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MADIGAN DEMANDS EDUCATION SECRETARY DEVOS GRANT RELIEF FOR TENS OF THOUSANDS OF ELIGIBLE STUDENT BORROWERS

Chicago — Attorney General Lisa Madigan, along with 20 other attorneys general, today called on the U.S. Department of Education and Education Secretary Betsy DeVos to immediately discharge the student loans of eligible borrowers who attended schools that abruptly closed. Many of those schools were predatory, for-profit colleges.

In the letter, Madigan and the coalition of attorneys general urge the Department to fulfill its obligation under federal regulations to provide immediate and automatic loan relief to borrowers who attended a school that closed on or after November 1, 2013, and who did not subsequently re-enroll in an eligible program within three years from the date the school closed. It is estimated that under federal regulations, tens of thousands of students nationwide who attended any of the 1,400 schools that closed in 2014 and 2015 are eligible for approximately \$400 million in automatic debt relief. In Illinois, 145 schools closed in this timeframe, resulting in thousands of potentially eligible students.

"Students defrauded by predatory, for-profit colleges that abruptly shut down deserve immediate and automatic forgiveness of their federal student loans," Madigan said. "There should be no hesitation or delay from Secretary DeVos, and I expect the Department of Education to provide this relief immediately."

Students may be eligible for this automatic debt relief if they did not complete the program of study at a school either because the school closed while they were enrolled or because they withdrew not more than 120 days before the school closed. For example, when the predatory, for-profit Corinthian Colleges shut down in April 2015, it left approximately 16,000 students displaced. Students who attended Westwood College when it closed faced the same displacement. Many of these students are now automatically eligible to have their federal student loans forgiven and should immediately receive a refund of all repayments amounts, provided they did not enroll in a title IV-eligible program within three years from the date the school closed.

Separate from school closures, students defrauded or cheated by their school may also be eligible for loan relief based on a federal program known as "borrower defense to repayment." This program gives victimized students the opportunity to have their federal student loans forgiven. When students submit a borrower-defense claim, they can request to have their loans placed in forbearance and to halt collection attempts, even on defaulted loans. Madigan and the other attorneys general are demanding that DeVos fulfill the Department's obligations and give student loan borrowers the relief they deserve.

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