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MADIGAN, DURBIN: IN FIRST 100 DAYS TRUMP, DEVOS GET "F" ON PROTECTING STUDENTS

Chicago — Attorney General Lisa Madigan and U.S. Senator Dick Durbin (D-IL) today discussed how, since President Trump took office, the U.S. Department of Education has delayed or ignored several Obama-era rules to increase consumer protections in student loan servicing and protect students from unscrupulous for-profit colleges.

In its first 100 days the Trump Administration has drastically slowed the processing of loan discharge applications from students defrauded by for-profit colleges, delayed implementation and enforcement of the Gainful Employment rule, hired individuals for high level positions at the Department of Education with direct ties to for-profit colleges and student loan servicers, and rescinded key student loan servicing reforms that would hold servicers accountable for their treatment of student borrowers. In addition, many borrowers who were granted debt relief prior to President Trump taking office have still not received it – raising questions about whether the Department will honor previously approved relief, let alone process and approve new claims. At the beginning of the Trump Administration there were 3,200 pending debt relief applications from Illinois students.

"Education Secretary DeVos' terrible decision to eliminate reforms to the student loan industry has resulted in nothing less than the betrayal and abandonment of millions of student loan borrowers across the country," said Attorney General Lisa Madigan.

"Time and again, the Trump Administration and Secretary DeVos have put for-profit and corporate interests over students and taxpayers," Durbin said. "For-profit college giants Corinthian and ITT Tech collapsed after being caught inflating their job placement rates to lure students, but they aren't the only ones. Now, students who were misled or defrauded by their schools are eligible for discharge of their federal student loans under the Higher Education Act. But the Trump Administration has dramatically slowed, if not stopped, processing these applications. It adds insult to injury that students taken advantage of by for-profit colleges would be ignored by the Department of Education."

In March, the Department of Education announced it would delay key Gainful Employment rules to protect students from career education programs – many at for-profit colleges – whose graduates' ratio of student debt to income is too high to allow them to repay their loans. And in April the Department rescinded key student loan servicing reforms instituting under President Obama. These reforms included basing future loan allocation on past performance, which would have prevented additional borrowers from being put at risk by poor performing servicers, like Navient.

Attorney General Madigan is a national leader in investigating and enforcing consumer protection violations in the higher education field. Earlier this year, Madigan filed a lawsuit against Navient and Sallie Mae for faulty and abusive student loan practices. She has also investigated for-profit schools for fraud and repeatedly called on the U.S. Department of Education to immediately forgive federal loans of students who attended fraudulent for-profit schools. Madigan also testified before Congress and urged the U.S. Department of Education to crack down on the many abuses and scams facing student borrowers.

Durbin has been working since 2009 to protect students from the predatory practices of the for-profit college industry. While for-profit colleges enroll only about 9% of all college students, they take in 17% of the Department of Education's federal student aid funds and account for a disproportionate 35% of student loan defaults.

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