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78,000 Individuals and 50 Organizations Urge the U.S. Department of Education to Grant Debt Relief to Corinthian Colleges' Students

(BOSTON) Today, more than 78,000 individuals as well as 51 national and local consumer, labor, and community groups sent a clear message – expressed in a set of petitions and letters to Secretary of Education Arne Duncan – that the U.S. Department of Education (the Department) has a duty to cancel the federal student loans of all borrowers harmed by Corinthian Colleges *without* requiring each one to prove Corinthian's fraud. "The Department recently determined that by misrepresenting job placement rates to students at its Heald College campuses, Corinthian committed 'severe' violations of federal law. In light of these findings and those of state attorneys general, the Higher Education Act clearly authorizes the Department to cancel the federal loans of Corinthian borrowers," says National Consumer Law Center attorney Robyn Smith. "Any claim that the Education Department lacks the power to automatically cancel loans based on this evidence is just plain wrong."

The detailed petition circulated by the National Consumer Law Center lays out a blueprint for providing widespread relief to students at Corinthian and borrowers harmed by other for-profit schools. The groups also agree that the Department must protect future students and taxpayers by taking more aggressive action to crack down on schools that violate state or federal laws. "These students were playing by the rules, sacrificing to get an education and improve their own and their families' lives," said Americans for Financial Reform Executive Director Lisa Donner. "They should not be buried in debt for a scam that the Department of Education allowed to continue, even once fraud and abuse were clear."

“Students trust that higher education institutions have their best interests in mind. Instead, Corinthian has taken a public good and attempted to make it into a profit-yielding enterprise,” noted American Federation of Teachers (AFT) President Randi Weingarten. “Our students are not for sale.”

Unlike the students affected by the April closure of 30 Corinthian campuses, most other Corinthian students do not have any clear avenue to debt relief unless the Department takes action. “The Department of Education should provide all students defrauded by Corinthian an automatic refund on their federal student loans. Corinthian engaged in widespread, systematic efforts to aggressively enroll students in high-cost, low-quality programs that have left those students deep in debt,” said Maggie Thompson, campaign manager of Higher Ed Not Debt.

“It’s time to end the cycle of deception and corruption from for-profit colleges; Democracy for America and Student Debt Crisis ask that the Department of Education enforce tougher regulations and free the victims of Corinthian from their debts,” said organization representatives Jay Henderson (DFA) and Natalia Abrams (SDC).

Related Links

Organizational letters:

Americans for Financial Reform: <http://ourfinancialsecurity.org/blogs/wp-content/ourfinancialsecurity.org/uploads/2015/05/Corinthian-Letter-May-2015.pdf>

NCLC: <http://www.studentloanborrowerassistance.org/wp-content/uploads/File/ltrs/sign-on-petition-letter2015.pdf>

Petitions (See individual petitions combined into one PDF, separated by organization):

<http://www.studentloanborrowerassistance.org/petition-demanding-the-department-of-education-cancel-student-loan-debts-of-corinthian-college-students/>

NCLC policy brief: Federal student loan borrower options for relief from predatory schools: <http://www.studentloanborrowerassistance.org/wp-content/uploads/2013/05/options-for-relief.pdf>

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The **AFT** represents 1.6 million pre-K through 12th-grade teachers; paraprofessionals and other school-related personnel; higher education faculty and professional staff; federal, state and local government employees; nurses and healthcare workers; and early childhood educators.

Americans for Financial Reform is a nonpartisan coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, we are working to lay the foundation for a strong, stable, and ethical financial system – one that serves the economy and the nation as a whole.

Democracy for America is a national multi-issue advocacy organization dedicated to empowering the grassroots.

Higher Ed, Not Debt is a multi-year campaign of dozens of organizations dedicated to tackling the crippling and ever-growing issue of student loan debt in America. The long-term vision of this campaign is to ensure that quality higher education is affordable and accessible to all, without the burden of financial hardship.

Since 1969, the nonprofit **National Consumer Law Center**[®] (NCLC[®]), on behalf of its low-income clients, has worked for economic security for low-income and other disadvantaged people in the U.S. through policy analysis and advocacy, publications, litigation, and training. NCLC's **Student Loan Borrower Assistance Project** provides information about student loan rights and responsibilities for borrowers and advocates. We also seek to increase public understanding of student lending issues and to identify policy solutions to promote access to education, lessen student debt burdens, and make loan repayment more manageable.

The National Association of Consumer Advocates (NACA) is a nonprofit association of more than 1,500 consumer advocates and attorney members who represent hundreds of thousands of consumers victimized by fraudulent, abusive and predatory business practices. As an organization fully committed to promoting justice for consumers, NACA's members and their clients are actively engaged in promoting a fair and open marketplace that forcefully protects the rights of consumers, particularly those of modest means.

Student Debt Crisis is an organization dedicated to fundamentally reforming the way in which higher education is paid for in America.