

115TH CONGRESS  
1ST SESSION

# H. R. 4372

To amend the Higher Education Act of 1965 to require borrowers to repay Federal student loans under an income-based repayment plan or a standard repayments plan, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 13, 2017

Mr. FERGUSON (for himself, Mr. MITCHELL, and Mr. GARRETT) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To amend the Higher Education Act of 1965 to require borrowers to repay Federal student loans under an income-based repayment plan or a standard repayments plan, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Help Students Repay  
5 Act”.

1 **SEC. 2. STREAMLINING REPAYMENT PLANS FOR NEW BOR-**  
2 **ROWERS.**

3 Section 455 of the Higher Education Act of 1965 (20  
4 U.S.C. 1087e) is amended by striking subsection (d) and  
5 inserting the following:

6 “(d) REPAYMENT PLANS.—

7 “(1) DESIGN AND SELECTION FOR BORROWERS  
8 BEFORE JULY 1, 2018.—With respect to a borrower  
9 of a loan made under this part before July 1, 2018,  
10 and consistent with criteria established by the Sec-  
11 retary, the Secretary shall offer such borrower a va-  
12 riety of plans for repayment of such loan, including  
13 principal and interest on the loan. The borrower  
14 shall be entitled to accelerate, without penalty, re-  
15 payment on the borrower’s loans under this part.  
16 The borrower may choose—

17 “(A) a standard repayment plan, con-  
18 sistent with subsection (a)(1) of this section  
19 and with section 428(b)(9)(A)(i);

20 “(B) a graduated repayment plan, con-  
21 sistent with section 428(b)(9)(A)(ii);

22 “(C) an extended repayment plan, con-  
23 sistent with section 428(b)(9)(A)(iv), except  
24 that the borrower shall annually repay a min-  
25 imum amount determined by the Secretary in  
26 accordance with section 428(b)(1)(L);

1           “(D) an income contingent repayment  
2 plan, with varying annual repayment amounts  
3 based on the income of the borrower, paid over  
4 an extended period of time prescribed by the  
5 Secretary, not to exceed 25 years, except that  
6 the plan described in this subparagraph shall  
7 not be available to the borrower of a Federal  
8 Direct PLUS loan made on behalf of a depend-  
9 ent student; and

10           “(E) an income-based repayment plan that  
11 enables borrowers who have a partial financial  
12 hardship to make a lower monthly payment in  
13 accordance with section 493C, except that the  
14 plan described in this subparagraph shall not be  
15 available to the borrower of a Federal Direct  
16 PLUS Loan made on behalf of a dependent  
17 student or a Federal Direct Consolidation  
18 Loan, if the proceeds of such loan were used to  
19 discharge the liability on such Federal Direct  
20 PLUS Loan or a loan under section 428B  
21 made on behalf of a dependent student.

22           “(2) DESIGN AND SELECTION FOR BORROWERS  
23 ON OR AFTER JULY 1, 2018.—The Secretary shall  
24 offer a borrower of a loan made under this part on  
25 or after July 1, 2018, the following plans for repay-

1       ment of such loan, including principal and interest  
2       on the loan. The borrower shall be entitled to accel-  
3       erate, without penalty, repayment on the borrower’s  
4       loans under this part. The borrower may choose—

5               “(A) a standard repayment plan, con-  
6               sistent with subsection (a)(1) of this section  
7               and with section 428(b)(9)(A)(i); or

8               “(B) an income-based repayment plan,  
9               consistent with section 460A, except the plan  
10              described in this subparagraph shall not be  
11              available to a borrower of a Federal Direct  
12              PLUS Loan made on behalf of a dependent  
13              student, a Federal Direct Consolidation Loan,  
14              if the proceeds of such loan were used to dis-  
15              charge the liability on such Federal Direct  
16              PLUS Loan or a loan under section 428B  
17              made on behalf of a dependent student.

18             “(3) BORROWER NON-SELECTION.—If a bor-  
19             rower of a loan made under this part does not select  
20             a repayment plan described in paragraph (1) or (2),  
21             the Secretary may provide the borrower with a re-  
22             payment plan described in subparagraph (A), (B), or  
23             (C) of paragraph (1) in the case of a borrower of a  
24             loan first disbursed before July 1, 2018, or a repay-  
25             ment plan described in paragraph (2)(A) in the case

1 of a borrower of a loans first disbursed on or after  
2 July 1, 2018.

3 “(4) CHANGES IN SELECTIONS.—The borrower  
4 of a loan made under this part may change the bor-  
5 rower’s selection of a repayment plan under para-  
6 graph (1) or (2), or the Secretary’s selection of a  
7 plan for the borrower under paragraph (3), as the  
8 case may be, under such terms and conditions as  
9 may be established by the Secretary.

10 “(5) REPAYMENT AFTER DEFAULT.—For any  
11 borrower who has defaulted on a loan made under  
12 this part, the Secretary—

13 “(A) may require the borrower to pay all  
14 reasonable collection costs associated with such  
15 loan; and

16 “(B) if such loan was made—

17 “(i) to any borrower who, before July  
18 1, 2018, had an outstanding balance on a  
19 student loan made, insured, or guaranteed  
20 under this part or part B, may require the  
21 borrower to repay the loan pursuant to an  
22 income contingent repayment plan, as de-  
23 scribed in paragraph (1)(D), or an income-  
24 based repayment plan, as described in  
25 paragraph (1)(E); or

1           “(ii) to a new borrower (as defined in  
2           section 460A(a)(2)), may provide the bor-  
3           rower the option to enroll in the repayment  
4           plan described in paragraph (2)(B).

5           “(6) APPLICABILITY PROVISION.—

6           “(A) IN GENERAL.—Except as provided in  
7           paragraph (5) and subparagraph (B), the re-  
8           payment plans under subparagraphs (B), (C),  
9           (D), and (E) of paragraph (1) are not available  
10          for a borrower who received the borrower’s first  
11          disbursement of a Federal Direct Loan on or  
12          after July 1, 2018.

13          “(B) EXCEPTION.—The repayment plans  
14          available to a borrower of a Federal Direct  
15          PLUS Loan made on behalf of a dependent  
16          student or a Federal Direct Consolidation Loan  
17          whose proceeds were used to discharge the li-  
18          ability of a Federal Direct PLUS Loan made  
19          on behalf of a dependent student or a loan  
20          under section 428B made on behalf of a de-  
21          pendent student on or after July 1, 2018, shall  
22          be those described under subparagraphs (A),  
23          (B), and (C) of paragraph (1).”.

1 **SEC. 3. INCOME-BASED REPAYMENT FOR NEW BORROWERS**  
2 **AND NEW LOANS.**

3 Part D of title IV of the Higher Education Act of  
4 1965 (20 U.S.C. 1087a et seq.) is amended by adding at  
5 the end the following:

6 **“SEC. 460A. INCOME-BASED REPAYMENT PLAN.**

7 “(a) DEFINITIONS.—

8 “(1) COVERED FEDERAL DIRECT LOAN.—The  
9 term ‘covered Federal Direct Loan’ means a Federal  
10 Direct Stafford Loan, a Federal Direct Unsubsidized  
11 Stafford Loan, a Federal Direct Consolidation Loan  
12 (other than an excepted consolidation loan), or a  
13 Federal Direct PLUS Loan (other than an excepted  
14 plus loan) made under this part.

15 “(2) NEW BORROWER.—The term ‘new bor-  
16 rower’ means a borrower who—

17 “(A) as of July 1, 2018, has no out-  
18 standing balance on a student loan made, in-  
19 sured, or guaranteed under part B or D; or

20 “(B) has no outstanding balance on a stu-  
21 dent loan made, insured, or guaranteed under  
22 part B or D on the date the borrower receives  
23 a loan made under part D on or after July 1,  
24 2018.

25 “(3) EXCEPTED PLUS LOAN; EXCEPTED CON-  
26 SOLIDATION LOAN.—The terms ‘excepted plus loan’

1 and ‘excepted consolidation loan’ have the meanings  
2 given such terms in section 493C.

3 “(4) INCOME-BASED CALCULATION.—The term  
4 ‘income-based calculation’ means 15 percent of the  
5 result obtained by calculating, on at least an annual  
6 basis, the amount by which—

7 “(A) the borrower’s, and the borrower’s  
8 spouse’s (if applicable), adjusted gross income;  
9 exceeds, as defined by the Secretary; exceeds

10 “(B) 150 percent of the poverty line appli-  
11 cable to the borrower’s family size as deter-  
12 mined under section 673(2) of the Community  
13 Services Block Grant Act (42 U.S.C. 9902(2)).

14 “(b) REVISED INCOME-BASED PLAN.—Notwith-  
15 standing any other provision of this Act, the Secretary  
16 shall carry out a program for new borrowers and any bor-  
17 rowers of covered Federal Direct Loans made on or after  
18 July 1, 2018, that meets the following requirements:

19 “(1) MONTHLY PAYMENT AMOUNT.—Except as  
20 otherwise provided in this subsection, a new bor-  
21 rower of any covered Federal Direct Loan, or any  
22 borrower of any covered Federal Direct Loan, may  
23 elect to have the borrower’s aggregate monthly pay-  
24 ment for all such loans not to exceed the result of  
25 the income-based calculation divided by 12.



1           “(2) APPLICATION OF PAYMENT.—The Sec-  
2           retary shall apply the borrower’s monthly payment  
3           under this subsection on such a loan first toward in-  
4           terest due on the loan, next toward any fees due on  
5           the loan, and then toward the principal of the loan.

6           “(3) INTEREST.—

7           “(A) IN GENERAL.—Subject to subpara-  
8           graph (B), if the borrower’s monthly payment  
9           amount under paragraph (1) is not sufficient to  
10          pay the accrued interest on the borrower’s loan,  
11          such interest shall be paid by the borrower or  
12          be capitalized.

13          “(B) NO ACCRUAL OF INTEREST AFTER 10  
14          YEARS.—Notwithstanding section 455(b)(8) or  
15          any other provision of this title, interest shall  
16          cease accruing on a loan being repaid under  
17          this subsection, after the borrower has made  
18          payments under this subsection on such loan in  
19          an amount equal to—

20                  “(i) the amount the borrower would  
21                  have repaid under 455(d)(1)(A) on such  
22                  loan, based on a 10-year repayment period,  
23                  when the borrower first made the election  
24                  described in this subsection, plus

1                   “(ii) the amount of any interest that  
2                   accrued (or was capitalized) during a for-  
3                   bearance or deferment period or any simi-  
4                   lar period, on the portion of the loan that  
5                   was being repaid in accordance with clause  
6                   (i).

7                   “(4) SELECTION OF DIFFERENT REPAYMENT  
8                   PLAN.—A borrower who no longer wishes to repay  
9                   under the plan under this section may change to a  
10                  standard repayment plan in accordance with section  
11                  455(d)(3).

12                  “(c) ELIGIBILITY DETERMINATIONS.—The Secretary  
13                  shall establish procedures for annually determining the  
14                  borrower’s eligibility for income-based repayment, includ-  
15                  ing verification of a borrower’s annual income and the an-  
16                  nual amount due on the total amount of covered Federal  
17                  Direct Loans, and such other procedures as are necessary  
18                  to effectively implement income-based repayment under  
19                  this section. The Secretary shall consider, but is not lim-  
20                  ited to, the procedures established in accordance with sec-  
21                  tion 455(e)(1) or section 493C, or in connection with in-  
22                  come sensitive repayment schedules under section  
23                  428(b)(9)(A)(iii) or 428C(b)(1)(E).

24                  “(d) SPECIAL RULE FOR MARRIED BORROWERS FIL-  
25                  ING SEPARATELY.—In the case of a married borrower who

1 files a separate Federal income tax return, the Secretary  
2 shall calculate the amount of the borrower's income-based  
3 repayment under this section solely on the basis of the  
4 borrower's student loan debt and adjusted gross income.”.

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