



# Fact Sheet

COMMITTEE ON EDUCATION & THE WORKFORCE DEMOCRATS

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Hon. Robert C. "Bobby" Scott • Ranking Member

## Pell Restoration Act of 2015

The Higher Education Act (HEA) provides for the discharge of students' federal loans if a school closes before students complete their programs. Recently, Corinthian Colleges – a for-profit college company – closed and filed for bankruptcy earlier this year, amid widespread charges of fraud. The Department of Education is using this provision to develop a process that would allow any student – whether from Corinthian or elsewhere – to be forgiven their loans if they had been defrauded by their colleges, and restore fundamental fairness for these students.

Unfortunately, HEA lacks similar provisions to restore students' eligibility for Pell Grants, which students can only receive for six academic years or twelve semesters. Because the law does not reset the clock on a student's eligibility for Pell Grants, students may not have enough Pell Grant eligibility left to complete a program at another school.

The **Pell Restoration Act of 2015** restores Pell Grant eligibility for:

- Any student who has their federal student loans discharged through:
  - Compromise and settlement authority
  - Defenses to repayment; or
  - Statutory discharges
- Students who would have qualified for a loan discharge, but did not take out any federal student loans

The **Pell Restoration Act of 2015 would restore these** benefits for students who attended an institution of higher education that closed due to misconduct, as determined by a court or the Secretary. These students deserve a fresh start and the chance to use Pell Grants to obtain a meaningful degree or certificate at another school.