

24-413 DEPARTMENT OF EDUCATION V. CAREER COLLEGES AND SCHOOLS OF TEXAS

DECISION BELOW: 98 F.4th 220

LOWER COURT CASE NUMBER: 23-50491

QUESTION PRESENTED:

The Higher Education Act of 1965 (Education Act or Act), 20 U.S.C. 1070 et seq., permits borrowers of federal student loans to assert defenses to their federal repayment obligations based on, inter alia, misconduct of the borrower's school. See 20 U.S.C. 1087e(h). The Act also directs the Secretary of Education to "specify in regulations which acts or omissions of an institution of higher education a borrower may assert as a defense to repayment of a loan." *Ibid.*

For decades, the Department of Education has permitted borrowers to present such defenses directly to the Department prior to and during formal collection efforts. At issue in this case is a rule that refines the administrative processes the Department uses to review asserted defenses, including by strengthening the process for group resolution of defenses with common facts, in response to substantial backlogs and related problems that have impaired the Department's operations. In this suit brought by an association of schools in Texas, the Fifth Circuit suspended the implementation of those provisions of the regulation on a universal basis. The questions presented are:

1. Whether the court of appeals erred in holding that the Education Act does not permit the assessment of borrower defenses to repayment before default, in administrative proceedings, or on a group basis.
2. Whether the court of appeals erred in ordering the district court to enter preliminary relief on a universal basis.

GRANTED LIMITED TO QUESTION 1 PRESENTED BY THE PETITION.

CERT. GRANTED 1/10/2025