

Comments by Gerard Scimeca, OIRA Meeting, October 17, 2022

Good morning,

My name is Gerard Scimeca. I am the Chairman of the Consumer Action for a Strong Economy (Case). As a non-profit, non-partisan organization, our single purpose is to promote consumer interests by advancing free market principles. Today I come before this board to voice my concerns about the Borrowers Defense to Repayment Rule (aka BDR) changes.

Given the fact that student loan forgiveness has been a fiercely discussed topic lately, it is our concern at CASE that the Borrowers Defense to Repayment Rule could be used to issue a student loan forgiveness plan without congressional approval. This was never the intention of the BDR program. From the outset, the Borrowers Defense to Repayment Rule was seen as a precautionary measure. The intention was to allow the Secretary of Education the power to grant loan relief when institutions of higher learning committed certain acts or omissions. There have only been five claims filed under the Borrowers Defense to Repayment Rule during the first 20 years of its existence. Now the program has expanded in size, granting relief to thousands of Students.

At the center of our concern lies the idea that the United States Department of Education is restructuring the Borrowers Defense to Repayment Rule in a manner that will expedite and approve thousands of BDR claims. We fear that the most rigorous review process will not be done. It is, furthermore, placing the cost burden of thousands of student loans on the backs of the taxpayer. This is unfair and causes grave concern because a significant measure like the proposed changes to the Borrowers Defense to Repayment Rule should have congressional oversight. The primary reason for Congressional oversight is the Department's proposed regulations would provide for loan forgiveness based upon borrower's defense claims on a mass scale in such a manner as would threaten the fiscal integrity of the student aid program and violate the Department's statutory duty to oversee and manage the program.

In closing, as I mentioned before, we at CASE are concerned that the Department has put forth the proposed rule at the expense of the American Taxpayer. Therefore, we ask the Department to explain how the proposed BDR rule comports with the FCCA and the Anti-deficiency Act. It is our hope the Department of Education will reverse course on the rules changes that would expand the Borrowers Defense to Repayment Rule. Thank you.