

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

LAURA SANDLER,	:	
	:	
Plaintiff,	:	CIVIL ACTION
	:	
v.	:	No. 00-CV-4432
	:	
UNITED STATES DEPARTMENT OF	:	
EDUCATION and RICHARD W. RILEY,	:	
SECRETARY OF EDUCATION,	:	
	:	
Defendants.	:	

MEMORANDUM

BUCKWALTER, J.

July 19, 2001

Presently before this Court is a motion for summary judgment on behalf of the United States Department of Education and the Secretary of Education (“Defendants”) and a cross-motion for summary judgment on behalf of Laura Sandler (“Plaintiff”). The Court finds in favor of Plaintiff and grants summary judgment accordingly.

I. FINDINGS OF FACT

- A. Plaintiff enrolled in the Pennsylvania College of Chiropractic (“PCC”) in 1994.
- B. To finance this education, Plaintiff obtained a federally-guaranteed student loan from the Pennsylvania Higher Education Assistance Agency (“PHEAA”).
- C. In January 1995, PCC announced that it would close in December 1995.

D. At the time of the announcement, Plaintiff had seven trimesters (two and one-thirds years) remaining in her academic program.

E. On January 25, 1995, Plaintiff withdrew from PCC.

F. Plaintiff returned the unused balance of her loan.

G. Plaintiff petitioned PHEAA, the guaranty agency designated by the Secretary of Education (“ the Secretary”), to discharge her loan under 20 U.S.C. § 1087(c).

H. PHEAA denied Plaintiff’s request citing both the statute governing discharge, 20 U.S.C. § 1071 et seq., and the corresponding regulation, 34 C.F.R. § 682.402(d)(3).

I. The statute authorizes the Secretary to “prescribe such regulations as may be necessary to carry out the purposes of this part . . . to establish minimum standards with respect to sound management and accountability of programs under this part. . . .” 20 U.S.C.S. § 1082(a)(1).

J. Relying on this authority, the Secretary drafted and implemented regulation 34 C.F.R. § 682.402(d)(1)(i) which provides in relevant part that: “The Secretary reimburses the holder of a loan . . . and discharges the borrower’s obligation with respect to the loan, if the borrower . . . withdrew from the school not more than 90 days prior to the date the school closed.”

K. PHEAA explained that as Plaintiff withdrew from PCC more than 90 days before the school’s closing, Plaintiff was not entitled to discharge.

L. Plaintiff countered that the Secretary’s regulations were inappropriate because the applicable statutory language was clear on its face, making the 90 day restriction inapplicable.

II. CONCLUSIONS OF LAW

Currently before the Court are Defendants’ motion and Plaintiff’s cross-motion for summary judgment. To evaluate these motions, the Court should look to the standard of review outlined by the Administrative Procedure Act, 5 U.S.C. § 701 et seq. This act applies where a plaintiff challenges the process and result of an informal federal agency action, and it requires a plaintiff to show that the agency’s actions were “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law. . . .” 5 U.S.C. § 706(2)(A).

In making this determination, the Court must evaluate the agency’s application of the statute under which the agency acted. One of the considerations in this assessment is whether an agency, that has promulgated regulations to assist in the application or interpretation of the statute, has the requisite authority to draft and implement these guidelines. The Supreme Court in Chevron U.S.A. v. Natural Resources Defense Council, 467 U.S. 837, 842 (1984) articulated the proper analysis for a challenge to an agency procedure or action. The first step is to determine whether “Congress has directly spoken to the precise question at issue.” Id. If the intent of Congress is clear, then the Court, as well as the administrative agency, “must give effect to the unambiguously expressed intent of Congress.” Id. at 842-43. Only if the statute is silent or ambiguous as to the precise question at issue should the Court assess whether the agency’s interpretation is a “permissible construction of the statute.” Id. at 843.

The Court applies this analysis here and finds that Congress did speak directly to the issue in question. The relevant portion of the statute states:

If a borrower who received, on or after January 1, 1986, a loan made, insured, or guaranteed under this part and the student borrower . . . is unable to complete the program due to the closure of the institution . . . then the Secretary shall discharge the borrower’s liability on the loan (including interest and collection

fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution

20 U.S.C. § 1087(c). The plain meaning of the statute clearly is that when a student is unable to complete his or her program due to the closure of the school, the Secretary shall discharge the borrower's liability on the loan.

Defendants argue that Plaintiff's view of the statute fails the first step of Chevron because the closure of PCC was not the cause of Plaintiff's inability to complete her education. However, the Court believes that the statute clearly and directly speaks to Plaintiff's situation. Plaintiff was properly enrolled when PCC announced its closure and Plaintiff's inability to complete her program followed directly from this announcement. PCC explained to its students that to obtain a degree they could either transfer their credits to another program or complete their course work during the remaining eleven months of the PCC's existence. As Plaintiff worked full time and transferring her credits would require relocation, Plaintiff could not continue with her program and earn a degree. In light of these facts, the Court finds that Plaintiff could not complete her program due to the closure of the PCC.

The Court believes the statutory language "unable to complete the program . . . due to the closure of such institution" is clear on its face and accordingly, the Court must give effect to the language of the statute. As the Court finds Plaintiff's situation falls squarely within the plain language of the statute, the Court's inquiry comes to an end, and the Court does not need to consider the second step of the Chevron analysis or determine whether the regulations are arbitrary and capricious such that they might constitute an impermissible construction of the

statute. For the aforementioned reasons, the Court will deny Defendants' Motion for Summary Judgment and will grant Plaintiff's Cross-Motion for Summary Judgment.

An order follows.

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Plaintiff,	:	CIVIL ACTION
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v.	:	No. 00-CV-4432
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UNITED STATES DEPARTMENT OF	:	
EDUCATION and RICHARD W. RILEY,	:	
SECRETARY OF EDUCATION,	:	
	:	
Defendants.	:	

ORDER

AND NOW, this 19th day of July, 2001, upon consideration of Defendants' Motion for Summary Judgment (Docket No. 3), Plaintiff's Cross-Motion for Summary Judgment (Docket No. 5), Defendants' Reply (Docket No. 8), and Plaintiff's Surreply (Docket No. 9), it is hereby **ORDERED** that Defendants' motion is **DENIED** and Plaintiffs' motion is **GRANTED**. Judgment is entered in favor of Plaintiff Laura Sandler and against Defendants United States Department of Education and Richard W. Riley, Secretary of Education.

This case is **CLOSED**.

BY THE COURT:

RONALD L. BUCKWALTER, J.