program, and what was wrong with the education ostensibly provided. Completing it in an hour would be like running the marathon at a 7 minute-mile pace. Indeed, our office has filed about twenty such applications, each of which has taken anywhere from 8 to 12 hours per application. Moreover, the return on

investment is illusory. So far, none of our clients have had their applications approved, including one involving Everest in Rochester.

Moreover, those who may learn of a borrower defense and seek legal help on the mechanics of filing are unlikely to get such help. There are very few free sources of student loan help. Indeed, due to the lack of funding for these services, LSNYC has one full-time attorney concentrating on serving student loan borrowers serving a city of over 8 million, many of whose residents are poor and saddled with worthless, for-profit school debt.

In light of the huge amount of evidence of pervasive fraud involving the Corinthian Colleges, and information the Department of Education already possesses regarding who borrowed to attend these schools, our clients would be much better served if the Department of Education automatically discharged those who were victimized without requiring a resource-intensive application.

Requiring most victims of for-profit schools to file borrower defense applications has value. Such applications can trigger investigations that identify and stop fraud. But the Department of Education has an obligation to protect borrowers and communities through group discharges. What DOE proposes here places too much responsibility on the victims to fix the problem, the result of which will be that many borrowers entitled to relief will be unable to receive such relief. If the Department of Transportation abandoned its car “recall” policies and instead placed the obligation on car owners to determine if airbag or brake systems were defective, and then placed the obligation on car owners to replace the defective components on their own, the nation’s roadways would be unsafe and the Department of Transportation would rightfully be accused of abdicating its statutory responsibilities.

The proposed policy for applying for borrower defense will imperil low-income communities by placing undue burdens on borrowers entitled to relief when the Department of Education could, with far more efficiency, automatically discharge the loans of those victimized by Corinthian College. Corinthian College victims often default on their loans because their educations were worthless and left them unable to earn a living wage. This impairs their ability to return to school and strips them and their families of income (such as of tax refunds, Social Security payments and wages) that normally would have been spent in their neighborhoods. A better solution to individual applications is a loan “recall” or group-discharge for all Corinthian borrowers.

Thank you for considering these comments.

Sincerely,

-s-

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