



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE GENERAL COUNSEL

January 15, 2020

Alexander S. Elson, Esq.
National Student Legal Defense Network
1015 15th St., NW, Suite 600
Washington, DC 20005

Re: Automatic closed school discharges

Dear Alex,

This is in response to your letter to Charlie Merritt of the US Department of Justice dated December 20, 2019 requesting information about the Department of Education's (Department's) implementation of the "automatic" closed school discharge provided in 34 CFR §685.214(c)(2)(ii). I am providing the information you requested to the extent it is available.

Before addressing the specific numbered questions in your letter, I am responding to two questions included in the body of the letter:

Question (p. 1) : Is the Department providing all of the automatic discharges that are required by the regulation?

Answer: As of January 3, 2020, the Department has identified 30,935 borrowers whose loans are held by the Department and who are eligible for the automatic closed school discharge. Of the 30,935 borrowers, 97.22% of them have actually received their discharge.

Once the Department identifies a borrower as eligible for an automatic closed school discharge, it makes every effort to process the discharge as quickly as possible. However, in some cases, particularly with respect to consolidation loans, effectuating the discharge may take longer. Therefore, while the overwhelming majority of borrowers that have been identified as eligible have in fact received a discharge, there is a small percentage who have not yet received a discharge.

Statement (bottom of page 1): "In a letter to Senator Durbin on November 21, 2019, the Department stated that, while it "identified" more than 7,500 ITT Tech borrowers who were eligible for an automatic closed school discharge, it had only provided notice of eligibility to borrowers who attended "an ITT location that closed on September 6, 2016." The Department did not state which location or how many borrowers have received relief. And it did not indicate when the remaining eligible ITT borrowers will receive relief."

Response: The ITT campuses associated with the two parent institutions and OPE ID numbers listed below have been incorporated into the Department's program for identifying borrowers who are eligible for automatic closed school discharges. The two OPE ID numbers are associated with a total of 19 locations, which reflects all of the ITT campuses that closed on or after July 1, 2013.

OPEID	Campus
007329	ITT TECHNICAL INSTITUTE
030718	ITT TECHNICAL INSTITUTE

Below I am responding to the numbered questions on pages 2-3 of your letter:

1. Question: How many ITT borrowers have been *identified* by the Department as eligible for an automatic closed school discharge to date?

Answer: As of January 3, 2020, 7,878 borrowers who took loans to attend ITT have been identified as eligible for automatic closed school discharges.

2. Question: How many ITT borrowers have *received* a full loan discharge under the automatic closed school discharge provision to date?

Answer: As of January 3, 2020, 7,697 borrowers who took loans to attend ITT have had those loans discharged.

a. Of those, how many received a reimbursement of amounts paid on their loan?

Answer: This information is not readily available. For federally held loans, refunds are made by the US Department of Treasury, not the loan servicer or the US Department of Education. The Department of Education doesn't track the timing of each reimbursement by Treasury.

b. What is the total amount the Department has (i) discharged and (ii) reimbursed under the automatic closed school provision for ITT borrowers to date?

Answer: (i) As of January 3, 2020, approximately \$95.1 million in loans that eligible borrowers took to attend ITT have been discharged.

(ii) Since Treasury provides the reimbursements, we do not have this data.

3. Question: How many total individuals have been *identified* by the Department as eligible for relief pursuant to the automatic closed school discharge provision? Please provide a breakdown of all such borrowers according to the school and campus that they attended.

Answer: As of January 3, 2020, 30,935 borrowers have been identified as eligible for an automatic closed school discharge.

We cannot provide a breakdown of borrowers by school and campus. Most of the borrowers who have been identified as eligible attended small schools with less than 10 eligible borrowers. To comply with privacy rules, we do not provide information about groups of less than 10.

4. Question: Have all of the individuals identified in question 3 received full discharges of their loans, refunds on any amounts paid, and correction of all adverse credit history assigned to the loan?

Answer: No, borrowers are identified as eligible on an ongoing basis, and it takes time from the point that they are identified as eligible for the discharge to be effectuated. As indicated above, 97.22% of borrowers who have been identified as eligible for a discharge and whose loans are owned by the Department have received a discharge.

a. Question: If the answer is no, how many borrowers have *received* full discharges of their loans and refunds on any amounts paid pursuant to the automatic closed school discharge provision? Please provide a breakdown of all such borrowers according to the school and campus that they attended, and provide the total amounts discharged and reimbursed.

Answer: As noted above, 97.22% of borrowers identified as eligible have received loan discharges. The discharges cover the full amount of the eligible loan.

5. Question: Has the Department collected (including sending notices that payments are due, wage garnishment, and/or offsets from tax refunds or federal benefits) on the loans of any borrowers after the date that they became eligible for an automatic closed school discharge?

Answer: We have not determined whether any borrowers have received the notices or been subject to the collection activities mentioned in the question. If a borrower was subject to collection on a loan that was then discharged, the amount of any collections would be returned to the borrower.

In your letter you also note that the Department has not yet posted data on closed school discharges on our website. As you know, the Department is not legally obligated to post the data. However, the Department does intend to add the data on closed school discharges to the regular quarterly student loan data reports that it posts. The process of adding this data has been delayed due to other conflicting demands on the Department's resources. The Department anticipates including closed school discharge information in the next quarterly posting which will be for the quarter ending December 31, 2019. The Department typically posts the quarterly update a few months after the conclusion of the quarter, which, in this case, we anticipate will be in March 2020.

The Department of Education is responsible for administering the Federal Direct Loan Program. Because your organization dismissed your lawsuit, please direct any further correspondence on these issues to me rather than to the Department of Justice.

Alexander S. Elson, Esq./p. 4

Sincerely,

Brian P. Siegel
Deputy Assistant General Counsel
Division of Postsecondary Education