### 117TH CONGRESS 2D SESSION

# H. R. 8872

To amend the Higher Education Act of 1965 to double the Pell Grant award amount, improve the Public Service Loan Forgiveness program, and reduce interest rates, and for other purposes.

## IN THE HOUSE OF REPRESENTATIVES

September 15, 2022

Ms. Wilson of Florida (for herself, Mr. Scott of Virginia, Ms. Adams, Mr. Sablan, Ms. Bonamici, Ms. Manning, Ms. Norton, Mrs. Hayes, Mr. Takano, Mr. Danny K. Davis of Illinois, Mrs. McBath, Mr. Thompson of Mississippi, Mr. Soto, Mr. DeSaulnier, Mr. Grijalva, Ms. Barragán, Mr. Correa, Mr. Evans, Mrs. Cherfilus-McCormick, Mr. Carbajal, Mr. Torres of New York, Ms. Clarke of New York, Mrs. Lawrence, Mr. Sarbanes, Ms. Lee of California, Ms. Brown of Ohio, Mr. Lawson of Florida, Mr. Carter of Louisiana, Mr. Bowman, Mr. Carson, Mr. Espaillat, and Mr. Castro of Texas) introduced the following bill; which was referred to the Committee on Education and Labor, and in addition to the Committee on the Budget, 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 double the Pell Grant award amount, improve the Public Service Loan Forgiveness program, and reduce interest rates, and for other purposes.

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

## 1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

- 2 (a) SHORT TITLE.—This Act may be cited as the
- 3 "Lowering Obstacles to Achievement Now Act" or the
- 4 "LOAN Act".
- 5 (b) Table of Contents of Contents of
- 6 this Act is as follows:
  - Sec. 1. Short title; table of contents.

#### TITLE I—FEDERAL PELL GRANTS

- Sec. 101. Doubling Federal Pell Grants and providing all Federal Pell Grants through mandatory funding.
- Sec. 102. Providing increased Federal Pell Grants and other assistance for recipients of means-tested benefits.
- Sec. 103. Federal aid eligibility for dreamer students.
- Sec. 104. Restoring the total semesters of Federal Pell Grant eligibility.
- Sec. 105. Reducing financial aid penalties from satisfactory academic progress determinations.
- Sec. 106. Federal Pell Grants for graduate students.

## TITLE II—AMENDMENTS TO TERMS AND CONDITIONS OF LOANS AND REPAYMENT PLANS

#### PART A—DIRECT LOANS

- Sec. 201. Subsidized loans for graduate and professional students.
- Sec. 202. Interest rate on subsidized loans for graduate and professional students.
- Sec. 203. Repeal of origination fees.
- Sec. 204. Prepayment amounts.

## PART B—AUTOMATIC ENROLLMENT IN INCOME-DRIVEN REPAYMENT FOR CERTAIN BORROWERS

- Sec. 211. Notification and automatic enrollment procedures for borrowers who are delinquent on loans.
- Sec. 212. Notification and automatic enrollment procedures for borrowers who are rehabilitating defaulted loans.
- Sec. 213. Covered loan, income-driven repayment plan, and non-covered loan defined.
- Sec. 214. Automatic recertification of income for income-driven repayment plans.
- Sec. 215. Procedure and requirement for requesting tax return information from the IRS.

#### PART C—AMENDMENTS TO CERTAIN LOAN FORGIVENESS PROGRAMS

- Sec. 221. Amendments to terms and conditions of Public Service Loan Forgiveness.
- Sec. 222. Loan forgiveness for teachers.

### TITLE III—INTEREST CAPITALIZATION

- Sec. 301. Elimination of interest capitalization.
- Sec. 302. Elimination of disclosure requirements relating to capitalization.

### TITLE IV—INTEREST RATES

- Sec. 401. Interest rate provisions for new Federal student loans on or after July 1, 2023.
- Sec. 402. Refinancing FFEL and Federal Direct Loans.
- Sec. 403. Refinancing private student loans.

## 1 TITLE I—FEDERAL PELL

2	GRANTS
3	SEC. 101. DOUBLING FEDERAL PELL GRANTS AND PRO-
4	VIDING ALL FEDERAL PELL GRANTS
5	THROUGH MANDATORY FUNDING.
6	(a) Amount of Minimum Federal Pell
7	Grants.—Section 401 of the Higher Education Act of
8	1965 (20 U.S.C. 1070a), as amended by title VII of divi-
9	sion FF of the FAFSA Simplification Act (Public Law
10	116–260), is amended—
11	(1) in subsection (a)(2)(F), by striking "10 per-
12	cent" and inserting "5 percent";
13	(2) in subsection (b)—
14	(A) in paragraph (1)(B)(i), by striking
15	"paragraph (5)(A)" and inserting "paragraph
16	(5)";
17	(B) by striking paragraph (5) and insert-
18	ing the following:
19	"(5) Maximum federal pell grant.—

1	"(A) AWARD YEAR 2024–2025.—For award
2	year 2024–2025, the total maximum Federal
3	Pell Grant award shall be \$9,000.
4	"(B) AWARD YEAR 2025–2026.—For award
5	year 2025–2026, the total maximum Federal
6	Pell Grant award shall be \$10,000.
7	"(C) AWARD YEAR 2026–2027.—For award
8	year 2026–2027, the total maximum Federal
9	Pell Grant award shall be \$11,000.
10	"(D) AWARD YEAR 2027–2028.—For award
11	year 2027–2028, the total maximum Federal
12	Pell Grant award shall be \$12,000.
13	"(E) AWARD YEAR 2028–2029.—For award
14	year 2028–2029, the total maximum Federal
15	Pell Grant award shall be \$13,000.
16	"(F) AWARD YEAR 2029–2030 AND SUBSE-
17	QUENT YEARS.—For award year 2029–2030,
18	and each subsequent award year, the total max-
19	imum Federal Pell Grant award shall be
20	\$13,000—
21	"(i) increased by the adjustment per-
22	centage for the award year for which the
23	amount under this subparagraph is being
24	determined; and
25	"(ii) rounded to the nearest \$50.

1	"(G) Definition of adjustment per-
2	CENTAGE.—In this paragraph, the term 'adjust-
3	ment percentage,' as applied to an award year,
4	is equal to the percentage increase in the Con-
5	sumer Price Index, as defined in section 478(f),
6	for the most recent calendar year ending prior
7	to the beginning of the award year.";
8	(C) by striking paragraphs (6) and (7) and
9	inserting the following:
10	"(6) Appropriation of funds.—There are
11	authorized to be appropriated, and there are appro-
12	priated, out of any money in the Treasury not other-
13	wise appropriated, such sums as may be necessary
14	for fiscal year 2024 and each subsequent fiscal year
15	to provide the total maximum Federal Pell Grant for
16	which a student shall be eligible under this section
17	during an award year."; and
18	(D) by redesignating paragraphs (8) and
19	(9) as paragraphs (7) and (8), respectively;
20	(3) in subsection $(d)(5)(B)(ii)$ —
21	(A) in subclause (I)(bb), by striking "or"
22	after the semicolon;
23	(B) in subclause (II)(bb)(CC), by striking
24	the period and inserting "; or"; and
25	(C) by adding at the end the following:

1	"(III) during a period for which
2	the student did not receive a loan
3	under this title but for which, if the
4	student had received such a loan, such
5	loan would have been discharged
6	under the circumstances described in
7	subclause (II)(bb)(CC).";
8	(4) by striking subsections (g) and (h); and
9	(5) by redesignating subsections (i) and (j) as
10	subsections (g) and (h), respectively.
11	(b) Repeal of Scoring Requirement.—
12	(1) In General.—Section 406 of H. Con. Res.
13	95 (109th Congress) is amended—
14	(A) by striking subsection (b); and
15	(B) by striking "(a) In General.—Upon"
16	and inserting the following: "Upon".
17	(2) Effective date.—The amendments made
18	by paragraph (1) shall take effect beginning on July
19	1, 2024.
20	(c) Student Support Services.—Section
21	402D(d)(1) of the Higher Education Act of $1965$ (20
22	U.S.C. $1070a-14(d)(1)$ ) is amended by striking "the min-
23	imum" and inserting "10 percent of the maximum".
24	(d) Scholarship Component.—Section 404E(d) of
25	the Higher Education Act of 1965 (20 U.S.C. 1070a-

1	25(d)) is amended by striking "less than the minimum"
2	and inserting "less than 10 percent of the maximum".
3	SEC. 102. PROVIDING INCREASED FEDERAL PELL GRANTS
4	AND OTHER ASSISTANCE FOR RECIPIENTS
5	OF MEANS-TESTED BENEFITS.
6	(a) Increased Amount of Maximum Federal
7	Pell Grants for Students With Negative Stu-
8	DENT AID INDEXES.—Section 401(b)(1) of the Higher
9	Education Act of 1965 (20 U.S.C. $1070a(b)(1)$ ), as
10	amended by section 2 and section 703 of the FAFSA Sim-
11	plification Act (Public Law 116–260), is amended—
12	(1) in subparagraph (A)—
13	(A) in the matter preceding clause (i), by
14	striking "A student" and inserting "Except in
15	the case of a student with a student aid index
16	of less than zero, a student";
17	(B) by striking clause (i); and
18	(C) by redesignating clauses (ii) and (iii)
19	as clauses (i) and (ii), respectively;
20	(2) by redesignating subparagraphs (B)
21	through (E) as subparagraphs (C) through (F), re-
22	spectively;
23	(3) by inserting after subparagraph (A) the fol-
24	lowing.

1	"(B) A student with a student aid index of
2	less than zero shall be eligible for a Federal
3	Pell Grant award that exceeds the total max-
4	imum Federal Pell Grant by an amount equal
5	to the amount by which the student's student
6	aid index is less than zero.";
7	(4) in subparagraph (C), as redesignated by
8	paragraph (2)—
9	(A) in the matter preceding clause (i), by
10	striking "subparagraph (A) for an academic
11	year," and inserting "subparagraph (A), or an
12	increased Federal Pell Grant under subpara-
13	graph (B), for an academic year,"; and
14	(B) in clause (ii), by striking ", except that
15	a student aid index of less than zero shall be
16	considered to be zero for the purposes of this
17	clause";
18	(5) in subparagraph (D), as redesignated by
19	paragraph (2), by striking "(A) or (B)" and insert-
20	ing "(A), (B), or (C)";
21	(6) in subparagraph (E), as redesignated by
22	paragraph (2), by inserting "or an increased Federal
23	Pell Grant under subparagraph (B)" after "subpara-
24	graph (A)"; or

- 1 (7) in subparagraph (F), as redesignated by
- 2 paragraph (2), by striking "or a minimum Federal
- 3 Pell Grant under subparagraph (C)" and inserting
- 4 "an increased Federal Pell Grant under subpara-
- 5 graph (B), or a minimum Federal Pell Grant under
- 6 subparagraph (D)".
- 7 (b) Special Student Aid Index Rule for Re-
- 8 CIPIENTS OF MEANS-TESTED BENEFITS.—Section 473 of
- 9 the Higher Education Act of 1965 (20 U.S.C. 1087mm),
- 10 as amended by section 702(b) of the FAFSA Simplifica-
- 11 tion Act (Public Law 116–260), is amended by adding at
- 12 the end the following:
- 13 "(d) Special Rule for Means-Tested Benefit
- 14 RECIPIENTS.—Notwithstanding subsection (b), for an ap-
- 15 plicant (or, as applicable, an applicant and spouse, or an
- 16 applicant's parents) who, at any time during the previous
- 17 24-month period, received a benefit under a means-tested
- 18 Federal benefit program (or whose parent or spouse re-
- 19 ceived such a benefit, as applicable), the Secretary shall
- 20 for the purposes of this title consider the student aid index
- 21 as equal to -\$1,500 for the applicant.".
- 22 SEC. 103. FEDERAL AID ELIGIBILITY FOR DREAMER STU-
- DENTS.
- Section 484 of the Higher Education Act of 1965 (20
- 25 U.S.C. 1091), as amended by section 702(n) of the

1	FAFSA Simplification Act (Public Law 116–260), is
2	amended—
3	(1) in subsection (a)(5), by inserting ", or be a
4	Dreamer student, as defined in subsection (u)" after
5	"becoming a citizen or permanent resident"; and
6	(2) by adding at the end the following:
7	"(u) Dreamer Students.—
8	"(1) In general.—In this section, the term
9	'Dreamer student' means an individual who—
10	"(A)(i) is not a citizen or national of the
11	United States; and
12	"(ii) is inadmissible or deportable under
13	the Immigration and Nationality Act (8 U.S.C.
14	1101 et seq.)); and
15	"(B)(i) in the case of such an individual
16	who was younger than 18 years of age on the
17	date on which the individual initially entered
18	the United States—
19	"(I) has earned a high school diploma,
20	the recognized equivalent of such diploma
21	from a secondary school, or a high school
22	equivalency diploma recognized by State
23	law, or is scheduled to complete the re-
24	quirements for such a diploma or equiva-
25	lent before the next academic year begins:

1	"(II) is enrolled at an institution of
2	higher education pursuant to subsection
3	(d);
4	"(III) has served in the uniformed
5	services (as such term is defined in section
6	101 of title 10, United States Code) for
7	not less than 2 years and, if discharged,
8	received an honorable discharge;
9	"(IV) has acquired a degree, certifi-
10	cate, or recognized postsecondary creden-
11	tial from an institution of higher education
12	or area career and technical education
13	school (as such term is defined in section
14	3 of the Carl D. Perkins Career and Tech-
15	nical Education Act of 2006 (20 U.S.C.
16	2302)); or
17	"(V) has completed not less than 2
18	years in a postsecondary program at an in-
19	stitution of higher education, or area ca-
20	reer and technical education school, in the
21	United States and has made satisfactory
22	academic progress, as defined in subsection
23	(c), during such time period; or
24	"(ii)(I) is, or at any time was, eligible for
25	a grant of deferred action pursuant to—

1	"(aa) the memorandum of the De-
2	partment of Homeland Security entitled
3	'Exercising Prosecutorial Discretion with
4	Respect to Individuals Who Came to the
5	United States as Children' issued on June
6	15, 2012; or
7	"(bb) the memorandum of the De-
8	partment of Homeland Security entitled
9	'Exercising Prosecutorial Discretion with
10	Respect to Individuals Who Came to the
11	United States as Children and with Re-
12	spect to Certain Individuals Who Are the
13	Parents of U.S. Citizens or Permanent
14	Residents' issued on November 20, 2014;
15	or
16	"(II) would have been eligible for such a
17	grant of deferred action if the applicable memo-
18	randum described in subclause (I) had been
19	fully in effect since the date on which it was
20	issued.
21	"(2) Hardship exception.—The Secretary
22	shall issue regulations that direct when the Depart-
23	ment shall waive the age requirement of paragraph
24	(1)(B)(i) for an individual to qualify as a Dreamer
25	student under such paragraph, if the individual dem-

1	onstrates compelling circumstances, such as eco-
2	nomic hardship (as defined in section 435(o)).".
3	SEC. 104. RESTORING THE TOTAL SEMESTERS OF FEDERAL
4	PELL GRANT ELIGIBILITY.
5	Section 401(d)(5)(A) of the Higher Education Act of
6	1965, as added by section 703 of the FAFSA Simplifica-
7	tion Act (Public Law 116–260), is amended by striking
8	"12" each place the term appears and inserting "18".
9	SEC. 105. REDUCING FINANCIAL AID PENALTIES FROM SAT-
10	ISFACTORY ACADEMIC PROGRESS DETER-
11	MINATIONS.
12	Section 484(c) of the Higher Education Act of 1965
13	(20 U.S.C. 1091(c)) is amended to read as follows:
14	"(c) Satisfactory Progress.—
15	"(1) Definitions.—In this subsection:
16	"(A) APPEAL.—The term 'appeal' means a
17	process by which a student who is not meeting
18	the institution's satisfactory academic progress
19	standards petitions the institution for reconsid-
20	eration of the student's eligibility for assistance
21	under this title.
22	"(B) FINANCIAL AID PROBATION.—The
23	term 'financial aid probation' means a status
24	assigned by an institution to a student who fails
25	to make satisfactory academic progress and

1	who has appealed and has had eligibility for aid
2	reinstated.
3	"(C) FINANCIAL AID WARNING.—The term
4	'financial aid warning' means a status assigned
5	to a student who fails to make satisfactory aca-
6	demic progress at the end of the semester or
7	equivalent period in which the student first fails
8	to make such progress.
9	"(D) Payment Period.—The term 'pay-
10	ment period' means the applicable payment pe-
11	riod described in section 668.4 of title 34, Code
12	of Federal Regulations, or any successor regula-
13	tion.
14	"(2) Satisfactory academic progress pol-
15	ICY.—An institution shall establish a reasonable sat-
16	isfactory academic progress policy for determining
17	whether an otherwise eligible student is making sat-
18	isfactory academic progress in the student's edu-
19	cational program and may receive assistance under
20	this title. The Secretary shall consider the institu-
21	tion's policy to be reasonable if—
22	"(A) the policy is at least as strict as the
23	policy the institution applies to a student who
24	is not receiving assistance under this title;

1	"(B) the policy provides for consistent ap-
2	plication of standards to all students, including
3	full-time, part-time, undergraduate, and grad-
4	uate students, and all educational programs es-
5	tablished by the institution;
6	"(C)(i) the policy specifies the grade point
7	average that a student must achieve at each
8	evaluation, or if a grade point average is not an
9	appropriate qualitative measure, a comparable
10	assessment measured against a norm; and
11	"(ii) if a student is enrolled in an edu-
12	cational program of more than 2 academic
13	years, the policy specifies that at the end of the
14	second academic year, the student must have a
15	grade point average of at least a 'C' or its
16	equivalent, or have academic standing con-
17	sistent with the institution's requirements for
18	graduation;
19	"(D) the policy provides for measurement
20	of the student's progress at each evaluation;
21	"(E) the policy describes—
22	"(i) how a student's grade point aver-
23	age and the pace at which the student pro-
24	gresses toward completion are affected by
25	course incompletes, withdrawals, or repeti-

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tions, or transfers of credit from other institutions, including that credit hours from another institution that are accepted toward the student's educational program are counted as both attempted and completed hours; and

"(ii) how after a student reenrolls after the student's satisfactory academic progress was reset pursuant to paragraph (3)(B), the student may have any credits that were earned before the student was determined not to be making satisfactory academic progress counted for purposes of determining progress when the student reenrolls, but any attempted hours that were not earned by the student (including incompletes, withdrawn courses, and failed courses) before the student was determined not to be making satisfactory academic progress will not negatively impact the determination of whether the student made satisfactory academic progress after such reset;

"(F) the policy provides that, except as provided in subparagraph (G) with respect to a

1	student placed on financial aid warning or fi-
2	nancial aid probation and paragraph (3), a stu-
3	dent is no longer eligible to receive assistance
4	under this title if the student has not achieved
5	the required grade point average or who is not
6	making progress toward completion in the stu-
7	dent's educational program—
8	"(i) at the time of each evaluation
9	with respect to a student who is in an edu-
10	cational program of 2 academic years or
11	less in length; or
12	"(ii) at the end of the second aca-
13	demic year with respect to a student who
14	is in an educational program of more than
15	2 academic years in length;
16	"(G) the policy describes when students
17	will be placed on financial aid warning or finan-
18	cial aid probation, in accordance with para-
19	graph (4), and provides that—
20	"(i) a student on financial aid warn-
21	ing—
22	"(I) shall receive assistance
23	under this title for one payment pe-
24	riod despite a determination that the

1	student is not making satisfactory
2	academic progress; and
3	"(II) may be assigned such sta-
4	tus without an appeal or other action
5	by the student; and
6	"(ii)(I) a student on financial aid pro-
7	bation may receive assistance under this
8	title for one payment period and the insti-
9	tution may require the student to fulfill
10	specific terms and conditions, such as tak-
11	ing a reduced course load or enrolling in
12	specific courses; and
13	"(II) at the end of such one payment
14	period, the student is required to meet the
15	institution's satisfactory academic progress
16	standards, or meet the requirements of the
17	academic plan developed by the institution
18	and the student, in order to qualify for
19	continued assistance under this title;
20	"(H) if the institution permits a student to
21	appeal a determination by the institution that
22	the student is not making satisfactory academic
23	progress, the policy describes—

1	"(i) how the student may reestablish
2	the student's eligibility to receive assist-
3	ance under this title;
4	"(ii) the basis on which the student
5	may file an appeal, including because of
6	the death of a relative, an injury or illness
7	of the student, or another special cir-
8	cumstance; and
9	"(iii) information the student is re-
10	quired to submit regarding why the stu-
11	dent failed to make satisfactory academic
12	progress, and what has changed in the stu-
13	dent's situation that will allow the student
14	to demonstrate satisfactory academic
15	progress at the next evaluation;
16	"(I) if the institution does not permit a
17	student to appeal a determination by the insti-
18	tution that the student is not making satisfac-
19	tory academic progress, the policy describes
20	how the student may reestablish the student's
21	eligibility to receive assistance under this title;
22	"(J) the policy provides for notification to
23	students of the results of an evaluation that im-
24	pacts the student's eligibility for assistance
25	under this title; and

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"(K) the policy does not impose satisfactory progress limitations on need-based institutional aid that are more stringent than the standard applied under this subsection without demonstrating to the Secretary the effectiveness of such limitations on improving student persistence in, and completion of, postsecondary study.

### "(3) Regaining eligibility.—

"(A) STUDENTS WHO REMAIN IN SCHOOL.—Whenever a student fails to meet the eligibility requirements of subsection (a)(2) as a result of the application of this subsection and, subsequent to that failure, the student has academic standing for any grading period consistent with the requirements for staying on track to graduate within 150 percent of the published length of the educational program, as determined by the institution, the student shall again be eligible under subsection (a)(2) for a grant, loan, or work assistance under this title, as long as the student maintains satisfactory academic progress under paragraph (2) beginning on and after the date that the student regains eligibility.

1	"(B) STUDENTS WHO LEAVE SCHOOL.—
2	"(i) In general.—If a student has
3	not been enrolled in any institution of
4	higher education for the immediately pre-
5	ceding 2 years, any previous failure to
6	meet the eligibility requirements of sub-
7	section (a)(2) shall not be used in any de-
8	termination of eligibility of such student
9	under such subsection. Such student shall,
10	on the date of enrollment subsequent to
11	such 2-year period, have the student's eli-
12	gibility for a grant, loan, or work assist-
13	ance under this title reset and be deemed
14	as meeting the requirements described in
15	paragraph (2). Beginning on and after
16	such date, the student's satisfactory aca-
17	demic progress shall be determined in ac-
18	cordance with paragraph (2)(E)(ii).
19	"(ii) Maximum number of
20	RESETS.—A student shall be eligible for a
21	reset of eligibility pursuant to this sub-
22	paragraph not more than 2 times.
23	"(C) Duties of the secretary.—The
24	Secretary shall—

1	"(i) send, to each student who failed
2	to meet the eligibility requirements of sub-
3	section (a)(2) and who has not regained
4	eligibility for a grant, loan, or work assist-
5	ance under subparagraph (A), a notice,
6	two years after such failure, that in-
7	cludes—
8	"(I) a notification that, if the
9	student has not been enrolled in any
10	institution of higher education for the
11	preceding two years and has not re-
12	ceived two resets of eligibility under
13	subparagraph (B), the student may
14	use grant, loan, or work assistance
15	under this title for enrollment at any
16	eligible institution, including an insti-
17	tution other than the institution in
18	which the student was previously en-
19	rolled;
20	"(II) a notification that, if the
21	student has remained enrolled, or re-
22	sumed enrollment, at an institution of
23	higher education, the student may be
24	eligible for a grant, loan, or work as-

1	sistance under this title subject to the
2	requirements of subparagraph (A);
3	"(III) information on how many
4	semesters of eligibility for a grant,
5	loan, or work assistance under this
6	title to which the student still has ac-
7	cess; and
8	"(IV) a notification that the stu-
9	dent should ask any prospective eligi-
10	ble institution how many of the stu-
11	dent's previously completed credits the
12	student would be able to transfer; and
13	"(ii) submit an annual report to Con-
14	gress on the outcomes of students who
15	have received a reset of eligibility pursuant
16	to this paragraph, including—
17	"(I) the number of students who
18	reenroll in an eligible institution after
19	such reset, disaggregated by race or
20	ethnicity, sex, age, socioeconomic sta-
21	tus, and disability status;
22	"(II) the 250 eligible institutions
23	with the highest numbers of enrolled
24	students receiving grant, loan, or

1	work assistance under this title after
2	such a reset;
3	"(III) the 250 eligible institu-
4	tions with the highest share of en-
5	rolled students receiving grant, loan,
6	or work assistance under this title
7	after such a reset; and
8	"(IV) the average completion
9	rate and time to completion for stu-
10	dents who reenroll in an eligible insti-
11	tution after such reset, disaggregated
12	by institution.
13	"(4) Evaluation of academic progress.—
14	"(A) In general.—An institution that
15	determines that a student is not making satis-
16	factory academic progress under its policy may
17	disburse funds provided through student finan-
18	cial assistance programs under this title (in-
19	cluding work-study programs under subtitle C)
20	to the student in accordance with subpara-
21	graphs (B), (C), and (D).
22	"(B) Payment period following not
23	MAKING SATISFACTORY ACADEMIC PROGRESS.—
24	For the payment period following the payment
25	period in which a student did not make satis-

1	factory academic progress, the institution shall
2	place the student on financial aid warning and
3	disburse funds under this title to the student.
4	"(C) Payment period following fi-
5	NANCIAL AID WARNING.—For the payment pe-
6	riod following a payment period during which a
7	student was on financial aid warning, the insti-
8	tution may place the student on financial aid
9	probation, and disburse funds under this title to
10	the student if—
11	"(i) the institution evaluates the stu-
12	dent's progress and determines that stu-
13	dent did not make satisfactory academic
14	progress during the payment period the
15	student was on financial aid warning;
16	"(ii) the student appeals the deter-
17	mination; and
18	"(iii)(I) the institution determines
19	that the student should be able to meet the
20	institution's satisfactory academic progress
21	standards by the end of the subsequent
22	payment period; or
23	"(II) the institution develops an aca-
24	demic plan for the student that, if fol-
25	lowed, will ensure that the student is able

1	to meet the institution's satisfactory aca-
2	demic progress standards by a specific
3	point in time.
4	"(D) PAYMENT PERIOD FOLLOWING FI-
5	NANCIAL AID PROBATION.—A student on finan-
6	cial aid probation for a payment period may not
7	receive funds under this title for the subsequent
8	payment period unless the student makes satis-
9	factory academic progress or the institution de-
10	termines that the student met the requirements
11	specified by the institution in the academic plan
12	for the student developed under subparagraph
13	$(\mathrm{C})(\mathrm{iii})(\mathrm{II}).$
14	"(E) Frequency of academic progress
15	EVALUATION AND COMMUNICATION.—
16	"(i) In general.—Subject to clause
17	(ii), for the purpose of determining wheth-
18	er presently enrolled students are main-
19	taining satisfactory progress, each institu-
20	tion of higher education that enrolls stu-
21	dents who receive any grant, loan, or work
22	assistance under this title shall review the
23	progress of such students at the end of

each payment period.

24

"(ii) Shorter payment periods.—

For each institution described in clause (i) that has payment periods that are shorter than on the semester system basis (such as on a quarterly or trimester system basis or by clock hour program or non-term program), such institution shall review the progress of presently enrolled students at the end of each semester or equivalent period of 12 to 18 weeks.

"(iii) Financial aid warning.—At the end of each payment period (or, in the case of an institution described in clause (ii), at the end of each semester or equivalent period), each institution shall send a financial aid warning to presently enrolled students that do not meet the grade point average requirement described in paragraph (2), or its equivalent or academic standing consistent with the requirements for graduation, as determined by the institution, that informs the students of their risk of being determined to not be maintaining satisfactory progress and therefore losing eligibility for grant, loan, or work

1	assistance under this title and provides in-
2	formation on—
3	"(I) the specific criteria of the in-
4	stitution's academic requirements that
5	the student is not meeting and the
6	specific improvements needed to meet
7	the requirements; and
8	"(II) how to meet with the stu-
9	dent's academic advisor to get the
10	academic support the student needs.
11	"(5) Detailing requirements to stu-
12	DENTS.—Each institution of higher education that
13	enrolls students who receive any grant, loan, or work
14	assistance under this title shall detail the institu-
15	tion's requirements regarding students maintaining
16	satisfactory academic progress—
17	"(A) to such students before the students
18	begin classes at the institution through a de-
19	tailed communication that may be separate
20	from a financial aid offer; and
21	"(B) on the financial aid webpage of the
22	website of the institution.
23	"(6) Consumer testing.—The Secretary—
24	"(A) shall conduct consumer testing to de-
25	velop exemplary practices and templates—

1	"(i) to support institutions of higher
2	education in carrying out paragraph (5);
3	and
4	"(ii) which shall be available as re-
5	sources for institutions of higher edu-
6	cation; and
7	"(B) shall not require the use of such
8	practices and templates by institutions of high-
9	er education.".
10	SEC. 106. FEDERAL PELL GRANTS FOR GRADUATE STU-
11	DENTS.
12	Section 401 of the Higher Education Act of 1965 (20
13	U.S.C. 1070a), as amended by title VII of division FF
14	of the FAFSA Simplification Act (Public Law 116–260),
15	is amended—
16	(1) in subsection (b)(8)(A), by inserting "or as
17	a postbaccalaureate student in accordance with sub-
18	section $(d)(1)$ " after "as an undergraduate"; and
19	(2) in subsection (d)—
20	(A) by amending paragraph (1) to read as
21	follows:
22	"(1) In general.—The period during which a
23	student may receive Federal Pell Grants shall be the
24	period required for the completion of the first under-
25	graduate baccalaureate course of study being pur-

1	sued by that student at the institution at which the
2	student is in attendance except that—
3	"(A) any 1-year period during which the
4	student is enrolled in a noncredit or remedial
5	course of study as defined in paragraph (2)
6	shall not be counted for the purpose of this
7	paragraph; and
8	"(B) the period during which a student
9	may receive Federal Pell Grants shall also in-
10	clude the period required for the completion of
11	the first postbaccalaureate course of study in a
12	case in which—
13	"(i) the student received a Federal
14	Pell Grant during the period required for
15	the completion of the student's first under-
16	graduate baccalaureate course of study for
17	at least 1 but fewer than 18 semesters, or
18	the equivalent of at least 1 but fewer than
19	18 semesters, as determined under para-
20	graph (5);
21	"(ii) the student would otherwise be
22	eligible for a Federal Pell Grant, but for
23	the completion of such baccalaureate
24	course of study; and

1	"(iii) the period during which the stu-
2	dent receives Federal Pell Grants does not
3	exceed the student's duration limits under
4	paragraph (5)."; and
5	(B) in paragraph (2), by striking "or cer-
6	tificate" and inserting ", certificate, or first
7	postbaccalaureate degree".
8	TITLE II—AMENDMENTS TO
9	TERMS AND CONDITIONS OF
10	LOANS AND REPAYMENT
11	PLANS
12	PART A—DIRECT LOANS
13	SEC. 201. SUBSIDIZED LOANS FOR GRADUATE AND PROFES-
14	SIONAL STUDENTS.
15	Section 455(a)(3) of the Higher Education Act of
16	1965 (20 U.S.C. 1087e(a)(3)) is amended—
17	(1) in subparagraph (A), in the matter pre-
18	ceding clause (i), by striking "subparagraph (B)"
19	and inserting "subparagraphs (B) and (C)"; and
20	(2) by adding at the end the following:
21	"(C) AUTHORITY TO MAKE INTEREST SUB-
22	SIDIZED LOANS TO GRADUATE AND PROFES-
23	SIONAL STUDENTS.—For any period of instruc-
24	tion at an institution of higher education (as
25	defined in section 101 or section 102(a)(1)(C),

1	except that a graduate medical school, nursing
2	school, or a veterinary school, located outside
3	the United States that does not meet the re-
4	quirements of section 101(a)(4) shall be ex-
5	cluded) beginning on or after July 1, 2023, a
6	graduate or professional student shall be eligi-
7	ble to receive a Federal Direct Stafford loan
8	under this part.".
9	SEC. 202. INTEREST RATE ON SUBSIDIZED LOANS FOR
10	GRADUATE AND PROFESSIONAL STUDENTS.
11	Section 455(b)(8)(B) of the Higher Education Act of
12	1965 (20 U.S.C. 1087e(b)(8)(B)) is amended—
13	(1) in the heading for subparagraph (B), by
14	striking "FDUSL" and inserting "FDSL AND FDUSL";
15	and
16	(2) by inserting "and Federal Direct Stafford
17	Loans' after "Federal Direct Unsubsidized Stafford
18	Loans''.
19	SEC. 203. REPEAL OF ORIGINATION FEES.
20	Section 455(e)(2) of the Higher Education Act of
21	1965 (20 U.S.C. 1087e(c)(2)) is amended—
22	(1) by striking "and" at the end of subpara-
23	graph (D); and
24	(2) by adding at the end the following:

1	"(E) by substituting '0.0 percent' for '4.0
2	percent' with respect to loans for which the first
3	disbursement of principal is made on or after
4	July 1, 2023.".
5	SEC. 204. PREPAYMENT AMOUNTS.
6	Section 455(d) of the Higher Education Act of 1965
7	(20 U.S.C. 1087e(d)) is amended by adding at the end
8	the following:
9	"(6) Application of prepayment
10	AMOUNTS.—
11	"(A) REQUIREMENT FOR ELIGIBLE BOR-
12	ROWERS.—
13	"(i) In General.—Notwithstanding
14	any other provision of this subsection or
15	any other provision of law—
16	"(I) with respect to loans made
17	to an eligible borrower under this part
18	or part B, which are held by the same
19	holder and which have different appli-
20	cable rates of interest, the holder of
21	such loans shall, unless otherwise re-
22	quested by the borrower in writing,
23	apply the borrower's prepayment
24	amount (within the meaning of sec-
25	tion 682.209(b) of title 34. Code of

1	Federal Regulations, or a successor
2	regulation) for one or more of such
3	loans, first toward the outstanding
4	balance of principal due on the loan
5	with the highest applicable rate of in-
6	terest among such loans; and
7	"(II) except as provided in sub-
8	clause (I), with respect to loans made
9	to an eligible borrower under this part
10	or part B, which are held by the same
11	holder and which have the same appli-
12	cable rates of interest, the holder of
13	such loans shall, unless otherwise re-
14	quested by the borrower in writing
15	apply the borrower's prepayment
16	amount (within the meaning of sec-
17	tion 682.209(b) of title 34, Code of
18	Federal Regulations, or a successor
19	regulation) for one or more of such
20	loans, first toward the outstanding
21	balance of principal due on the loan
22	with the highest principal balance
23	among such loans.
24	"(ii) Eligible borrower de-
25	FINED.—For purposes of this paragraph.

1	the term 'eligible borrower' means a bor-
2	rower with no outstanding balance of fees,
3	including collection costs and authorized
4	late charges, due on any loan made under
5	this part or part B.
6	"(B) REQUIREMENT FOR OTHER BOR-
7	ROWERS.—A prepayment amount (as described
8	in subparagraph (A)(i)) made by a borrower
9	who is not an eligible borrower to a holder shall
10	be applied first toward the borrower's out-
11	standing balance of fees, including collection
12	costs and authorized late charges, due on any
13	loan made under this part or part B held by
14	such holder.".
15	PART B—AUTOMATIC ENROLLMENT IN INCOME-
16	DRIVEN REPAYMENT FOR CERTAIN BORROWERS
17	SEC. 211. NOTIFICATION AND AUTOMATIC ENROLLMENT
18	PROCEDURES FOR BORROWERS WHO ARE
19	DELINQUENT ON LOANS.
20	Section 455(d) of the Higher Education Act of 1965
21	(20 U.S.C. 1087e(d)), as amended by this Act, is further
22	amended by adding at the end the following:
23	"(9) Notification and automatic enroll-
24	MENT PROCEDURES FOR BORROWERS WHO ARE DE-
25	LINQUENT ON LOANS —

1	"(A) AUTHORITY TO OBTAIN INCOME IN-
2	FORMATION.—The Secretary shall establish and
3	implement, with respect to any borrower de-
4	scribed in subparagraph (B), procedures to—
5	"(i) use return information of the bor-
6	rower (and the borrower's spouse, if appli-
7	cable) disclosed under section 6103(l)(13)
8	of the Internal Revenue Code of 1986, pur-
9	suant to approval provided under section
10	494, to determine the income and family
11	size of the borrower (and the borrower's
12	spouse, if applicable) without further ac-
13	tion by the borrower;
14	"(ii) allow the borrower (or the spouse
15	of the borrower), at any time, to opt out
16	of disclosure under such section
17	6103(l)(13) and instead provide such infor-
18	mation as the Secretary may require to de-
19	termine the income and family size of the
20	borrower (and the borrower's spouse, if ap-
21	plicable); and
22	"(iii) provide the borrower with an op-
23	portunity to update the return information
24	so disclosed before the determination of the

1	income and family size of the borrower for
2	purposes of this paragraph.
3	"(B) Borrower notification.—With re-
4	spect to each borrower of a covered loan who is
5	at least 31 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	ceding 62 days, the Secretary shall, as soon as
9	practicable after such 31-day delinquency, pro-
10	vide to the borrower the following:
11	"(i) Notification that the borrower is
12	at least 31 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) The amount of monthly pay-
24	ments for the covered and noncovered
25	loans under each repayment plan identified

1 under clause (ii), based on information 2 available to the Secretary, including, if the income information of the borrower is 3 available to the Secretary under subparagraph (A), the income, family size, tax fil-6 ing status, and tax year information on 7 which each such monthly payment is 8 based. 9 "(iv) Clear and simple instructions on 10 how to select the repayment plans. 11 "(v) An explanation that, in the case 12 of a borrower for whom adjusted gross in-13 come is unavailable— 14 "(I) if the borrower selects to 15 repay the covered loans of such bor-16 rower pursuant to an income-driven 17 repayment plan that defines discre-18 tionary income in such a manner that 19 an individual not required under sec-20 tion 6012(a)(1) of the Internal Rev-21 enue Code of 1986 to file a return 22 with respect to income taxes imposed 23 by subtitle A of such Code may have 24 a calculated monthly payment greater

than \$0, the borrower will be required

1	to provide the Secretary with other
2	documentation of income satisfactory
3	to the Secretary, which documentation
4	the Secretary may use to determine
5	an appropriate repayment schedule;
6	and
7	"(II) if the borrower selects to
8	repay such loans pursuant to an in-
9	come-driven repayment plan that is
10	not described in subclause (I), the
11	borrower will not be required to pro-
12	vide the Secretary with such other
13	documentation of income, and the bor-
14	rower will have a calculated monthly
15	payment of \$0.
16	"(vi) An explanation that the Sec-
17	retary shall take the actions under sub-
18	paragraph (C) with respect to such bor-
19	rower, if—
20	"(I) the borrower is 80 days de-
21	linquent on 1 or more covered loans
22	and has not selected a new repayment
23	plan for the covered loans of the bor-
24	rower; and

1	"(II) in the case of such a bor-
2	rower whose existing repayment plan
3	for the covered loans of the borrower
4	is not an income-driven repayment
5	plan, the monthly payments under
6	such existing repayment plan are
7	higher than such monthly payments
8	would be under an income-driven re-
9	payment plan.
10	"(vii) Instructions on updating the in-
11	formation of the borrower obtained under
12	subparagraph (A).
13	"(C) Secretary's selection of a
14	PLAN.—With respect to each borrower de-
15	scribed in subparagraph (B) whose existing re-
16	payment plan for the covered loans of the bor-
17	rower is described in clause (vi)(II) of subpara-
18	graph (B), and who has not selected a new re-
19	payment plan for such loans in accordance with
20	the notice received under such subparagraph

and who is at least 80 days delinquent on such

a loan, the Secretary shall, as soon as prac-

ticable—

21

22

1 "(i) in a case in which any of the bo	r-
2 rower's covered loans are eligible for an i	n-
3 come-driven repayment plan—	
4 "(I)(aa) provide the borrow	er
5 with the income-driven repayme	nt
6 plan that requires the lowest month	ıly
7 payment amount for each covered los	an
8 of the borrower, compared to an	ny
9 other such plan for which the bo	r-
0 rower is eligible; or	
1 "(bb) if more than one incom	ie-
2 driven repayment plan would offer the	he
borrower the same lowest month	ıly
4 payment amount, provide the bo	)ľ-
5 rower with the income-driven repa	ıy-
6 ment plan that has the most favorab	ole
7 terms for the borrower;	
8 "(II) if the plan selected und	er
9 subclause (I) is not the income-drive	en
0 repayment plan that would have the	he
lowest monthly payment amount if the	he
borrower were eligible for such pla	an
for the borrower's covered loans an	nd
4 noncovered loans, notify the borrow	er
of the actions, if any, the borrow	er

1	may take to become eligible for such
2	income-driven repayment plan; and
3	"(III) authorize the borrower to
4	change the Secretary's selection of a
5	plan under this clause to any plan de-
6	scribed in paragraph (1) for which the
7	borrower is eligible; and
8	"(ii) in a case in which none of the
9	borrower's covered loans are eligible for an
10	income-driven repayment plan, notify the
11	borrower of the actions, if any, the bor-
12	rower may take for such loans to become
13	eligible for such a plan.".
14	SEC. 212. NOTIFICATION AND AUTOMATIC ENROLLMENT
15	PROCEDURES FOR BORROWERS WHO ARE
16	REHABILITATING DEFAULTED LOANS.
17	Section 455(d) of the Higher Education Act of 1965
18	(20 U.S.C. 1087e(d)), as amended by this Act, is further
19	amended by adding at the end the following:
20	"(10) Notification and automatic enroll-
21	MENT PROCEDURES FOR BORROWERS WHO ARE RE-
	MENT TROOPDORES FOR DORROWERS WHO ARE RE-
22	HABILITATING DEFAULTED LOANS.—
<ul><li>22</li><li>23</li></ul>	
	HABILITATING DEFAULTED LOANS.—

1	rehabilitating a covered loan pursuant to sec-
2	tion 428F(a), procedures to—
3	"(i) use return information of the bor-
4	rower (and the borrower's spouse, if appli-
5	cable) disclosed section 6103(l)(13) of the
6	Internal Revenue Code of 1986, pursuant
7	to approval provided under section 494, to
8	obtain such information as is reasonably
9	necessary regarding the income and family
10	size of the borrower (and the borrower's
11	spouse, if applicable);
12	"(ii) allow the borrower (or the spouse
13	of the borrower), at any time, to opt out
14	of disclosure under such section
15	6103(l)(13) and instead provide such infor-
16	mation as the Secretary may require to ob-
17	tain such information; and
18	"(iii) provide the borrower with an op-
19	portunity to update the return information
20	so disclosed before the determination of in-
21	come and family size of the borrower (and
22	the borrower's spouse, if applicable) for
23	purposes of this paragraph.
24	"(B) Borrower notification.—Not
25	later than 30 days after a borrower makes the

1	6th payment required on such covered loan for
2	the loan rehabilitation described in subpara-
3	graph (A), the Secretary shall notify the bor-
4	rower of the process under subparagraph (C)
5	with respect to such loan.
6	"(C) Secretary's selection of plan.—
7	With respect to each borrower who has made
8	the 9th payment required on such covered loan
9	for the loan rehabilitation described in subpara-
10	graph (A), the Secretary shall, as soon as prac-
11	ticable after such payment, carry out the proce-
12	dures described in clauses (i) and (ii) of para-
13	graph (9)(C) with respect to such loan.".
14	SEC. 213. COVERED LOAN, INCOME-DRIVEN REPAYMENT
15	PLAN, AND NON-COVERED LOAN DEFINED.
16	Section 455(d) of the Higher Education Act of 1965
17	(20 U.S.C. 1087e(d)), as amended by this Act, is further
18	amended by adding at the end the following:
19	"(11) Definitions.—In this subsection:
19 20	"(11) Definitions.—In this subsection: "(A) Covered loan.—The term 'covered
20	"(A) COVERED LOAN.—The term 'covered
20 21	"(A) COVERED LOAN.—The term 'covered loan' means—

1	"(iii) a loan that has been assigned to
2	the Secretary under subsection $(c)(8)$ or
3	(j)(3)(B) of section 428, or subsection
4	(a)(1)(A)(ii) or $(a)(1)(G)$ of section 428F.
5	"(B) Income-driven repayment
6	PLAN.—The term 'income-driven repayment
7	plan' means a repayment plan described in sub-
8	paragraph (D) or (E) of paragraph (1).
9	"(C) Noncovered loan.—The term
10	'noncovered loan' means a loan made, insured,
11	or guaranteed under this title that is not a cov-
12	ered loan.".
12	SEC. 214. AUTOMATIC RECERTIFICATION OF INCOME FOR
13	SEC. 214. AUTOMATIC RECERTIFICATION OF INCOME FOR
13 14	INCOME-DRIVEN REPAYMENT PLANS.
14	INCOME-DRIVEN REPAYMENT PLANS.
<ul><li>14</li><li>15</li><li>16</li></ul>	INCOME-DRIVEN REPAYMENT PLANS.  (a) Income-Contingent Repayment Plans.—Sec-
14 15 16 17	income-driven repayment plans.  (a) Income-Contingent Repayment Plans.—Section 455(e)(8)(A) of the Higher Education Act of 1965
14 15 16 17	income-driven repayment plans.  (a) Income-Contingent Repayment Plans.—Section 455(e)(8)(A) of the Higher Education Act of 1965 (20 U.S.C. 1087e(e)(8)(A)) is amended—
14 15 16 17 18	income-driven repayment plans.  (a) Income-Contingent Repayment Plans.—Section 455(e)(8)(A) of the Higher Education Act of 1965  (20 U.S.C. 1087e(e)(8)(A)) is amended—  (1) by striking "and" at the end of clause (ii);
14 15 16 17 18	income-driven repayment plans.  (a) Income-Contingent Repayment Plans.—Section 455(e)(8)(A) of the Higher Education Act of 1965 (20 U.S.C. 1087e(e)(8)(A)) is amended—  (1) by striking "and" at the end of clause (ii); (2) by redesignating clause (iii) as clause (iv);
14 15 16 17 18 19 20	income-driven repayment plans.  (a) Income-Contingent Repayment Plans.—Section 455(e)(8)(A) of the Higher Education Act of 1965 (20 U.S.C. 1087e(e)(8)(A)) is amended—  (1) by striking "and" at the end of clause (ii); (2) by redesignating clause (iii) as clause (iv); (3) in clause (iv) (as so redesignated), by strik-
14 15 16 17 18 19 20 21	INCOME-DRIVEN REPAYMENT PLANS.  (a) INCOME-CONTINGENT REPAYMENT PLANS.—Section 455(e)(8)(A) of the Higher Education Act of 1965 (20 U.S.C. 1087e(e)(8)(A)) is amended—  (1) by striking "and" at the end of clause (ii); (2) by redesignating clause (iii) as clause (iv); (3) in clause (iv) (as so redesignated), by striking the period at the end and inserting "; and"; and
14 15 16 17 18 19 20 21	INCOME-DRIVEN REPAYMENT PLANS.—Section 455(e)(8)(A) of the Higher Education Act of 1965 (20 U.S.C. 1087e(e)(8)(A)) is amended—  (1) by striking "and" at the end of clause (ii); (2) by redesignating clause (iii) as clause (iv); (3) in clause (iv) (as so redesignated), by striking the period at the end and inserting "; and"; and (4) by inserting after clause (ii), the following:

1	repayment plan that defines discretionary
2	income in such a manner that the borrower
3	would have a calculated monthly payment
4	equal to \$0, not require the borrower to
5	provide the Secretary the information de-
6	scribed in clause (i) or (ii), and ensure that
7	the borrower will have a calculated month-
8	ly payment of \$0; and".
9	(b) Income-Based Repayment Plans.—Section
10	493C(c)(2)(B) of the Higher Education Act of 1965 (20
11	U.S.C. 1098e(c)(2)(B)) is amended by striking "any loan
12	made under part D (other than an excepted PLUS loan
13	or excepted consolidation loan)" and inserting "any cov-
14	ered loan (as defined in section 455(d)(11))".
15	SEC. 215. PROCEDURE AND REQUIREMENT FOR REQUEST-
16	ING TAX RETURN INFORMATION FROM THE
17	IRS.
18	Section 494(a) of the Higher Education Act of 1965
19	(20 U.S.C. 1098h(a)) is amended—
20	(1) in paragraph (2)—
21	(A) in subparagraph (A), in the matter
22	preceding clause (i), by striking "a loan under
23	part D" and inserting "a covered loan (as de-
24	fined in section 455(d)(11))"; and

1	(B) in subparagraph (B), by striking "a
2	loan under part D" and inserting "a covered
3	loan (as defined in section $455(d)(11)$ )"; and
4	(2) by adding at the end the following:
5	"(4) Loan delinquency and rehabilita-
6	TION.—
7	"(A) Borrowers delinquent on
8	LOANS.—In the case of an individual who is a
9	borrower of a covered loan and who is at least
10	31 days delinquent on such loan, the Secretary,
11	with respect to such individual and any spouse
12	of such individual, shall—
13	"(i) provide to such individuals the
14	notification described in paragraph
15	(1)(A)(i); and
16	"(ii) require, as a condition of eligi-
17	bility for the notification and automatic en-
18	rollment procedures under section
19	455(d)(9), that such individuals—
20	"(I) affirmatively approve the
21	disclosure described in paragraph
22	(1)(A)(i) and agree that such approval
23	shall serve as an ongoing approval of
24	such disclosure until the date on
25	which the individual elects to opt out

1	of such disclosure under section
2	455(d)(9)(A)(ii); or
3	"(II) provide such information as
4	the Secretary may require to carry
5	out the procedures under section
6	455(d)(9) with respect to such indi-
7	vidual.
8	"(B) Loan rehabilitation.—In the case
9	of any written or electronic application by an
10	individual for the rehabilitation of a covered
11	loan pursuant to section 428F(a), the Sec-
12	retary, with respect to such individual and any
13	spouse of such individual, shall—
14	"(i) provide to such individuals the
15	notification described in paragraph
16	(1)(A)(i); and
17	"(ii) require, as a condition of eligi-
18	bility for loan rehabilitation pursuant to
19	section 428F(a), that such individuals—
20	"(I) affirmatively approve the
21	disclosure described in paragraph
22	(1)(A)(i) and agree that such approval
23	shall serve as an ongoing approval of
24	such disclosure until the date on
25	which the individual elects to opt out

1	of such disclosure under section
2	455(d)(10)(A)(ii); or
3	"(II) provide such information as
4	the Secretary may require to carry
5	out the procedures under section
6	455(d)(10) with respect to such indi-
7	vidual.
8	"(C) COVERED LOAN DEFINED.—In this
9	paragraph, the term 'covered loan' has the
10	meaning given the term in section 455(d)(11).".
11	PART C—AMENDMENTS TO CERTAIN LOAN
12	FORGIVENESS PROGRAMS
13	SEC. 221. AMENDMENTS TO TERMS AND CONDITIONS OF
14	PUBLIC SERVICE LOAN FORGIVENESS.
15	(a) Number of Monthly Payments; Repayment
16	Plans.—Paragraph (1) of section 455(m) of the Higher
17	Education Act of 1965 (20 U.S.C. 1087e(m)) is amend-
18	ed—
19	(1) in subparagraph (A)—
20	(A) in the matter preceding clause (i), by
21	striking "120" and inserting "96";
22	(B) by striking "or" at the end of clause
23	(iii);
24	(C) in clause (iv), by striking "and" and
25	inserting "or"; and

1	(D) by adding at the end the following:
2	"(v) in lieu of such a payment, has
3	been in—
4	"(I) cancer treatment deferment
5	under section 427(a)(2)(C)(iv),
6	428(b)(1)(M)(v), or $455(f)(3)$ ;
7	"(II) rehabilitation training pro-
8	gram deferment under section
9	427(a)(2)(C)(i)(II),
10	428(b)(1)(M)(i)(II), or
11	455(f)(2)(A)(ii);
12	"(III) military service deferment
13	under section 428(b)(1)(M)(iii) or
14	455(f)(2)(C);
15	"(IV) unemployment deferment
16	under section $427(a)(2)(C)(ii)$ ,
17	428(b)(1)(M)(ii), 428B(d)(1)(A)(i), or
18	455(f)(2)(B);
19	"(V) deferment due to an eco-
20	nomic hardship described in section
21	427(a)(2)(C)(iii), section
22	428(b)(1)(M)(iv), section
23	428B(d)(1)(A)(i), section $435(o)$ , or
24	section $455(f)(2)(D)$ ;

1	"(VI) Peace Corps service
2	deferment under section
3	682.210(b)(2)(ii) or $682.210(k)$ of
4	title 34, Code of Federal Regulations
5	(or successor regulations), as made
6	applicable to Direct Loan borrowers
7	under section 685.204(j) of such title
8	34;
9	"(VII) has been in post-active-
10	duty student deferment under section
11	493D;
12	"(VIII) AmeriCorps forbearance
13	under section $428(c)(3)(A)(i)(III)$ ;
14	"(IX) National Guard Duty for-
15	bearance under section
16	682.211(h)(2)(iii) or $685.205(a)(7)$ of
17	title 34, Code of Federal Regulations
18	(or successor regulations);
19	"(X) Department of Defense stu-
20	dent loan repayment program forbear-
21	ance under section
22	428(c)(3)(A)(i)(IV);
23	"(XI) Administrative forbearance
24	or mandatory administrative forbear-

1	ance under section $428(c)(3)(D)$ or
2	428H(e)(7); or
3	"(XII) Student loan debt burden
4	forbearance under section
5	428(c)(3)(A)(i)(II); and"; and
6	(2) in subparagraph (B), by striking "(i) is em-
7	ployed" and all that follows through "has been" and
8	inserting "has been".
9	(b) Automatic Cancellation.—Paragraph (2) of
10	section 455(m) of the Higher Education Act of 1965 (20
11	U.S.C. 1087e(m)(2)) is amended by adding at the end the
12	following: "In the case of a borrower who meets the re-
13	quirements under paragraph (1) for such cancellation,
14	such cancellation shall occur without further action by the
15	borrower.".
16	(c) Treatment of Refinanced Loans; On-Line
17	PORTAL; DATABASE OF PUBLIC SERVICE JOBS.—Section
18	455(m) of such Act (20 U.S.C. 1087e(m)) is further
19	amended—
20	(1) by redesignating paragraphs (3) and (4) as
21	paragraphs (6) and (7), respectively; and
22	(2) by inserting after paragraph (2) the fol-
23	lowing:
24	"(3) Treatment of Loans refinanced
25	UNDER SECTIONS 460A.—In the case of an eligible

1 refinanced Federal Direct Loan under section 460A, 2 any monthly payment pursuant to any repayment plan listed in paragraph (1)(A) (including a period 3 of deferment or forbearance described in paragraph (1)(A)(v)) made on a loan, for which the liability has 5 6 been discharged by such refinanced loan and without 7 regard to whether such loan is an eligible Federal 8 Direct Loan, shall be treated as a monthly payment 9 under paragraph (1)(A) on the portion of such refi-10 nanced loan that is attributable to such discharged 11 loan. 12 "(4) On-line Portal.— "(A) Borrowers.—The Secretary shall 13

"(A) Borrowers.—The Secretary shall ensure that borrowers have access to an on-line portal that provides each borrower who signs on to such portal with the following:

"(i) Instructions on how to access the database under paragraph (5) so that the borrower can determine whether the borrower is employed in a public service job.

"(ii) An identification of the loans of the borrower that are eligible Federal Direct Loans.

"(iii) With respect to each such eligible Federal Direct Loan, the number of

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1	monthly payments on such loan that qual-
2	ify as a monthly payment under paragraph
3	(1)(A), and the estimated number of
4	monthly payments under paragraph (1)(A)
5	remaining on such loan before the bor-
6	rower may be eligible for loan cancellation
7	under this subsection.
8	"(iv) With respect to each loan of the
9	borrower that is not eligible for loan can-
10	cellation under this subsection, an expla-
11	nation of why the loan is not so eligible
12	and instructions on how what, if anything,
13	the borrower may do to make the loan so
14	eligible.
15	"(v) Instructions for the submission of
16	any forms associated with such loan can-
17	cellation, and an ability for the borrower to
18	use the portal to electronically sign and
19	submit such forms.
20	"(vi) In the case of a borrower who
21	disputes a determination of the Secretary
22	relating to the entitlement of the borrower
23	to loan cancellation under paragraph (2)—
24	"(I) an ability for the borrower
25	to file a claim with the Secretary to

1	dispute such determination through
2	the portal; and
3	"(II) in the case of such a claim
4	that has been filed, the status of such
5	claim, for which updates shall be pro-
6	vided not fewer than once every 90
7	days.
8	"(B) Employers.—The Secretary shall
9	ensure that an employer of a borrower has the
10	option to electronically sign and submit any
11	forms associated with loan cancellation under
12	this subsection.
13	"(C) Information.—The Secretary shall
14	ensure that any information provided through
15	the on-line portal described in this paragraph is
16	up-to-date information.
17	"(5) Database of public service jobs.—
18	"(A) IN GENERAL.—The Secretary, in con-
19	sultation with the Secretary of Labor, shall es-
20	tablish and regularly update a database that
21	lists public service jobs.
22	"(B) Public availability.—The data
23	base established under subparagraph (A) shal
24	be made available on a publicly accessible

1	website of the Department in an easily search-
2	able format.".
3	(d) Definitions.—Section 455(m) of such Act is
4	further amended in paragraph (6)(A) (as so redesignated
5	by subsection (c))—
6	(1) by inserting before the period at the end the
7	following: "(including any Federal Direct Stafford
8	Loan, Federal Direct PLUS Loan, Federal Direct
9	Unsubsidized Stafford Loan, or Federal Direct Con-
10	solidation Loan refinanced under section 460A)";
11	(2) by striking "The term" and inserting the
12	following:
13	"(i) IN GENERAL.—The term"; and
14	(3) by adding at the end the following:
15	"(ii) Treatment of certain con-
16	SOLIDATION LOAN PAYMENTS.—In the
17	case of an eligible Federal Direct Loan
18	that is a Federal Direct Consolidation
19	Loan made on or after the date of enact-
20	ment of the LOAN Act, any monthly pay-
21	ment pursuant to any repayment plan list-
22	ed in paragraph (1)(A) (including a period
23	of deferment or forbearance described in
24	paragraph $(1)(A)(v)$ ) made on a loan, for
25	which the liability has been discharged by

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the proceeds of such Federal Direct Consolidation Loan and without regard to whether the loan is an eligible Federal Direct Loan, shall be treated as a monthly payment under paragraph (1)(A) on the portion of such Federal Direct Consolidation Loan that is attributable to such discharged loan, except that in a case of a borrower who previously received a Federal Direct Consolidation Loan, any monthly payment made on a loan for which the liability has been discharged by such previous consolidation loan shall not be treated as a monthly payment on a portion of the subsequent Federal Direct Consolidation Loan made on or after such date of enactment.".

18 (e) TREATMENT OF DOUBLE BENEFITS.—Section 19 455(m) of such Act is further amended in paragraph (7) 20 (as so redesignated by subsection (c)) by striking "both 21 this subsection and section 428J, 428K, 428L, or 460" 22 and inserting "both this subsection and section 428K or 428L".

1	SEC. 222. LOAN FORGIVENESS FOR TEACHERS.
2	The Higher Education Act of 1965 (20 U.S.C. 1001
3	et seq.) is further amended—
4	(1) in section $428J(g)(2)$ (20 U.S.C. 1078–
5	10(g)(2))—
6	(A) in subparagraph (A), by inserting "or"
7	after the semicolon at the end;
8	(B) by striking subparagraph (B); and
9	(C) by redesignating subparagraph (C) as
10	subparagraph (B); and
11	(2) in section $460(g)(2)$ (20 U.S.C.
12	1087j(g)(2))—
13	(A) in subparagraph (A), by inserting "or"
14	after the semicolon at the end;
15	(B) by striking subparagraph (B); and
16	(C) by redesignating subparagraph (C) as
17	subparagraph (B).
18	TITLE III—INTEREST
19	CAPITALIZATION
20	SEC. 301. ELIMINATION OF INTEREST CAPITALIZATION.
21	(a) Federal PLUS Loans.—Section 428B(d)(2) of
22	the Higher Education Act of 1965 (20 U.S.C. 1078–
23	2(d)(2)) is amended to read as follows:
24	"(2) No capitalization of interest.—Inter-
25	est on loans made under this section for which pay-
26	ments of principal are deferred pursuant to para-

1	graph (1) shall be paid by the borrower and shall
2	not be capitalized.".
3	(b) Federal Consolidation Loans Defer-
4	RALS.—Section 428C(b)(4)(C)(ii)(III) of the Higher Edu-
5	eation Act of 1965 (20 U.S.C. 1078–3(b)(4)(C)(III)) is
6	amended by striking "or capitalized,".
7	(c) Default Reduction Program.—Section
8	428F(a)(1)(E) of such Act of 1965 (20 U.S.C. 1078-
9	6(a)(1)(E)) is amended to read as follows:
10	"(E) DUTIES UPON ASSIGNMENT.—With
11	respect to a loan assigned under subparagraph
12	(A)(ii)—
13	"(i) the guaranty agency shall add to
14	the principal and interest outstanding at
15	the time of the assignment of such loan ar
16	amount equal to the amount described in
17	subparagraph (D)(i)(II)(aa);
18	"(ii) the Secretary shall pay the guar-
19	anty agency, for deposit in the agency's
20	Operating Fund established pursuant to
21	section 422B, an amount equal to the
22	amount added to the principal and interest
23	outstanding at the time of the assignment
24	in accordance with clause (i):

1	"(iii) for a loan assigned on or after
2	the date of enactment of the LOAN Act
3	the interest outstanding at the time of the
4	assignment of such loan, and any interest
5	accruing after such time, shall not be cap-
6	italized; and
7	"(iv) beginning on the date of enact-
8	ment of LOAN Act, interest shall only ac-
9	crue on the percentage of such a loan that
10	is equal to—
11	"(I) the amount of the out-
12	standing principal on the original loan
13	on the date it was assigned; divided
14	by
15	"(II) the total amount of such
16	assigned loan, including interest out-
17	standing at the time of the assign-
18	ment of such loan and the amount
19	added by the guaranty agency in ac-
20	cordance with clause (i), on the date
21	such loan was assigned.".
22	(d) Loan Limits for Unsubsidized Stafford
23	Loans.—Section 428H(d)(5) of the Higher Education
24	Act of 1965 (20 U.S.C. 1078-8(d)(5)) is amended by in-

- 1 serting "before the date of enactment of the LOAN Act"
- 2 after "Interest capitalized".
- 3 (e) Unsubsidized Stafford Loans for Middle
- 4 Income Borrowers.—Section 428H(e)(2) of the Higher
- 5 Education Act of 1965 (20 U.S.C. 1078–8(e)(2)) is
- 6 amended—
- 7 (1) in the header, by striking "Capitaliza-
- 8 TION" and inserting "NO CAPITALIZATION";
- 9 (2) in subparagraph (A), in the matter before
- clause (i), by striking ", if agreed upon by the bor-
- 11 rower and the lender" and all that follows through
- clause (ii)(IV) and inserting "be paid by the bor-
- rower and shall not be capitalized.";
- 14 (3) by striking subparagraph (B); and
- 15 (4) by redesignating subparagraph (C) as sub-
- paragraph (B).
- 17 (f) Income Contingent Repayment.—Section
- 18 455(e)(5) of the Higher Education Act of 1965 (20 U.S.C.
- 19 1087e(e)(5)) is amended by striking the last sentence and
- 20 inserting "No interest may be capitalized on such loan on
- 21 or after the date of the enactment of the LOAN Act, and
- 22 the Secretary shall promulgate regulations with respect to
- 23 the treatment of accrued interest that is not capitalized".
- 24 (g) Deferment and Forbearance.—

1	(1) In General.—Section 455(f) of the Higher
2	Education Act of 1965 (20 U.S.C. 1087e(f)) is
3	amended—
4	(A) in the subsection heading, by inserting
5	at the end the following: "AND FORBEARANCE";
6	(B) in subparagraph (B), by striking "cap-
7	italized or"; and
8	(C) by adding at the end the following:
9	"(6) Forbearance.—At the expiration of a
10	period of forbearance, interest shall not be capital-
11	ized on any loans made under this part.".
12	(2) Application of amendment.—The
13	amendments made by paragraph (1) shall apply to
14	any deferment or forbearance period in effect on the
15	date of enactment of this Act, or any deferment or
16	forbearance period beginning on or after such date
17	of enactment.
18	(h) Income-Based Repayment Program.—Section
19	493C(b)(3) of the Higher Education Act of $1965$ (20
20	U.S.C. $1098e(b)(3)$ ) is amended to read as follows:
21	"(3) on subsidized loans, any interest due and
22	not paid under paragraph (2) shall be paid by the
23	Secretary for a period of not more than 3 years
24	after the date of the borrower's election under para-
25	graph (1), except that such period shall not include

- 1 any period during which the borrower is in
- 2 deferment due to an economic hardship described in
- 3 section 435(0);".
- 4 (i) Notes and Insurance Certificates in Com-
- 5 BINED PAYMENT PLANS.—Section 485A(f) of the Higher
- 6 Education Act of 1965 (20 U.S.C. 1092a(f)) is amended
- 7 by adding at the end the following new paragraph:
- 8 "(3) Treatment of interest.—Not with-
- 9 standing paragraphs (1) and (2), beginning on the
- date of enactment of the LOAN Act, interest on a
- loan reissued under subsection (e) shall not be cap-
- italized, and interest shall only accrue on the per-
- centage of such reissued loan that is equal to—
- 14 "(A) the amount of the outstanding prin-
- cipal on the original loan on the date it was re-
- issued; divided by
- 17 "(B) the total amount of such reissued
- loan on the date such loan was reissued.".
- 19 SEC. 302. ELIMINATION OF DISCLOSURE REQUIREMENTS
- 20 RELATING TO CAPITALIZATION.
- 21 (a) Insurance Program Agreements To Qual-
- 22 IFY LOANS FOR INTEREST SUBSIDIES.—Section
- 23 428(b)(1)(Y) of the Higher Education Act of 1965 (20)
- 24 U.S.C. 1078(b)(1)(Y) is amended—

1	(1) in clause (i)(IV), by inserting "and" after
2	the semicolon;
3	(2) in clause (ii), by striking "; and and in-
4	serting a period; and
5	(3) by striking clause (iii).
6	(b) Forbearance.—Section 428(c)(3)(C) of such
7	Act of 1965 (20 U.S.C. 1078(e)(3)(C)) is amended—
8	(1) in clause (ii), by inserting "and" after the
9	semicolon; and
10	(2) by striking clauses (iii) and (iv) and insert-
11	ing the following:
12	"(iii) the lender shall contact the bor-
13	rower not less often than once every 180
14	days during the period of forbearance to
15	inform the borrower of—
16	"(I) the amount of unpaid prin-
17	cipal and the amount of interest that
18	has accrued since the last statement
19	of such amounts provided to the bor-
20	rower by the lender;
21	"(II) the fact that interest will
22	accrue on the loan for the period of
23	forbearance:

1	"(III) the responsibility of the
2	borrower to pay the interest that has
3	accrued; and
4	"(IV) the borrower's option to
5	discontinue the forbearance at any
6	time; and".
7	(c) Required Disclosure Before Disburse-
8	MENT.—Section 433(a) of the Higher Education Act of
9	1965 (20 U.S.C. 1083(a)) is amended—
10	(1) by amending paragraph (6) to read as fol-
11	lows:
12	"(6) for loans made under section 428H or to
13	a student borrower under section 428B, an expla-
14	nation that the borrower has the option to pay the
15	interest that accrues on the loan while the borrower
16	is a student at an institution of higher education;";
17	and
18	(2) in paragraph (7)—
19	(A) in subparagraph (A), by inserting
20	"and" after the semicolon;
21	(B) by striking subparagraph (B); and
22	(C) by redesignating subparagraph (C) as
23	subparagraph (B).
24	(d) Required Disclosure Before Repayment.—
25	Section 433(b)(3) of the Higher Education Act of 1965

- 1 (20 U.S.C. 1083(b)(3)) is amended by striking "(includ-
- 2 ing, if applicable, the estimated amount of interest to be
- 3 capitalized)".
- 4 (e) Special Disclosure Rules on PLUS Loans
- 5 AND UNSUBSIDIZED LOANS.—Section 433(d) of the High-
- 6 er Education Act of 1965 (20 U.S.C. 1083(d)) is amend-
- 7 ed—
- 8 (1) in the matter preceding paragraph (1)—
- 9 (A) by striking "resulting from capitaliza-
- tion of interest"; and
- 11 (B) by striking "borrower of—" and in-
- serting "borrower of paying the interest as the
- interest accrues."; and
- 14 (2) by striking paragraphs (1) and (2).
- 15 (f) Disclosure Required Prior to Perkins Re-
- 16 PAYMENT.—Section 463A(b)(3) of the Higher Education
- 17 Act of 1965 (20 U.S.C. 1087cc-1(b)(3)) is amended by
- 18 striking "(including, if applicable, the estimated amount
- 19 of interest to be capitalized)".
- 20 (g) Departmental Publication of Descrip-
- 21 Tions of Assistance Programs.—Section 485(d)(1) of
- 22 the Higher Education Act of 1965 (20 U.S.C. 1092(d)(1))
- 23 is amended by striking ", including the increase in debt
- 24 that results from capitalization of interest".

1	(h) Information To Be Provided During En-
2	TRANCE COUNSELING FOR BORROWERS.—Section
3	485(l)(2)(C) of the Higher Education Act of $1965$ (20
4	U.S.C. 1092(l)(2)) is amended by striking "and is capital-
5	ized".
6	TITLE IV—INTEREST RATES
7	SEC. 401. INTEREST RATE PROVISIONS FOR NEW FEDERAL
8	STUDENT LOANS ON OR AFTER JULY 1, 2023.
9	Section 455(b) of the Higher Education Act of 1965
10	(20 U.S.C. 1087e(b)) is amended—
11	(1) in paragraph (8)—
12	(A) in the paragraph heading, by inserting
13	"AND BEFORE JULY 1, 2023"; and
14	(B) by inserting "and before July 1,
15	2023," after "July 1, 2013," each place it ap-
16	pears;
17	(2) by redesignating paragraphs (9) and (10)
18	as paragraphs (10) and (11), respectively; and
19	(3) by inserting after paragraph (8) the fol-
20	lowing new paragraph:
21	"(9) Interest rate provisions for New
22	LOANS ON OR AFTER JULY 1, 2023.—
23	"(A) RATE FOR FDSL, FDUSL, AND PLUS
24	LOANS.—Notwithstanding the preceding para-
25	graphs of this subsection, for Federal Direct

1	Stafford Loans, Federal Direct Unsubsidized
2	Stafford Loans, and Federal Direct PLUS
3	Loans, for which the first disbursement is made
4	on or after July 1, 2023, the applicable rate of
5	interest shall, for loans disbursed during any
6	12-month period beginning on July 1 and end-
7	ing on June 30, be determined on the preceding
8	June 1 and be equal to the lesser of—
9	"(i) a rate equal to the high yield of
10	the 10-year Treasury note auctioned at the
11	final auction held prior to such June 1; or
12	"(ii) 5.0 percent.
13	"(B) Consolidation Loans.—Notwith-
14	standing the preceding paragraphs of this sub-
15	section, any Federal Direct Consolidation Loan
16	for which the application is received on or after
17	July 1, 2023, shall—
18	"(i) bear interest at an annual rate on
19	the unpaid principal balance of the loan
20	that is equal to the lesser of—
21	"(I) the weighted average of the
22	interest rates on the loans consoli-
23	dated, rounded to the nearest higher
24	one-eighth of one percent; or
25	"(II) $5.0$ percent; and

1	"(ii) only accrue interest on the per-
2	centage of such Federal Direct Consolida-
3	tion Loan that is equal to—
4	"(I) the amount of the sum of
5	the unpaid principal on the loans con-
6	solidated; divided by
7	"(II) the total amount of such
8	Federal Direct Consolidation Loan.
9	"(C) Consultation.—The Secretary shall
10	determine the applicable rate of interest under
11	this paragraph after consultation with the Sec-
12	retary of the Treasury and shall publish such
13	rate in the Federal Register as soon as prac-
14	ticable after the date of determination.
15	"(D) FIXED RATE.—The applicable rate of
16	interest determined under this paragraph for a
17	Federal Direct Stafford Loan, a Federal Direct
18	Unsubsidized Stafford Loan, a Federal Direct
19	PLUS Loan, or a Federal Direct Consolidation
20	Loan shall be fixed for the period of the loan.".
21	SEC. 402. REFINANCING FFEL AND FEDERAL DIRECT
22	LOANS.
23	Part D of title IV of the Higher Education Act of
24	1965 (20 U.S.C. 1087a et seq.) is amended by adding at
25	the end the following:

## 1 "SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT

2 LOANS.

- 3 "(a) In General.—The Secretary shall establish a
- 4 program under which the Secretary, upon the receipt of
- 5 an application from a qualified borrower, makes a loan
- 6 under this part, in accordance with the provisions of this
- 7 section, in order to permit the borrower to obtain the in-
- 8 terest rate provided under subsection (c).
  - "(b) Refinancing Direct Loans.—
- 10 "(1) Federal Direct Loans.—Upon applica-
- tion of a qualified borrower, the Secretary shall
- repay a Federal Direct Stafford Loan, a Federal Di-
- 13 rect Unsubsidized Stafford Loan, a Federal Direct
- 14 PLUS Loan, or a Federal Direct Consolidation
- Loan of the qualified borrower, for which the first
- disbursement was made, or the application for the
- 17 consolidation loan was received, before July 1, 2023,
- with the proceeds of a refinanced Federal Direct
- 19 Stafford Loan, a Federal Direct Unsubsidized Staf-
- ford Loan, a Federal Direct PLUS Loan, or a Fed-
- 21 eral Direct Consolidation Loan, respectively, issued
- 22 to the borrower in an amount equal to the sum of
- 23 the unpaid principal, accrued unpaid interest, and
- late charges of the original loan.
- 25 "(2) Refinancing ffel program loans as
- 26 REFINANCED FEDERAL DIRECT LOANS.—Upon ap-

1	plication of a qualified borrower for any loan that
2	was made, insured, or guaranteed under part B and
3	for which the first disbursement was made, or the
4	application for the consolidation loan was received,
5	before July 1, 2010, the Secretary shall make a loan
6	under this part, in an amount equal to the sum of
7	the unpaid principal, accrued unpaid interest, and
8	late charges of the original loan to the borrower in
9	accordance with the following:
10	"(A) The Secretary shall pay the proceeds
11	of such loan to the eligible lender of the loan
12	made, insured, or guaranteed under part B, in
13	order to discharge the borrower from any re-
14	maining obligation to the lender with respect to
15	the original loan.
16	"(B) A loan made under this section that
17	was originally—
18	"(i) a loan originally made, insured,
19	or guaranteed under section 428 shall be a
20	Federal Direct Stafford Loan;
21	"(ii) a loan originally made, insured,
22	or guaranteed under section 428B shall be
23	a Federal Direct PLUS Loan;
24	"(iii) a loan originally made, insured,
25	or guaranteed under section 428H shall be

1	a Federal Direct Unsubsidized Stafford
2	Loan; and
3	"(iv) a loan originally made, insured,
4	or guaranteed under section 428C shall be
5	a Federal Direct Consolidation Loan.
6	"(C) The interest rate for each loan made
7	by the Secretary under this paragraph shall be
8	the rate provided under subsection (c).
9	"(c) Interest Rates.—
10	"(1) In general.—The interest rate for the
11	refinanced Federal Direct Stafford Loans, Federal
12	Direct Unsubsidized Stafford Loans, Federal Direct
13	PLUS Loans, and Federal Direct Consolidation
14	Loans, shall be a rate equal to—
15	"(A) in any case where the original loan
16	was a loan under section 428, 428B, 428H, a
17	Federal Direct Stafford loan, a Federal Direct
18	Unsubsidized Stafford Loan, or a Federal Di-
19	rect PLUS Loan, a rate equal to the interest
20	rate determined under section 455(b)(9)(A) for
21	the date on which the refinanced loan is made;
22	and
23	"(B) in any case where the original loan
24	was a loan under section 428C or a Federal Di-

1	rect Consolidation Loan, a rate calculated in ac-
2	cordance with paragraph (2).
3	"(2) Interest rates for consolidation
4	LOANS.—
5	"(A) METHOD OF CALCULATION.—In
6	order to determine the interest rate for any re-
7	financed Federal Direct Consolidation Loan
8	under paragraph (1)(B), the Secretary shall—
9	"(i) determine each of the component
10	loans that were originally consolidated in
11	the loan under section 428C or the Federal
12	Direct Consolidation Loan, and calculate
13	the proportion of the unpaid principal bal-
14	ance of the loan under section 428C or the
15	Federal Direct Consolidation Loan that
16	each component loan represents;
17	"(ii) use the proportions determined
18	in accordance with clause (i) and the inter-
19	est rate applicable for each component
20	loan, as determined under subparagraph
21	(B), to calculate the weighted average of
22	the interest rates on the loans consolidated
23	into the loan under section 428C or the
24	Federal Direct Consolidation Loan; and

1	"(iii) make the applicable interest rate
2	for the refinanced Federal Direct Consoli-
3	dation Loan the lesser of—
4	"(I) the weighted average cal-
5	culated under clause (ii); or
6	"(II) 5.0 percent.
7	"(B) Interest rates for component
8	LOANS.—The interest rates for the component
9	loans of a loan made under section 428C or a
10	Federal Direct Consolidation Loan shall be the
11	following:
12	"(i) The interest rate for any loan
13	under section 428, 428B, 428H, Federal
14	Direct Stafford Loan, Federal Direct Un-
15	subsidized Stafford Loan, or Federal Di-
16	rect PLUS Loan shall be a rate equal to
17	the lesser of—
18	"(I) the interest rate determined
19	under section 455(b)(9)(A) for the
20	date on which the component loan is
21	made; or
22	"(II) the original interest rate of
23	the component loan.
24	"(ii) The interest rate for any compo-
25	nent loan that is a loan under section

1	428C or a Federal Direct Consolidation
2	Loan shall be the lesser of—
3	"(I) the weighted average of the
4	interest rates that would apply under
5	this subparagraph for each loan com-
6	prising the component consolidation
7	loan; or
8	"(II) 5 percent.
9	"(iii) The interest rate for any eligible
10	loan that is a component of a loan made
11	under section 428C or a Federal Direct
12	Consolidation Loan and is not described in
13	clauses (i) or (ii) shall be the lesser of—
14	"(I) the interest rate on the
15	original component loan; or
16	"(II) 5 percent.
17	"(3) FIXED RATE.—The applicable rate of in-
18	terest determined under paragraph (1) for a refi-
19	nanced loan under this section shall be fixed for the
20	period of the loan.
21	"(4) Capitalized interest and fees ex-
22	CLUDED.—With respect to a refinanced loan under
23	this section, interest shall only accrue on the per-
24	centage of such refinanced loan that is equal to—

1	"(A) the amount of the unpaid principal of
2	the original loan, or in the case of a refinanced
3	Federal Direct Consolidation Loan, the sum of
4	the unpaid principal of all the component loans,
5	comprising the refinanced loan; divided by
6	"(B) the total amount of such refinanced
7	loan.
8	"(d) Terms and Conditions of Loans.—
9	"(1) In general.—A loan that is refinanced
10	under this section shall have the same terms and
11	conditions as the original loan, except as otherwise
12	provided in this section.
13	"(2) No automatic extension of repay-
14	MENT PERIOD.—Refinancing a loan under this sec-
15	tion shall not result in the extension of the duration
16	of the repayment period of the loan, and the bor-
17	rower shall retain the same repayment term that
18	was in effect on the original loan. Nothing in this
19	paragraph shall be construed to prevent a borrower
20	from electing a different repayment plan at any time
21	in accordance with section $455(d)(4)$ .
22	"(e) Definition of Qualified Borrower.—For
23	purposes of this section, the term 'qualified borrower'
24	means a borrower—

1	"(1) of a loan under this part or part B for
2	which the first disbursement was made, or the appli-
3	cation for a consolidation loan was received, before
4	July 1, 2023; and
5	"(2) who has one or more loans described in
6	paragraph (1) or (2) of subsection (b) with an inter-
7	est rate that exceeds 5 percent.
8	"(f) Notification to Borrowers.—The Secretary,
9	in coordination with the Director of the Bureau of Con-
10	sumer Financial Protection, shall undertake a campaign
11	to alert borrowers of loans that are eligible for refinancing
12	under this section that the borrowers are eligible to apply
13	for such refinancing. The campaign shall include the fol-
14	lowing activities:
15	"(1) Developing consumer information mate-
16	rials about the availability of Federal student loan
17	refinancing.
18	"(2) Requiring servicers of loans under this
19	part or part B to provide such consumer information
20	to borrowers in a manner determined appropriate by
21	the Secretary, in consultation with the Director of

the Bureau of Consumer Financial Protection.".

22

1	SEC. 403. REFINANCING PRIVATE STUDENT LOANS.
2	Part D of title IV of the Higher Education Act of
3	1965 (20 U.S.C. 1087a et seq.) is amended by adding at
4	the end the following:
5	"SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN
6	PROGRAM.
7	"(a) Definitions.—In this section:
8	"(1) Eligible private education loan.—
9	The term 'eligible private education loan' means a
10	private education loan, as defined in section 140(a)
11	of the Truth in Lending Act (15 U.S.C. 1650(a)),
12	that—
13	"(A) was disbursed to the borrower before
14	July 1, 2023; and
15	"(B) was for the borrower's own postsec-
16	ondary educational expenses for an eligible pro-
17	gram at an institution of higher education par-
18	ticipating in the loan program under this part,
19	as of the date that the loan was disbursed.
20	"(2) Federal direct refinanced private
21	LOAN.—The term 'Federal Direct Refinanced Pri-
22	vate Loan' means a loan issued under subsection
23	(b)(1).
24	"(3) Private educational lender.—The
25	term 'private educational lender' has the meaning

1	given the term in section 140(a) of the Truth in
2	Lending Act (15 U.S.C. 1650(a)).
3	"(4) QUALIFIED BORROWER.—The term 'quali-
4	fied borrower' means an individual who—
5	"(A) has an eligible private education loan;
6	"(B) has been current on payments on the
7	eligible private education loan for the 6 months
8	prior to the date of the qualified borrower's ap-
9	plication for refinancing under this section, and
10	is in good standing on the loan at the time of
11	such application;
12	"(C) is not in default on the eligible pri-
13	vate education loan or on any loan made, in-
14	sured, or guaranteed under this part or part B
15	or E; and
16	"(D) meets the eligibility requirements de-
17	scribed in subsection $(b)(2)$ .
18	"(b) Program Authorized.—
19	"(1) In general.—The Secretary, in consulta-
20	tion with the Secretary of the Treasury, shall carry
21	out a program under which the Secretary, upon ap-
22	plication by a qualified borrower who has an eligible
23	private education loan, shall issue such borrower a
24	loan under this part in accordance with the fol-
25	lowing:

- "(A) The loan issued under this program shall be in an amount equal to the sum of the unpaid principal, accrued unpaid interest, and late charges of the private education loan.
  - "(B) The Secretary shall pay the proceeds of the loan issued under this program to the private educational lender of the private education loan, in order to discharge the qualified borrower from any remaining obligation to the lender with respect to the original loan.
  - "(C) The Secretary shall require that the qualified borrower undergo loan counseling that provides all of the relevant information and counseling required under section 485(l)(2) before the loan is refinanced in accordance with this section, and before the proceeds of such loan are paid to the private educational lender.
  - "(D) The Secretary shall issue the loan as a Federal Direct Refinanced Private Loan, which shall have the same terms, conditions, and benefits as a Federal Direct Unsubsidized Stafford Loan, except as otherwise provided in this section.

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1	"(E) The interest rate for each loan made
2	by the Secretary under this section shall be the
3	rate provided under subsection (c).
4	"(2) Borrower eligibility.—The Secretary,
5	in consultation with the Secretary of the Treasury
6	and the Director of the Consumer Financial Protec-
7	tion Bureau, shall establish eligibility require-
8	ments—
9	"(A) to ensure eligibility only for borrowers
10	in good standing;
11	"(B) to minimize inequities between Fed-
12	eral Direct Refinanced Private Loans and other
13	Federal student loans;
14	"(C) to preclude windfall profits for pri-
15	vate educational lenders; and
16	"(D) 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 subparagraph
20	(A).
21	"(c) Interest Rate.—
22	"(1) In general.—The interest rate for a
23	Federal Direct Refinanced Private Loan is a rate
24	equal to the interest rate determined under section

- 1 455(b)(9)(A) for the date on which the refinanced 2 private loan is made.
- 3 "(2) FIXED RATE.—The interest rate deter-4 mined under this subsection for a Federal Direct 5 Refinanced Private Loan shall be fixed for the pe-6 riod of the loan.
- 7 "(3) Capitalized interest and fees ex-8 Cluded.—With respect to a Federal Direct Refi-9 nanced Private Loan under this section, interest 10 shall only accrue on the percentage of such Refi-11 nanced Private Loan that is equal to—
- "(A) the amount of the unpaid principal of the original loan comprising the Refinanced Private Loan on the date such original loan was refinanced; divided by
- "(B) the total amount of such RefinancedPrivate Loan.
- "(d) No Inclusion in Aggregate Limits.—The amount of a Federal Direct Refinanced Private Loan, or a Federal Direct Consolidated Loan to the extent such loan was used to repay a Federal Direct Refinanced Private Loan, shall not be included in calculating a borrower's annual or aggregate loan limits under section 428

1	"(e) No Eligibility for Service-Related Re-
2	PAYMENT.—A Federal Direct Refinanced Private Loan, or
3	any Federal Direct Consolidation Loan to the extent such
4	loan was used to repay a Federal Direct Refinanced Pri-
5	vate Loan, shall not be eligible for any loan repayment
6	or loan forgiveness program under section 428K, 428L,
7	or 460 or for the loan cancellation repayment plan for
8	public service employees under section 455(m).
9	"(f) Private Educational Lender Reporting
10	REQUIREMENT.—
11	"(1) Reporting required.—The Secretary,
12	in consultation with the Secretary of the Treasury
13	and the Director of the Bureau of Consumer Finan-
14	cial Protection, shall establish a requirement that, in
15	order to allow for an assessment of the private edu-
16	cation loan market, private educational lenders re-
17	port the data described in paragraph (2) to—
18	"(A) the Secretary;
19	"(B) the Secretary of the Treasury;
20	"(C) the Director of the Consumer Finan-
21	cial Protection Bureau;
22	"(D) the Committee on Education and
23	Labor of the House of Representatives;
24	"(E) the Committee on Financial Services
25	of the House of Representatives:

1	"(F) the Senate Committee on Health,
2	Education, Labor, and Pensions; and
3	"(G) the Senate Committee on Banking,
4	Housing, and Urban Affairs.
5	"(2) Contents of Reporting.—The data
6	that private educational lenders shall report in ac-
7	cordance with paragraph (1) shall include each of
8	the following about private education loans (as de-
9	fined in section 140(a) of the Truth in Lending Act
10	(15 U.S.C. 1650(a))):
11	"(A) The total amount of private education
12	loan debt the lender holds.
13	"(B) The total number of private edu-
14	cation loan borrowers the lender serves.
15	"(C) The average interest rate on the out-
16	standing private education loan debt held by the
17	lender.
18	"(D) The proportion of private education
19	loan borrowers who are in default on a loan
20	held by the lender.
21	"(E) The proportion of the outstanding
22	private education loan volume held by the lend-
23	ar that is in default

1	"(F) The proportions of outstanding pri-
2	vate education loan borrowers who are 30, 60,
3	and 90 days delinquent.
4	"(G) The proportions of outstanding pri-
5	vate education loan volume that is 30, 60, and
6	90 days delinquent.
7	"(g) Notification to Borrowers.—The Sec-
8	retary, in coordination with the Secretary of the Treasury
9	and the Director of the Consumer Financial Protection
10	Bureau, shall undertake a campaign to alert borrowers
11	about the availability of private student loan refinancing
12	under this section.".

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