



MAR 29 2019

The Honorable Patty Murray  
Ranking Member  
Committee on Health, Education, Labor & Pensions  
United States Senate  
Washington, DC 20515

Dear Ranking Member Murray:

As requested in both the joint explanatory statement accompanying the *Consolidated Appropriations Act of 2018*, and Senate Report 115-150, we are transmitting to Congress the enclosed information regarding borrower defense applications made pursuant to Section 455(h) of the *Higher Education Act of 1965*, as amended, 20 U.S.C. § 1087e(h), and our implementing regulations.

The enclosed report provides information regarding the total borrower defense applications received and discharged as of December 31, 2018, both nationally and by state. The report also provides the median outstanding debt for borrower defense applicants prior to discharge, as well as the median loan debt remaining for applicants who received a partial discharge. The report also calculates the percentage of the approved applications that received a partial discharge, or less than 100% relief. This quarter, as requested, we also calculated the percentage of the total approved applications that received 100% relief.

The total amount discharged and the number of approved and denied claims included in the enclosed report has not changed from what we previously reported, as a result of ongoing litigation and the prioritization of the implementation of the borrower defense to repayment final regulations (the “2016 final regulations”) that we promulgated on November 1, 2016, at 81 Fed. Reg. 75,926. You may notice that the count of applications in various categories has decreased from previous reports. These decreases are attributable only to our transition to a new borrower defense application processing platform that allows for more enhanced functionality, which among other things, allowed us to systematically identify duplicate applications. From this report, we have excluded duplicate applications and will continue to do so going forward.

With the next release of this report, the Department plans to augment the existing report with additional information that will make it easier to quickly determine new activity that occurred during the quarter. Specifically, whenever privacy restrictions do not apply, the report will display the total number of claims by category at the state level as well as the associated change in the number of claims since the last report.

As of this quarterly report, we remain subject to the preliminary injunction issued<sup>6</sup> in the case of *Manriquez v. DeVos*, No. 17-cv-7210 (N.D. Cal.). The injunction enjoins us from using a methodology we had developed to quantify the amount of relief that borrowers would receive for certain types of approved borrower defense applications. Furthermore, we are devoting significant resources to implementing the 2016 final regulations and supporting oversight and transparency efforts. As noted in last quarter's report, we had delayed the effective date of the 2016 final regulations to July 1, 2019, and as a result had not implemented those regulations. However, these delays were vacated in the fall of 2018 in the case *Bauer v. DeVos*, No. 17-cv-1330 (D.D.C.). As a result of the court's orders in *Bauer*, we have been diligently implementing the 2016 final regulations. Even with our limited resources being devoted to implementation, oversight, and transparency work, we plan to increase our adjudication of borrower defense applications in the future.

In the coming weeks, we plan to post the enclosed report in its entirety on the Federal Student Aid Data Center at [StudentAid.gov/data-center](http://StudentAid.gov/data-center). While previous published reports included the high-level data only, the Department will now provide state-level information on its website.

If you have any questions about this report, please have your staff contact Molly Petersen in the Office of Legislation and Congressional Affairs by email at [Molly.Petersen@ed.gov](mailto:Molly.Petersen@ed.gov) or by phone at (202) 401-0020.

Sincerely,



Mark A. Brown  
Chief Operating Officer

Enclosure

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<sup>6</sup> The Department has filed an appeal of the preliminary injunction order with the Ninth Circuit Court of Appeals, and that appeal is pending.

## Borrower Defense - Quarterly Report - for quarter end 12/31/2018\*

<b>Total Received Claims</b>	<b>218,366</b>	<b>Percentage of the total approved claims receiving partial discharge</b>	<b>31.3%</b>
<b>Total Pending Claims</b>	<b>158,110</b>	<b>Percentage of the total approved claims receiving 100% discharge</b>	<b>68.7%</b>
<b>Total Approved Claims</b>	<b>47,942</b>	<b>Total dollar amount of outstanding debt prior to discharge</b>	<b>\$602,445,930</b>
<b>Total Denied Claims</b>	<b>9,077</b>	<b>Median dollar amount of outstanding debt prior to discharge</b>	<b>\$ 11,542</b>
<b>Total Closed Claims</b>	<b>3,237</b>	<b>Median loan debt remaining for claims receiving partial discharge</b>	<b>\$ 7,851</b>
<b>Total Amount Discharged</b>	<b>\$534,765,563</b>		

### State Level Breakouts:

Total Received	
Borrower State of Residence	Total Received
<b>TOTAL</b>	<b>218,366</b>
CA	49,804
FL	18,201
TX	16,768
IL	11,242
GA	9,559
WA	7,878
MA	6,366
OH	6,611
NY	6,219
PA	6,001
MI	5,867
NC	5,577
VA	5,138
IN	4,205
MO	4,068
CO	3,647
AZ	3,717
MN	3,502
NJ	3,517
OR	3,281
MD	3,178
TN	2,949
NV	2,881
HI	2,533
WI	2,529
SC	2,305
AL	2,047
KY	1,891
LA	1,733

Total Pending	
Borrower State of Residence	Pending
<b>TOTAL</b>	<b>158,110</b>
CA	31,971
FL	13,864
TX	12,158
IL	8,335
GA	7,018
OH	5,558
NY	5,290
WA	4,991
PA	4,665
NC	4,400
MI	4,031
VA	3,789
IN	3,487
AZ	3,332
MO	3,137
NJ	2,859
MN	2,774
CO	2,684
MD	2,537
TN	2,527
MA	2,309
NV	2,253
OR	2,196
WI	2,147
SC	1,837
AL	1,674
KY	1,669
LA	1,403
HI	1,346

Total Approved	
Borrower State of Residence	Approved
<b>TOTAL</b>	<b>47,942</b>
CA	15,047
MA	3,857
TX	3,464
FL	3,230
WA	2,289
GA	1,875
IL	1,727
MI	1,463
VA	1,039
NC	976
PA	972
HI	913
OH	841
OR	836
CO	774
MO	729
NY	699
MN	643
IN	522
NJ	515
NV	433
SC	382
MD	369
TN	359
MS	342
AL	307
AZ	307
LA	273
AR	235

Total Denied	
Borrower State of Residence	Denied
<b>TOTAL</b>	<b>9,077</b>
CA	1,683
IL	1,039
TX	962
FL	936
GA	528
WA	486
MI	318
PA	278
VA	245
MD	241
OR	210
CO	163
NV	162
NY	160
IN	159
HI	155
MO	138
OH	122
NC	115
WI	105
NJ	103
MA	93
AZ	58
SC	57
UT	48
WV	47
TN	45
LA	44
DC	42

Total Closed	
Borrower State of Residence	Closed
<b>TOTAL</b>	<b>3,237</b>
CA	1,103
TX	184
FL	171
GA	138
IL	141
HI	119
MA	107
OH	90
WA	112
MN	48
PA	86
NC	86
VA	65
NY	70
MI	55
MO	64
MS	52
OR	39
WI	46
IN	37
MD	31
NJ	40
NV	33
AL	33
Less than 30	287

Total Amount Discharged	
Borrower State of Residence	Total Discharged
<b>TOTAL</b>	<b>\$ 534,765,562.65</b>
CA	\$ 181,534,401.68
FL	\$ 42,988,608.01
MA	\$ 30,668,620.67
TX	\$ 25,655,187.48
GA	\$ 21,052,060.65
WA	\$ 18,933,759.95
IL	\$ 14,977,976.71
NC	\$ 14,869,392.57
MI	\$ 14,153,986.21
HI	\$ 12,586,220.53
PA	\$ 12,221,509.98
OR	\$ 10,492,103.89
OH	\$ 10,464,714.95
VA	\$ 10,213,706.62
NY	\$ 9,693,154.96
CO	\$ 8,620,865.33
MO	\$ 7,151,531.27
NV	\$ 6,375,114.85
SC	\$ 6,033,202.05
IN	\$ 5,863,531.95
TN	\$ 5,714,017.12
MD	\$ 5,222,338.59
MS	\$ 4,884,963.73
MN	\$ 4,859,558.93
NJ	\$ 4,527,620.08
AL	\$ 4,442,080.99
LA	\$ 4,015,068.21
AZ	\$ 3,850,660.42
KY	\$ 3,021,453.11

MS	1,558
UT	1,381
OK	1,211
KS	1,126
WV	1,044
AR	1,086
IA	872
CT	927
NM	754
ID	713
NE	599
DC	505
NH	404
DE	372
MT	343
WY	314
ME	319
SD	271
RI	278
AK	238
ND	225
FC	190
VT	124
PR	73
VI	64
AE	51
Less than 30	110

UT	1,144
MS	1,126
OK	1,041
KS	964
AR	815
CT	774
WV	743
IA	698
NM	658
ID	590
NE	481
DC	373
NH	295
DE	286
MT	265
ME	245
RI	227
SD	211
WY	194
ND	177
AK	169
FC	97
VT	81
PR	63
AE	37
VI	39
Less than 30	76

WI	231
WV	230
UT	182
KY	177
IA	147
KS	138
OK	137
CT	130
ID	109
WY	109
NE	101
NH	97
NM	87
DC	81
FC	71
DE	70
MT	64
ME	62
AK	56
SD	49
RI	46
ND	43
VT	36
Less than 30	71

MS	38
MN	37
AL	33
Less than 30	227

WI	\$ 2,842,268.55
AR	\$ 2,693,604.27
WV	\$ 2,475,106.47
KS	\$ 2,074,560.94
UT	\$ 1,821,799.26
IA	\$ 1,681,706.17
OK	\$ 1,618,205.02
CT	\$ 1,467,437.04
ID	\$ 1,242,733.49
NE	\$ 1,050,694.52
NM	\$ 1,023,915.71
WY	\$ 1,023,544.83
DE	\$ 997,436.54
NH	\$ 975,557.41
FC	\$ 918,270.21
MT	\$ 889,873.78
DC	\$ 797,027.97
AK	\$ 688,927.93
ME	\$ 685,577.58
RI	\$ 612,236.75
SD	\$ 559,249.52
ND	\$ 432,409.52
VI	\$ 357,365.20
VT	\$ 300,486.42
AE	\$ 134,933.88
GU	\$ 133,610.94
Less than \$100,000	\$ 179,611.24

**NOTES\***

*Enhanced functionality, now available in borrower defense system, Customer Engagement Management System (CEMS), allows the U.S. Department of Education (ED) to more quickly identify potential duplicate claims. As a result, the methodology of this report now excludes duplicate applications. Due to this change, it is possible that the counts of claims in various categories may decrease from previous quarters' reports. Outstanding and remaining debt amounts exclude consolidation loans and loans previously paid off by consolidation.*

*As referenced in the letter submitted from ED regarding the 6/30/2018 Borrower Defense Quarterly Congressional report, data provided at the state level presents an inadvertent disclosure risk. Therefore, the aggregate data is provided on a quarterly basis, but the state data biannually due to small numbers of applications.*

*All dollar amounts and percent elements in the 12/31/2018 Quarterly report that are unchanged from the 9/30/2018 Quarterly report reflect the fact that ED deferred processing of discharges during this quarter as a result of ongoing litigation. This includes the values referenced: Total Amount Discharged, Percentage of the total approved claims receiving partial discharge, Total dollar amount of outstanding debt prior to discharge, Median dollar amount of outstanding debt prior to discharge and Median loan debt remaining for claims receiving partial discharge.*

**Data Descriptions:**

*Total Received Claims: Total count of applications received by ED that have passed initial intake reviews and deemed ready for further review and adjudication.*

*Total Denied Claims: Total count of applications that ED reviewed and signed off as denied applications.*

*Total Closed Claims: Total count of applications closed with no need for adjudication. (e.g. borrower requests that ED stop processing application.)*

*Total Pending Claims: Total count of applications under review prior to a determination.*

*Total Approved Claims: Total count of applications approved for discharge.*

*Total Amount of Discharges: Total dollar amount associated with discharged applications.*

**Sources:**

*CEMS Borrower Defense System*

*NSLDS (National Student Loan Data System)*