COMMITTEE ON EDUCATION & LABOR REPUBLICANS

VOTE NO to Overturn President's Veto of H.J. Res. 76

BACKGROUND:

- Borrower defense is a process to forgive the student loan debt of borrowers who attended schools engaged in fraudulent misrepresentation such as false advertisements of job placement rates.
- In 1994, the Education Department released borrower defense rules, which were rarely used over the next 20 years. In 2015, a large for-profit school closed, and the Obama administration used this opportunity to issue new regulations on borrower defense that could cost taxpayers $42 billion and encourage tens of thousands of borrowers whether they were harmed or not to apply to have their loans forgiven. President Trump vetoed H.J. Res. 76, and now Speaker Pelosi wants to overturn the President's veto.

DANGERS OF OBAMA REGULATIONS:

- The 2016 **Obama regulations created more chaos than clarity and set massive loan forgiveness as a goal**, regardless of the cost to taxpayers.
- The Obama regulations did not distinguish between fraud and inadvertent mistakes made by schools. The difference between the two is critical because the Education Department can levy significant financial penalties on institutions found to engage in fraud, which can cause a school to have to close despite no intentional wrongdoing. Most schools do not have a reckless disregard for the truth.
- Many schools could face harsh financial penalties forcing them to close, leaving millions of students without access to their higher education opportunity.

THE SOLUTION:

- **President Trump acted quickly to better protect borrowers and taxpayers and created the 2019 borrower defense rule**, which takes effect in July. Among other benefits, the new rule:
    - Delivers relief to students, including veterans, who have been lied to and suffered financial harm;
    - Saves taxpayers $11 billion by helping students complete their education rather than indiscriminately closing schools;
    - Holds all institutions, not just for-profits, accountable for misrepresentations;
    - Preserves student, including student-veterans, choice in institutions that best suits their education needs; and
    - Ensures due process for all parties.

BOTTOM LINE:

- The Education Department's borrower defense rule **protects student borrowers and veterans, holds higher education institutions accountable**, and saves taxpayers $11 billion. A vote to overturn the President's veto would repeal the Trump administration's borrower defense rule and go back to Obama regulations that harm students and taxpayers.