

Coronavirus Emergency Borrower Defense (E-BD) Act

In response to the current health and economic crisis, Congress, on a bipartisan basis through the CARES Act, enacted a number of new measures to ease financial burdens on Americans and their families in order to spur the economy—including direct monetary assistance, monthly student loan payments and interest suspension, and support for small business. As Congress looks to take additional steps, there are tens of thousands of student loan borrowers, including veterans, who were defrauded by their schools and are still waiting for their loans to be discharged—despite Department of Education (ED) findings and/or State attorney general evidence confirming that fraud. There is no reason for these borrowers to wait any longer, as the Department continues to drag its feet, for the relief to which there is no legal doubt that they are entitled—especially in light of the current emergency.

With the clear findings and evidence of fraud in these cases as its basis, Congress can and should act to statutorily relieve these borrowers of their student debt burden immediately. The plight of defrauded borrowers is particularly desperate. Many borrowers—despite being covered by the Department’s own findings—have been waiting years for the Department to provide them relief or simply don’t know they’re eligible to apply. These borrowers have had difficulty finding jobs making them often unable to provide for themselves or their families. Many defrauded borrowers have been prevented from being productive participants in the economy because of ruined credit, worthless credits or degrees, and excessive debt.

Who would get emergency relief?

The Coronavirus E-BD Act would grant full student loan discharges to three specific emergency categories of defrauded borrowers—specifically borrowers covered by:

- (1) Department of Education findings against Corinthian;
- (2) Department of Education findings against ITT Tech; and
- (3) State attorneys general group discharge applications made before the date of enactment.

How much relief would they get?

Borrowers eligible for emergency relief under the bill would receive full discharges. Any borrowers in the emergency categories who have previously been awarded partial relief under either DeVos partial relief methodology would receive discharge of the portion of the loan not discharged previously.

When will borrowers get relief?

In order to ensure borrowers receive relief quickly and to prevent further delay by the Department of Education, the bill would require eligible loans to be discharged within 30 days of enactment and provides timelines for the Department to take other steps—such as correcting borrowers’ credit reporting.

Who would pay for the relief?

The bill would maintain Congress’ expectation that schools be on the hook for borrower defense discharges and includes a requirement that the Department seek to recoup amounts discharged from offending schools where possible.

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Supporters (updated 5/1/20)

- American Council on Education
- National Association of Independent Colleges and Universities
- The Institute for College Access and Success
- Young Invincibles
- National Consumer Law Center (on behalf of its low income clients)
- Project on Predatory Student Lending
- National Association of College Admissions Counseling
- American Federation of Teachers
- Americans for Financial Reform
- Veterans Education Success
- Generation Progress
- Third Way
- Center for Responsible Lending
- National Education Association