

115TH CONGRESS
2D SESSION

H. R. 5549

To amend the Higher Education Act of 1965 to improve loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 18, 2018

Mr. DEFAZIO introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committees on the Judiciary, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Higher Education Act of 1965 to improve loans, 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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Helping Individuals Get a Higher Education while Re-
6 ducing Education Debt Act” or the “HIGHER ED Act”.

7 (b) **TABLE OF CONTENTS.**—The table of contents of
8 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—REINSTATEMENT OF AUTHORITY TO MAKE FEDERAL
DIRECT STAFFORD LOANS TO GRADUATE AND PROFESSIONAL
STUDENTS; DISCHARGING STUDENT LOANS IN BANKRUPTCY

Sec. 101. Reinstatement of authority to make Federal Direct Stafford Loans
to graduate and professional students.

Sec. 102. Discharge Student Loans in Bankruptcy.

TITLE II—REFINANCING PROGRAMS

Sec. 201. Program authority.

Sec. 202. Refinancing Program.

Sec. 203. Amendments to public service repayment plan provisions.

Sec. 204. Income-based repayment.

TITLE III—LOAN FORGIVENESS

Sec. 301. Loan forgiveness for adjunct faculty.

TITLE IV—INCOME-DRIVEN REPAYMENT PLANS

Sec. 401. Income-based repayment plan.

Sec. 402. Termination of certain repayment plan options.

Sec. 403. Notification and automatic enrollment procedures.

Sec. 404. Automatic recertification of income.

Sec. 405. Study and procedures on determining family size.

Sec. 406. Disclosure of tax return information to carry out certain higher edu-
cation loan programs.

1 **TITLE I—REINSTATEMENT OF**
 2 **AUTHORITY TO MAKE FED-**
 3 **ERAL DIRECT STAFFORD**
 4 **LOANS TO GRADUATE AND**
 5 **PROFESSIONAL STUDENTS;**
 6 **DISCHARGING STUDENT**
 7 **LOANS IN BANKRUPTCY**

8 **SEC. 101. REINSTATEMENT OF AUTHORITY TO MAKE FED-**
 9 **ERAL DIRECT STAFFORD LOANS TO GRAD-**
 10 **UATE AND PROFESSIONAL STUDENTS.**

11 (a) AMENDMENTS.—Section 455(a)(3) of the Higher
 12 Education Act of 1965 (20 U.S.C. 1087e(a)(3)) is amend-
 13 ed—

14 (1) in the paragraph heading, by inserting
 15 “TEMPORARY” before “TERMINATION”; and

16 (2) in subparagraph (A), in the matter pre-
 17 ceding clause (i), by inserting “, and ending on or
 18 before June 30, 2018” after “2012”.

19 (b) INAPPLICABILITY OF RULEMAKING REQUIRE-
 20 MENTS.—Sections 482(c) and 492 of the Higher Edu-
 21 cation Act of 1965 (20 U.S.C. 1089(c); 1098a) shall not
 22 apply to the regulations under this section.

23 **SEC. 102. DISCHARGE STUDENT LOANS IN BANKRUPTCY.**

24 (a) EXCEPTION TO DISCHARGE.—Section 523(a) of
 25 title 11, United States Code, is amended—

1 (1) by striking paragraph (8); and

2 (2) by redesignating paragraphs (9) through
3 (14B) as paragraphs (8) through (14A), respec-
4 tively.

5 (b) CONFORMING AMENDMENTS.—Title 11, United
6 States Code, is amended—

7 (1) in section 704(c)(1)(C)(iv)(I) by striking
8 “(14A)” and inserting “(14)”;

9 (2) in section 1106(c)(1)(C)(iv)(I) by striking
10 “(14A)” and inserting “(14)”;

11 (3) in section 1202(c)(1)(C)(iv)(I) by striking
12 “(14A)” and inserting “(14)”;

13 (4) in section 1328(a)(2) by striking “(8), or
14 (9)” and inserting “or (8)”.

15 (c) EFFECTIVE DATE; APPLICATION OF AMEND-
16 MENTS.—

17 (1) EFFECTIVE DATE.—Except as provided in
18 subsection (b), this section and the amendments
19 made by this section shall take effect on the date of
20 the enactment of this Act.

21 (2) APPLICATION OF AMENDMENTS.—The
22 amendments made by this section shall apply only
23 with respect to cases commenced under title 11 of
24 the United States Code on or after the date of the
25 enactment of this Act.

1 **TITLE II—REFINANCING**
2 **PROGRAMS**

3 **SEC. 201. PROGRAM AUTHORITY.**

4 Section 451(a) of the Higher Education Act of 1965
5 (20 U.S.C. 1087a(a)) is amended—

6 (1) by striking “and (2)” and inserting “(2)”;

7 and

8 (2) by inserting “; and (3) to make loans under
9 section 460A and section 460B” after “section
10 459A”.

11 **SEC. 202. REFINANCING PROGRAM.**

12 Part D of title IV of the Higher Education Act of
13 1965 (20 U.S.C. 1087a et seq.) is amended by adding at
14 the end the following:

15 **“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT**
16 **LOANS.**

17 “(a) IN GENERAL.—Beginning not later than 180
18 days after the date of enactment of the Helping Individ-
19 uals Get a Higher Education while Reducing Education
20 Debt Act, the Secretary shall establish a program under
21 which the Secretary, upon the receipt of an application
22 from a qualified borrower, makes a loan under this part,
23 in accordance with the provisions of this section, in order
24 to permit the borrower to obtain the interest rate provided
25 under subsection (c).

1 “(b) REFINANCING DIRECT LOANS.—

2 “(1) FEDERAL DIRECT LOANS.—Upon applica-
3 tion of a qualified borrower, the Secretary shall
4 repay a Federal Direct Stafford Loan, a Federal Di-
5 rect Unsubsidized Stafford Loan, a Federal Direct
6 PLUS Loan, or a Federal Direct Consolidation
7 Loan of the qualified borrower, for which the first
8 disbursement was made, or the application for the
9 consolidation loan was received, before July 1, 2016,
10 with the proceeds of a refinanced Federal Direct
11 Stafford Loan, a Federal Direct Unsubsidized Staf-
12 ford Loan, a Federal Direct PLUS Loan, or a Fed-
13 eral Direct Consolidation Loan, respectively, issued
14 to the borrower in an amount equal to the sum of
15 the unpaid principal, accrued unpaid interest, and
16 late charges of the original loan.

17 “(2) REFINANCING FFEL PROGRAM LOANS AS
18 REFINANCED FEDERAL DIRECT LOANS.—Upon ap-
19 plication of a qualified borrower for any loan that
20 was made, insured, or guaranteed under part B and
21 for which the first disbursement was made, or the
22 application for the consolidation loan was received,
23 before July 1, 2010, the Secretary shall make a loan
24 under this part, in an amount equal to the sum of
25 the unpaid principal, accrued unpaid interest, and

1 late charges of the original loan to the borrower in
2 accordance with the following:

3 “(A) The Secretary shall pay the proceeds
4 of such loan to the eligible lender of the loan
5 made, insured, or guaranteed under part B, in
6 order to discharge the borrower from any re-
7 maining obligation to the lender with respect to
8 the original loan.

9 “(B) A loan made under this section that
10 was originally—

11 “(i) a loan originally made, insured,
12 or guaranteed under section 428 shall be a
13 Federal Direct Stafford Loan;

14 “(ii) a loan originally made, insured,
15 or guaranteed under section 428B shall be
16 a Federal Direct PLUS Loan;

17 “(iii) a loan originally made, insured,
18 or guaranteed under section 428H shall be
19 a Federal Direct Unsubsidized Stafford
20 Loan; and

21 “(iv) a loan originally made, insured,
22 or guaranteed under section 428C shall be
23 a Federal Direct Consolidation Loan.

1 “(C) The interest rate for each loan made
2 by the Secretary under this paragraph shall be
3 the rate provided under subsection (c).

4 “(c) INTEREST RATES.—

5 “(1) IN GENERAL.—The interest rate for the
6 refinanced Federal Direct Stafford Loans, Federal
7 Direct Unsubsidized Stafford Loans, Federal Direct
8 PLUS Loans, and Federal Direct Consolidation
9 Loans, shall be a rate equal to—

10 “(A) in any case where the original loan
11 was a loan under section 428 or 428H, a Fed-
12 eral Direct Stafford loan, or a Federal Direct
13 Unsubsidized Stafford Loan, that was issued to
14 an undergraduate student, a rate equal to the
15 rate for Federal Direct Stafford Loans and
16 Federal Direct Unsubsidized Stafford Loans
17 issued to undergraduate students for the 12-
18 month period beginning on July 1, 2016, and
19 ending on June 30, 2017;

20 “(B) in any case where the original loan
21 was a loan under section 428 or 428H, a Fed-
22 eral Direct Stafford Loan, or a Federal Direct
23 Unsubsidized Stafford Loan, that was issued to
24 a graduate or professional student, a rate equal
25 to the rate for Federal Direct Unsubsidized

1 Stafford Loans issued to graduate or profes-
2 sional students for the 12-month period begin-
3 ning on July 1, 2016, and ending on June 30,
4 2017;

5 “(C) in any case where the original loan
6 was a loan under section 428B or a Federal Di-
7 rect PLUS Loan, a rate equal to the rate for
8 Federal Direct PLUS Loans for the 12-month
9 period beginning on July 1, 2016, and ending
10 on June 30, 2017; and

11 “(D) in any case where the original loan
12 was a loan under section 428C or a Federal Di-
13 rect Consolidation Loan, a rate calculated in ac-
14 cordance with paragraph (2).

15 “(2) INTEREST RATES FOR CONSOLIDATION
16 LOANS.—

17 “(A) METHOD OF CALCULATION.—In
18 order to determine the interest rate for any re-
19 financed Federal Direct Consolidation Loan
20 under paragraph (1)(D), the Secretary shall—

21 “(i) determine each of the component
22 loans that were originally consolidated in
23 the loan under section 428C or the Federal
24 Direct Consolidation Loan, and calculate
25 the proportion of the unpaid principal bal-

1 ance of the loan under section 428C or the
2 Federal Direct Consolidation Loan that
3 each component loan represents;

4 “(ii) use the proportions determined
5 in accordance with clause (i) and the inter-
6 est rate applicable for each component
7 loan, as determined under subparagraph
8 (B), to calculate the weighted average of
9 the interest rates on the loans consolidated
10 into the loan under section 428C or the
11 Federal Direct Consolidation Loan; and

12 “(iii) apply the weighted average cal-
13 culated under clause (ii) as the interest
14 rate for the refinanced Federal Direct Con-
15 solidation Loan.

16 “(B) INTEREST RATES FOR COMPONENT
17 LOANS.—The interest rates for the component
18 loans of a loan made under section 428C or a
19 Federal Direct Consolidation Loan shall be the
20 following:

21 “(i) The interest rate for any loan
22 under section 428 or 428H, Federal Direct
23 Stafford Loan, or Federal Direct Unsub-
24 sidized Stafford Loan issued to an under-

1 graduate student shall be a rate equal to
2 the lesser of—

3 “(I) the rate for Federal Direct
4 Stafford Loans and Federal Direct
5 Unsubsidized Stafford Loans issued
6 to undergraduate students for the 12-
7 month period beginning on July 1,
8 2016, and ending on June 30, 2017;
9 or

10 “(II) the original interest rate of
11 the component loan.

12 “(ii) The interest rate for any loan
13 under section 428 or 428H, Federal Direct
14 Stafford Loan, or Federal Direct Unsub-
15 sidized Stafford Loan issued to a graduate
16 or professional student shall be a rate
17 equal to the lesser of—

18 “(I) the rate for Federal Direct
19 Unsubsidized Stafford Loans issued
20 to graduate or professional students
21 for the 12-month period beginning on
22 July 1, 2016, and ending on June 30,
23 2017; or

24 “(II) the original interest rate of
25 the component loan.

1 “(iii) The interest rate for any loan
2 under section 428B or Federal Direct
3 PLUS Loan shall be a rate equal to the
4 lesser of—

5 “(I) the rate for Federal Direct
6 PLUS Loans for the 12-month period
7 beginning on July 1, 2016, and end-
8 ing on June 30, 2017; or

9 “(II) the original interest rate of
10 the component loan.

11 “(iv) The interest rate for any compo-
12 nent loan that is a loan under section
13 428C or a Federal Direct Consolidation
14 Loan shall be the weighted average of the
15 interest rates that would apply under this
16 subparagraph for each loan comprising the
17 component consolidation loan.

18 “(v) The interest rate for any eligible
19 loan that is a component of a loan made
20 under section 428C or a Federal Direct
21 Consolidation Loan and is not described in
22 clauses (i) through (iv) shall be the inter-
23 est rate on the original component loan.

24 “(3) FIXED RATE.—The applicable rate of in-
25 terest determined under paragraph (1) for a refi-

1 nanced loan under this section shall be fixed for the
2 period of the loan.

3 “(d) TERMS AND CONDITIONS OF LOANS.—

4 “(1) IN GENERAL.—A loan that is refinanced
5 under this section shall have the same terms and
6 conditions as the original loan, except as otherwise
7 provided in this section.

8 “(2) NO AUTOMATIC EXTENSION OF REPAY-
9 MENT PERIOD.—Refinancing a loan under this sec-
10 tion shall not result in the extension of the duration
11 of the repayment period of the loan, and the bor-
12 rower shall retain the same repayment term that
13 was in effect on the original loan. Nothing in this
14 paragraph shall be construed to prevent a borrower
15 from electing a different repayment plan at any time
16 in accordance with section 455(d)(3).

17 “(e) DEFINITION OF QUALIFIED BORROWER.—

18 “(1) IN GENERAL.—For purposes of this sec-
19 tion, the term ‘qualified borrower’ means a bor-
20 rower—

21 “(A) of a loan under this part or part B
22 for which the first disbursement was made, or
23 the application for a consolidation loan was re-
24 ceived, before July 1, 2016; and

1 “(B) who meets the eligibility requirements
2 based on income or debt-to-income ratio estab-
3 lished by the Secretary.

4 “(2) INCOME REQUIREMENTS.—Not later than
5 180 days after the date of enactment of the Helping
6 Individuals Get a Higher Education while Reducing
7 Education Debt Act, the Secretary shall establish
8 eligibility requirements based on income or debt-to-
9 income ratio that take into consideration providing
10 access to refinancing under this section for bor-
11 rowers with the greatest financial need.

12 “(f) NOTIFICATION TO BORROWERS.—The Secretary,
13 in coordination with the Director of the Bureau of Con-
14 sumer Financial Protection, shall undertake a campaign
15 to alert borrowers of loans that are eligible for refinancing
16 under this section that the borrowers are eligible to apply
17 for such refinancing. The campaign shall include the fol-
18 lowing activities:

19 “(1) Developing consumer information mate-
20 rials about the availability of Federal student loan
21 refinancing.

22 “(2) Requiring servicers of loans under this
23 part or part B to provide such consumer information
24 to borrowers in a manner determined appropriate by

1 the Secretary, in consultation with the Director of
2 the Bureau of Consumer Financial Protection.

3 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**
4 **PROGRAM.**

5 “(a) DEFINITIONS.—In this section:

6 “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—

7 The term ‘eligible private education loan’ means a
8 private education loan, as defined in section 140(a)
9 of the Truth in Lending Act (15 U.S.C. 1650(a)),
10 that—

11 “(A) was disbursed to the borrower before
12 July 1, 2018; and

13 “(B) was for the borrower’s own postsec-
14 ondary educational expenses for an eligible pro-
15 gram at an institution of higher education par-
16 ticipating in the loan program under this part,
17 as of the date that the loan was disbursed.

18 “(2) FEDERAL DIRECT REFINANCED PRIVATE
19 LOAN.—The term ‘Federal Direct Refinanced Pri-
20 vate Loan’ means a loan issued under subsection
21 (b)(1).

22 “(3) PRIVATE EDUCATIONAL LENDER.—The
23 term ‘private educational lender’ has the meaning
24 given the term in section 140(a) of the Truth in
25 Lending Act (15 U.S.C. 1650(a)).

1 “(4) QUALIFIED BORROWER.—The term ‘quali-
2 fied borrower’ means an individual who—

3 “(A) has an eligible private education loan;

4 “(B) has been current on payments on the
5 eligible private education loan for the 6 months
6 prior to the date of the qualified borrower’s ap-
7 plication for refinancing under this section, and
8 is in good standing on the loan at the time of
9 such application;

10 “(C) is not in default on the eligible pri-
11 vate education loan or on any loan made, in-
12 sured, or guaranteed under this part or part B
13 or E; and

14 “(D) meets the eligibility requirements de-
15 scribed in subsection (b)(2).

16 “(b) PROGRAM AUTHORIZED.—

17 “(1) IN GENERAL.—The Secretary, in consulta-
18 tion with the Secretary of the Treasury, shall carry
19 out a program under which the Secretary, upon ap-
20 plication by a qualified borrower who has an eligible
21 private education loan, shall issue such borrower a
22 loan under this part in accordance with the fol-
23 lowing:

24 “(A) The loan issued under this program
25 shall be in an amount equal to the sum of the

1 unpaid principal, accrued unpaid interest, and
2 late charges of the private education loan.

3 “(B) The Secretary shall pay the proceeds
4 of the loan issued under this program to the
5 private educational lender of the private edu-
6 cation loan, in order to discharge the qualified
7 borrower from any remaining obligation to the
8 lender with respect to the original loan.

9 “(C) The Secretary shall require that the
10 qualified borrower undergo loan counseling that
11 provides all of the information and counseling
12 required under clauses (i) through (viii) of sec-
13 tion 485(b)(1)(A) before the loan is refinanced
14 in accordance with this section, and before the
15 proceeds of such loan are paid to the private
16 educational lender.

17 “(D) The Secretary shall issue the loan as
18 a Federal Direct Refinanced Private Loan,
19 which shall have the same terms, conditions,
20 and benefits as a Federal Direct Unsubsidized
21 Stafford Loan, except as otherwise provided in
22 this section.

23 “(2) BORROWER ELIGIBILITY.—Not later than
24 180 days after the date of enactment of the Helping
25 Individuals Get a Higher Education while Reducing

1 Education Debt Act, the Secretary, in consultation
2 with the Secretary of the Treasury and the Director
3 of the Bureau of Consumer Financial Protection,
4 shall establish eligibility requirements—

5 “(A) based on income or debt-to-income
6 ratio that take into consideration providing ac-
7 cess to refinancing under this section for bor-
8 rowers with the greatest financial need;

9 “(B) to ensure eligibility only for bor-
10 rowers in good standing;

11 “(C) to minimize inequities between Fed-
12 eral Direct Refinanced Private Loans and other
13 Federal student loans;

14 “(D) to preclude windfall profits for pri-
15 vate educational lenders; and

16 “(E) to ensure full access to the program
17 authorized in this subsection for borrowers with
18 private loans who otherwise meet the criteria
19 established in accordance with subparagraphs
20 (A) and (B).

21 “(c) INTEREST RATE.—

22 “(1) IN GENERAL.—The interest rate for a
23 Federal Direct Refinanced Private Loan is—

24 “(A) in the case of a Federal Direct Refi-
25 nanced Private Loan for a private education

1 loan originally issued for undergraduate post-
2 secondary educational expenses, a rate equal to
3 the rate for Federal Direct Stafford Loans and
4 Federal Direct Unsubsidized Stafford Loans
5 issued to undergraduate students for the 12-
6 month period beginning on July 1, 2016, and
7 ending on June 30, 2017; and

8 “(B) in the case of a Federal Direct Refi-
9 nanced Private Loan for a private education
10 loan originally issued for graduate or profes-
11 sional degree postsecondary educational ex-
12 penses, a rate equal to the rate for Federal Di-
13 rect Unsubsidized Stafford Loans issued to
14 graduate or professional students for the 12-
15 month period beginning on July 1, 2016, and
16 ending on June 30, 2017.

17 “(2) COMBINED UNDERGRADUATE AND GRAD-
18 UATE STUDY LOANS.—If a Federal Direct Refi-
19 nanced Private Loan is for a private education loan
20 originally issued for both undergraduate and grad-
21 uate or professional postsecondary educational ex-
22 penses, the interest rate shall be a rate equal to the
23 rate for Federal Direct PLUS Loans for the 12-
24 month period beginning on July 1, 2016, and ending
25 on June 30, 2017.

1 “(3) FIXED RATE.—The applicable rate of in-
2 terest determined under this subsection for a Fed-
3 eral Direct Refinanced Private Loan shall be fixed
4 for the period of the loan.

5 “(d) NO INCLUSION IN AGGREGATE LIMITS.—The
6 amount of a Federal Direct Refinanced Private Loan, or
7 a Federal Direct Consolidated Loan to the extent such
8 loan was used to repay a Federal Direct Refinanced Pri-
9 vate Loan, shall not be included in calculating a bor-
10 rower’s annual or aggregate loan limits under section 428
11 or 428H.

12 “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-
13 PAYMENT.—Notwithstanding sections 428K(a)(2)(A),
14 428L(b)(2), 455(m)(3)(A), and 460(b), a Federal Direct
15 Refinanced Private Loan, or any Federal Direct Consoli-
16 dation Loan to the extent such loan was used to repay
17 a Federal Direct Refinanced Private Loan, shall not be
18 eligible for any loan repayment or loan forgiveness pro-
19 gram under section 428K, 428L, or 460 or for the repay-
20 ment plan for public service employees under section
21 455(m).

22 “(f) PRIVATE EDUCATIONAL LENDER REPORTING
23 REQUIREMENT.—

24 “(1) REPORTING REQUIRED.—Not later than
25 180 days after the date of enactment of the Helping

1 Individuals Get a Higher Education while Reducing
2 Education Debt Act, the Secretary, in consultation
3 with the Secretary of the Treasury and the Director
4 of the Bureau of Consumer Financial Protection,
5 shall establish a requirement that private edu-
6 cational lenders report the data described in para-
7 graph (2) to the Secretary, to Congress, to the Sec-
8 retary of the Treasury, and to the Director of the
9 Bureau of Consumer Financial Protection, in order
10 to allow for an assessment of the private education
11 loan market.

12 “(2) CONTENTS OF REPORTING.—The data
13 that private educational lenders shall report in ac-
14 cordance with paragraph (1) shall include each of
15 the following about private education loans (as de-
16 fined in section 140(a) of the Truth in Lending Act
17 (15 U.S.C. 1650(a))):

18 “(A) The total amount of private education
19 loan debt the lender holds.

20 “(B) The total number of private edu-
21 cation loan borrowers the lender serves.

22 “(C) The average interest rate on the out-
23 standing private education loan debt held by the
24 lender.

1 (2) by inserting after paragraph (2) the fol-
2 lowing:

3 “(3) SPECIAL RULES FOR SECTION 460A
4 LOANS.—

5 “(A) REFINANCED FEDERAL DIRECT
6 LOANS.—Notwithstanding paragraph (1), in de-
7 termining the number of monthly payments
8 that meet the requirements of such paragraph
9 for an eligible Federal Direct Loan refinanced
10 under section 460A that was originally a loan
11 under this part, the Secretary shall include all
12 monthly payments made on the original loan
13 that meet the requirements of such paragraph.

14 “(B) REFINANCED FFEL LOANS.—In the
15 case of an eligible Federal Direct Loan refi-
16 nanced under section 460A that was originally
17 a loan under part B, only monthly payments
18 made after the date on which the loan was refi-
19 nanced may be included for purposes of para-
20 graph (1).”; and

21 (3) in paragraph (4)(A) (as redesignated by
22 paragraph (1))—

23 (A) by inserting “(including any Federal
24 Direct Stafford Loan, Federal Direct PLUS
25 Loan, Federal Direct Unsubsidized Stafford

1 Loan, or Federal Direct Consolidation Loan re-
2 financed under section 460A)” before the pe-
3 riod at the end;

4 (B) by striking “The term” and inserting
5 the following:

6 “(i) IN GENERAL.—The term”; and

7 (C) by adding at the end the following:

8 “(ii) TREATMENT OF CERTAIN CON-
9 SOLIDATION LOAN PAYMENTS.—In a case
10 in which a borrower makes a monthly pay-
11 ment under paragraph (1)(A) on a Federal
12 Direct Consolidation Loan that was used
13 to repay an eligible Federal Direct Loan
14 described in clause (i) for which at least
15 one monthly payment has been made under
16 paragraph (1)(A) prior to the consolida-
17 tion, the monthly payment on such Federal
18 Direct Consolidation Loan shall be treated
19 as a monthly payment on such eligible
20 Federal Direct Loan.”.

21 **SEC. 204. INCOME-BASED REPAYMENT.**

22 Section 493C of the Higher Education Act of 1965
23 (20 U.S.C. 1098e) is amended by adding at the end the
24 following:

25 “(f) SPECIAL RULE FOR REFINANCED LOANS.—

1 “(1) REFINANCED FEDERAL DIRECT AND FFEL
2 LOANS.—In calculating the period of time during
3 which a borrower of a loan that is refinanced under
4 section 460A has made monthly payments for pur-
5 poses of subsection (b)(7), the Secretary shall deem
6 the period to include all monthly payments made for
7 the original loan, and all monthly payments made
8 for the refinanced loan, that otherwise meet the re-
9 quirements of this section.

10 “(2) FEDERAL DIRECT REFINANCED PRIVATE
11 LOANS.—In calculating the period of time during
12 which a borrower of a Federal Direct Refinanced
13 Private Loan under section 460B has made monthly
14 payments for purposes of subsection (b)(7), the Sec-
15 retary shall include only payments—

16 “(A) that are made after the date of the
17 issuance of the Federal Direct Refinanced Pri-
18 vate Loan; and

19 “(B) that otherwise meet the requirements
20 of this section.”.

21 **TITLE III—LOAN FORGIVENESS**

22 **SEC. 301. LOAN FORGIVENESS FOR ADJUNCT FACULTY.**

23 Section 455(m)(3)(B)(ii) of the Higher Education
24 Act of 1965 (20 U.S.C. 1087e(m)(3)(B)(ii)) is amended—

1 (1) by striking “teaching as” and inserting the
2 following: “teaching—

3 “(I) as”;

4 (2) by striking “, foreign language faculty, and
5 part-time faculty at community colleges), as deter-
6 mined by the Secretary.” and inserting “and foreign
7 language faculty), as determined by the Secretary;
8 or”; and

9 (3) by adding at the end the following:

10 “(II) as a part-time faculty mem-
11 ber or instructor who—

12 “(aa) teaches not less than
13 1 course at an institution of
14 higher education (as defined in
15 section 101(a)), a postsecondary
16 vocational institution (as defined
17 in section 102(c)), or a Tribal
18 College or University (as defined
19 in section 316(b)); and

20 “(bb) is not employed on a
21 full-time basis by any other em-
22 ployer.”.

1 **TITLE IV—INCOME-DRIVEN**
2 **REPAYMENT PLANS**

3 **SEC. 401. INCOME-BASED REPAYMENT PLAN.**

4 Section 493C of the Higher Education Act of 1965
5 (20 U.S.C. 1098e) is amended—

6 (1) in subsection (b)—

7 (A) in paragraph (8), by striking “and”
8 after the semicolon;

9 (B) in paragraph (9), by striking the pe-
10 riod at the end and inserting “; and”; and

11 (C) by adding at the end the following:

12 “(10) a borrower who is repaying a loan made
13 under part B or D pursuant to this section may
14 repay such loan in full at any time without pen-
15 alty.”; and

16 (2) by adding at the end the following:

17 “(f) INCOME-BASED REPAYMENT FOR NEW LOANS
18 ON AND AFTER JULY 1, 2018, AND FOR BORROWERS
19 WHO ENTER IBR AFTER JULY 1, 2018.—

20 “(1) IN GENERAL.—The income-based repay-
21 ment plan shall be carried out in accordance with
22 this section, except as otherwise specified in this
23 subsection (including through the special terms de-
24 scribed in paragraph (2))—

1 “(A) with respect to any loan issued on or
2 after July 1, 2018, if such borrower elects the
3 income-based repayment plan for that loan; and

4 “(B) with respect to any borrower who is
5 repaying a loan made, insured, or guaranteed
6 under part B or D, if such borrower elects to
7 repay the loan under the income-based repay-
8 ment plan on or after July 1, 2018.

9 “(2) SPECIAL TERMS.—Notwithstanding any
10 other provision of this section, with respect to a loan
11 described under paragraph (1), the following terms
12 shall apply to the income-based repayment plan:

13 “(A)(i) Notwithstanding subsection
14 (a)(3)(B), the repayment amount under this
15 subsection shall be an amount equal to 10 per-
16 cent of the result obtained by calculating, on at
17 least an annual basis, the amount by which—

18 “(I) the borrower’s, and the bor-
19 rower’s spouse’s (if applicable), adjusted
20 gross income; exceeds

21 “(II) the applicable percentage of the
22 poverty line in accordance with clause (ii)
23 that is applicable to the borrower’s family
24 size as determined under section 673(2) of

1 the Community Services Block Grant Act
2 (42 U.S.C. 9902(2)).

3 “(ii) For purposes of clause (i), the term
4 ‘applicable percentage’ means 150 percent re-
5 duced by 1 percentage point for each \$1,000 by
6 which the borrower’s adjusted gross income ex-
7 ceeds \$100,000.

8 “(B) A borrower may elect—

9 “(i) during any period during which
10 the borrower’s (and the borrower’s spouse,
11 if applicable) adjusted gross income is
12 equal to or less than 225 percent of the
13 poverty line applicable to the borrower’s
14 family size as determined under section
15 673(2) of the Community Services Block
16 Grant Act (42 U.S.C. 9902(2)), to have
17 the borrower’s aggregate monthly payment
18 for all such loans equal to \$0; and

19 “(ii) during any period during which
20 the borrower’s (and the borrower’s spouse,
21 applicable) adjusted gross income exceeds
22 225 percent of such poverty line, to have
23 the borrower’s aggregate monthly payment
24 for all such loans not exceed, the lesser
25 of—

1 “(I) the result described in sub-
2 paragraph (A) divided by 12; or

3 “(II) the monthly amount cal-
4 culated under section 455(d)(1)(A),
5 based on a 10-year repayment period,
6 when the borrower first made the elec-
7 tion described in this subsection.

8 “(C) With respect to any loan for which
9 payments may be made under subparagraph
10 (B), be paid, or be treated as if no interest has
11 accrued, by the Secretary—

12 “(i) for any period described in sub-
13 paragraph (B)(i); and

14 “(ii) for the 6-month period after the
15 date the borrower ceases to carry at least
16 one-half the normal full-time academic
17 workload at an institution of higher edu-
18 cation, as determined by the institution,
19 and during which the borrower is not earn-
20 ing any income.

21 “(D) Subsection (b)(7)(B) shall be applied
22 by substituting ‘20 years’ for ‘25 years’.

23 “(E) A borrower of such a loan shall not
24 be required to have a partial financial hardship
25 and may elect, and remain enrolled in, the in-

1 come-based repayment plan under this sub-
2 section regardless of income level.

3 “(F) Subparagraph (A) of subsection
4 (b)(6) shall not apply and a borrower’s monthly
5 payment shall be determined in accordance with
6 subparagraph (A) divided by 12, which may ex-
7 ceed the monthly repayment amount under a
8 standard 10-year repayment plan.

9 “(G) Subparagraph (B) of subsection
10 (b)(3) shall not apply.

11 “(3) ADDITIONAL SPECIAL TERMS FOR CER-
12 TAIN BORROWERS.—A borrower described in para-
13 graph (1)(B)—

14 “(A) may choose to retain the repayment
15 plan in which the borrower is enrolled on June
16 30, 2018;

17 “(B) may elect to—

18 “(i) leave the repayment plan de-
19 scribed in subparagraph (A) and enter the
20 income-based repayment plan under this
21 subsection;

22 “(ii) leave the repayment plan de-
23 scribed in subparagraph (A) and enter a
24 standard 10-year repayment plan under
25 section 455(d)(A)(A); or

1 “(iii) not more than once per calendar
2 year, switch between the repayment plans
3 described in clauses (i) and (ii);

4 “(C) after electing to leave a repayment
5 plan other than an income-based repayment
6 plan described under this subsection or a stand-
7 ard 10-year repayment plan under section
8 455(d)(A)(A), shall not be permitted to re-elect
9 a repayment plan that is not an income-based
10 repayment plan under this subsection or such
11 standard 10-year repayment plan; and

12 “(D) shall retain, for purposes of repay-
13 ment or cancellation of any outstanding balance
14 of principal and interest due on a loan (as de-
15 scribed in subsection (b)(7)) any years of repay-
16 ment under another income-based or income-
17 contingent repayment plan under this title.

18 “(4) CAP ON INTEREST ACCRUAL.—Notwith-
19 standing any other provision of this Act, the total
20 amount of interest that accrues during a borrower’s
21 grace period and the time that a borrower is in re-
22 payment under this subsection shall not exceed 50
23 percent of the original principal amount of the
24 loan.”.

1 **SEC. 402. TERMINATION OF CERTAIN REPAYMENT PLAN**
2 **OPTIONS.**

3 (a) **EFFECTIVE DATE; RULEMAKING REGARDING**
4 **TERMINATION OF CERTAIN REPAYMENT PLANS.—**

5 (1) **EFFECTIVE DATE.**—The amendments made
6 by this section shall take effect on July 1, 2018.

7 (2) **REGULATIONS.**—Before the effective date
8 described in paragraph (1), the Secretary of Edu-
9 cation shall carry out a plan to end all eligibility for
10 repayment plans other than a standard repayment
11 plan under section 428(b)(9)(A)(i) or 455(d)(1)(A)
12 with a repayment period of 10 years and an income-
13 based repayment plan described under section
14 493C(f) for loans made under part B or D of title
15 IV of the Higher Education Act of 1965, unless the
16 borrower is enrolled in another repayment plan be-
17 fore such effective date, in accordance with the
18 amendments made by this Act.

19 (b) **CHANGES TO CURRENT LAW.—**

20 (1) Section 428(b) of the Higher Education Act
21 of 1965 (20 U.S.C. 1078(b)) is amended—

22 (A) in paragraph (1)—

23 (i) in subparagraph (D)—

24 (I) in clause (ii), by striking
25 “may annually change the selection of
26 a repayment plan under this part,”

1 and inserting “may at any time after
2 July 1, 2018, and not more frequently
3 than once per calendar year there-
4 after, change the selection of a repay-
5 ment plan under this part to one of
6 the 2 repayment plans described in
7 paragraph (9)(C),”; and

8 (II) in clause (iii), by striking
9 “be subject to income-contingent re-
10 payment in accordance with sub-
11 section (m);” and inserting “be sub-
12 ject to income-based repayment in ac-
13 cordance with section 493C(f);”; and

14 (ii) in subparagraph (E)(i), by strik-
15 ing “the option of repaying the loan in ac-
16 cordance with a standard, graduated, in-
17 come-sensitive, or extended repayment
18 schedule (as described in paragraph (9))
19 established by the lender in accordance
20 with regulations of the Secretary; and”
21 and inserting “the option of repaying the
22 loan in accordance with a repayment plan
23 described in paragraph (9)(C) established
24 by the lender in accordance with regula-
25 tions of the Secretary; and”;

1 (B) in paragraph (9), by adding at the end
2 the following:

3 “(C) SELECTION OF REPAYMENT PLANS
4 ON AND AFTER JULY 1, 2018.—

5 “(i) OPPORTUNITY TO CHANGE RE-
6 PAYMENT PLANS.—Notwithstanding any
7 other provision of this paragraph, or any
8 other provision of law, and in accordance
9 with regulations, beginning on July 1,
10 2018, the lender shall offer a borrower of
11 a loan made, insured, or guaranteed under
12 this part the opportunity to change repay-
13 ment plans not more than once per cal-
14 endar year, and to enroll in one of the fol-
15 lowing repayment plans:

16 “(I) A standard repayment plan
17 under section 428(b)(9)(A)(i) with a
18 repayment period of 10 years.

19 “(II) The income-based repay-
20 ment plan under section 493C(f).”;
21 and

22 (2) in section 455(d)—

23 (A) by redesignating paragraphs (2)
24 through (5) as paragraphs (3) through (6), re-
25 spectively; and

1 (B) by inserting after paragraph (1), the
2 following:

3 “(2) DESIGN AND SELECTION ON AND AFTER
4 JULY 1, 2018.—

5 “(A) IN GENERAL.—Notwithstanding para-
6 graph (1), for the borrower of a loan made on
7 or after July 1, 2018, and for other borrowers
8 subject to paragraph (7), the Secretary shall
9 offer a borrower of a loan made under this part
10 2 plans for repayment of such loan, including
11 principal and interest on the loan. The borrower
12 shall be entitled to accelerate, without penalty,
13 repayment on the borrower’s loans under this
14 part. The borrower may choose—

15 “(i) a standard repayment plan under
16 section 455(d)(1)(A) with a repayment pe-
17 riod of 10 years; or

18 “(ii) the income-based repayment plan
19 under section 493C(f).

20 “(B) SELECTION BY THE SECRETARY.—If
21 a borrower of a loan made under this part on
22 or after July 1, 2018, does not select a repay-
23 ment plan described in subparagraph (A), the
24 Secretary may provide the borrower with a
25 standard repayment plan under section

1 455(d)(1)(A) with a repayment period of 10
2 years.

3 “(C) CHANGES IN SELECTIONS.—Begin-
4 ning on July 1, 2018, a borrower of a loan
5 made under this part may change the bor-
6 rower’s selection of a repayment plan in accord-
7 ance with paragraph (7) and under such terms
8 and conditions as may be established by the
9 Secretary.

10 “(D) BORROWER IN DEFAULT.—Beginning
11 on July 1, 2018, the Secretary may require any
12 borrower who has defaulted on a loan made
13 under this part to—

14 “(i) pay all reasonable collection costs
15 associated with such loan; and

16 “(ii) repay the loan pursuant to an in-
17 come-based repayment plan under section
18 493C(f).”; and

19 (3) by adding at the end the following:

20 “(7) BORROWERS OF LOANS MADE BEFORE
21 JULY 1, 2018.—A borrower who is in repayment on
22 a loan made under part B or part D before July 1,
23 2018—

1 “(A) may choose to retain the repayment
2 plan that the borrower was enrolled in on the
3 day before such date;

4 “(B) may elect to—

5 “(i) enter the income-based repayment
6 plan under section 493C(f);

7 “(ii) enter a standard repayment plan
8 under section 455(d)(1)(A) with a repay-
9 ment period of 10 years; or

10 “(iii) switch between the repayment
11 plans described in clauses (i) and (ii) not
12 more than once during a calendar year;

13 “(C) after electing to leave a repayment
14 plan other than an income-based repayment
15 plan described under this subsection or a stand-
16 ard repayment plan under section 455(d)(1)(A),
17 shall not be permitted to re-elect a repayment
18 plan that is not an income-based repayment
19 plan under this subsection or a standard repay-
20 ment plan under section 455(d)(1)(A); and

21 “(D) shall retain, for purposes of repay-
22 ment or cancellation of any outstanding balance
23 of principal and interest due on a loan (as de-
24 scribed in section 493C(b)(7)) any years of re-
25 payment under another income-based or in-

1 come-contingent repayment plan under this
2 title.”.

3 **SEC. 403. NOTIFICATION AND AUTOMATIC ENROLLMENT**
4 **PROCEDURES.**

5 (a) **INCOME-CONTINGENT REPAYMENT.**—Section
6 455(d) of the Higher Education Act of 1965 (20 U.S.C.
7 1087e(d)) is further amended by adding at the end the
8 following:

9 “(8) **NOTIFICATION AND AUTOMATIC ENROLL-**
10 **MENT PROCEDURES FOR BORROWERS WHO ARE DE-**
11 **LINQUENT ON LOANS.**—

12 “(A) **AUTHORITY TO OBTAIN INCOME IN-**
13 **FORMATION.**—

14 “(i) **IN GENERAL.**—In the case of any
15 borrower who is at least 60 days delin-
16 quent on a covered loan, the Secretary may
17 obtain such information as is reasonably
18 necessary regarding the income and family
19 size of the borrower (and the borrower’s
20 spouse, if applicable).

21 “(ii) **AVAILABILITY OF RETURNS AND**
22 **RETURN INFORMATION.**—Returns and re-
23 turn information (as defined in section
24 6103 of the Internal Revenue Code of
25 1986) may be obtained under this subpara-

1 graph only to the extent authorized by sec-
2 tion 6103(l)(13) of such Code.

3 “(B) BORROWER NOTIFICATION.—With re-
4 spect to each borrower of a covered loan who is
5 at least 60 days delinquent on such loan and
6 who has not been subject to the procedures
7 under this paragraph for such loan in the pre-
8 ceeding 120 days, the Secretary shall, as soon as
9 practicable after such 60-day delinquency, pro-
10 vide to the borrower the following:

11 “(i) Notification that the borrower is
12 at least 60 days delinquent on at least 1
13 covered loan, and a description of all delin-
14 quent covered loans, nondelinquent covered
15 loans, and noncovered loans of the bor-
16 rower.

17 “(ii) A brief description of the repay-
18 ment plans for which the borrower is eligi-
19 ble and the covered loans and noncovered
20 loans of the borrower that may be eligible
21 for such plans, based on information avail-
22 able to the Secretary.

23 “(iii) Clear and simple instructions on
24 how to select the repayment plans.

1 “(iv) The amount of monthly pay-
2 ments for the covered and noncovered
3 loans under the repayment plans for which
4 the borrower is eligible, based on informa-
5 tion available to the Secretary, including, if
6 the income information of the borrower is
7 available to the Secretary under subpara-
8 graph (A)—

9 “(I) the amount of the monthly
10 payment under each income-driven re-
11 payment plan for which the borrower
12 is eligible for the borrower’s covered
13 and noncovered loans, based on such
14 income information; and

15 “(II) the income, family size, tax
16 filing status, and tax year information
17 on which each monthly payment is
18 based.

19 “(v) An explanation that in the case
20 of a borrower for whom adjusted gross in-
21 come is unavailable—

22 “(I) if the borrower selects to
23 repay the covered loans of such bor-
24 rower pursuant to an income-driven
25 repayment plan that defines discre-

1 tionary income in such a manner that
2 an individual not required under sec-
3 tion 6012(a)(1) of the Internal Rev-
4 enue Code of 1986 to file a return
5 with respect to income taxes imposed
6 by subtitle A of such Code may have
7 a calculated monthly payment greater
8 than \$0, the borrower will be required
9 to provide the Secretary with other
10 documentation of income satisfactory
11 to the Secretary, which documentation
12 the Secretary may use to determine
13 an appropriate repayment schedule;
14 and

15 “(II) if the borrower selects to
16 repay such loans pursuant to an in-
17 come-driven repayment plan that is
18 not described in subclause (I), the
19 borrower will not be required to pro-
20 vide the Secretary with such other
21 documentation of income, and the bor-
22 rower will have a calculated monthly
23 payment of \$0.

24 “(vi) An explanation that the Sec-
25 retary shall take the actions under sub-

1 paragraph (C) with respect to such bor-
2 rower, if—

3 “(I) the borrower is 120 days de-
4 linquent on one or more covered loans
5 and has not selected a new repayment
6 plan for the covered loans of the bor-
7 rower; and

8 “(II) in the case of such a bor-
9 rower whose repayment plan for the
10 covered loans of the borrower is not
11 an income-driven repayment plan, the
12 monthly payments under such repay-
13 ment plan are higher than such
14 monthly payments would be under an
15 income-driven repayment plan for
16 such loans.

17 “(vii) Instructions on updating the in-
18 formation of the borrower obtained under
19 subparagraph (A).

20 “(C) SECRETARY’S INITIAL SELECTION OF
21 PLAN.—With respect to each borrower de-
22 scribed in subparagraph (B) who has a repay-
23 ment plan for the covered loans of the borrower
24 that meets the requirements of clause (vi)(II) of
25 subparagraph (B) and has not selected a new

1 repayment plan for such loans in accordance
2 with the notice received under such subpara-
3 graph, and who is at least 120 days delinquent
4 on such a loan, the Secretary shall, as soon as
5 practicable—

6 “(i) in a case in which any of the bor-
7 rower’s covered loans are eligible for an in-
8 come-driven repayment plan—

9 “(I)(aa) provide the borrower
10 with the income-driven repayment
11 plan that requires the lowest monthly
12 payment amount for each covered loan
13 of the borrower, compared to any
14 other such plan for which the bor-
15 rower is eligible; or

16 “(bb) if more than one income-
17 driven repayment plan would offer the
18 borrower the same lowest monthly
19 payment amount, provide the bor-
20 rower with the income-driven repay-
21 ment plan that has the most favorable
22 terms for the borrower;

23 “(II) if the plan selected under
24 subclause (I) is not the income-driven
25 repayment plan that would have the

1 lowest monthly payment amount if the
2 borrower were eligible for such plan
3 for the borrower's covered loans and
4 noncovered loans, notify the borrower
5 of the actions, if any, the borrower
6 may take to become eligible for such
7 income-driven repayment plan; and

8 “(III) authorize the borrower to
9 change the Secretary's selection of a
10 plan under this clause to any plan de-
11 scribed in paragraph (1) for which the
12 borrower is eligible; and

13 “(ii) in a case in which none of the
14 borrower's covered loans are eligible for an
15 income-driven repayment plan, notify the
16 borrower of the actions, if any, the bor-
17 rower may take for such loans to become
18 eligible for such a plan.

19 “(D) SECRETARY'S ADDITIONAL SELEC-
20 TION OF PLAN.—

21 “(i) IN GENERAL.—With respect to
22 each borrower of a covered loan who se-
23 lects a new repayment plan in accordance
24 with the notice received under subpara-
25 graph (B) and who continues to be delin-

1 quent on such loan for a period described
2 in clause (ii), the Secretary shall, as soon
3 as practicable after such period, carry out
4 the procedures described in clauses (i) and
5 (ii) of subparagraph (C) for the covered
6 loans of the borrower, if such procedures
7 would result in lower monthly repayment
8 amounts on such loan.

9 “(ii) DESCRIPTION OF PERIOD.—The
10 duration of the period described in clause
11 (i) shall be the amount of time that the
12 Secretary determines is sufficient to indi-
13 cate that the borrower may benefit from
14 repaying such loan under a new repayment
15 plan, but in no case shall such period be
16 less than 60 days.

17 “(E) OPT-OUT.—A borrower of a covered
18 loan shall have the right to opt-out of the pro-
19 cedures under this paragraph.

20 “(9) DEFINITIONS.—In this subsection:

21 “(A) COVERED LOAN.—The term ‘covered
22 loan’ means—

23 “(i) a loan made under this part;

24 “(ii) a loan purchased under section
25 459A; or

1 “(iii) a loan that has been assigned to
2 the Secretary under section 428(c)(8) or
3 part E.

4 “(B) INCOME-DRIVEN REPAYMENT
5 PLAN.—The term ‘income-driven repayment
6 plan’ means—

7 “(i) in the case of a covered loan
8 made under this part, purchased under
9 section 459A, or assigned to the Secretary
10 before July 1, 2018, a plan described in
11 subparagraph (D) or (E) of paragraph (1);
12 and

13 “(ii) in the case of a covered loan
14 made under this part, purchased under
15 section 459A, or assigned to the Secretary
16 before July 1, 2018, the income-based re-
17 payment plan under section 493C(f).

18 “(C) NONCOVERED LOAN.—The term
19 ‘noncovered loan’ means a loan made, insured,
20 or guaranteed under this title that is not a cov-
21 ered loan.”.

22 (b) CHANGING PLANS.—Section 493C(b)(8) of the
23 Higher Education Act of 1965 (20 U.S.C. 1098e(b)(8))
24 is amended to read as follows:

1 “(8) a borrower who is repaying a loan made,
2 insured, or guaranteed under part B or D pursuant
3 to income-based repayment may elect, at any time,
4 to terminate repayment pursuant to income-based
5 repayment and repay such loan under any repay-
6 ment plan for which the loan is eligible in accord-
7 ance with the requirements of part B or part D, re-
8 spectively; and”.

9 (c) EFFECTIVE DATE; APPLICATION.—

10 (1) AUTOMATIC ENROLLMENT.—The amend-
11 ments made by subsection (a) shall—

12 (A) take effect as soon as the Secretary of
13 Education determines practicable after the Sec-
14 retary finalizes the procedures under section
15 405, but not later than 2 years after the date
16 of enactment of this Act; and

17 (B) apply to all borrowers of covered loans
18 (as defined in section 455(d)(9) of the Higher
19 Education Act of 1965, as added by subsection
20 (a)).

21 (2) CHANGING PLANS.—The amendment made
22 by subsection (b) shall take effect on the date of en-
23 actment of this Act.

1 **SEC. 404. AUTOMATIC RECERTIFICATION OF INCOME.**

2 (a) INCOME-CONTINGENT REPAYMENT.—Section
3 455(e) of the Higher Education Act of 1965 (20 U.S.C.
4 1087e(e)) is amended—

5 (1) in paragraph (3)—

6 (A) by striking “does not reasonably re-
7 flect the borrower’s current income” and insert-
8 ing “whose income has decreased relative to the
9 adjusted gross income available to the Sec-
10 retary”; and

11 (B) by inserting “, consistent with the pro-
12 cedures established under paragraph
13 (8)(B)(iv)” before the period at the end; and

14 (2) by adding at the end the following:

15 “(8) AUTOMATIC RECERTIFICATION.—

16 “(A) DEFINITION.—In this paragraph, the
17 term ‘covered loan’ has the meaning given the
18 term in subsection (d)(9).

19 “(B) IN GENERAL.—Beginning as soon as
20 the Secretary determines practicable after the
21 Secretary finalizes the procedures under section
22 405 of the Helping Individuals Get a Higher
23 Education while Reducing Education Debt Act,
24 but not later than 2 years after the date of en-
25 actment of such Act, the Secretary shall estab-
26 lish and implement, with respect to any bor-

1 rower described in subparagraph (C), proce-
2 dures to—

3 “(i) obtain (for each year of repay-
4 ment and without further action by the
5 borrower) such information as is reason-
6 ably necessary regarding the income of
7 such borrower (and the borrower’s spouse,
8 if applicable), for the purpose of deter-
9 mining the repayment obligation of the
10 borrower for such year, including informa-
11 tion with respect to the borrower’s family
12 size in accordance with the procedures
13 under section 405 of the Helping Individ-
14 uals Get a Higher Education while Reduc-
15 ing Education Debt Act, subject to clause
16 (ii);

17 “(ii) allow the borrower, at any time,
18 to opt-out of clause (i) and prevent the
19 Secretary from obtaining information
20 under such clause without further action
21 by the borrower;

22 “(iii) provide the borrower with an op-
23 portunity to update the information ob-
24 tained under clause (i) before the deter-

1 mination of the annual repayment obliga-
2 tion of the borrower; and

3 “(iv) in the case of a borrower for
4 whom adjusted gross income is unavail-
5 able—

6 “(I) if the borrower has selected
7 to repay the covered loans of such
8 borrower pursuant to an income-con-
9 tingent repayment plan that defines
10 discretionary income in such a man-
11 ner that an individual not required
12 under section 6012(a)(1) of the Inter-
13 nal Revenue Code of 1986 to file a re-
14 turn with respect to income taxes im-
15 posed by subtitle A of such Code may
16 have a calculated monthly payment
17 greater than \$0, the borrower will be
18 required to provide the Secretary with
19 other documentation of income satis-
20 factory to the Secretary, which docu-
21 mentation the Secretary may use to
22 determine an appropriate repayment
23 schedule; or

24 “(II) if the borrower has selected
25 to repay such loans pursuant to an in-

1 come-contingent repayment that is not
2 described in subclause (I), the bor-
3 rower will not be required to provide
4 the Secretary with such other docu-
5 mentation of income, and the bor-
6 rower will have a calculated monthly
7 payment of \$0.

8 “(C) APPLICABILITY.—Subparagraph (B)
9 shall apply to each borrower of a covered loan
10 who, on or after the date on which the Sec-
11 retary establishes procedures under such sub-
12 paragraph—

13 “(i) selects, or for whom the Secretary
14 selects under subparagraph (C) or (D) of
15 paragraph (8) of subsection (d), or section
16 428(m)(1), an income-contingent repay-
17 ment plan; or

18 “(ii) recertifies income and family size
19 under such plan.

20 “(D) AVAILABILITY OF RETURNS AND RE-
21 TURN INFORMATION.—Returns and return in-
22 formation (as defined in section 6103 of the In-
23 ternal Revenue Code of 1986) may be obtained
24 under subparagraph (B)(i) only to the extent
25 authorized by section 6103(l)(13) of such Code.

1 “(E) OTHER REQUIREMENTS.—The proce-
2 dures established by the Secretary under this
3 paragraph shall be consistent with the require-
4 ments of paragraphs (1) through (7), except as
5 otherwise provided in this paragraph.”.

6 (b) INCOME-BASED REPAYMENT.—Section 493C(c)
7 of the Higher Education Act of 1965 (20 U.S.C. 1098e(e))
8 is amended—

9 (1) by striking “The Secretary shall establish”
10 and inserting the following:

11 “(1) IN GENERAL.—The Secretary shall estab-
12 lish”;

13 (2) by striking “The Secretary shall consider”
14 and inserting the following:

15 “(2) PROCEDURES FOR ELIGIBILITY.—The Sec-
16 retary shall—

17 “(A) consider”; and

18 (3) by striking “428C(b)(1)(E).” and inserting
19 the following: “428C(b)(1)(E); and

20 “(B) beginning as soon as the Secretary
21 determines practicable after the Secretary final-
22 izes the procedures under section 405 of the
23 Helping Individuals Get a Higher Education
24 while Reducing Education Debt Act, but not
25 later than 2 years after the date of enactment

1 of such Act, carry out, with respect to bor-
2 rowers of any covered loan (as defined in sec-
3 tion 455(d)(9)), procedures for income-based
4 repayment plans that are equivalent to the pro-
5 cedures carried out under section 455(e)(8)
6 with respect to income-contingent repayment
7 plans.”.

8 **SEC. 405. STUDY AND PROCEDURES ON DETERMINING FAM-**
9 **ILY SIZE.**

10 (a) IN GENERAL.—Not later than 1 year after the
11 date of enactment of this Act, the Secretary of Education
12 shall—

13 (1) jointly with the Secretary of the Treasury,
14 conduct a study, which meets the specifications de-
15 scribed in subsection (b), on the effect of using data
16 from the Internal Revenue Service on the deduction
17 for personal exemptions provided by section 151 of
18 the Internal Revenue Code of 1986 for a proxy for
19 family size in an income-driven repayment plan, and
20 publish such study in the Federal Register;

21 (2) use the results of the study conducted under
22 paragraph (1) to develop procedures for determining
23 family size for the automatic recertification of in-
24 come for an income-driven repayment plan in a man-

1 ner that minimizes burdens and unintended harm to
2 borrowers;

3 (3) publish the procedures developed under
4 paragraph (2) in the Federal Register; and

5 (4) after a notice and comment period on such
6 procedures, use such comments to finalize the proce-
7 dures.

8 (b) SPECIFICATIONS.—The study conducted under
9 subsection (a)(1) shall—

10 (1) determine how closely such personal exemp-
11 tions match the family size that borrowers report on
12 their income-driven repayment plan request form;

13 (2) compare the borrower’s actual monthly pay-
14 ment amount with the monthly payment amount
15 borrowers would have using family size information
16 derived from tax returns; and

17 (3) use data from more than one year, where
18 possible, to analyze how much family size changes
19 over time.

20 (c) DEFINITION.—The term “income-driven repay-
21 ment plan” has the meaning given the term in section
22 455(d)(9) of the Higher Education Act of 1965, as
23 amended by this Act.

1 **SEC. 406. DISCLOSURE OF TAX RETURN INFORMATION TO**
2 **CARRY OUT CERTAIN HIGHER EDUCATION**
3 **LOAN PROGRAMS.**

4 (a) IN GENERAL.—Paragraph (13) of section 6103(l)
5 of the Internal Revenue Code of 1986 is amended to read
6 as follows:

7 “(13) DISCLOSURE OF RETURNS AND RETURN
8 INFORMATION FOR PURPOSES OF STUDENT LOAN
9 ADMINISTRATION.—

10 “(A) IN GENERAL.—The Secretary, subject
11 to such requirements and conditions as the Sec-
12 retary may prescribe, shall upon written request
13 from the Secretary of Education disclose to offi-
14 cers and employees of the Department of Edu-
15 cation returns and return information with re-
16 spect to a taxpayer who has received an appli-
17 cable student loan.

18 “(B) RESTRICTION ON USE OF DISCLOSED
19 INFORMATION.—Return information disclosed
20 under subparagraph (A) may be used by offi-
21 cers and employees of the Department of Edu-
22 cation only for the purposes of, and to the ex-
23 tent necessary for purposes of—

24 “(i) establishing the appropriate in-
25 come-contingent repayment amount in con-
26 nection with an applicable student loan,

1 “(ii) establishing the appropriate re-
2 payment amount under an applicable in-
3 come-driven repayment plan (as defined in
4 section 455(d)(9) of such Act (20 U.S.C.
5 1087e(d))) in connection with an applica-
6 ble student loan for—

7 “(I) borrowers who have selected
8 such a plan, and

9 “(II) in the case of any recertifi-
10 cation under section 455(e)(8) or
11 493C(c)(2)(B) of the Higher Edu-
12 cation Act of 1965 (20 U.S.C.
13 1087e(e); 1098e(c)), borrowers who
14 are enrolled in such a plan, and

15 “(iii) in the case of borrowers who are
16 at least 60 days delinquent on an applica-
17 ble student loan—

18 “(I) providing notice of eligibility
19 for an income-driven repayment plan
20 (as so defined) pursuant to section
21 455(d)(8)(B) of the Higher Education
22 Act of 1965 (20 U.S.C. 1087e(d)),
23 and

24 “(II) automatic enrollment in
25 such an income-driven repayment plan

1 after such borrowers are at least 120
2 days delinquent on such a loan pursu-
3 ant to section 455(d)(8)(C) of such
4 Act (20 U.S.C. 1087e(d)).

5 “(C) DISCLOSURE TO CERTAIN CONTRAC-
6 TORS.—Officers and employees of the Depart-
7 ment of Education may disclose the information
8 described in subparagraph (A) to persons
9 awarded contracts by the Secretary of Edu-
10 cation under section 456 of the Higher Edu-
11 cation Act of 1965 (20 U.S.C. 1087f) to the ex-
12 tent necessary for the purposes described in
13 subparagraph (B).

14 “(D) SPOUSAL INFORMATION FOR MAR-
15 RIED INDIVIDUALS FILING SEPARATE RE-
16 TURNS.—For purposes of this paragraph, in the
17 case of a married individual filing a separate re-
18 turn, the term ‘taxpayer’ includes the spouse of
19 that individual if the Secretary of Education re-
20 quests information from the spouse of that indi-
21 vidual and the individual and the spouse have
22 consented in writing.

23 “(E) APPLICABLE STUDENT LOAN.—For
24 purposes of this paragraph, the term ‘applicable
25 student loan’ means—

1 “(i) any loan which is made, insured,
2 or guaranteed under a program authorized
3 under part B or D of title IV of the High-
4 er Education Act of 1965 (20 U.S.C. 1071
5 et seq.; 1087a et seq.), and

6 “(ii) any loan which is made under
7 part E of such title IV (20 U.S.C. 1087aa
8 et seq.) which is in default and has been
9 assigned to the Department of Edu-
10 cation.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 6103(a)(3) of such Code is amended
13 by inserting “(13),” after “(12),”.

14 (2) Section 6103(p)(4) of such Code is amend-
15 ed by inserting “(13),” after “(l)(10),” each place it
16 occurs.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to disclosures made after the date
19 of enactment of this Act.

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