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**STATEMENT OF SENATOR EDWARD M. KENNEDY ON PASSAGE OF HIGHER
EDUCATION TECHNICAL AMENDMENTS**

*Legislation expands grants for families of soldiers killed in action and helps students who
have defaulted on their student loans*

Washington, D.C.—The House today unanimously approved legislation that expands grants for survivors of veterans killed in action and reduces credit problems by enabling the Department of Education to purchase rehabilitated loans from guaranty agencies. The bill, H.R. 1777, passed unanimously by the Senate yesterday, also includes a number of technical amendments to the Higher Education Act of 1965.

“This legislation expands a valuable college aid program to help the children of our brave men and women who have given their lives in the service of our country in Iraq or Afghanistan. It also removes a main roadblock facing student borrowers struggling to move out of default on their loan and back into normal repayment,” said Senator Edward M. Kennedy. “These improvements in the current program will help many more students afford and benefit from higher education.”

Key provisions of the legislation:

Expand Grants to Survivors of Soldiers killed in Iraq and Afghanistan. The 2008 Higher Education Opportunity Act made children of soldiers killed in the Iraq and Afghanistan Wars since 2001, who qualify for Pell Grants, eligible for the maximum Pell award (\$5,350 for the 2008-9 school year). H.R. 1777 provides a comparable grant of the same size as the maximum Pell award to survivors whose incomes do not make them are not eligible for Pell Grants. As a result, these children will be eligible for more than \$20,000 in grants for college over four years.

Authorize the Department of Education to Purchase Rehabilitated Loans. When students default on a college loan held by a private lender, guaranty agencies work with them to re-establish their loan repayments. Once the students have made nine consecutive, on-time monthly payments, they are considered to have “rehabilitated” their loan. Historically guaranty agencies have sold these rehabilitated loans in secondary markets, allowing the default to be removed from the borrower’s credit report. In recent months, however, there have not been enough buyers for these loans. H.R. 1777 enables guaranty agencies to sell these rehabilitated loans to the Department of Education, so that the agencies will have the capital to work with new defaulted borrowers.

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