

117TH CONGRESS  
1ST SESSION

# S. 821

To amend the Higher Education Act of 1965 to establish a simplified income-driven repayment plan, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 18, 2021

Mr. BURR (for himself and Mr. KING) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To amend the Higher Education Act of 1965 to establish a simplified income-driven repayment plan, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Repay Act of 2021”.

5 **SEC. 2. SIMPLIFIED INCOME-DRIVEN REPAYMENT PLAN.**

6 Part G of title IV of the Higher Education Act of  
7 1965 (20 U.S.C. 1088 et seq.) is amended by inserting  
8 after section 493D the following:

1 **“SEC. 493E. SIMPLIFIED INCOME-DRIVEN REPAYMENT**  
2 **PLAN.**

3 “(a) DEFINITIONS.—In this section:

4 “(1) COVERED FEDERAL DIRECT LOAN.—The  
5 term ‘covered Federal Direct Loan’ means a Federal  
6 Direct Stafford Loan, a Federal Direct Unsubsidized  
7 Stafford Loan, a Federal Direct Consolidation Loan  
8 (other than a Federal Direct Consolidation Loan  
9 whose proceeds were used to discharge the liability  
10 of a Federal Direct PLUS loan made on behalf of  
11 a dependent student or a loan under section 428B  
12 made on behalf of a dependent student), or a Fed-  
13 eral Direct PLUS Loan (other than a Federal Di-  
14 rect PLUS Loan made on behalf of a dependent stu-  
15 dent) made under part D.

16 “(2) DISCRETIONARY INCOME.—The term ‘dis-  
17 cretionary income’ means the amount by which a  
18 borrower’s (and the borrower’s spouse, if applicable)  
19 annual adjusted gross income exceeds 150 percent of  
20 the poverty line applicable to the borrower’s family  
21 size.

22 “(3) DISCRETIONARY INCOME BEND POINT.—  
23 The term ‘discretionary income bend point’ means  
24 \$25,000, adjusted annually for inflation as deter-  
25 mined by the Consumer Price Index (as such term

1 is defined in section 478(f) for the previous cal-  
 2 endar year.

3 “(4) INCOME-DRIVEN CALCULATION.—

4 “(A) IN GENERAL.—The term ‘income-  
 5 driven calculation’, when used with respect to a  
 6 borrower, means the annual amount due on the  
 7 total amount of covered Federal Direct Loans,  
 8 which annual amount is equivalent to—

9 “(i) 10 percent of the borrower’s dis-  
 10 cretionary income that is less than the dis-  
 11 cretionary income bend point, plus

12 “(ii) 15 percent of the borrower’s dis-  
 13 cretionary income that is equal to or great-  
 14 er than the discretionary income bend  
 15 point.

16 “(B) ANNUAL CALCULATION.—The cal-  
 17 culation under subparagraph (A) shall be deter-  
 18 mined on an annual basis for the duration of  
 19 the repayment period described in subsection  
 20 (b).

21 “(5) NEW BORROWER.—The term ‘new bor-  
 22 rower’ means a borrower who—

23 “(A) as of July 1, 2022, has no out-  
 24 standing balance on a student loan made, in-  
 25 sured, or guaranteed under part B or D; or

1           “(B) has no outstanding balance on a stu-  
2           dent loan made, insured, or guaranteed under  
3           part B or D on the date the borrower receives  
4           a loan made under part D on or after July 1,  
5           2022.

6           “(b) SIMPLIFIED INCOME-DRIVEN REPAYMENT  
7           PLAN AUTHORIZED.—

8           “(1) IN GENERAL.—The Secretary shall carry  
9           out a simplified income-driven repayment program  
10          for new borrowers that meets the following require-  
11          ments:

12                  “(A) A new borrower of any covered Fed-  
13                  eral Direct Loan may elect to have the bor-  
14                  rower’s aggregate monthly payment for all such  
15                  loans equal to the income-driven calculation, di-  
16                  vided by 12.

17                  “(B) The holder of such a loan shall apply  
18                  the borrower’s monthly payment under this sub-  
19                  section first toward interest due on the loan,  
20                  next toward any fees due on the loan, and then  
21                  toward the principal of the loan.

22                  “(C) Any interest due and not paid under  
23                  subparagraph (B)—

24                          “(i) shall, on Federal Direct Stafford  
25                          Loans, be paid by the Secretary for a pe-

1           riod of not more than 3 years after the  
2           date of the borrower’s election under sub-  
3           paragraph (A), except that such period  
4           shall not include any period during which  
5           the borrower is in deferment due to an eco-  
6           nomic hardship described in section  
7           435(o); and

8                   “(ii) shall be capitalized—

9                           “(I) in the case of a Federal Di-  
10                           rect Stafford Loan, subject to clause  
11                           (i)—

12                                   “(aa) at the time the bor-  
13                                   rower ends the election to make  
14                                   simplified income-driven repay-  
15                                   ment under this subsection; or

16                                   “(bb) at the time the bor-  
17                                   rower’s monthly payment calcula-  
18                                   tion under subparagraph (A) ex-  
19                                   ceeds the monthly payment cal-  
20                                   culation under the fixed repay-  
21                                   ment plan, based on a 10-year  
22                                   repayment period, when the bor-  
23                                   rower first made the election  
24                                   under subparagraph (A); and

1                   “(II) in the case of a Federal Di-  
2                   rect Unsubsidized Stafford Loan—

3                   “(aa) at the time the bor-  
4                   rower ends the election to make  
5                   simplified income-driven repay-  
6                   ment under this subsection; or

7                   “(bb) at the time the bor-  
8                   rower’s monthly payment calcula-  
9                   tion under subparagraph (A) ex-  
10                  ceeds the monthly payment cal-  
11                  culation under the fixed repay-  
12                  ment plan, based on a 10-year  
13                  repayment period, when the bor-  
14                  rower first made the election  
15                  under subparagraph (A).

16                  “(D) Any principal due and not paid under  
17                  subparagraph (B) shall be deferred.

18                  “(E) The amount of time a new borrower  
19                  shall make monthly payments under subpara-  
20                  graph (A) may exceed 10 years.

21                  “(F) If the borrower no longer wishes to  
22                  continue the election under this subsection,  
23                  then—

24                  “(i) the maximum monthly payment  
25                  required to be paid for all covered Federal

1 Direct Loans shall be equal to the monthly  
2 amount calculated under section  
3 428(b)(9)(A)(i) or 455(d)(1)(A), based on  
4 a 10-year repayment period, when the bor-  
5 rower first made the election described in  
6 this subsection; and

7 “(ii) the amount of time the borrower  
8 is permitted to repay such loans may ex-  
9 ceed 10 years.

10 “(G) The Secretary shall cancel the out-  
11 standing balance of principal and interest due  
12 for a new borrower whose balance of principal  
13 of covered Federal Direct Loans did not exceed  
14 \$57,500 on the date the borrower’s repayment  
15 period began, or whose balance of principal of  
16 covered Federal Direct Loans did not exceed  
17 the maximum aggregate amount of loans an  
18 independent undergraduate student could bor-  
19 row, pursuant to section 428H(d)(4)(B), on the  
20 date the borrower’s final covered Federal Direct  
21 Loan was disbursed, whichever amount is great-  
22 er, if the borrower—

23 “(i) at any time, elected to participate  
24 under subparagraph (A); and

25 “(ii) for 20 years—

1                   “(I) made monthly payments  
2                   pursuant to subparagraph (A); or

3                   “(II) was in deferment due to an  
4                   economic hardship described in sec-  
5                   tion 435(o).

6                   “(H) The Secretary shall cancel the out-  
7                   standing balance of principal and interest due  
8                   for a new borrower whose balance of principal  
9                   of covered Federal Direct Loans exceeded  
10                  \$57,500 on the date the borrower’s repayment  
11                  period began, or whose balance of principal of  
12                  covered Federal Direct Loans exceeded the  
13                  maximum aggregate amount of loans an inde-  
14                  pendent undergraduate student could borrow,  
15                  pursuant to section 428H(d)(4)(B), on the date  
16                  the borrower’s final covered Federal Direct  
17                  Loan was disbursed, whichever amount is great-  
18                  er, if the borrower—

19                         “(i) at any time, elected to participate  
20                         under subparagraph (A); and

21                         “(ii) for 25 years—

22                                 “(I) made monthly payments  
23                                 pursuant to subparagraph (A); or



1                   “(II) was in deferment due to an  
2                   economic hardship described in sec-  
3                   tion 435(o).

4                   “(I) A borrower may elect to discontinue  
5                   repayment pursuant to this subsection, at any  
6                   time, and enter into repayment pursuant to sec-  
7                   tion 455(d)(2)(A).

8                   “(2) MONTHLY PAYMENTS.—Only monthly pay-  
9                   ments made pursuant to paragraph (1)(A) shall be  
10                  considered eligible payments toward the forgiveness  
11                  of outstanding loan principal and interest under sub-  
12                  paragraphs (G) and (H) of paragraph (1).

13                  “(c) ELIGIBILITY DETERMINATIONS.—The Secretary  
14                  shall annually determine a borrower’s eligibility for the  
15                  simplified income-driven repayment plan under this sec-  
16                  tion through—

17                  “(1) verification of a borrower’s annual ad-  
18                  justed gross income;

19                  “(2) the annual amount due on the total  
20                  amount of covered Federal Direct Loans; and

21                  “(3) such other procedures as are necessary to  
22                  effectively implement the simplified income-driven  
23                  repayment plan under this section.

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

1 files a separate Federal income tax return, the Secretary  
2 shall calculate the borrower's income-driven calculation on  
3 the basis of the borrower's total amount due on covered  
4 Federal Direct Loans and the married couple's combined  
5 adjusted gross income. In the case of a married couple  
6 in which both individuals repay their loans under this sec-  
7 tion, the Secretary shall calculate each borrower's income-  
8 driven calculation on the basis of each borrower's total  
9 amount due on covered Federal Direct Loans and the  
10 married couple's combined adjusted gross income divided  
11 by 2.

12 “(e) ANNUAL INCOME VERIFICATION.—

13 “(1) IN GENERAL.—A borrower who elects to  
14 participate in the simplified income-driven repay-  
15 ment plan under this section shall submit to the Sec-  
16 retary, on an annual basis, verification of the bor-  
17 rower's annual adjusted gross income.

18 “(2) CONSEQUENCE OF FAILURE TO SUBMIT.—

19 With respect to a borrower who fails to submit to  
20 the Secretary verification of the borrower's annual  
21 adjusted gross income as required under paragraph  
22 (1), any monthly payments made during the period  
23 the borrower is in violation of the requirement of  
24 paragraph (1) shall not be considered eligible pay-  
25 ments toward the forgiveness of outstanding loan

1 principal and interest under subparagraphs (G) and  
2 (H) of subsection (b)(1).”.

3 **SEC. 3. STREAMLINING REPAYMENT PLANS FOR NEW BOR-**  
4 **ROWERS.**

5 Section 455 of the Higher Education Act of 1965 (20  
6 U.S.C. 1087e) is amended—

7 (1) by striking subsection (d) and inserting the  
8 following:

9 “(d) REPAYMENT PLANS.—

10 “(1) DESIGN AND SELECTION FOR BORROWERS  
11 BEFORE JULY 1, 2022.—With respect to a borrower  
12 of a loan made under this part before July 1, 2022,  
13 and consistent with criteria established by the Sec-  
14 retary, the Secretary shall offer such borrower a va-  
15 riety of plans for repayment of such loan, including  
16 principal and interest on the loan. The borrower  
17 shall be entitled to accelerate, without penalty, re-  
18 payment on the borrower’s loans under this part.  
19 The borrower may choose—

20 “(A) a fixed repayment plan, consistent  
21 with subsection (a)(1) of this section and with  
22 section 428(b)(9)(A)(i);

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

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

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

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

1 PLUS Loan or a loan under section 428B  
2 made on behalf of a dependent student.

3 “(2) DESIGN AND SELECTION FOR NEW BOR-  
4 ROWERS ON OR AFTER JULY 1, 2022.—The Secretary  
5 shall offer a borrower of a loan made under this part  
6 on or after July 1, 2022, the following plans for re-  
7 payment of such loan, including principal and inter-  
8 est on the loan. The borrower shall be entitled to ac-  
9 celerate, without penalty, repayment on the bor-  
10 rower’s loans under this part. The borrower may  
11 choose—

12 “(A) a fixed repayment plan, consistent  
13 with subsection (a)(1) of this section and with  
14 section 428(b)(9)(A)(i); or

15 “(B) a simplified income-driven repayment  
16 plan, consistent with section 493E, except the  
17 plan described in this subparagraph shall not be  
18 available to a borrower of a Federal Direct  
19 PLUS Loan made on behalf of a dependent  
20 student, a Federal Direct Consolidation Loan,  
21 if the proceeds of such loan were used to dis-  
22 charge the liability on such Federal Direct  
23 PLUS Loan or a loan under section 428B  
24 made on behalf of a dependent student.

1           “(3) BORROWER NON-SELECTION.—If a bor-  
2           rower of a loan made under this part does not select  
3           a repayment plan described in paragraph (1) or (2),  
4           the Secretary may provide the borrower with a re-  
5           payment plan described in subparagraph (A), (B), or  
6           (C) of paragraph (1) for borrowers before July 1,  
7           2022, or a repayment plan described in paragraph  
8           (2)(A) for new borrowers on or after July 1, 2022.

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

16          “(5) ALTERNATIVE REPAYMENT PLANS.—The  
17          Secretary may provide, on a case-by-case basis, an  
18          alternative repayment plan to a borrower of a loan  
19          made under this part on or after July 1, 2022, who  
20          demonstrates to the satisfaction of the Secretary  
21          that the terms and conditions of the repayment  
22          plans available under paragraph (2) are not ade-  
23          quate to accommodate the borrower’s exceptional  
24          circumstances. Upon request, the Secretary shall  
25          make available for such borrower’s repayment plans

1 described in subparagraphs (B) and (C) of para-  
2 graph (1). In designing such alternative repayment  
3 plans, the Secretary shall ensure that such plans do  
4 not exceed the cost to the Federal Government, as  
5 determined on the basis of the present value of fu-  
6 ture payments by such borrowers, of loans made  
7 using the plans available under paragraph (2).

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

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

14 “(B) if such loan was made—

15 “(i) to any borrower who, before July  
16 1, 2022, had an outstanding balance on a  
17 student loan made, insured, or guaranteed  
18 under this part or part B, may require the  
19 borrower to repay the loan pursuant to an  
20 income contingent repayment plan, as de-  
21 scribed in paragraph (1)(D), or an income-  
22 based repayment plan, as described in  
23 paragraph (1)(E); or

24 “(ii) to a new borrower (as defined in  
25 section 493E(a)(5)), may provide the bor-

1           rower the option to enroll in the repayment  
2           plan described in paragraph (2)(B).

3           “(7) APPLICABILITY PROVISION.—

4           “(A) IN GENERAL.—Except as provided in  
5           paragraph (5) and subparagraph (B), the re-  
6           payment plans under subparagraphs (B), (C),  
7           (D), and (E) of paragraph (1) are not available  
8           for a borrower who received the borrower’s first  
9           disbursement of a Federal Direct Loan on or  
10          after July 1, 2022.

11          “(B) EXCEPTION.—The repayment plans  
12          available to a borrower of a Federal Direct  
13          PLUS Loan made on behalf of a dependent  
14          student or a Federal Direct Consolidation Loan  
15          whose proceeds were used to discharge the li-  
16          ability of a Federal Direct PLUS Loan made  
17          on behalf of a dependent student or a loan  
18          under section 428B made on behalf of a de-  
19          pendent student on or after July 1, 2022, shall  
20          be those described under subparagraphs (A),  
21          (B), and (C) of paragraph (1).”; and  
22          (2) in subsection (m)—

23                 (A) in paragraph (1)—



1 (i) in the paragraph heading, by strik-  
2 ing “IN GENERAL” and inserting “BOR-  
3 ROWERS BEFORE JULY 1, 2022”; and

4 (ii) in the matter preceding subpara-  
5 graph (A), by striking “The Secretary”  
6 and inserting “Except as provided in para-  
7 graph (5), the Secretary”;

8 (B) in paragraph (2), by inserting “or (5)”  
9 after “paragraph (1)”; and

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

11 “(5) SIMPLIFIED INCOME-DRIVEN REPAYMENT  
12 FOR NEW BORROWERS ON OR AFTER JULY 1, 2022.—

13 “(A) IN GENERAL.—With respect to an eli-  
14 gible Federal Direct Loan not in default made  
15 under this part on or after July 1, 2022, the  
16 Secretary shall cancel the balance of interest  
17 and principal due, after the conclusion of the  
18 employment period described in paragraph  
19 clause (iv), as of the time of such cancellation,  
20 on any such loan for a borrower who—

21 “(i) as of July 1, 2022, had no out-  
22 standing balance on a student loan made,  
23 insured, or guaranteed under this part or  
24 part B or had no outstanding balance on  
25 a student loan made, insured, or guaran-

1           teed under this part or part B on the date  
2           the borrower received the loan made under  
3           this part on or after July 1, 2022;

4           “(ii) has made 120 monthly payments  
5           on the eligible Federal Direct Loan under  
6           a simplified income-driven repayment plan  
7           under subsection (d)(2)(B);

8           “(iii) is employed in a public service  
9           job at the time of such forgiveness; and

10           “(iv) has been employed in a public  
11           service job during the period in which the  
12           borrower makes each of the 120 payments  
13           described in clause (ii).

14           “(B) ANNUAL INCOME VERIFICATION.—  
15           With respect to a borrower who fails to submit  
16           to the Secretary verification of the borrower’s  
17           annual adjusted gross income as required under  
18           section 493E(e), any monthly payments made  
19           during the period the borrower is in violation of  
20           such requirement shall not be considered eligi-  
21           ble payments under subparagraph (A)(ii) to-  
22           ward the cancellation pursuant to this para-  
23           graph of the balance of interest and principal  
24           due on the borrower’s loan.”.

1 **SEC. 4. FIXED REPAYMENT PLAN.**

2 The Higher Education Act of 1965 (20 U.S.C. 1001  
3 et seq.) is amended—

4 (1) in section 153(a)(1)(B)(iii)(V), by striking  
5 “standard repayment plan” and inserting “fixed re-  
6 payment plan”;

7 (2) in section 428(b)(9)(A)(i), by striking  
8 “standard repayment plan” and inserting “fixed re-  
9 payment plan”;

10 (3) in section 433(b)(7)(B), by striking “stand-  
11 ard repayment plan” and inserting “fixed repayment  
12 plan”;

13 (4) in section 455—

14 (A) in subsection (e)(7)(B)(iv), by striking  
15 “standard repayment plan” and inserting  
16 “fixed repayment plan”; and

17 (B) in subsection (m)(1)(A)(ii), by striking  
18 “standard repayment plan” and inserting  
19 “fixed repayment plan”; and

20 (5) in section 493C—

21 (A) in subsection (a)(3)(A), by striking  
22 “standard repayment plan” and inserting  
23 “fixed repayment plan”; and

24 (B) in subsection (b)—

1 (i) in paragraph (7)(B)(iii), by strik-  
2 ing “standard repayment plan” and insert-  
3 ing “fixed repayment plan”; and

4 (ii) in paragraph (8), by striking  
5 “standard repayment plan” and inserting  
6 “fixed repayment plan”.

7 **SEC. 5. NOTIFICATION TO BORROWERS ABOUT REPAYMENT**

8 **OPTIONS AND ALTERNATIVES TO DEFAULT.**

9 Not later than 1 year after the date of enactment  
10 of this Act, the Secretary of Education shall require  
11 servicers of loans made, insured, or guaranteed under part  
12 B or D of title IV of the Higher Education Act of 1965  
13 (20 U.S.C. 1071 et seq. and 1087a et seq.) to—

14 (1) notify borrowers, in writing and through  
15 electronic format, about all repayment options for  
16 which the borrower may qualify;

17 (2) provide borrowers, in writing and through  
18 electronic format, information about alternative re-  
19 payment plans, including the borrower’s estimated  
20 monthly payment, expected number of years to  
21 repay, expected amount of loan forgiveness, expected  
22 total loan forgiveness, and expected total principal  
23 and interest paid, associated with each repayment  
24 plan in a format that permits the borrower to com-

1       pare the current repayment plan with alternative re-  
2       payment plans; and

3               (3) offer to enroll such borrowers in alternative  
4       plans, if eligible.

5 **SEC. 6. GAO STUDY ON IMPROVING ENROLLMENT AND**  
6                   **VERIFICATION ASSOCIATED WITH INCOME-**  
7                   **DRIVEN REPAYMENT.**

8       Not later than 2 years after the date of enactment  
9       of this Act, the Comptroller General of the United States,  
10      in consultation with the Secretary of the Treasury, shall—

11               (1) complete a study that—

12                   (A) examines the feasibility of simplifying  
13                   the process for enrolling in, and verifying an-  
14                   nual eligibility for, the simplified income-driven  
15                   repayment program authorized under the  
16                   amendments made by this Act; and

17                   (B) provides recommendations, including  
18                   those relating to streamlined income and em-  
19                   ployment verification and simplified methods of  
20                   repayment, for efficient administration of in-  
21                   come-based repayment programs, including  
22                   those authorized under the amendments made  
23                   by this Act; and

24               (2) prepare and submit a report to the Com-  
25      mittee on Health, Education, Labor, and Pensions

1 of the Senate and the Committee on Education and  
2 the Workforce of the House of Representatives set-  
3 ting forth the conclusions of the study described in  
4 paragraph (1) in such a manner that the rec-  
5 ommendations included in the report can inform fu-  
6 ture reauthorizations of the Higher Education Act of  
7 1965 (20 U.S.C. 1001 et seq.).

○