

117TH CONGRESS
2D SESSION

H. R. 8655

To streamline and improve the Federal student loan program to protect borrowers and taxpayers, prohibit the Secretary of Education from exercising regulatory overreach and abusing its authorities granted by Congress, and extend Federal Pell Grant eligibility to certain short-term workforce development programs.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 5, 2022

Ms. FOXX (for herself, Ms. STEFANIK, and Mr. BANKS) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To streamline and improve the Federal student loan program to protect borrowers and taxpayers, prohibit the Secretary of Education from exercising regulatory overreach and abusing its authorities granted by Congress, and extend Federal Pell Grant eligibility to certain short-term workforce development programs.

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 “Responsible Education Assistance through Loan Re-

1 forms Act” or the “Responsible Education Assistance
2 through Loan Reforms Act”.

3 (b) TABLE OF CONTENTS.—The table of contents for
4 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. References.

TITLE I—LIMITS ON SECRETARIAL AUTHORITY

- Sec. 101. Limitation on authority of Secretary to propose or issue regulations and executive actions.

TITLE II—LOAN REFORMS

PART A—CURRENT BORROWERS

- Sec. 201. Income-contingent and income-based repayment plans.

PART B—LOAN REHABILITATION AND LOAN LIMITS

- Sec. 211. Loan rehabilitation.
- Sec. 212. Loan limits.

PART C—REPAYMENT TERMS AND CONDITIONS FOR LOANS MADE ON OR AFTER JULY 1, 2023

- Sec. 221. Repayment terms for Federal Direct Consolidation Loans.
- Sec. 222. Repayment incentives.
- Sec. 223. Repayment plans.
- Sec. 224. Public service loan forgiveness.
- Sec. 225. Income-based repayment plan.
- Sec. 226. Deferment on loans made on or after July 1, 2023.

PART D—ELIMINATION OF INTEREST CAPITALIZATION

- Sec. 231. Elimination of interest capitalization.

TITLE III—WORKFORCE PELL GRANTS

- Sec. 301. Data collection and dissemination related to Workforce Pell.
- Sec. 302. Program eligibility for Workforce Pell grants.
- Sec. 304. Workforce Pell Grants.
- Sec. 305. Accrediting agency determination of eligibility requirements for the Workforce Pell Grants program.

5 **SEC. 2. REFERENCES.**

6 Except as otherwise expressly provided, whenever in
7 this Act an amendment or repeal is expressed in terms
8 of an amendment to, or repeal of, a section or other provi-

1 sion, the reference shall be considered to be made to a
2 section or other provision of the Higher Education Act of
3 1965 (20 U.S.C. 1001 et seq.).

4 **TITLE I—LIMITS ON**
5 **SECRETARIAL AUTHORITY**

6 **SEC. 101. LIMITATION ON AUTHORITY OF SECRETARY TO**
7 **PROPOSE OR ISSUE REGULATIONS AND EX-**
8 **ECUTIVE ACTIONS.**

9 Part G of title IV (20 U.S.C. 1088 et seq.) is amend-
10 ed by inserting after section 492 the following:

11 **“SEC. 492A. LIMITATION ON AUTHORITY OF THE SEC-**
12 **RETARY TO PROPOSE OR ISSUE REGULA-**
13 **TIONS AND EXECUTIVE ACTIONS.**

14 “(a) DRAFT REGULATIONS.—Beginning after the
15 date of enactment of this section, a draft regulation imple-
16 menting this title (as described in section 492(b)(1)) that
17 is determined by the Secretary to be economically signifi-
18 cant shall be subject to the following requirements (re-
19 gardless of whether negotiated rulemaking occurs):

20 “(1) The Secretary shall determine whether the
21 draft regulation, if implemented, would result in an
22 increase in a subsidy cost resulting from a loan
23 modification.

24 “(2) If the Secretary determines under para-
25 graph (1) that the draft regulation would result in

1 an increase in a subsidy cost resulting from a loan
2 modification, then the Secretary may take no further
3 action with respect to such regulation.

4 “(b) PROPOSED OR FINAL REGULATIONS AND EXEC-
5 UTIVE ACTIONS.—Beginning after the date of enactment
6 of this section, the Secretary may not issue a proposed
7 rule, final regulation, or executive action implementing
8 this title if the Secretary determines that the rule, regula-
9 tion, or executive action—

10 “(1) is economically significant; and

11 “(2) would result in an increase in a subsidy
12 cost resulting from a loan modification.

13 “(c) RELATIONSHIP TO OTHER REQUIREMENTS.—
14 The analyses required under subsections (a) and (b) shall
15 be in addition to any other cost analysis required under
16 law for a regulation implementing this title, including any
17 cost analysis that may be required pursuant to Executive
18 Order 12866 (58 Fed. Reg. 51735; relating to regulatory
19 planning and review), Executive Order 13563 (76 Fed.
20 Reg. 3821; relating to improving regulation and regu-
21 latory review), or any related or successor orders.

22 “(d) DEFINITION.—In this section, the term ‘eco-
23 nomically significant’, when used with respect to a draft,
24 proposed, or final regulation or executive action, means

1 that the regulation or executive action is likely, as deter-
 2 mined by the Secretary—

3 “(1) to have an annual effect on the economy
 4 of \$100,000,000 or more; or

5 “(2) adversely to affect in a material way the
 6 economy, a sector of the economy, productivity, com-
 7 petition, jobs, the environment, public health or safe-
 8 ty, or State, local, or tribal governments or commu-
 9 nities.”.

10 **TITLE II—LOAN REFORMS**

11 **PART A—CURRENT BORROWERS**

12 **SEC. 201. INCOME-CONTINGENT AND INCOME-BASED RE-** 13 **PAYMENT PLANS.**

14 (a) INCOME-CONTINGENT REPAYMENT.—

15 (1) EXCESSIVE INTEREST CAP.—Section 455(e)
 16 (20 U.S.C. 1087e(e)) is amended by adding at the
 17 end the following:

18 “(9) EXCESSIVE INTEREST CAP.—The Sec-
 19 retary shall cancel any outstanding balance due on
 20 all loans made under this part (other than an ex-
 21 cepted PLUS Loan or an excepted Consolidation
 22 Loan as such terms are defined in section 493C) to
 23 a borrower—

24 “(A) for whom an income contingent re-
 25 payment plan under this subsection is in effect,

1 without regard to the period of time for which
2 such plan has been so in effect for such bor-
3 rower;

4 “(B) who, in the absence of this para-
5 graph, would not yet be eligible for loan can-
6 cellation under such plan; and

7 “(C) who has repaid, pursuant to para-
8 graph (7)—

9 “(i)(I) subject to subclause (II), an
10 amount on such loans that is equal to the
11 total amount of principal and interest that
12 the borrower would have repaid under a
13 standard repayment plan under section
14 455(d)(1)(A), based on a 10-year repay-
15 ment period, when the borrower entered
16 repayment on such loans; or

17 “(II) in the case of a Federal Direct
18 Consolidation Loan, an amount on such
19 loan that is equal to the total amount of
20 principal and interest that the borrower
21 would have repaid under the repayment
22 schedule established for such loan under
23 section 428C(c)(2) on the date on which
24 such loan was made; and

1 “(ii) an amount equal to the amount
2 of any unpaid interest that has accrued,
3 but was not included in the calculation of
4 the total amount principal and interest
5 that would have been repaid under the
6 standard repayment plan or schedule de-
7 scribed in clause (i)—

8 “(I) during any deferment period
9 described in clause (i) or (ii) of sec-
10 tion 455(f)(2)(A); and

11 “(II) during any forbearance pe-
12 riod while serving in a medical or den-
13 tal internship or residency program as
14 described in section
15 428(c)(3)(A)(i)(I); and”.

16 (2) EXCESSIVE INTEREST CAP FOR DISTRESSED
17 BORROWERS.—Section 455(e) (20 U.S.C. 1087e(e))
18 is further amended by adding at the end the fol-
19 lowing:

20 “(10) EXCESSIVE INTEREST CAP FOR DIS-
21 TRESSED BORROWERS.—

22 “(A) IN GENERAL.—The Secretary shall
23 cancel the balance of interest due (in accord-
24 ance with subparagraph (B)) on any loan made
25 under this part (other than an excepted PLUS

1 or excepted consolidation loan (as defined in
2 section 493C)) to a borrower—

3 “(i)(I) who has been in repayment for
4 not less than a 10-year period on such
5 loan; or

6 “(II) in the case of a Federal Direct
7 Consolidation Loan, who has been in re-
8 payment on such loan for not less than the
9 repayment period under the repayment
10 schedule established for such loan under
11 section 428C(c)(2) on the date on which
12 such loan was made; and

13 “(ii) whose first monthly payment on
14 such loan pursuant to paragraph (7) that
15 is not less than the full amount due on
16 such loan for such month, after the date of
17 enactment of the REAL Reforms Act, is
18 insufficient to cover the interest that has
19 accrued on such loan for such month, and
20 results in higher balance of principal and
21 interest on such loan.

22 “(B) AMOUNT OF INTEREST CANCELLA-
23 TION.—The Secretary shall cancel the obliga-
24 tion to repay the balance of interest due on

1 such loan as of the time of the payment de-
2 scribed in subparagraph (A)(ii) on such loan.”.

3 (b) INCOME-BASED REPAYMENT.—

4 (1) EXCESSIVE INTEREST CAP.—Section
5 493C(b)(7)(B) (20 U.S.C. 1098e(b)(7)(B)) is
6 amended—

7 (A) by redesignating clauses (i) through
8 (v) as subclauses (I) through (V), respectively,
9 and moving the margins accordingly;

10 (B) by striking the following:

11 “(B) for a period”; and inserting the fol-
12 lowing:

13 “(B)(i) for a period”;

14 (C) by inserting “or” at the end of clause
15 (i)(V), as so redesignated; and

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

17 “(ii) in the absence of this clause,
18 would not yet be eligible for loan cancella-
19 tion or repayment under this paragraph,
20 and has repaid, pursuant to clause (i)—

21 “(I)(aa) subject to item (bb), an
22 amount on such loans that is equal to
23 the total amount of principal and in-
24 terest that the borrower would have
25 repaid under a standard repayment

1 plan under section 428(b)(9)(A)(i) or
2 section 455(d)(1)(A), based on a 10-
3 year repayment period, when the bor-
4 rower entered repayment on such
5 loans; or

6 “(bb) in the case of a Federal
7 Direct Consolidation Loan or a loan
8 made under section 428C, an amount
9 on such loan that is equal to the total
10 amount of principal and interest that
11 the borrower would have repaid under
12 the repayment schedule established
13 for such loan under section
14 428C(c)(2) on the date on which such
15 loan was made; and

16 “(II) an amount equal to the
17 amount of any unpaid interest that
18 has accrued, but was not included in
19 the calculation of the total amount
20 principal and interest that would have
21 been repaid under the standard repay-
22 ment plan or schedule described in
23 subclause (I)—

24 “(aa) during any deferment
25 period described in section

1 427(a)(2)(C)(i) or
2 428(b)(1)(M)(i), or clause (i) or
3 (ii) of section 455(f)(2)(A); and
4 “(bb) during any forbear-
5 ance period while serving in a
6 medical or dental internship or
7 residency program as described
8 in section 428(c)(3)(A)(i)(I);”.

9 (2) CLARIFICATION OF REPAYMENT OF PART B
10 LOANS.—Section 493C(b) (20 U.S.C. 1098e(b)) is
11 further amended—

12 (A) by striking “and” at end of paragraph
13 (8);

14 (B) by striking the period at the end of
15 paragraph (9); and

16 (C) by adding the end the following:

17 “(10) in repaying under clause (ii) of para-
18 graph (7)(B) the outstanding balance of principal
19 and interest due on a loan made under part B to a
20 borrower who meets the requirements of such clause
21 (ii), or in repaying under subsection (g) the balance
22 of interest due on a loan made under part B to a
23 borrower who meets the requirements of such sub-
24 section (g), the Secretary shall—

1 “(A) enter into an agreement with the
2 holder of such loan (or, if the holder acts as an
3 eligible lender trustee for the beneficial owner
4 of the loan, the beneficial owner of the loan) for
5 the purpose of assuming the repayment obliga-
6 tions of the borrower in accordance with sub-
7 paragraph (B), except that the Secretary shall
8 not assign to the United States the right to
9 such loan;

10 “(B)(i) in the case of a repayment under
11 paragraph (7)(B)(ii), assume the obligation of
12 the borrower to repay the holder of such loan
13 (or, if the holder acts as an eligible lender
14 trustee for the beneficial owner of the loan, the
15 beneficial owner of the loan) the total amount
16 of principal and interest remaining to be repaid
17 on such loan (after taking into account the
18 amounts repaid by the borrower under para-
19 graph (7)(B)(ii) and the Secretary under sub-
20 section (g), if applicable) according to the terms
21 and conditions, including the repayment sched-
22 ule, that were in effect with respect to such
23 loan on the day before the Secretary assumes
24 such obligation; or

1 “(ii) in the case of a repayment under sub-
2 section (g), assume the obligation of the bor-
3 rower to repay the holder of such loan (or, if
4 the holder acts as an eligible lender trustee for
5 the beneficial owner of the loan, the beneficial
6 owner of the loan) the balance of interest due
7 on such loan as of the time of the payment de-
8 scribed in subsection (g)(1)(B) on such loan ac-
9 cording to the terms and conditions, including
10 the repayment schedule, that were in effect with
11 respect to such loan on the day before the Sec-
12 retary assumes such obligation; and

13 “(C) ensure that the holder of such loan
14 (or, if the holder acts as an eligible lender
15 trustee for the beneficial owner of the loan, the
16 beneficial owner of the loan) shall, upon enter-
17 ing into an agreement described in subpara-
18 graph (A) with respect to a loan of a borrower,
19 reports to consumer reporting agencies that—

20 “(i) in the case of a repayment under
21 paragraph (7)(B)(ii), the borrower’s liabil-
22 ity on such loan has been discharged; and

23 “(ii) in the case of a repayment under
24 subsection (g), the borrower’s liability has
25 been discharged with respect to the bal-

1 ance of the interest due on such loan as of
2 the time of the payment described in sub-
3 section (g)(1)(B) on such loan.”.

4 (3) RULES OF CONSTRUCTION.—Section 493C
5 (20 U.S.C. 1098e) is amended by adding at the end
6 the following:

7 “(f) RULES OF CONSTRUCTION.—Nothing in sub-
8 section (b)(10) shall be construed to authorize the Sec-
9 retary to—

10 “(1) revoke the rights to a special allowance
11 under section 438 of the holder (or, if the holder
12 acts as an eligible lender trustee for the beneficial
13 owner of the loan, the beneficial owner of the loan)
14 of the loans being repaid by the Secretary under
15 subsection (b)(10);

16 “(2) prepay such loan ahead of repayment
17 schedule with respect to such loans described in sub-
18 paragraph (B) of subsection (b)(10); or

19 “(3) use any authority or take any actions be-
20 yond what is authorized explicitly in subsection
21 (b)(10).”.

22 (4) EXCESSIVE INTEREST CAP FOR DISTRESSED
23 BORROWERS.—Section 493C (20 U.S.C. 1098e) is
24 further amended by adding at the end the following:

1 “(g) EXCESSIVE INTEREST CAP FOR DISTRESSED
2 BORROWERS.—

3 “(1) IN GENERAL.—The Secretary shall repay
4 or cancel the balance of interest due (in accordance
5 with paragraph (2)) on any loan made under part B
6 or D (other than an excepted PLUS or excepted
7 consolidation loan) to a borrower—

8 “(A)(i) who has been in repayment for not
9 less than a 10-year period on such loan; or

10 “(ii) in the case of a Federal Direct Con-
11 solidation Loan or a consolidation loan under
12 section 428C, who has been in repayment on
13 such loan for not less than the repayment pe-
14 riod under the repayment schedule established
15 for such loan under section 428C(c)(2) on the
16 date on which such loan was made; and

17 “(B) whose first monthly payment on such
18 loan pursuant to subsection (b)(7) that is not
19 less than the full amount due on such loan for
20 such month, after the date of enactment of the
21 REAL Reforms Act, is insufficient to cover the
22 interest that has accrued on such loan for such
23 month, and results in higher balance of prin-
24 cipal and interest on such loan.

1 2023, and subject to subparagraph (D),
2 such maximum annual amount may not ex-
3 ceed \$25,000”; and

4 (ii) by adding at the end the fol-
5 lowing:

6 “(C) AGGREGATE LIMITS.—Subject to sub-
7 paragraph (D), for any period of instruction be-
8 ginning on or after July 1, 2023, the maximum
9 aggregate amount of loans under this part that
10 a graduate or professional student may borrow
11 for enrollment in a program of graduate or pro-
12 fessional education shall be \$100,000.

13 “(D) EXCEPTION FOR CERTAIN STU-
14 DENTS.—The annual and aggregate limits de-
15 scribed in subparagraphs (A)(ii) and (C) for
16 any period of instruction beginning on or after
17 July 1, 2023, shall not apply to any student en-
18 rolled in a program of study as of June 30,
19 2023, or any loans made under this part to (or
20 on behalf of) such student, during the period
21 required for the completion of such program.”.

22 (2) TERMINATION OF AUTHORITY TO MAKE
23 FEDERAL DIRECT PLUS LOANS TO GRADUATE AND
24 PROFESSIONAL STUDENTS.—Section 455(a) (20

1 U.S.C. 1087e(a)) is further amended by adding at
2 the end the following:

3 “(4) TERMINATION OF AUTHORITY TO MAKE
4 FEDERAL DIRECT PLUS LOANS TO GRADUATE AND
5 PROFESSIONAL STUDENTS.—

6 “(A) IN GENERAL.—Notwithstanding any
7 provision of this part or part B, and except as
8 otherwise provided in subparagraph (B), for
9 any period of instruction beginning on or after
10 July 1, 2023, a graduate or professional stu-
11 dent shall not be eligible to receive a Federal
12 Direct PLUS Loan under this part for enroll-
13 ment in a program of graduate or professional
14 education.

15 “(B) EXCEPTION FOR CERTAIN STU-
16 DENTS.—This paragraph shall not apply to any
17 student enrolled in a program of study at an el-
18 igible institution as of June 30, 2023, or any
19 loans made under this part to (or on behalf of)
20 such student, during the period required for the
21 completion of such program.”.

22 (b) INSTITUTIONALLY DETERMINED LIMITS.—Sec-
23 tion 455(a) (20 U.S.C. 1087e(a)) is further amended by
24 adding at the end the following:

25 “(5) INSTITUTIONALLY DETERMINED LIMITS.—

1 “(A) IN GENERAL.—Notwithstanding any
2 other provision of this subsection, an eligible in-
3 stitution (at the discretion of a financial aid ad-
4 ministrator at the institution) may prorate or
5 limit the amount of a loan any student (other
6 than a student described in subparagraph (D))
7 who is enrolled in a program of study for a pe-
8 riod of instruction beginning on or after July 1,
9 2023, at that institution, may borrow under
10 this part for an academic year—

11 “(i) if the institution can reasonably
12 demonstrate that student debt levels are or
13 would be excessive for such program, based
14 on—

15 “(I) the most recently available
16 data from the Bureau of Labor Sta-
17 tistics for the average starting salary
18 in the region in which the institution
19 is located for typical occupations pur-
20 sued by graduates of such program;
21 or

22 “(II) the most recently available
23 data from the College Scorecard (or
24 successor website) on—

1 “(aa) the median earnings
2 of students who complete such
3 program; and

4 “(bb) the median debt owed,
5 and the repayment rate, on loans
6 made under this part, of such
7 students;

8 “(ii) in a case in which the student is
9 enrolled on a less than full-time basis or
10 the student is enrolled for less than the pe-
11 riod of enrollment to which the annual loan
12 limit applies under this subsection, based
13 on the student’s enrollment status;

14 “(iii) based on the credential level
15 (such as a degree, certificate, or other rec-
16 ognized educational credential) that the
17 student would attain upon completion of
18 such program; or

19 “(iv) based on the year of the pro-
20 gram for which the student is seeking such
21 loan.

22 “(B) APPLICATION TO ALL STUDENTS.—
23 Any proration or limiting of loan amounts
24 under subparagraph (A) shall be applied in the

1 same manner to all students enrolled in the in-
2 stitution or program of study.

3 “(C) INCREASES FOR INDIVIDUAL STU-
4 DENTS.—Upon the request of a student whose
5 loan amount for an academic year has been
6 prorated or limited under subparagraph (A), an
7 eligible institution (at the discretion of the fi-
8 nancial aid administrator at the institution)
9 may increase such loan amount to an amount
10 not exceeding the annual loan amount applica-
11 ble to such student under this paragraph for
12 such academic year if such student dem-
13 onstrates special circumstances or exceptional
14 need.

15 “(D) EXCEPTION FOR CERTAIN STU-
16 DENTS.—This paragraph shall not apply to any
17 student enrolled in a program of study at an el-
18 igible institution as of June 30, 2023, or any
19 loans made under this part to (or on behalf of)
20 such student, during the period required for the
21 completion of such program.”.

1 **PART C—REPAYMENT TERMS AND CONDITIONS**
2 **FOR LOANS MADE ON OR AFTER JULY 1, 2023**
3 **SEC. 221. REPAYMENT TERMS FOR FEDERAL DIRECT CON-**
4 **SOLIDATION LOANS.**

5 Section 428C(e) (20 U.S.C. 1078–3(c)) is amended—

6 (1) in paragraph (2)(A), in the first sentence of
7 subparagraph (A), by inserting “, including income-
8 based repayment schedules under section 460A, in
9 the case of Federal Direct Consolidation Loans
10 made on or after July 1, 2023” after “income-based
11 repayment schedules”; and

12 (2) in paragraph (3)—

13 (A) in subparagraph (A), by inserting “or
14 an income-based repayment schedule under sec-
15 tion 460A” after “section 493C”; and

16 (B) in subparagraph (C), by inserting “or
17 an income-based repayment schedule under sec-
18 tion 460A” after “section 493C”.

19 **SEC. 222. REPAYMENT INCENTIVES.**

20 (a) AMENDMENT.—Section 455(b)(9)(C) (20 U.S.C.
21 1087e(b)(9)(C)) is amended by inserting “(which in the
22 case of a loan for which the first disbursement of principal
23 is made on or after July 1, 2023, may not exceed than
24 0.25 percentage points)” after “interest rate reduction”.

25 (b) APPLICATION OF AMENDMENT.—The amendment
26 made by this section shall not apply to any borrower who

1 is a student enrolled in a program of study at an institu-
2 tion of higher education (as defined in section 102 of the
3 Higher Education Act of 1965 (20 U.S.C. 1002)) as of
4 June 30, 2023, or any loans made under part D of title
5 IV of the Higher Education Act of 1965 (20 U.S.C. 1087a
6 et seq.) to (or on behalf of) such student, during the pe-
7 riod required for the completion of such program.

8 **SEC. 223. REPAYMENT PLANS.**

9 Section 455(d) (20 U.S.C. 1087e(d)) is amended by
10 adding at the end the following:

11 “(6) REPAYMENT PLANS FOR LOANS MADE ON
12 OR AFTER JULY 1, 2023.—

13 “(A) DESIGN AND SELECTION.—Notwith-
14 standing paragraph (1) and except as provided
15 in subparagraph (E), the Secretary shall offer
16 a borrower of a loan made under this part on
17 or after July 1, 2023, two plans for repayment
18 of such loan, including principal and interest on
19 the loan. The borrower shall be entitled to ac-
20 celerate, without penalty, repayment on such
21 loans. The borrower may choose—

22 “(i) a standard repayment plan with a
23 fixed monthly repayment amount paid over
24 a fixed period of time, not to exceed 10
25 years; or

1 “(ii) an income-based repayment plan
2 under section 460A.

3 “(B) SELECTION BY SECRETARY.—If such
4 borrower does not select a repayment plan de-
5 scribed in subparagraph (A), the Secretary shall
6 provide the borrower with the repayment plan
7 described in subparagraph (A)(i).

8 “(C) CHANGES IN SELECTION.—

9 “(i) IN GENERAL.—Subject to clause
10 (ii), a borrower may change the borrower’s
11 selection of a repayment plan under sub-
12 paragraph (A), or the Secretary’s selection
13 of a plan for the borrower under subpara-
14 graph (B), as the case may be, under such
15 terms and conditions as may be established
16 by the Secretary, except that the Secretary
17 may not establish any terms or conditions
18 with respect to whether a borrower may
19 change the borrower’s repayment plan.
20 Nothing in this subsection shall prohibit
21 the Secretary from encouraging struggling
22 borrowers from enrolling in the income-
23 based repayment plan under section 460A.

24 “(ii) SAME REPAYMENT PLAN RE-
25 QUIRED.—All loans made under this part

1 on or after July 1, 2023, to a borrower
2 shall be repaid under the same repayment
3 plan under subparagraph (A), except that
4 the borrower may repay an excepted PLUS
5 loan or an excepted consolidation loan (as
6 such terms are defined in section 493C(a))
7 separately from other loans made under
8 this part to the borrower.

9 “(D) REPAYMENT AFTER DEFAULT.—The
10 Secretary may require a borrower who has de-
11 faulted on a loan made under this part on or
12 after July 1, 2023, to—

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

15 “(ii) repay the loan pursuant to the
16 income-based repayment plan under sec-
17 tion 460A.

18 “(E) EXCEPTION FOR CERTAIN BOR-
19 ROWERS.—This paragraph shall not apply to
20 any borrower who is student who is enrolled in
21 a program of study at an institution of higher
22 education as of June 30, 2023, or any loans
23 made to (or on behalf of) such borrower, during
24 the period required for the completion of such
25 program.

1 “(F) RULE OF CONSTRUCTION.—Nothing
2 in this paragraph shall be construed to author-
3 ize, with respect to a borrower of loans made
4 under this part on or after July 1, 2023—

5 “(i) eligibility for a repayment plan
6 that is not described in clause (i) or (ii) of
7 subparagraph (A); or

8 “(ii) the Secretary to—

9 “(I) carry out a repayment plan
10 that is not described in such clause (i)
11 or (ii); or

12 “(II) modify a repayment plan
13 that is described in such clause (i) or
14 (ii).”.

15 **SEC. 224. PUBLIC SERVICE LOAN FORGIVENESS.**

16 (a) AMENDMENT.—Section 455(m)(3)(A) (20 U.S.C.
17 1087e(m)(3)(A)) is amended by inserting before the pe-
18 riod at the end the following: “that was made before July
19 1, 2023”.

20 (b) APPLICATION OF AMENDMENT.—The amendment
21 made by this section shall not apply to any borrower who
22 is a student enrolled in a program of study at an institu-
23 tion of higher education (as defined in section 102 of the
24 Higher Education Act of 1965 (20 U.S.C. 1002)) as of
25 June 30, 2023, or any loans made under part D of title

1 IV of the Higher Education Act of 1965 (20 U.S.C. 1087a
2 et seq.) to (or on behalf of) such student, during the pe-
3 riod required for the completion of such program.

4 **SEC. 225. INCOME-BASED REPAYMENT PLAN.**

5 (a) ESTABLISHMENT OF NEW IBR.—Part D of title
6 IV (20 U.S.C. 1087e et seq.) is further amended by add-
7 ing at the end the following:

8 **“SEC. 460A. INCOME-BASED REPAYMENT PROGRAM.**

9 “(a) IN GENERAL.—Notwithstanding any other pro-
10 vision of this Act, the Secretary shall carry out a program
11 under which—

12 “(1) a borrower (other than a borrower de-
13 scribed in section 455(d)(6)(E)) of a loan made
14 under this part on or after July 1, 2023, may elect
15 to have the borrower’s aggregate monthly payment
16 for all such loans (other than an excepted PLUS
17 Loan or excepted Consolidation Loan) made to the
18 borrower—

19 “(A) not to exceed the result obtained by
20 dividing by 12, 15 percent of the result ob-
21 tained by calculating, on at least an annual
22 basis, the amount by which—

23 “(i) the adjusted gross income of the
24 borrower or, if the borrower is married and
25 files a Federal income tax return jointly

1 with or separately from the borrower’s
2 spouse, the adjusted gross income of the
3 borrower and the borrower’s spouse; ex-
4 ceeds

5 “(ii) 150 percent of the poverty line
6 applicable to the borrower’s family size as
7 determined under section 673(2) of the
8 Community Services Block Grant Act (42
9 U.S.C. 9902(2)); and

10 “(B) not to be less than \$25;

11 “(2) the Secretary shall apply the borrower’s
12 monthly payment under this section first toward in-
13 terest due on such a loan, next toward any fees due
14 on the loan, and then toward the principal of the
15 loan;

16 “(3) any principal due and not paid under
17 paragraph (2) shall be deferred;

18 “(4) the amount of time the borrower makes
19 monthly payments under paragraph (1) may exceed
20 10 years;

21 “(5) the Secretary shall cancel any outstanding
22 balance due on all loans made on or after July 1,
23 2023, under this part (other than an excepted
24 PLUS Loan or an excepted Consolidation Loan) to
25 the borrower—

1 “(A) who, at any time, elected to partici-
2 pate in income-based repayment under para-
3 graph (1);

4 “(B) whose final monthly payment for
5 such loans prior to the loan cancellation under
6 this paragraph was made under such income-
7 based repayment; and

8 “(C) who has repaid, pursuant to income-
9 based repayment under paragraph (1), a stand-
10 ard repayment plan under section
11 455(d)(6)(A)(i), or a combination, or in the
12 case of consolidation loans, a repayment sched-
13 ule described in clause (i)(II)—

14 “(i)(I) except as otherwise provided in
15 subclause (II), an amount on such loans
16 that is equal to the total amount of prin-
17 cipal and interest that the borrower would
18 have repaid under a standard repayment
19 plan under section 455(d)(6)(A)(i), based
20 on a 10-year repayment period, when the
21 borrower entered repayment on such loans;
22 or

23 “(II) in the case of a Federal Direct
24 Consolidation Loan, an amount on such
25 loan that is equal to the total amount of

1 principal and interest that the borrower
2 would have repaid under the repayment
3 schedule established for such loan under
4 section 428C(c)(2) on the date on which
5 such loan was made; and

6 “(ii) an amount equal to the amount
7 of any unpaid interest that has accrued,
8 but was not included in the calculation of
9 the total amount principal and interest
10 that would have been repaid under the
11 standard repayment plan or schedule de-
12 scribed in clause (i), during any period of
13 deferment under subparagraph (A), (B), or
14 (F) of section 460B(b)(1); and

15 “(6) a borrower who is repaying a loan made
16 under this part pursuant to income-based repayment
17 under paragraph (1) may elect, at any time, to ter-
18minate repayment pursuant to such income-based
19 repayment and repay such loan under the standard
20 repayment plan.

21 “(b) ELIGIBILITY DETERMINATIONS.—The Secretary
22 shall establish and implement with respect to any borrower
23 who chooses to repay a loan made under this part pursu-
24 ant to income-based repayment under this section proce-
25dures to—

1 “(1) use return information disclosed under sec-
2 tion 6103(l)(13) of the Internal Revenue Code of
3 1986, pursuant to approval provided under section
4 494, to determine the repayment obligation of the
5 borrower without further action by the borrower;

6 “(2) allow the borrower (or the spouse of the
7 borrower), at any time, to opt out of disclosure
8 under such section 6103(l)(13) and instead provide
9 such information as the Secretary may require to de-
10 termine the repayment obligation of the borrower (or
11 withdraw from the repayment plan under this sub-
12 section); and

13 “(3) provide the borrower with an opportunity
14 to update the return information so disclosed before
15 the determination of the repayment obligation of the
16 borrower.

17 “(c) NOTIFICATION TO BORROWERS.—The Secretary
18 shall establish procedures under which a borrower of a
19 loan made under this part who chooses to repay such loan
20 pursuant to income-based repayment under this section is
21 notified of the terms and conditions of such plan, includ-
22 ing notification that if a borrower considers that special
23 circumstances, such as a loss of employment by the bor-
24 rower or the borrower’s spouse, warrant an adjustment in
25 the borrower’s loan repayment as determined using the

1 borrower’s Federal tax return information, or the alter-
2 native documentation described in subsection (b)(2), the
3 borrower may contact the Secretary, who shall determine
4 whether such adjustment is appropriate, in accordance
5 with criteria established by the Secretary.

6 “(d) REDUCED PAYMENT PERIODS.—

7 “(1) IN GENERAL.—The Secretary shall author-
8 ize borrowers meeting the criteria under paragraph
9 (2) to make monthly payments of \$5 for a period
10 not in excess of 3 years, except that—

11 “(A) for purposes of paragraph (2)(A), the
12 Secretary may authorize reduced payments in
13 6-month increments, beginning on the date the
14 borrower provides to the Secretary the evidence
15 described in paragraph (2)(A)(i); and

16 “(B) for purposes of paragraph (2)(B), the
17 Secretary may authorize reduced payments in
18 3-month increments, beginning on the date the
19 borrower provides to the Secretary the evidence
20 described in paragraph (2)(B)(i).

21 “(2) ELIGIBILITY DETERMINATIONS.—The Sec-
22 retary shall authorize borrowers to make reduced
23 payments under this subsection in the following cir-
24 cumstances:

1 “(A) In a case of borrower who is seeking
2 and unable to find full-time employment, as
3 demonstrated by providing to the Secretary—

4 “(i) evidence of the borrower’s eligi-
5 bility for unemployment benefits to the
6 Secretary; or

7 “(ii) the borrower recertifies the rea-
8 son for the \$5 monthly payment under this
9 subparagraph.

10 “(B) The Secretary determines that, due
11 to high medical expenses, the \$25 monthly pay-
12 ment the borrower would otherwise make would
13 be an extreme economic hardship to the bor-
14 rower, if—

15 “(i) the borrower documents the rea-
16 son why the \$25 minimum payment is an
17 extreme economic hardship; and

18 “(ii) the borrower recertifies the rea-
19 son for the \$5 minimum payment on a
20 three-month basis.

21 “(3) DEFINITION.—For purpose of this sub-
22 section, the term ‘full-time employment’ means em-
23 ployment that will provide not less than 30 hours of
24 work a week and is expected to continue for a period
25 of not less than 3 months.

1 “(e) DEFINITIONS.—In this section:

2 “(1) ADJUSTED GROSS INCOME.—The term ‘ad-
3 justed gross income’ has the meaning given the term
4 in section 62 of the Internal Revenue Code of 1986.

5 “(2) EXCEPTED CONSOLIDATION LOAN.—The
6 term ‘excepted Consolidation Loan’ means a Federal
7 Direct Consolidation Loan, if the proceeds of such
8 loan were used to the discharge the liability on—

9 “(A) an excepted PLUS loan; or

10 “(B) a Federal Direct Consolidation loan,
11 if the proceeds of such loan were used to dis-
12 charge the liability on an excepted PLUS loan.

13 “(3) EXCEPTED PLUS LOAN.—The term ‘ex-
14 cepted PLUS Loan’ has the meaning given the term
15 in section 493C.”.

16 (b) PROCEDURE AND REQUIREMENTS FOR REQUEST-
17 ING TAX RETURN INFORMATION FROM THE IRS.—Sec-
18 tion 494(a) (20 U.S.C. 1098h(a)) is amended by adding
19 at the end the following:

20 “(4) INCOME-BASED REPAYMENT FOR LOANS
21 MADE ON OR AFTER JULY 1, 2023.—

22 “(A) NEW APPLICANTS.—In the case of
23 any written or electronic application by an indi-
24 vidual for an income-based repayment plan
25 under section 460A for a loan made under part

1 D on after July 1, 2023, the Secretary, with re-
2 spect to such individual and any spouse of such
3 individual, shall—

4 “(i) provide to such individuals the
5 notification described in paragraph
6 (1)(A)(i); and

7 “(ii) require, as a condition of eligi-
8 bility for such repayment plan, that such
9 individuals—

10 “(I) affirmatively approve the
11 disclosures described in subclauses (I)
12 and (II) of paragraph (1)(A)(i), to the
13 extent applicable, and agree that such
14 approval shall serve as an ongoing ap-
15 proval of such disclosures until the
16 date on which the individual elects to
17 opt out of such disclosures under sec-
18 tion 465(b)(2); or

19 “(II) provide such information as
20 the Secretary may require to confirm
21 the eligibility of such individual for
22 such repayment plan.

23 “(B) RECERTIFICATIONS.—With respect to
24 the first written or electronic recertification
25 (after the date of the enactment of the REAL

1 Reforms Act) of an individual’s income or fam-
 2 ily size for purposes of an income-based repay-
 3 ment plan under section 460A (entered into be-
 4 fore the date of the enactment of the REAL
 5 Reforms Act) for a loan under part D, the Sec-
 6 retary, with respect to such individual and any
 7 spouse of such individual, shall meet the re-
 8 quirements of clauses (i) and (ii) of subpara-
 9 graph (A) with respect to such recertification.”.

10 **SEC. 226. DEFERMENT ON LOANS MADE ON OR AFTER JULY**
 11 **1, 2023.**

12 (a) IN GENERAL.—Part D of title IV (20 U.S.C.
 13 1087e et seq.) is further amended by adding at the end
 14 the following:

15 **“SEC. 460B. DEFERMENT ON LOANS MADE ON OR AFTER**
 16 **JULY 1, 2023.**

17 “(a) EFFECT ON PRINCIPAL AND INTEREST.—

18 “(1) IN GENERAL.—A borrower (other than a
 19 borrower described in section 455(d)(6)(E)) of a
 20 loan made under this part on or after July 1,
 21 2023—

22 “(A) who meets the requirements described
 23 in subsection (b) shall be eligible for a
 24 deferment on such loan during which install-
 25 ments of principal need not be paid and, as

1 specified in paragraph (2), interest shall not ac-
2 crue, or shall accrue and be paid by the bor-
3 rower; and

4 “(B) may not be eligible for a deferment or
5 forbearance under section 455(f) or any other
6 provision of this Act (other than forbearance
7 under section 455(l), forbearance under section
8 685.205(a) of title 34, Code of Federal Regula-
9 tions (or successor regulations), or deferment
10 under section 493D).

11 “(2) EFFECT ON INTEREST.—

12 “(A) NO ACCRUAL OF INTEREST ON SUB-
13 SIDIZED LOANS.—With respect to a deferment
14 period described in subparagraphs (A) through
15 (D) of subsection (b)(1), interest—

16 “(i) shall not accrue, in the case of
17 a—

18 “(I) Federal Direct Stafford
19 Loan; or

20 “(II) a Federal Direct Consolida-
21 tion Loan that consolidated only Fed-
22 eral Direct Stafford Loans, or a com-
23 bination of such loans and Federal
24 Stafford Loans for which the student

1 borrower received an interest subsidy
2 under section 428; or

3 “(ii) shall accrue or be paid by the
4 borrower, in the case of a Federal Direct
5 PLUS Loan, a Federal Direct Unsub-
6 sidized Stafford Loan, or a Federal Direct
7 Consolidation Loan not described in clause
8 (i)(II).

9 “(B) INTEREST ACCRUAL ON ALL
10 LOANS.—With respect to a deferment period de-
11 scribed in subparagraph (E) or (F) of sub-
12 section (b)(1), or paragraph (2), (3)(A), or (4),
13 interest shall accrue or be paid by the borrower,
14 in the case of any loan made under this part.

15 “(C) NO ACCRUAL OF INTEREST ON ANY
16 LOAN.—With respect to a deferment period de-
17 scribed in paragraph (3)(B) or paragraph (5),
18 interest shall not accrue, in the case of any loan
19 made under this part.

20 “(b) ELIGIBILITY.—Any borrower described in sub-
21 section (a) shall be eligible for a deferment on a loan made
22 under this part on or after July 1, 2023—

23 “(1) during any period during which the bor-
24 rower—

1 “(A) is carrying at least one-half the nor-
2 mal full-time work load for the course of study
3 that the borrower is pursuing, as determined by
4 the eligible institution the borrower is attend-
5 ing;

6 “(B) is pursuing a course of study pursu-
7 ant to—

8 “(i) an eligible graduate fellowship
9 program in accordance with subsection (g);
10 or

11 “(ii) an eligible rehabilitation training
12 program for individuals with disabilities in
13 accordance with subsection (i);

14 “(C) is serving on active duty during a war
15 or other military operation or national emer-
16 gency, and for the 180-day period following the
17 demobilization date for such service;

18 “(D) is performing qualifying National
19 Guard duty during a war or other military op-
20 eration or national emergency, and for the 180-
21 day period following the demobilization date for
22 such service;

23 “(E) is a member of the National Guard
24 who is not eligible for a post-active duty
25 deferment under section 493D and is engaged

1 in active State duty for a period of more than
2 30 consecutive days beginning—

3 “(i) the day after 6 months after the
4 date the student ceases to carry at least
5 one-half the normal full-time academic
6 workload (as determined by the institu-
7 tion); or

8 “(ii) the day after the borrower ceases
9 enrollment on at least a half-time basis, for
10 a loan in repayment; or

11 “(F) is serving in a medical or dental in-
12 ternship or residency program, the successful
13 completion of which is required to begin profes-
14 sional practice or service, or is serving in a
15 medical or dental internship or residency pro-
16 gram leading to a degree or certificate awarded
17 by an institution of higher education, a hos-
18 pital, or a health care facility that offers post-
19 graduate training;

20 “(2) during a period sufficient to enable the
21 borrower to resume honoring the agreement to repay
22 the outstanding balance of principal and interest on
23 the loan after default, if—

24 “(A) the borrower signs a new agreement
25 to repay such outstanding balance;

1 “(B) the deferment period is limited to
2 120 days; and

3 “(C) such deferment is not granted for
4 consecutive periods;

5 “(3) during a period of administrative
6 deferment—

7 “(A) described in paragraphs (1) through
8 (4) of subsection (j); or

9 “(B) described in subsection (j)(5);

10 “(4) in the case of a borrower of an excepted
11 PLUS Loan or an excepted Consolidation Loan,
12 during a period described in subsection (k); or

13 “(5) during a period in which such borrower is
14 receiving treatment for cancer (in this paragraph re-
15 ferred to as the ‘treatment period’), and the 6-
16 month period after such treatment period (in this
17 paragraph referred to as the ‘post-treatment pe-
18 riod’), except that, notwithstanding subsection (a),
19 interest shall not accrue during any such treatment
20 period or post-treatment period.

21 “(c) LENGTH OF DEFERMENT.—A deferment grant-
22 ed by the Secretary—

23 “(1) under subparagraph (F) of subsection
24 (b)(1) shall be renewable at 12 month intervals; and

1 “(2) under subparagraph (F) of subsection
2 (b)(1) shall equal the length of time remaining in
3 the borrower’s medical or dental internship or resi-
4 dency program.

5 “(d) REQUEST AND DOCUMENTATION.—The Sec-
6 retary shall determine the eligibility of a borrower for a
7 deferment under paragraph (1), (2), or (4) of subsection
8 (b), based on—

9 “(1) the receipt of a request for a deferment
10 from the borrower, and documentation of the bor-
11 rower’s eligibility for the deferment;

12 “(2) receipt of a completed loan application
13 that documents the borrower’s eligibility for a
14 deferment;

15 “(3) receipt of a student status information
16 documenting that the borrower is enrolled on at
17 least a half-time basis; or

18 “(4) the Secretary’s confirmation of the bor-
19 rower’s half-time enrollment status, if the confirma-
20 tion is requested by the institution of higher edu-
21 cation.

22 “(e) NOTIFICATION.—The Secretary shall—

23 “(1) notify a borrower of a loan made under
24 this part—

1 “(A) the granting of a deferment under
2 this subsection on such loan; and

3 “(B) the option of the borrower to con-
4 tinue making payments on the outstanding bal-
5 ance of principal and interest on such loan in
6 accordance with subsection (f);

7 “(2) at the time the Secretary grants a
8 deferment to a borrower of a loan made under this
9 part, and not less frequently than once every 180
10 days during the period of such deferment, provide
11 information to the borrower to assist the borrower in
12 understanding—

13 “(A) the effect of granting a deferment on
14 the total amount to be paid under the income-
15 based repayment plan under 460A;

16 “(B) interest shall not accrue, or shall ac-
17 crue or be paid by the borrower, as specified in
18 subsection (a)(2);

19 “(C) the amount of unpaid principal and
20 the amount of interest that has accrued since
21 the last statement of such amounts provided to
22 the borrower; and

23 “(D) the borrower’s option to discontinue
24 the deferment at any time.

1 “(f) PAYMENTS BY BORROWERS AUTHORIZED.—A
2 borrower may make payments on the outstanding balance
3 of principal and interest on a loan made under this part
4 during any period of deferment granted under this sub-
5 section.

6 “(g) GRADUATE FELLOWSHIP DEFERMENT.—

7 “(1) IN GENERAL.—A borrower of a loan under
8 this part is eligible for a deferment under subsection
9 (b)(1)(B)(i) during any period for which an author-
10 ized official of the borrower’s graduate fellowship
11 program certifies that the borrower meets the re-
12 quirements of paragraph (2) and is pursuing a
13 course of study pursuant to an eligible graduate fel-
14 lowship program.

15 “(2) BORROWER REQUIREMENTS.—A borrower
16 meets the requirements of this subparagraph if the
17 borrower—

18 “(A) holds at least a baccalaureate degree
19 conferred by an institution of higher education;

20 “(B) has been accepted or recommended
21 by an institution of higher education for accept-
22 ance on a full-time basis into an eligible grad-
23 uate fellowship program; and

1 “(C) is not serving in a medical internship
2 or residency program, except for a residency
3 program in dentistry.

4 “(h) TREATMENT OF STUDY OUTSIDE THE UNITED
5 STATES.—

6 “(1) IN GENERAL.—The Secretary shall treat,
7 in the same manner as required under section
8 428(b)(4), any course of study at a foreign univer-
9 sity that is accepted for the completion of a recog-
10 nized international fellowship program by the admin-
11 istrator of such a program as an eligible graduate
12 fellowship program.

13 “(2) REQUESTS FOR DEFERMENT.—Requests
14 for deferment of repayment of loans under this sub-
15 section by students engaged in graduate or post-
16 graduate fellowship-supported study (such as pursu-
17 ant to a Fulbright grant) outside the United States
18 shall be approved until completion of the period of
19 the fellowship, in the same manner as required
20 under section 428(b)(4).

21 “(i) REHABILITATION TRAINING PROGRAM
22 DEFERMENT.—A borrower of a loan under this part is
23 eligible for a deferment under subsection (b)(1)(B)(ii) dur-
24 ing any period for which an authorized official of the bor-
25 rower’s rehabilitation training program certifies that the

1 borrower is pursuing an eligible rehabilitation training
2 program for individuals with disabilities.

3 “(j) ADMINISTRATIVE DEFERMENTS.—The Secretary
4 may grant a deferment to a borrower without requiring
5 a request and documentation from the borrower under
6 subsection (d) for—

7 “(1) a period during which the borrower was
8 delinquent at the time a deferment is granted, in-
9 cluding a period for which scheduled payments of
10 principal and interest were overdue at the time such
11 deferment is granted;

12 “(2) a period during which the borrower was
13 granted a deferment under this subsection but for
14 which the Secretary determines the borrower should
15 not have qualified;

16 “(3) a period necessary for the Secretary to de-
17 termine the borrower’s eligibility for the cancellation
18 of the obligation of the borrower to repay the loan
19 under section 437;

20 “(4) a period during which the Secretary has
21 authorized deferment due to a national military mo-
22 bilization or other local or national emergency; or

23 “(5) a period not to exceed 60 days, during
24 which interest shall accrue but not be capitalized, if
25 the Secretary reasonably determines that a suspen-

1 sion of collection activity is warranted to enable the
2 Secretary to process supporting documentation relat-
3 ing to a borrower’s request—

4 “(A) for a deferment under this sub-
5 section;

6 “(B) for a change in repayment plan under
7 section 455(d)(6); or

8 “(C) to consolidate loans under this part.

9 “(k) DEFERMENTS FOR EXCEPTED PLUS LOANS OR
10 EXCEPTED CONSOLIDATION LOANS.—

11 “(1) IN GENERAL.—A qualified borrower shall
12 be eligible for deferments under paragraphs (3)
13 through (5).

14 “(2) QUALIFIED BORROWER DEFINED.—In this
15 subsection, the term ‘qualified borrower’ means a
16 borrower of an excepted PLUS Loan or an excepted
17 consolidation loan.

18 “(3) ECONOMIC HARDSHIP DEFERMENT.—

19 “(A) IN GENERAL.—A qualified borrower
20 shall be eligible for a deferment during periods,
21 not to exceed 3 years in total, during which the
22 qualified borrower experiences an economic
23 hardship described in subparagraph (B).

1 “(B) ECONOMIC HARDSHIP.—An economic
2 hardship described in this clause is a period
3 during which the qualified borrower—

4 “(i) is receiving payment under a
5 means-tested benefit program;

6 “(ii) is employed full-time and the
7 monthly gross income of the qualified bor-
8 rower does not exceed the greater of—

9 “(I) the minimum wage rate de-
10 scribed in section 6 of the Fair Labor
11 Standards Act of 1938 (29 U.S.C.
12 206); or

13 “(II) an amount equal to 150
14 percent of the poverty line; or

15 “(iii) demonstrates that the sum of
16 the qualified borrower’s monthly payments
17 on the qualified borrower’s excepted PLUS
18 Loan or an excepted consolidation loan is
19 not less than 20 percent of the qualified
20 borrower’s monthly gross income.

21 “(C) ELIGIBILITY.—To be eligible to re-
22 ceive a deferment under this subparagraph, a
23 qualified borrower shall submit to the Sec-
24 retary—

1 “(i) for the first period of deferment
2 under this subparagraph, evidence showing
3 the monthly gross income of the qualified
4 borrower; and

5 “(ii) for a subsequent period of
6 deferment that begins less than one year
7 after the end of a period of deferment
8 granted under this subparagraph—

9 “(I) evidence showing the month-
10 ly gross income of the qualified bor-
11 rower; or

12 “(II) the qualified borrower’s
13 most recently filed Federal income tax
14 return, if such a return was filed in
15 either of the two tax years preceding
16 the year in which the qualified bor-
17 rower requests the subsequent period
18 of deferment.

19 “(4) UNEMPLOYMENT DEFERMENT.—

20 “(A) IN GENERAL.—A qualified borrower
21 shall be eligible for a deferment for periods dur-
22 ing which the qualified borrower is seeking, and
23 is unable to find, full-time employment.

24 “(B) ELIGIBILITY.—To be eligible to re-
25 ceive an deferment under this subparagraph, a

1 qualified borrower shall submit to the Sec-
2 retary—

3 “(i) evidence of the qualified bor-
4 rower’s eligibility for unemployment bene-
5 fits; or

6 “(ii) for requests submitted after the
7 initial request, written confirmation, or an
8 equivalent as approved by the Secretary,
9 that the qualified borrower has made at
10 least six diligent attempts during the pre-
11 ceding six-month period to secure full-time
12 employment.

13 “(C) TERMS OF DEFERMENT.—The fol-
14 lowing terms shall apply to a deferment under
15 this subparagraph:

16 “(i) INITIAL PERIOD.—The first
17 deferment granted to a qualified borrower
18 under this subparagraph may be for a pe-
19 riod of unemployment beginning not more
20 than 6 months before the date on which
21 the Secretary receives the qualified bor-
22 rower’s request for deferment and may be
23 granted for a period of up to 6 months
24 after that date.

1 “(ii) RENEWALS.—Deferments under
2 this subparagraph shall be renewable at 6-
3 month intervals beginning after the expira-
4 tion of the first period of deferment under
5 clause (i). To be eligible to renew a
6 deferment under this subparagraph, a
7 qualified borrower shall submit to the Sec-
8 retary the information described in sub-
9 paragraph (B)(i).

10 “(iii) AGGREGATE LIMIT.—The period
11 of all deferments granted to a borrower
12 under this subparagraph may not exceed 3
13 years in aggregate.

14 “(5) HEALTH DEFERMENT.—

15 “(A) IN GENERAL.—A qualified borrower
16 shall be eligible for a deferment during periods
17 in which the qualified borrower is unable to
18 make scheduled loan payments due to high
19 medical expenses, as determined by the Sec-
20 retary.

21 “(B) ELIGIBILITY.—To be eligible to re-
22 ceive a deferment under this subparagraph, a
23 qualified borrower shall—

24 “(i) submit to the Secretary docu-
25 mentation demonstrating that making

1 scheduled loan payments would be an ex-
2 treme economic hardship to the borrower
3 due to high medical expenses, as deter-
4 mined by the Secretary; and

5 “(ii) resubmit such documentation to
6 the Secretary not less frequently than once
7 every 3 months.

8 “(1) PROHIBITIONS.—

9 “(1) PROHIBITION ON FEES.—No administra-
10 tive fee or other fee may be charged to the borrower
11 in connection with the granting of a deferment
12 under this subsection.

13 “(2) PROHIBITION ON ADVERSE CREDIT RE-
14 PORTING.—No adverse information relating to a bor-
15 rower may be reported to a consumer reporting
16 agency solely because of the granting of a deferment
17 under this subsection.

18 “(3) LIMITATION ON AUTHORITY.—The Sec-
19 retary shall not, through regulation or otherwise, au-
20 thorize additional deferment options or periods of
21 deferment other than the deferment options and pe-
22 riods of deferment authorized under this subsection.

23 “(m) DEFINITIONS.—In this section:

24 “(1) ELIGIBLE GRADUATE FELLOWSHIP PRO-
25 GRAM.—The term ‘eligible graduate fellowship pro-

1 gram', when used with respect to a course of study
2 pursued by the borrower of a loan under this part,
3 means a fellowship program that—

4 “(A) provides sufficient financial support
5 to graduate fellows to allow for full-time study
6 for at least six months;

7 “(B) requires a written statement from
8 each applicant explaining the applicant’s objec-
9 tives before the award of that financial support;

10 “(C) requires a graduate fellow to submit
11 periodic reports, projects, or evidence of the fel-
12 low’s progress; and

13 “(D) in the case of a course of study at an
14 institution of higher education outside the
15 United States described in section 102, accepts
16 the course of study for completion of the fellow-
17 ship program.

18 “(2) ELIGIBLE REHABILITATION TRAINING
19 PROGRAM FOR INDIVIDUALS WITH DISABILITIES.—
20 The term ‘eligible rehabilitation training program
21 for individuals with disabilities’, when used with re-
22 spect a course of study pursued by the borrower of
23 a loan under this part, means a program that—

1 “(A) is necessary to assist an individual
2 with a disability in preparing for, securing, re-
3 taining, or regaining employment;

4 “(B) is licensed, approved, certified, or
5 otherwise recognized as providing rehabilitation
6 training to disabled individuals by—

7 “(i) a State agency with responsibility
8 for vocational rehabilitation programs,
9 drug abuse treatment programs, mental
10 health services programs, or alcohol abuse
11 treatment programs; or

12 “(ii) the Secretary of Veterans Af-
13 fairs; and

14 “(C) provides or will provide the borrower
15 with rehabilitation services under a written plan
16 that—

17 “(i) is individualized to meet the bor-
18 rower’s needs;

19 “(ii) specifies the date on which the
20 services to the borrower are expected to
21 end; and

22 “(iii) requires a commitment of time
23 and effort from the borrower that prevents
24 the borrower from being employed at least
25 30 hours per week, either because of the

1 number of hours that must be devoted to
2 rehabilitation or because of the nature of
3 the rehabilitation.

4 “(3) EXCEPTED PLUS LOAN; EXCEPTED CON-
5 SOLIDATION LOAN.—The terms ‘excepted PLUS
6 loan’ and ‘excepted consolidation loan’ have the
7 meanings given such terms in section 460A.

8 “(4) FAMILY SIZE.—The term ‘family size’
9 means the number that is determined by counting—

10 “(A) the borrower;

11 “(B) the borrower’s spouse;

12 “(C) the borrower’s children, including un-
13 born children who are expected to be born dur-
14 ing the period covered by the deferment, if the
15 children receive more than half their support
16 from the borrower; and

17 “(D) another individual if, at the time the
18 borrower requests a deferment under this sec-
19 tion, the individual—

20 “(i) lives with the borrower;

21 “(ii) receives more than half of the in-
22 dividual’s support (which may include
23 money, gifts, loans, housing, food, clothes,
24 car, medical and dental care, and payment
25 of college costs) from the borrower; and

1 “(iii) is expected to receive such sup-
2 port from the borrower during the relevant
3 period of deferment.

4 “(5) FULL-TIME.—The term ‘full-time’, when
5 used with respect to employment, means employment
6 for not less than 30 hours per week that is expected
7 to continue for not less than three months.

8 “(6) MEANS-TESTED BENEFIT PROGRAM.—The
9 term ‘means-tested benefit program’ means—

10 “(A) a State public assistance program
11 under which eligibility for the program’s bene-
12 fits, or the amount of such benefits, are deter-
13 mined on the basis of income or resources of
14 the individual or family seeking the benefit; or

15 “(B) a mandatory spending program of the
16 Federal Government, other than a program
17 under this title, under which eligibility for the
18 program’s benefits, or the amount of such bene-
19 fits, are determined on the basis of income or
20 resources of the individual or family seeking the
21 benefit, and may include such programs as—

22 “(i) the supplemental security income
23 program under title XVI of the Social Se-
24 curity Act (42 U.S.C. 1381 et seq.);

1 “(ii) the supplemental nutrition assist-
2 ance program under the Food and Nutri-
3 tion Act of 2008 (7 U.S.C. 2011 et seq.);

4 “(iii) the program of block grants for
5 States for temporary assistance for needy
6 families established under part A of title
7 IV of the Social Security Act (42 U.S.C.
8 601 et seq.);

9 “(iv) the special supplemental nutri-
10 tion program for women, infants, and chil-
11 dren established by section 17 of the Child
12 Nutrition Act of 1966 (42 U.S.C. 1786);
13 and

14 “(v) other programs identified by the
15 Secretary.

16 “(7) MONTHLY GROSS INCOME.—The term
17 ‘monthly gross income’, when used with respect to a
18 borrower, means—

19 “(A) the gross amount of income received
20 by the borrower from employment and other
21 sources for the most recent month; or

22 “(B) one-twelfth of the borrower’s adjusted
23 gross income, as recorded on the borrower’s
24 most recently filed Federal income tax return.

1 “(8) RULE OF CONSTRUCTION.—Nothing in
2 this section shall be construed to impact a bor-
3 rower’s eligibility to receive the benefit of section
4 455(o).”.

5 (b) CONFORMING AMENDMENT.—Section 493D(a)
6 (20 U.S.C. 1098f(a)) is amended by inserting “, or section
7 460B” after “464(c)(2)(A)(iii)”.

8 **PART D—ELIMINATION OF INTEREST**
9 **CAPITALIZATION**

10 **SEC. 231. ELIMINATION OF INTEREST CAPITALIZATION.**

11 (a) FEDERAL PLUS LOANS.—Section 428B(d)(2)
12 (20 U.S.C. 1078–2(d)(2)) is amended to read as follows:

13 “(2) NO CAPITALIZATION OF INTEREST.—Inter-
14 est on loans made under this section for which pay-
15 ments of principal are deferred pursuant to para-
16 graph (1) shall be paid monthly or quarterly, if
17 agreed upon by the borrower and the lender.”.

18 (b) FEDERAL CONSOLIDATION LOANS DEFER-
19 RALS.—Section 428C(b)(4)(C)(ii)(III) (20 U.S.C. 1078–
20 3(b)(4)(C)(III)) is amended by striking “or capitalized,”.

21 (c) LOAN LIMITS FOR UNSUBSIDIZED STAFFORD
22 LOANS.—Section 428H(d)(5) (20 U.S.C. 1078–8(d)(5)) is
23 amended by inserting “before the date of enactment of
24 the REAL Reforms Act” after “Interest capitalized”.

1 (d) UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE
2 INCOME BORROWERS.—Section 428H(e)(2) (20 U.S.C.
3 1078–8(e)(2)) is amended—

4 (1) in subparagraph (A), in the matter before
5 clause (i), by striking “, if agreed upon by the bor-
6 rower and the lender” and all that follows through
7 clause (ii)(IV) and inserting “be paid monthly or
8 quarterly, if agreed upon by the borrower and the
9 lender.”;

10 (2) by striking subparagraph (B); and

11 (3) by redesignating subparagraph (C) as sub-
12 paragraph (B).

13 (e) INCOME CONTINGENT REPAYMENT.—Section
14 455(e)(5) (20 U.S.C. 1087e(e)(5)) is amended by striking
15 the last sentence and inserting “No interest may be cap-
16 italized on such loan on or after the date of the enactment
17 of the REAL Reforms Act, and the Secretary shall pro-
18 mulgate regulations with respect to the treatment of ac-
19 crued interest that is not capitalized”.

20 (f) EFFECT OF DEFERMENT ON PRINCIPAL AND IN-
21 TEREST.—Section 455(f)(1)(B) (20 U.S.C.
22 1087e(f)(1)(B)) is amended by striking “capitalized or”.

23 (g) INCOME-BASED REPAYMENT PROGRAM.—Section
24 493C(b)(3)(B) (20 U.S.C. 1098e(b)(3)(B)) is amended by
25 inserting “shall accrue but not” before “be capitalized”.

1 **TITLE III—WORKFORCE PELL**
2 **GRANTS**

3 **SEC. 301. DATA COLLECTION AND DISSEMINATION RE-**
4 **LATED TO WORKFORCE PELL.**

5 Section 131 (20 U.S.C. 1015) is amended by adding
6 at the end the following:

7 “(i) DATA COLLECTION AND DISSEMINATION RE-
8 LATED TO WORKFORCE PELL.—

9 “(1) APPEAL OF EARNINGS INFORMATION.—

10 The Secretary may establish an appeals process to
11 permit eligible programs for purposes of the Work-
12 force Pell Grants program under section 401(k) to
13 submit alternate earnings data to comply with sec-
14 tion 481(b)(3)(F), provided that such data are sta-
15 tistically rigorous, accurate, comparable, and rep-
16 resentative of students who receive a Workforce Pell
17 Grant and complete the eligible program.

18 “(2) DISSEMINATION OF INFORMATION.—The
19 Secretary shall collect, verify, and make publicly
20 available the information required under subpara-
21 graph (E) of subsection (b)(3) of section 481 on the
22 College Scorecard or any similar successor website.

23 “(3) EXCEPTIONS.—Notwithstanding any other
24 provision of this subsection, if disclosure of any data
25 under paragraph (2) is prohibited under State or

1 Federal privacy laws or regulations, the Secretary
2 shall take such steps as the Secretary determines
3 necessary to make publicly available such data in ac-
4 cordance with such laws and regulations.”.

5 **SEC. 302. PROGRAM ELIGIBILITY FOR WORKFORCE PELL**
6 **GRANTS.**

7 Section 481(b) (20 U.S.C. 1088(b)) is amended—

8 (1) by redesignating paragraphs (3) and (4) as
9 paragraphs (4) and (5), respectively; and

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

12 “(3) A program is an eligible program for pur-
13 poses of the Workforce Pell Grants program under
14 section 401(k) only if—

15 “(A) it is at least 150 clock hours of in-
16 struction, but not more than 600 clock hours of
17 instruction, or an equivalent number of credit
18 hours, offered during a minimum of 8 weeks,
19 but not more than 15 weeks;

20 “(B) it is determined by an accrediting
21 agency or association recognized by the Sec-
22 retary pursuant to section 496(a) to—

23 “(i) provide an education aligned with
24 the requirements of in-demand industry
25 sectors or occupations, as defined in sec-

1 tion 3 of the Workforce Innovation and
2 Opportunity Act;

3 “(ii) meet the hiring requirements of
4 potential employers in the sectors or occu-
5 pations described in clause (i);

6 “(iii) have been offered by an institu-
7 tion for not less than 1 year prior to a de-
8 termination by such agency or association
9 under this subparagraph;

10 “(iv) have a completion rate (based on
11 the methodology of such agency or associa-
12 tion) of at least 70 percent; and

13 “(v) have a job placement rate (based
14 on the methodology of such agency or asso-
15 ciation) of at least 70 percent; and

16 “(C) the increase in median earnings of
17 students who receive Federal financial aid
18 under this title and who complete the program
19 is an amount that is equal to or greater than
20 the published tuition and fees of such program,
21 as determined by calculating the difference be-
22 tween—

23 “(i) the median earnings of such stu-
24 dents at the time of initial enrollment in
25 the program; and

1 “(ii) the median earnings of such stu-
2 dents two years after completing such pro-
3 gram.”.

4 **SEC. 303. WORKFORCE PELL GRANTS.**

5 (a) AWARD YEAR 2023–2024.—Section 401 (20
6 U.S.C. 1070a) is amended by adding at the end the fol-
7 lowing:

8 “(k) WORKFORCE PELL GRANTS PROGRAM.—

9 “(1) IN GENERAL.—For the award year begin-
10 ning on July 1, 2023, the Secretary shall award
11 grants (referred to as a ‘Workforce Pell Grants’) to
12 eligible students under paragraph (2) in accordance
13 with this subsection.

14 “(2) ELIGIBLE STUDENTS.—For award year
15 2023–2024, to be eligible to receive a Workforce Pell
16 Grant under this subsection for any period of enroll-
17 ment, a student shall meet the eligibility require-
18 ments for a Federal Pell Grant under this section,
19 except that the student—

20 “(A) shall be enrolled, or accepted for en-
21 rollment, in an eligible program described in
22 section 481(b)(3); and

23 “(B) may not have received a
24 postbaccalaureate degree.

1 “(3) TERMS AND CONDITIONS OF AWARDS.—

2 The Secretary shall award Workforce Pell Grants
3 under this subsection in the same manner and with
4 the same terms and conditions as the Secretary
5 awards Federal Pell Grants under subsection (b), ex-
6 cept that a student who is eligible for a grant equal
7 to less than the amount of the minimum Federal
8 Pell Grant because the eligible workforce develop-
9 ment program in which the student is enrolled or ac-
10 cepted for enrollment is less than an academic year
11 (in hours of instruction or weeks of duration) may
12 still be eligible for a Workforce Pell Grant.

13 “(4) PREVENTION OF DOUBLE BENEFITS.—No
14 eligible student described in paragraph (2) may, for
15 the same period of enrollment, receive both a grant
16 under this subsection and a Federal Pell Grant
17 under subsection (b).”.

18 (b) SUBSEQUENT AWARD YEARS.—

19 (1) IN GENERAL.—Section 401 (20 U.S.C.
20 1070a), as amended by section 703 of the FAFSA
21 Simplification Act (title VII of division FF of Public
22 Law 116–260), is amended by adding at the end the
23 following:

24 “(k) WORKFORCE PELL GRANTS PROGRAM.—

1 “(1) IN GENERAL.—For the award year begin-
2 ning on July 1, 2024, and each subsequent award
3 year, the Secretary shall award grants (referred to
4 as a ‘Workforce Pell Grants’) to eligible students
5 under paragraph (2) in accordance with this sub-
6 section.

7 “(2) ELIGIBLE STUDENTS.—For award year
8 2024–2025 and each succeeding award year, to be
9 eligible to receive a Workforce Pell Grant under this
10 subsection for any period of enrollment, a student
11 shall meet the eligibility requirements for a Federal
12 Pell Grant under this section, except that the stu-
13 dent—

14 “(A) shall be enrolled, or accepted for en-
15 rollment, in an eligible program described in
16 section 481(b)(3); and

17 “(B) may not have received a
18 postbaccalaureate degree.

19 “(3) TERMS AND CONDITIONS OF AWARDS.—
20 The Secretary shall award Workforce Pell Grants
21 under this subsection in the same manner and with
22 the same terms and conditions as the Secretary
23 awards Federal Pell Grants under subsection (b), ex-
24 cept that a student who is eligible for a grant equal
25 to less than the amount of the minimum Federal

1 Pell Grant because the eligible workforce develop-
2 ment program in which the student is enrolled or ac-
3 cepted for enrollment is less than an academic year
4 (in hours of instruction or weeks of duration) may
5 still be eligible for a Workforce Pell Grant.

6 “(4) PREVENTION OF DOUBLE BENEFITS.—No
7 eligible student described in paragraph (2) may, for
8 the same period of enrollment, receive both a grant
9 under this subsection and a Federal Pell Grant
10 under subsection (b).”.

11 (2) EFFECTIVE DATE.—The amendment made
12 by paragraph (1) shall take effect as if included in
13 section 703 of the FAFSA Simplification Act (title
14 VII of division FF of Public Law 116–260; 134
15 Stat. 3191) and in accordance with section 701(b)
16 of such Act.

17 **SEC. 304. ACCREDITING AGENCY DETERMINATION OF ELI-**
18 **GIBILITY REQUIREMENTS FOR THE WORK-**
19 **FORCE PELL GRANTS PROGRAM.**

20 (a) IN GENERAL.—Section 496(a)(4) (20 U.S.C.
21 1099b(a)(4)) is amended—

22 (1) in subparagraph (A), by striking “and” at
23 the end;

24 (2) in subparagraph (B)(ii), by inserting “and”
25 at the end; and

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

2 “(C) if such agency or association has or seeks
3 to include within its scope of recognition the evalua-
4 tion of the quality of institutions offering an eligible
5 program for purposes of the Workforce Pell Grants
6 program (in accordance with section 481(b)(3)),
7 such agency or association shall, in addition to meet-
8 ing the other requirements of this subpart, dem-
9 onstrate to the Secretary that, with respect to such
10 eligible programs—

11 “(i) the agency’s or association’s standards
12 include a process for determining if the institu-
13 tion has the capability to effectively offer such
14 an eligible program; and

15 “(ii) the agency or association requires a
16 demonstration that the program—

17 “(I) satisfies the requirements of sub-
18 paragraph (B) of section 481(b)(3); and

19 “(II) provides academic content, an
20 amount of instructional time, and com-
21 petencies to satisfy any applicable edu-
22 cational requirement so that a student who
23 completes the program and seeks employ-
24 ment is qualified to practice or find em-

1 ployment in the sectors or occupations that
2 the program prepares students to enter.”.

3 (b) **ADDITIONAL NACIQI REVIEW MEETINGS.**—For
4 the purpose of preparing for the implementation of the
5 Workforce Pell Grant program under section 401(k) of the
6 Higher Education Act of 1965 (as added by section 304),
7 in addition to the meetings required under section
8 114(d)(1) of the Higher Education Act of 1965 (20
9 U.S.C. 1011c(d)(1)), the National Advisory Committee on
10 Institutional Quality and Integrity (as established by such
11 section 114) shall, through 2025, hold meetings to evalu-
12 ate the additions to the scope of recognition of accrediting
13 agencies and associations with respect to an eligible pro-
14 gram for purposes of the Workforce Pell Grants program
15 (in accordance with section 481(b)(3) of the Higher Edu-
16 cation Act of 1965, as added by section 302).

○