

[DISCUSSION DRAFT]

118TH CONGRESS
1ST SESSION

H. R. _____

To amend title 38, United States Code, to provide that educational assistance paid under Department of Veterans Affairs educational assistance programs to an individual who pursued a program or course of education that was suspended or terminated for certain reasons shall not be charged against the entitlement of the individual, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend title 38, United States Code, to provide that educational assistance paid under Department of Veterans Affairs educational assistance programs to an individual who pursued a program or course of education that was suspended or terminated for certain reasons shall not be charged against the entitlement of the individual, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. EFFECTS OF TERMINATION OF COURSES OR**
2 **PROGRAMS BY REASON OF FRAUD ON EDU-**
3 **CATIONAL INSTITUTIONS UNDER DEPART-**
4 **MENT OF VETERANS AFFAIRS EDUCATIONAL**
5 **ASSISTANCE PROGRAMS.**

6 (a) IN GENERAL.—Section 3699(b)(1) of title 38,
7 United States Code, is amended—

8 (1) in subparagraph (A), by striking “or” at
9 the end;

10 (2) in subparagraph (B), by striking “; and”;
11 and

12 (3) by adding at the end the following new sub-
13 paragraph:

14 “(C) the suspension or termination of a
15 course or program of education by reason of in-
16 formation collected as part of a risk-based sur-
17 vey under section 3673A of this title; or

18 “(D) a determination made by the Sec-
19 retary of Education based on a preponderance
20 of the evidence that an educational institution
21 committed an actionable act or omission under
22 regulations under the authority of the Secretary
23 of Education and, as a result, direct loan bor-
24 rowers at such educational institution suffered
25 detriments of a nature and degree warranting

1 the relief provided by a borrower defense to re-
2 payment; and”.

3 (b) REPAYMENT OF FUNDS.—Section 3699 of title
4 38, United States Code, as amended by subsection (a),
5 is further amended by adding at the end the following new
6 subsection:

7 “(f) REPAYMENT OF FUNDS IN CASES OF FRAUD.—
8 As a condition of the approval of a course or program of
9 education under this chapter, the educational institution
10 offering the course or program shall agree that if the edu-
11 cational institution closes or suspends or terminates a
12 course or program of education by reason of a determina-
13 tion of fraud by the Commissioner of the Federal Trade
14 Commission or the Secretary of Education, the edu-
15 cational institution shall repay to the Secretary all
16 amounts of educational assistance received pursuant to
17 the educational assistance programs administered by the
18 Secretary during the period when the fraud was deter-
19 mined to have occurred.”.

20 (c) EFFECTIVE DATE.—Subparagraphs (C) and (D)
21 of section 3699(b)(1) of title 38, United States Code, as
22 added by subsection (a), shall apply with respect to the
23 suspension or termination of a course or program of edu-
24 cation or a determination of the Secretary of Education

1 made before, on, or after the date of the enactment of
2 this Act.