H. R. 3102

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

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 2019

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

A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Helping Individuals Get a Higher Education while Reducing Education Debt Act” or the “HIGHER ED Act”.

(b) Table of Contents.—The table of contents of this Act is as follows:
Sec. 1. Short title; table of contents.

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

Sec. 101. Reinstatement of authority to make Federal Direct Stafford Loans to graduate and professional students.
Sec. 102. Discharge student loans in bankruptcy.

TITLE II—REFINANCING PROGRAMS

Sec. 201. Program authority.
Sec. 202. Refinancing program.
Sec. 203. Income-based repayment.

TITLE III—LOAN FORGIVENESS

Sec. 301. Loan forgiveness for adjunct faculty.
Sec. 302. Amendments to the public service loan forgiveness program.
Sec. 303. Transition to improved public service loan forgiveness program.

TITLE IV—INCOME-DRIVEN REPAYMENT PLANS

Sec. 401. Income-based repayment plan.
Sec. 402. Termination of certain repayment plan options.
Sec. 403. Notification and automatic enrollment procedures.
Sec. 404. Automatic recertification of income.
Sec. 405. Study and procedures on determining family size.
Sec. 406. Disclosure of tax return information to carry out certain higher education loan programs.
TITLE I—REINSTATION OF AUTHORITY TO MAKE FEDERAL DIRECT STAFFORD LOANS TO GRADUATE AND PROFESSIONAL STUDENTS; DISCHARGING STUDENT LOANS IN BANKRUPTCY

SEC. 101. REINSTATION OF AUTHORITY TO MAKE FEDERAL DIRECT STAFFORD LOANS TO GRADUATE AND PROFESSIONAL STUDENTS.

(a) Amendments.—Section 455(a)(3) of the Higher Education Act of 1965 (20 U.S.C. 1087e(a)(3)) is amended—

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

(2) in subparagraph (A), in the matter preceding clause (i), by inserting “, and ending on or before June 30, 2019” after “2012”.

(b) Inapplicability of Rulemaking Requirements.—Sections 482(c) and 492 of the Higher Education Act of 1965 (20 U.S.C. 1089(c); 1098a) shall not apply to the regulations under this section.

SEC. 102. DISCHARGE STUDENT LOANS IN BANKRUPTCY.

(a) Exception To Discharge.—Section 523(a) of title 11, United States Code, is amended—
(1) by striking paragraph (8); and

(2) by redesignating paragraphs (9) through (14B) as paragraphs (8) through (14A), respectively.

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

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

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

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

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

(c) EFFECTIVE DATE; APPLICATION OF AMENDMENTS.—

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

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

SEC. 201. PROGRAM AUTHORITY.

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

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

and

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

SEC. 202. REFINANCING PROGRAM.

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

“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT LOANS.

“(a) IN GENERAL.—Beginning not later than 180 days after the date of enactment of the Helping Individuals Get a Higher Education while Reducing Education Debt Act, the Secretary shall establish a program under which the Secretary, upon the receipt of an application from a qualified borrower, makes a loan under this part, in accordance with the provisions of this section, in order to permit the borrower to obtain the interest rate provided under subsection (c).
“(b) Refinancing Direct Loans.—

“(1) Federal direct loans.—Upon application of a qualified borrower, the Secretary shall repay a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, a Federal Direct PLUS Loan, or a Federal Direct Consolidation Loan of the qualified borrower, for which the first disbursement was made, or the application for the consolidation loan was received, before July 1, 2019, with the proceeds of a refinanced Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, a Federal Direct PLUS Loan, or a Federal Direct Consolidation Loan, respectively, issued to the borrower in an amount equal to the sum of the unpaid principal, accrued unpaid interest, and late charges of the original loan.

“(2) Refinancing FFEL Program Loans as Refinanced Federal Direct Loans.—Upon application of a qualified borrower for any loan that was made, insured, or guaranteed under part B and for which the first disbursement was made, or the application for the consolidation loan was received, before July 1, 2010, the Secretary shall make a loan under this part, in an amount equal to the sum of the unpaid principal, accrued unpaid interest, and
late charges of the original loan to the borrower in accordance with the following:

“(A) The Secretary shall pay the proceeds of such loan to the eligible lender of the loan made, insured, or guaranteed under part B, in order to discharge the borrower from any remaining obligation to the lender with respect to the original loan.

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

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

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

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

“(iv) a loan originally made, insured, or guaranteed under section 428C shall be a Federal Direct Consolidation Loan.
“(C) The interest rate for each loan made
by the Secretary under this paragraph shall be
the rate provided under subsection (c).

“(e) INTEREST RATES.—

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

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

“(B) in any case where the original loan
was a loan under section 428 or 428H, a Fed-
eral Direct Stafford Loan, or a Federal Direct
Unsubsidized Stafford Loan, that was issued to
a graduate or professional student, a rate equal
to the rate for Federal Direct Unsubsidized
Stafford Loans issued to graduate or professional students for the 12-month period beginning on July 1, 2016, and ending on June 30, 2017;

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

“(D) in any case where the original loan was a loan under section 428C or a Federal Direct Consolidation Loan, a rate calculated in accordance with paragraph (2).

“(2) INTEREST RATES FOR CONSOLIDATION LOANS.—

“(A) METHOD OF CALCULATION.—In order to determine the interest rate for any refinanced Federal Direct Consolidation Loan under paragraph (1)(D), the Secretary shall—

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

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

“(iii) apply the weighted average calculated under clause (ii) as the interest rate for the refinanced Federal Direct Consolidation Loan.

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

“(i) The interest rate for any loan under section 428 or 428H, Federal Direct Stafford Loan, or Federal Direct Unsubsidized Stafford Loan issued to an under-
graduate student shall be a rate equal to
the lesser of—

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

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

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

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

“(II) the original interest rate of
the component loan.
“(iii) The interest rate for any loan under section 428B or Federal Direct PLUS Loan shall be a rate equal to the lesser of—

“(I) the rate for Federal Direct PLUS Loans for the 12-month period beginning on July 1, 2016, and ending on June 30, 2017; or

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

“(iv) The interest rate for any component loan that is a loan under section 428C or a Federal Direct Consolidation Loan shall be the weighted average of the interest rates that would apply under this subparagraph for each loan comprising the component consolidation loan.

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

“(3) FIXED RATE.—The applicable rate of interest determined under paragraph (1) for a refi-
nanced loan under this section shall be fixed for the
period of the loan.

“(d) Terms and Conditions of Loans.—

“(1) In general.—A loan that is refinanced
under this section shall have the same terms and
conditions as the original loan, except as otherwise
provided in this section.

“(2) No automatic extension of repayment
period.—Refinancing a loan under this sec-
tion shall not result in the extension of the duration
of the repayment period of the loan, and the bor-
rower shall retain the same repayment term that
was in effect on the original loan. Nothing in this
paragraph shall be construed to prevent a borrower
from electing a different repayment plan at any time
in accordance with section 455(d)(3).

“(e) Definition of Qualified Borrower.—

“(1) In general.—For purposes of this sec-
tion, the term ‘qualified borrower’ means a bor-
rower—

“(A) of a loan under this part or part B
for which the first disbursement was made, or
the application for a consolidation loan was re-
ceived, before July 1, 2019; and
“(B) who meets the eligibility requirements based on income or debt-to-income ratio established by the Secretary.

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

“(f) NOTIFICATION TO BORROWERS.—The Secretary, in coordination with the Director of the Bureau of Consumer Financial Protection, shall undertake a campaign to alert borrowers of loans that are eligible for refinancing under this section that the borrowers are eligible to apply for such refinancing. The campaign shall include the following activities:

“(1) Developing consumer information materials about the availability of Federal student loan refinancing.

“(2) Requiring servicers of loans under this part or part B to provide such consumer information to borrowers in a manner determined appropriate by
the Secretary, in consultation with the Director of
the Bureau of Consumer Financial Protection.

“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN
PROGRAM.

“(a) DEFINITIONS.—In this section:

“(1) ELIGIBLE PRIVATE EDUCATION LOAN.—
The term ‘eligible private education loan’ means a
private education loan, as defined in section 140(a)
of the Truth in Lending Act (15 U.S.C. 1650(a)),
that—

“(A) was disbursed to the borrower before
July 1, 2019; and

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

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

“(3) PRIVATE EDUCATIONAL LENDER.—The
term ‘private educational lender’ has the meaning
given the term in section 140(a) of the Truth in
Lending Act (15 U.S.C. 1650(a)).
“(4) QUALIFIED BORROWER.—The term ‘qualified borrower’ means an individual who—

“(A) has an eligible private education loan;

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

“(C) is not in default on the eligible private education loan or on any loan made, insured, or guaranteed under this part or part B or E; and

“(D) meets the eligibility requirements described in subsection (b)(2).

“(b) PROGRAM AUTHORIZED.—

“(1) IN GENERAL.—The Secretary, in consultation with the Secretary of the Treasury, shall carry out a program under which the Secretary, upon application by a qualified borrower who has an eligible private education loan, shall issue such borrower a loan under this part in accordance with the following:

“(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 information and counseling required under clauses (i) through (viii) of section 485(b)(1)(A) 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.

“(2) BORROWER ELIGIBILITY.—Not later than 180 days after the date of enactment of the Helping Individuals Get a Higher Education while Reducing
Education Debt Act, the Secretary, in consultation with the Secretary of the Treasury and the Director of the Bureau of Consumer Financial Protection, shall establish eligibility requirements—

“(A) based on income or debt-to-income ratio that take into consideration providing access to refinancing under this section for borrowers with the greatest financial need;

“(B) to ensure eligibility only for borrowers in good standing;

“(C) to minimize inequities between Federal Direct Refinanced Private Loans and other Federal student loans;

“(D) to preclude windfall profits for private educational lenders; and

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

“(c) Interest Rate.—

“(1) In general.—The interest rate for a Federal Direct Refinanced Private Loan is—

“(A) in the case of a Federal Direct Refinanced Private Loan for a private education
loan originally issued for undergraduate post-
secondary educational expenses, a rate equal to
the rate for Federal Direct Stafford Loans and
Federal Direct Unsubsidized Stafford Loans
issued to undergraduate students for the 12-
month period beginning on July 1, 2016, and
ending on June 30, 2017; and

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

“(2) COMBINED UNDERGRADUATE AND GRAD-
UATE STUDY LOANS.—If a Federal Direct Refi-
nanced Private Loan is for a private education loan
originally issued for both undergraduate and grad-
uate or professional postsecondary educational ex-
penses, the interest rate shall be a rate equal to the
rate for Federal Direct PLUS Loans for the 12-
month period beginning on July 1, 2016, and ending
on June 30, 2017.
“(3) Fixed rate.—The applicable rate of interest determined under this subsection for a Federal Direct Refinanced Private Loan shall be fixed for the period of the 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 or 428H.

“(e) No eligibility for service-related repayment.—Notwithstanding sections 428K(a)(2)(A), 428L(b)(2), 455(m)(3)(A), and 460(b), a Federal Direct Refinanced Private Loan, or any Federal Direct Consolidation Loan to the extent such loan was used to repay a Federal Direct Refinanced Private Loan, shall not be eligible for any loan repayment or loan forgiveness program under section 428K, 428L, or 460 or for the repayment plan for public service employees under section 455(m).

“(f) Private educational lender reporting requirement.—

“(1) Reporting required.—Not later than 180 days after the date of enactment of the Helping
Individuals Get a Higher Education while Reducing Education Debt Act, the Secretary, in consultation with the Secretary of the Treasury and the Director of the Bureau of Consumer Financial Protection, shall establish a requirement that private educational lenders report the data described in paragraph (2) to the Secretary, to Congress, to the Secretary of the Treasury, and to the Director of the Bureau of Consumer Financial Protection, in order to allow for an assessment of the private education loan market.

“(2) CONTENTS OF REPORTING.—The data that private educational lenders shall report in accordance with paragraph (1) shall include each of the following about private education loans (as defined in section 140(a) of the Truth in Lending Act (15 U.S.C. 1650(a))):

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

“(B) The total number of private education loan borrowers the lender serves.

“(C) The average interest rate on the outstanding private education loan debt held by the lender.
“(D) The proportion of private education loan borrowers who are in default on a loan held by the lender.

“(E) The proportion of the outstanding private education loan volume held by the lender that is in default.

“(F) The proportions of outstanding private education loan borrowers who are 30, 60, and 90 days delinquent.

“(G) The proportions of outstanding private education loan volume that is 30, 60, and 90 days delinquent.

“(g) NOTIFICATION TO BORROWERS.—The Secretary, in coordination with the Secretary of the Treasury and the Director of the Bureau of Consumer Financial Protection, shall undertake a campaign to alert borrowers about the availability of private student loan refinancing under this section.”.

SEC. 203. INCOME-BASED REPAYMENT.

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

“(f) SPECIAL RULE FOR REFINANCED LOANS.—

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

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

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

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

TITLE III—LOAN FORGIVENESS

SEC. 301. LOAN FORGIVENESS FOR ADJUNCT FACULTY.

Section 455(m)(3)(B)(ii) of the Higher Education
(1) by striking “teaching as” and inserting the
following: “teaching—

“(I) as”;
(2) by striking ‘‘, foreign language faculty, and part-time faculty at community colleges), as determined by the Secretary.” and inserting ‘‘and foreign language faculty), as determined by the Secretary; or’’; and

(3) by adding at the end the following:

“(II) as a part-time faculty member or instructor who—

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

“(bb) is not employed on a full-time basis by any other employer.”.

SEC. 302. AMENDMENTS TO THE PUBLIC SERVICE LOAN FORGIVENESS PROGRAM.

(a) Public Service Loan Forgiveness.—

(1) In general.—Section 455(m) of the Higher Education Act of 1965 (20 U.S.C. 1087e(m)) is amended to read as follows:
“(m) LOAN Forgiveness for Federal Student Loan Borrowers Employed in Public Service.—

“(1) Definitions.—In this subsection:

“(A) Certification of employment.—The term ‘certification of employment’ means a certification of employment under paragraph (4).

“(B) Full-time.—The term ‘full-time’, when used with respect to employment, means employment—

“(i) with a qualifying employer for not less than 30 hours per week; or

“(ii) with 2 or more qualifying employers for a total of not less than 30 hours per week.

“(C) Qualifying employer.—The term ‘qualifying employer’ means—

“(i) a Federal, State, local, or Tribal government organization or instrumentality, including any organization established in law as a body politic;

“(ii) an organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986, and exempt from tax-
or

“(iii) an organization—

“(I) not described in clause (ii)
that is a not-for-profit organization
under other Federal or State law;

“(II) that is not a labor organi-
zation or partisan political organiza-
tion; and

“(III) whose purpose is to di-
rectly provide any of the following
services, as defined in regulations pro-
mulgated by the Secretary:

“(aa) Emergency manage-
ment and disaster response.

“(bb) Military service.

“(cc) Public safety services,
including fire prevention and
suppression, rescue services, haz-
ardous materials response, ambu-
lance services, and emergency
medical services.

“(dd) Law enforcement.

“(ee) Public health, includ-
ing service through organizations
that employ nurses, nurse practitioners, nurses in a clinical setting, or professionals engaged in health care practitioner occupations and health care support occupations, as such terms are defined by the Bureau of Labor Statistics.

“(ff) Public education, including the provision of educational enrichment or support directly to students or their families, employment with a Tribal College or University (as defined in section 316(b)), and employment as an adjunct faculty member or instructor for an educational institution.

“(gg) Public interest law services, including prosecution or public defense or legal advocacy on behalf of low-income communities at a not-for-profit organization.
“(hh) Early childhood education, including licensed or regulated childcare, Head Start programs, and State funded pre-kindergarten.

“(ii) Public service for individuals with disabilities.

“(jj) Public service for the elderly.

“(kk) Public and school-based library sciences.

“(ll) School-based services, including the provision of non-educational enrichment or support directly to students or their families.

“(mm) Social work, including child or family services.

“(D) QUALIFYING MONTHLY PAYMENT OB-LIGATION.—The term ‘qualifying monthly payment obligation’ means a monthly payment obligation due on a loan under the repayment plan of the borrower—
“(i) that was satisfied by the borrower through a payment made after October 1, 2007; and
“(ii) attributable to a period during which the borrower was employed full-time by a qualifying employer.

“(E) LOAN MADE UNDER THIS PART.—
The term ‘loan made under this part’ includes a Federal Direct Stafford Loan, Federal Direct PLUS Loan, Federal Direct Unsubsidized Stafford Loan, or Federal Direct Consolidation Loan refinanced under section 460A.

“(2) IN GENERAL.—Beginning on July 1, 2019, the Secretary shall forgive the applicable percentage described in paragraph (3) of the balance of principal and interest due on a loan made under this part for a borrower who has satisfied 60 or 120 qualifying monthly payment obligations on a loan made under this part and submitted any certification of employment required under this subsection.

“(3) LOAN FORGIVENESS AFTER 60 PAYMENT OBLIGATIONS AND 120 PAYMENT OBLIGATIONS.—
The applicable percentages under this paragraph shall be—
“(A) in the case of a borrower who satisfies 60 qualifying monthly payment obligations on a loan made under this part that is not in default (as defined in section 435), 50 percent of the total amount of the balance of principal and interest due on such loan as of the date of the loan forgiveness; and

“(B) in the case of a borrower who satisfies 120 qualifying monthly payment obligations on a loan made under this part that is not in default, 100 percent of the balance of principal and interest due on such loan as of the date of the loan forgiveness.

“(4) CERTIFICATION OF EMPLOYMENT REQUIREMENTS.—

“(A) IN GENERAL.—In order to receive loan forgiveness under this subsection, a borrower of a loan made under this part shall submit to the Secretary a certification of employment.

“(B) CONTENT OF CERTIFICATION.—The Secretary shall—

“(i) develop, and make easily accessible, the certification of employment; and
“(ii) ensure that the method of certification—

“(I) allows for the employer to indicate and certify the dates of the borrower’s employment; and

“(II) provides electronic signature options for the employer and for the borrower.

“(C) BORROWER ACCESS.—The Secretary shall ensure that a borrower may submit a certification of employment to the Secretary electronically through any information system through which the Secretary permits borrowers to take self-service actions with respect to their loans.

“(D) EXCEPTION FOR SELF-CERTIFICATION.—The Secretary shall provide a self-certification option for the certification of employment for borrowers who have extenuating circumstances preventing the borrowers from obtaining the qualifying employer signature and certification required under subparagraph (B)(ii), as determined by the Secretary pursuant to rulemaking and including situations
where an employer is no longer in existence or refuses to cooperate.

“(E) PERIODIC REVIEW OF CERTIFICATION OF EMPLOYMENT.—For each borrower of a loan made under this part who has submitted a certification of employment, the Secretary shall—

“(i) by not later than 30 days after receipt of the certification of employment—

“(I) review the certification of employment and determine the number of qualifying monthly payment obligations satisfied on the loan during the period of employment covered by the certification of employment;

“(II) inform the borrower of the number of qualifying monthly payment obligations satisfied; and

“(III) inform the borrower of the number of remaining qualifying monthly payment obligations to be satisfied in order for the borrower to receive partial loan forgiveness under paragraph (3)(A), and such number
needed to receive full loan forgiveness
under paragraph (3)(B); and
“(ii) periodically, but not less than
twice annually, notify the borrower, using
the most recent calculation of qualifying
monthly payment obligations, of—
“(I) the number of qualifying
monthly payment obligations satisfied,
as of the date of the notice;
“(II) the number of remaining
qualifying monthly payment obliga-
tions to be satisfied in order for the
borrower to receive partial loan for-
giveness under paragraph (3)(A), and
such number needed to receive full
loan forgiveness under paragraph
(3)(B);
“(III) any steps the borrower can
take to convert non-qualifying month-
ly payment obligations into qualifying
monthly payment obligations, includ-
ing the options to provide payments to
satisfy monthly payment obligations
for past public service under para-
graph (5)(C); and
“(IV) the dispute resolution process for the Secretary’s determination of qualifying monthly payment obligations, as described in paragraph (7).

“(5) Qualifying Monthly Payment Obligations.—

“(A) In General.—For purposes of this subsection, the number of qualifying monthly payment obligations satisfied on a loan is the number of monthly payments, during the period of employment and based on the repayment plan selected by the borrower for such period, that would be satisfied based on applying the total amount of payments made by the borrower on the loan at any time during such period.

“(B) Adjustment of Payment Obligation Status.—

“(i) Hold Harmless Against Retroactive Determinations.—If the Secretary has classified a payment obligation satisfied by a borrower of a loan made under this part as a qualifying monthly payment obligation and later determines that the payment obligation does not qual-
ify, the Secretary shall deem the payment obligation to be a qualifying monthly payment obligation to be counted for purposes of paragraph (2).

“(ii) **Explanation of Non-Qualifying Payment Obligation Determinations.**—If the Secretary determines that payments made by a borrower of a loan made under this part for a period of full-time employment with a qualifying employer cannot be applied toward the total number of qualifying monthly payment obligations for purposes of paragraph (2), the Secretary shall provide a borrower with an explanation and allow the borrower to correct the reason for such determination, to the extent possible. Such borrower remediation shall include, at a minimum, providing a borrower with the opportunity to reimburse the Secretary for any underpayment.

“(C) **Satisfying Previously Non-Qualifying Monthly Payment Obligations.**—

“(i) **In General.**—A borrower of a loan made under this part who has a pe-
period during which the borrower was employed full-time with a qualifying employer but did not satisfy one or more qualifying monthly payment obligations during such period, such as a borrower who was in deferment or forbearance, may satisfy one or more monthly payment obligations of that period at a later date by paying the additional amount needed to satisfy the qualifying monthly payment obligation, in accordance with a process established by the Secretary.

“(ii) Determination Process.—The amount of past monthly payment obligations satisfied by a payment under this subparagraph for a period of employment shall be determined using the amount of the borrower’s monthly payment, based on any repayment plan, as selected by the borrower, that could have been selected by the borrower during such period. The Secretary may require a borrower wishing to satisfy past monthly payment obligations under this subparagraph to submit any ad-
ditional information necessary to calculate
the amount of the past payments.

“(iii) LIMIT.—A borrower may not
satisfy more than 36 past monthly pay-
ment obligations under this subparagraph.

“(D) OVERPAYMENT.—In a case in which
the dispute resolution process under paragraph
(8) delays the date on which a borrower would
have received full loan forgiveness under para-
graph (3)(B), the Secretary shall refund the
borrower the amount of any qualifying monthly
payment obligation the borrower makes in ex-
cess of 120 qualifying payment obligations dur-
ing such process.

“(6) SPECIAL RULES RELATING TO FEDERAL
DIRECT CONSOLIDATION LOANS.—

“(A) REVIEW OF ANY NEW CONSOLIDA-
TION LOAN APPLICATION.—

“(i) PUBLIC SERVICE LOAN FORGIVE-
NESS OPTION ON CONSOLIDATION APPLICA-
TION.—Beginning on July 1, 2019, the
Secretary shall include, in any application
for a Federal Direct Consolidation Loan,
the option for the borrower to indicate that
the borrower is consolidating for the pur-
pose of using the public service loan forgiveness program under this subsection.

“(ii) REVIEW.—Beginning on July 1, 2019, the Secretary shall, after issuing any Federal Direct Consolidation Loan to a borrower who indicated an interest in the public service loan forgiveness program on the loan application—

“(I) request that the borrower submit a certification of employment; and

“(II) after receiving a complete certification of employment, review the borrower’s past payments on all component loans comprising the Federal Direct Consolidation Loan and inform the borrower—

“(aa) of the number of monthly payment obligations satisfied by the borrower before the date of consolidation that are qualifying monthly payment obligations, in accordance with subparagraph (B); or
“(bb) if no payment obligations are satisfied, that the borrower will not receive any credit towards public service loan forgiveness under this subsection for the Federal Direct Consolidation Loan.

“(B) QUALIFYING PAYMENT OBLIGATIONS ON ALL COMPONENT LOANS AND LOAN TYPES THROUGH CONSOLIDATION.—In the case of a borrower of one or more loans eligible for consolidation, including loans made under part B, who applies for, and receives, a Federal Direct Consolidation Loan, the Secretary shall request the borrower submit a certification of employment for any qualifying employment and, after receiving the certification of employment, shall—

“(i) review the borrower’s payment history on each of the component loans comprising the Federal Direct Consolidation Loan, including each loan made under part B; and

“(ii) for each component loan—
“(I) calculate the weighted factor of the component loan, which shall be the factor that represents the ratio between the amount of the component loan and the amount of the Federal Direct Consolidation Loan, as determined by the Secretary;

“(II) determine the number of equivalent monthly payment obligations toward the Federal Direct Consolidation Loan satisfied on the component loan by multiplying the weighted factor for the component loan by the number of qualifying monthly payment obligations that the borrower satisfied on the component loan; and

“(III) after rounding the number determined under subclause (II) to the nearest whole number, deem that number of equivalent monthly payment obligations to be qualifying monthly payment obligations on the Federal Direct Consolidation Loan.

“(C) APPLICABILITY OF BORROWER PROTECTIONS AND RIGHTS.—A borrower of one or
more loans eligible for consolidation, including
loans made under part B, who applies for and
receives a Federal Direct Consolidation Loan
shall receive all the protections and rights pro-
vided under subparagraphs (B) and (C) of
paragraph (5) for the loan, and for any compo-
nent loan, in the same manner as provided to
any other borrower of a loan made under this
part.

“(D) TREATMENT OF CERTAIN CONSOLI-
DATION LOAN PAYMENTS.—In a case in which
a borrower makes a qualifying monthly pay-
ment obligation for purposes of paragraph (2)
on a Federal Direct Consolidation Loan that
was used to repay a Federal Direct Stafford
Loan, Federal Direct PLUS Loan, Federal Di-
rect Unsubsidized Stafford Loan, or Federal
Direct Consolidation Loan refinanced under
section 460A for which at least one qualifying
monthly payment obligation for such purposes
has been made prior to the consolidation, the
qualifying monthly payment obligation on such
Federal Direct Consolidation Loan shall be
treated as a qualifying monthly payment obliga-
tion for purposes of paragraph (2) on such Fed-
eral Direct Stafford Loan, Federal Direct PLUS Loan, Federal Direct Unsubsidized Stafford Loan, or Federal Direct Consolidation Loan.

“(7) NOTICE OF QUALIFYING PAYMENT OBLIGATIONS.—

“(A) INITIAL NOTICE.—Upon receiving any verbal or written contact by a borrower on or after July 1, 2019, expressing interest in the public service loan forgiveness program under this subsection, the Secretary, or an eligible lender or guaranty agency under part B, shall provide the borrower, by not later than 30 days after the contract, with a notice that—

“(i) explains the requirements of the program, including whether the borrower needs to consolidate some or all of the borrower’s loans to receive forgiveness under this subsection;

“(ii) includes a copy of, or a link to, information about the certification of employment process described in paragraph (4);

“(iii) includes an estimate of the qualifying monthly payment obligations
that would be satisfied by the borrower based on the borrower’s payment history, as of the date of notice, if the borrower was a full-time employee of a qualifying employer and met the requirements of paragraph (2); and

“(iv) includes an estimate of the number of remaining qualifying monthly payment obligations to be satisfied in order for the borrower to receive partial loan forgiveness under paragraph (3)(A), and such number needed to receive full loan forgiveness under paragraph (3)(B).

“(B) SUBSEQUENT NOTICES.—After providing an initial notice under subparagraph (A), the Secretary, or an eligible lender or guaranty agency under part B, shall annually provide the borrower with a notice containing the information described in such subparagraph for each subsequent year that the borrower has an outstanding loan, unless the borrower receives notices under paragraph (4)(E)(ii) or requests that the notices be discontinued.

“(8) DISPUTE RESOLUTION PROCESS.—By not later than July 1, 2019, the Secretary shall establish
a process for borrowers to dispute the calculation of qualifying monthly payment obligations, or the determination of full or partial loan forgiveness under paragraph (2), following the submission of a certification of employment or application for forgiveness or any successor certification or application.

“(9) **Special rules for section 460A loans.**—

“(A) **Refinanced federal direct loans.**—Notwithstanding paragraph (2), in determining the number of monthly payments that meet the requirements of such paragraph for an eligible Federal Direct Loan refinanced under section 460A that was originally a loan under this part, the Secretary shall include all monthly payments made on the original loan that meet the requirements of such paragraph.

“(B) **Refinanced FFEL loans.**—In the case of an eligible Federal Direct Loan refinanced under section 460A that was originally a loan under part B, only monthly payments made after the date on which the loan was refinanced may be included for purposes of paragraph (2).

“(10) **Ineligibility.**—
“(A) No double benefits.—No borrower may, for the same service, receive a reduction of loan obligations under both this subsection and section 428J, 428K, 428L, or 460.

“(B) Federal elected service excluded.—No borrower may receive loan forgiveness under this subsection for service as a Member of Congress or President or Vice President of the United States.”.

(2) FFEL Program Amendments.—Part B of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.) is amended—

(A) in section 428 (20 U.S.C. 1078), by adding at the end the following:

“(p) Repayment History Information and Public Service Loan Forgiveness Information.—A guaranty agency shall—

“(1) provide, in a timely manner, any necessary borrower repayment history information that the Secretary requests in order to determine the borrower’s eligibility for the public service loan forgiveness program under section 455(m), or the number of qualifying monthly payment obligations satisfied for purposes of the program, including such infor-
mation from all servicers involved in servicing the
borrower’s loan; and

“(2) carry out the requirements of section
455(m)(7) upon receiving any verbal or written con-
tact by a borrower on or after July 1, 2019, express-
ing interest in the public service loan forgiveness
program under section 455(m).”; and

(B) in section 433 (20 U.S.C. 1083)—

(i) by redesignating subsection (f) as
subsection (g); and

(ii) by inserting after subsection (e)
the following:

“(f) REPAYMENT HISTORY INFORMATION.—An eligi-
ble lender shall—

“(1) provide, in a timely manner, any necessary
borrower repayment history information that the
Secretary requests in order to determine the bor-
rower’s eligibility for the public service loan forgive-
ness program under section 455(m), or the number
of qualifying monthly payment obligations satisfied
for purposes of the public service loan forgiveness
program under section 455(m), including such infor-
mation from all servicers involved in servicing the
borrower’s loan; and
“(2) carry out the requirements of section 455(m)(7) upon receiving any verbal or written contact by a borrower on or after July 1, 2019, expressing interest in the public service loan forgiveness program under section 455(m).”.

(b) Notification to Direct Loan Borrowers Regarding All Options for Loan Forgiveness.—

Section 455 of the Higher Education Act of 1965 (20 U.S.C. 1087e) is amended by adding at the end the following:

“(r) Annual Notice Regarding Loan Forgiveness Options.—

“(1) In General.—The Secretary shall annually provide a written or electronic disclosure to each borrower of a loan under this part—

“(A) notifying the borrower—

“(i) of any loan forgiveness option available under this title that might apply to a loan under this part held by the borrower, including the public service loan forgiveness program under subsection (m); and

“(ii) in the case of a borrower who is a full-time employee of a Federal agency and has not expressed interest in or sub-
mitted a certification of employment for the public service loan forgiveness program—

“(I) that the borrower is employed by a qualifying employer;

“(II) the number of payment obligations satisfied by the borrower that the Secretary has determined could be qualifying monthly payment obligations on eligible Federal Direct Loan for purposes of the public service loan forgiveness program; and

“(III) the steps necessary for the borrower to submit a certification of employment and to obtain forgiveness under subsection (m)(2);

“(B) informing the borrower that the loan forgiveness options described in subparagraph (A) are provided free of charge; and

“(C) including, for each loan forgiveness option, information regarding how the borrower should proceed, including contact information, if the borrower wishes to pursue such loan forgiveness option.
“(2) Exclusions.—Notwithstanding paragraph (1), the Secretary shall not provide a notification under this subsection to a borrower of a loan under this part if—

“(A) the borrower is also receiving a notification under subsection (m)(7); or

“(B) the borrower has requested that the Secretary no longer provide the notifications under this subsection.”.

(c) Effective Date.—The amendments made by this section shall take effect on July 1, 2019.

SEC. 303. TRANSITION TO IMPROVED PUBLIC SERVICE LOAN FORGIVENESS PROGRAM.

(a) Review of Borrowers Currently Participating in Public Service Loan Forgiveness.—

(1) Calculating the Number of Qualifying Payment Obligations for Current Public Service Loan Forgiveness Program Participants.—By not later than July 1, 2019, the Secretary shall, for each borrower that has submitted a certification of employment under the public service loan forgiveness program under section 455(m) of the Higher Education Act of 1965 (20 U.S.C. 1087e) before July 1, 2019—
(A) calculate the number of qualifying payment obligations under such section satisfied by the borrower, using the criteria of such section as in effect on July 1, 2019; and

(B) inform the borrower of the changes in the public service loan forgiveness program and the number of qualifying payment obligations that the borrower will have satisfied for purposes of the program, beginning on July 1, 2019.

(2) **Retroactive Partial Loan Forgiveness.**—By not later than July 1, 2019, the Secretary shall take such steps as are necessary to provide partial loan forgiveness under section 455(m)(3)(A)(i) of the Higher Education Act of 1965 (20 U.S.C. 1087e(m)(3)(A)(i)), as in effect on such date, to borrowers with outstanding balance of principal and interest on a loan made under this part who met the criteria for partial loan forgiveness under such section, as in effect on July 1, 2019, before such date but on or after October 1, 2007.

(3) **Applicability of Other Provisions.**—In carrying out paragraphs (1) and (2), and in any other case where the Secretary is applying the loan forgiveness provisions of section 455(m) of the High-
er Education Act of 1965 (20 U.S.C. 1087e(m)), as in effect on July 1, 2019, to a borrower for whom one or more payment obligations were satisfied before July 1, 2019, the Secretary shall determine the number of payment obligations satisfied by applying all of the provisions of such section as in effect on July 1, 2019, including the calculation of payment obligations under section 455(m)(5) of such Act and the inclusion of payment obligations satisfied through the component loans of a Federal Direct Consolidation Loan under section 455(m)(6), without regard as to the date on which the payment obligation was satisfied.

(b) SPECIAL PSLF PROGRAM FUNDS.—

(1) DEFINITION OF SPECIAL PSLF PROGRAM FUNDS.—In this section, the term “special PSLF program funds” means the amounts appropriated for public service loan forgiveness under section 315 of division H of the Consolidated Appropriations Act, 2018 (Public Law 115–141; March 23, 2018) or under section 313 of division B of the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (Public Law 115–245; September 28, 2018).
(2) **Rescission.**—Upon the effective date described in section 2(c), all special PSLF program funds that remain unexpended on such date shall be rescinded.

(3) **Transition.**—The Secretary of Education shall establish a process through which the Secretary shall—

(A) review the applications of borrowers who applied for the loan forgiveness program carried out with special PSLF program funds but had not received loan forgiveness through such program before July 1, 2019; and

(B) assist such borrowers in pursuing loan forgiveness under section 455(m) of the Higher Education Act of 1965 (20 U.S.C. 1087e(m)), as in effect on July 1, 2019.

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

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

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

(1) in subsection (b)—

(A) in paragraph (8), by striking “and” after the semicolon;
(B) in paragraph (9), by striking the per-
period at the end and inserting “; and”; and

(C) by adding at the end the following:

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

(2) by adding at the end the following:

“(f) INCOME-BASED REPAYMENT FOR NEW LOANS
ON AND AFTER JULY 1, 2019, AND FOR BORROWERS
WHO ENTER IBR AFTER JULY 1, 2019.—

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

“(A) with respect to any loan issued on or
after July 1, 2019, if such borrower elects the
income-based repayment plan for that loan; and

“(B) with respect to any borrower who is
repaying a loan made, insured, or guaranteed
under part B or D, if such borrower elects to
repay the loan under the income-based repay-
ment plan on or after July 1, 2019.
“(2) SPECIAL TERMS.—Notwithstanding any other provision of this section, with respect to a loan described under paragraph (1), the following terms shall apply to the income-based repayment plan:

“(A)(i) Notwithstanding subsection (a)(3)(B), the repayment amount under this subsection shall be an amount equal to 10 percent of the result obtained by calculating, on at least an annual basis, the amount by which—

“(I) the borrower’s, and the borrower’s spouse (if applicable), adjusted gross income; exceeds

“(II) the applicable percentage of the poverty line in accordance with clause (ii) that is applicable to the borrower’s family size as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

“(ii) For purposes of clause (i), the term ‘applicable percentage’ means 150 percent reduced by 1 percentage point for each $1,000 by which the borrower’s adjusted gross income exceeds $100,000.

“(B) A borrower may elect—
“(i) during any period during which the borrower’s (and the borrower’s spouse, if applicable) adjusted gross income is equal to or less than 225 percent of the poverty line applicable to the borrower’s family size as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), to have the borrower’s aggregate monthly payment for all such loans equal to $0; and

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

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

“(II) the monthly amount calculated under section 455(d)(1)(A), based on a 10-year repayment period, when the borrower first made the election described in this subsection.
“(C) With respect to any loan for which payments may be made under subparagraph (B), be paid, or be treated as if no interest has accrued, by the Secretary—

“(i) for any period described in subparagraph (B)(i); and

“(ii) for the 6-month period after the date the borrower ceases to carry at least one-half the normal full-time academic workload at an institution of higher education, as determined by the institution, and during which the borrower is not earning any income.

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

“(E) A borrower of such a loan shall not be required to have a partial financial hardship and may elect, and remain enrolled in, the income-based repayment plan under this subsection regardless of income level.

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

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

“(3) ADDITIONAL SPECIAL TERMS FOR CERTAIN BORROWERS.—A borrower described in paragraph (1)(B)—

“(A) may choose to retain the repayment plan in which the borrower is enrolled on June 30, 2019;

“(B) may elect to—

“(i) leave the repayment plan described in subparagraph (A) and enter the income-based repayment plan under this subsection;

“(ii) leave the repayment plan described in subparagraph (A) and enter a standard 10-year repayment plan under section 455(d)(A)(A); or

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

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

“(D) shall retain, for purposes of repayment or cancellation of any outstanding balance of principal and interest due on a loan (as described in subsection (b)(7)) any years of repayment under another income-based or income-contingent repayment plan under this title.

“(4) CAP ON INTEREST ACCRUAL.—Notwithstanding any other provision of this Act, the total amount of interest that accrues during a borrower’s grace period and the time that a borrower is in repayment under this subsection shall not exceed 50 percent of the original principal amount of the loan.”.

SEC. 402. TERMINATION OF CERTAIN REPAYMENT PLAN OPTIONS.

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

(1) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 2019.
(2) REGULATIONS.—Before the effective date described in paragraph (1), the Secretary of Education shall carry out a plan to end all eligibility for repayment plans other than a standard repayment plan under section 428(b)(9)(A)(i) or 455(d)(1)(A) with a repayment period of 10 years and an income-based repayment plan described under section 493C(f) for loans made under part B or D of title IV of the Higher Education Act of 1965, unless the borrower is enrolled in another repayment plan before such effective date, in accordance with the amendments made by this Act.

(b) CHANGES TO CURRENT LAW.—

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

(A) in paragraph (1)—

(i) in subparagraph (D)—

(I) in clause (ii), by striking “may annually change the selection of a repayment plan under this part,” and inserting “may at any time after July 1, 2019, and not more frequently than once per calendar year thereafter, change the selection of a repayment plan under this part to one of
the 2 repayment plans described in paragraph (9)(C),”; and

(II) in clause (iii), by striking “be subject to income-contingent repayment in accordance with subsection (m);” and inserting “be subject to income-based repayment in accordance with section 493C(f);”; and

(ii) in subparagraph (E)(i), by striking “the option of repaying the loan in accordance with a standard, graduated, income-sensitive, or extended repayment schedule (as described in paragraph (9)) established by the lender in accordance with regulations of the Secretary; and” and inserting “the option of repaying the loan in accordance with a repayment plan described in paragraph (9)(C) established by the lender in accordance with regulations of the Secretary; and”; and

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

“(C) SELECTION OF REPAYMENT PLANS ON AND AFTER JULY 1, 2019.—
“(i) Opportunity to change repayment plans.—Notwithstanding any other provision of this paragraph, or any other provision of law, and in accordance with regulations, beginning on July 1, 2019, the lender shall offer a borrower of a loan made, insured, or guaranteed under this part the opportunity to change repayment plans not more than once per calendar year, and to enroll in one of the following repayment plans:

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

“(II) The income-based repayment plan under section 493C(f).”;

(2) in section 455(d)—

(A) by redesignating paragraphs (2) through (5) as paragraphs (3) through (6), respectively; and

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

“(2) Design and selection on and after July 1, 2019.—
“(A) IN GENERAL.—Notwithstanding paragraph (1), for the borrower of a loan made on or after July 1, 2019, and for other borrowers subject to paragraph (7), the Secretary shall offer a borrower of a loan made under this part 2 plans for repayment of such loan, including principal and interest on the loan. The borrower shall be entitled to accelerate, without penalty, repayment on the borrower’s loans under this part. The borrower may choose—

“(i) a standard repayment plan under section 455(d)(1)(A) with a repayment period of 10 years; or

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

“(B) SELECTION BY THE SECRETARY.—If a borrower of a loan made under this part on or after July 1, 2019, does not select a repayment plan described in subparagraph (A), the Secretary may provide the borrower with a standard repayment plan under section 455(d)(1)(A) with a repayment period of 10 years.

“(C) CHANGES IN SELECTIONS.—Beginning on July 1, 2019, a borrower of a loan
made under this part may change the bor-
rower’s selection of a repayment plan in accord-
ance with paragraph (7) and under such terms
and conditions as may be established by the
Secretary.

“(D) BORROWER IN DEFAULT.—Beginning
on July 1, 2019, the Secretary may require any
borrower who has defaulted on a loan made
under this part to—

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

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

(3) by adding at the end the following:

“(7) BORROWERS OF LOANS MADE BEFORE
JULY 1, 2019.—A borrower who is in repayment on
a loan made under part B or part D before July 1,
2019—

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

“(B) may elect to—

“(i) enter the income-based repayment
plan under section 493C(f);
“(ii) enter a standard repayment plan under section 455(d)(1)(A) with a repayment period of 10 years; or

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

“(C) after electing to leave a repayment plan other than an income-based repayment plan described under this subsection or a standard repayment plan under section 455(d)(1)(A), shall not be permitted to re-elect a repayment plan that is not an income-based repayment plan under this subsection or a standard repayment plan under section 455(d)(1)(A); and

“(D) shall retain, for purposes of repayment or cancellation of any outstanding balance of principal and interest due on a loan (as described in section 493C(b)(7)) any years of repayment under another income-based or income-contingent repayment plan under this title.”.

SEC. 403. NOTIFICATION AND AUTOMATIC ENROLLMENT PROCEDURES.

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

“(8) Notification and automatic enrollment procedures for borrowers who are delinquent on loans.—

“(A) Authority to obtain income information.—

“(i) In general.—In the case of any borrower who is at least 60 days delinquent on a covered loan, the Secretary may obtain such information as is reasonably necessary regarding the income and family size of the borrower (and the borrower’s spouse, if applicable).

“(ii) Availability of returns and return information.—Returns and return information (as defined in section 6103 of the Internal Revenue Code of 1986) may be obtained under this subparagraph only to the extent authorized by section 6103(l)(13) of such Code.

“(B) Borrower notification.—With respect to each borrower of a covered loan who is at least 60 days delinquent on such loan and who has not been subject to the procedures
under this paragraph for such loan in the pre-
ceding 120 days, the Secretary shall, as soon as
practicable after such 60-day delinquency, pro-
vide to the borrower the following:

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

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

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

“(iv) The amount of monthly pay-
ments for the covered and noncovered
loans under the repayment plans for which
the borrower is eligible, based on informa-
tion available to the Secretary, including, if
the income information of the borrower is
available to the Secretary under subparagraph (A)—

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

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

“(v) An explanation that in the case of a borrower for whom adjusted gross income is unavailable—

“(I) if the borrower selects to repay the covered loans of such borrower pursuant to an income-driven repayment plan that defines discretionary income in such a manner that an individual not required under section 6012(a)(1) of the Internal Revenue Code of 1986 to file a return with respect to income taxes imposed by subtitle A of such Code may have
a calculated monthly payment greater than $0, the borrower will be required to provide the Secretary with other documentation of income satisfactory to the Secretary, which documentation the Secretary may use to determine an appropriate repayment schedule; and

“(II) if the borrower selects to repay such loans pursuant to an income-driven repayment plan that is not described in subclause (I), the borrower will not be required to provide the Secretary with such other documentation of income, and the borrower will have a calculated monthly payment of $0.

“(vi) An explanation that the Secretary shall take the actions under subparagraph (C) with respect to such borrower, if—

“(I) the borrower is 120 days delinquent on one or more covered loans

and has not selected a new repayment
plan for the covered loans of the borrower;

“(II) in the case of such a borrower whose repayment plan for the covered loans of the borrower is not an income-driven repayment plan, the monthly payments under such repayment plan are higher than such monthly payments would be under an income-driven repayment plan for such loans.

“(vii) Instructions on updating the information of the borrower obtained under subparagraph (A).

“(C) SECRETARY’S INITIAL SELECTION OF PLAN.—With respect to each borrower described in subparagraph (B) who has a repayment plan for the covered loans of the borrower that meets the requirements of clause (vi)(II) of subparagraph (B) and has not selected a new repayment plan for such loans in accordance with the notice received under such subparagraph, and who is at least 120 days delinquent on such a loan, the Secretary shall, as soon as practicable—
“(i) in a case in which any of the borrower’s covered loans are eligible for an income-driven repayment plan—

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

“(bb) if more than one income-driven repayment plan would offer the borrower the same lowest monthly payment amount, provide the borrower with the income-driven repayment plan that has the most favorable terms for the borrower;

“(II) if the plan selected under subclause (I) is not the income-driven repayment plan that would have the lowest monthly payment amount if the borrower were eligible for such plan for the borrower’s covered loans and noncovered loans, notify the borrower of the actions, if any, the borrower
may take to become eligible for such
income-driven repayment plan; and

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

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

“(D) Secretary’s additional selec-
tion of plan.—

“(i) In general.—With respect to
each borrower of a covered loan who se-
lects a new repayment plan in accordance
with the notice received under subpara-
graph (B) and who continues to be delin-
quent on such loan for a period described
in clause (ii), the Secretary shall, as soon
as practicable after such period, carry out
the procedures described in clauses (i) and
(ii) of subparagraph (C) for the covered
loans of the borrower, if such procedures would result in lower monthly repayment amounts on such loan.

“(ii) Description of Period.—The duration of the period described in clause (i) shall be the amount of time that the Secretary determines is sufficient to indicate that the borrower may benefit from repaying such loan under a new repayment plan, but in no case shall such period be less than 60 days.

“(E) Opt-Out.—A borrower of a covered loan shall have the right to opt-out of the procedures under this paragraph.

“(9) Definitions.—In this subsection:

“(A) Covered Loan.—The term ‘covered loan’ means—

“(i) a loan made under this part;

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

“(iii) a loan that has been assigned to the Secretary under section 428(c)(8) or part E.
“(B) INCOME-DRIVEN REPAYMENT PLAN.—The term ‘income-driven repayment plan’ means—

“(i) in the case of a covered loan made under this part, purchased under section 459A, or assigned to the Secretary before July 1, 2019, a plan described in subparagraph (D) or (E) of paragraph (1); and

“(ii) in the case of a covered loan made under this part, purchased under section 459A, or assigned to the Secretary before July 1, 2019, the income-based repayment plan under section 493C(f).

“(C) NONCOVERED LOAN.—The term ‘noncovered loan’ means a loan made, insured, or guaranteed under this title that is not a covered loan.”.

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

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

(c) EFFECTIVE DATE; APPLICATION.—

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

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

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

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

SEC. 404. AUTOMATIC RECERTIFICATION OF INCOME.

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

(1) in paragraph (3)—
(A) by striking “does not reasonably reflect the borrower’s current income” and inserting “whose income has decreased relative to the adjusted gross income available to the Secretary”; and

(B) by inserting “, consistent with the procedures established under paragraph (8)(B)(iv)” before the period at the end; and

(2) by adding at the end the following:

“(8) AUTOMATIC RECERTIFICATION.—

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

“(B) IN GENERAL.—Beginning as soon as the Secretary determines practicable after the Secretary finalizes the procedures under section 405 of the Helping Individuals Get a Higher Education while Reducing Education Debt Act, but not later than 2 years after the date of enactment of such Act, the Secretary shall establish and implement, with respect to any borrower described in subparagraph (C), procedures to—

“(i) obtain (for each year of repayment and without further action by
borrower) such information as is reasonably necessary regarding the income of such borrower (and the borrower’s spouse, if applicable), for the purpose of determining the repayment obligation of the borrower for such year, including information with respect to the borrower’s family size in accordance with the procedures under section 405 of the Helping Individuals Get a Higher Education while Reducing Education Debt Act, subject to clause (ii);

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

“(iii) provide the borrower with an opportunity to update the information obtained under clause (i) before the determination of the annual repayment obligation of the borrower; and

“(iv) in the case of a borrower for whom adjusted gross income is unavailable—
“(I) if the borrower has selected to repay the covered loans of such borrower pursuant to an income-contingent repayment plan that defines discretionary income in such a manner that an individual not required under section 6012(a)(1) of the Internal Revenue Code of 1986 to file a return with respect to income taxes imposed by subtitle A of such Code may have a calculated monthly payment greater than $0, the borrower will be required to provide the Secretary with other documentation of income satisfactory to the Secretary, which documentation the Secretary may use to determine an appropriate repayment schedule; or

“(II) if the borrower has selected to repay such loans pursuant to an income-contingent repayment that is not described in subclause (I), the borrower will not be required to provide the Secretary with such other documentation of income, and the bor-
rower will have a calculated monthly payment of $0.

“(C) APPLICABILITY.—Subparagraph (B) shall apply to each borrower of a covered loan who, on or after the date on which the Secretary establishes procedures under such subparagraph—

“(i) selects, or for whom the Secretary selects under subparagraph (C) or (D) of paragraph (8) of subsection (d), or section 428(m)(1), an income-contingent repayment plan; or

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

“(D) AVAILABILITY OF RETURNS AND RETURN INFORMATION.—Returns and return information (as defined in section 6103 of the Internal Revenue Code of 1986) may be obtained under subparagraph (B)(i) only to the extent authorized by section 6103(l)(13) of such Code.

“(E) OTHER REQUIREMENTS.—The procedures established by the Secretary under this paragraph shall be consistent with the requirements of paragraphs (1) through (7), except as otherwise provided in this paragraph.”.
(b) **INCOME-BASED REPAYMENT.**—Section 493C(c) of the Higher Education Act of 1965 (20 U.S.C. 1098e(c)) is amended—

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

“(1) **IN GENERAL.**—The Secretary shall establish”;

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

“(2) **PROCEDURES FOR ELIGIBILITY.**—The Sec-

etary shall—

“(A) consider”; and

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

“(B) beginning as soon as the Secretary determines practicable after the Secretary final-

izes the procedures under section 405 of the Helping Individuals Get a Higher Education while Reducing Education Debt Act, but not later than 2 years after the date of enactment of such Act, carry out, with respect to bor-

rowers of any covered loan (as defined in sec-

tion 455(d)(9)), procedures for income-based repayment plans that are equivalent to the pro-

cedures carried out under section 455(e)(8)
with respect to income-contingent repayment plans.”.

SEC. 405. STUDY AND PROCEDURES ON DETERMINING FAMILY SIZE.

(a) In general.—Not later than 1 year after the date of enactment of this Act, the Secretary of Education shall—

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

(2) use the results of the study conducted under paragraph (1) to develop procedures for determining family size for the automatic recertification of income for an income-driven repayment plan in a manner that minimizes burdens and unintended harm to borrowers;

(3) publish the procedures developed under paragraph (2) in the Federal Register; and
(4) after a notice and comment period on such procedures, use such comments to finalize the procedures.

(b) Specifications.—The study conducted under subsection (a)(1) shall—

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

(2) compare the borrower’s actual monthly payment amount with the monthly payment amount borrowers would have using family size information derived from tax returns; and

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

(e) Definition.—The term “income-driven repayment plan” has the meaning given the term in section 455(d)(9) of the Higher Education Act of 1965, as amended by this Act.

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

(a) In General.—Paragraph (13) of section 6103(l) of the Internal Revenue Code of 1986 is amended to read as follows:
“(13) Disclosure of returns and return information for purposes of student loan administration.—

“(A) In general.—The Secretary, subject to such requirements and conditions as the Secretary may prescribe, shall upon written request from the Secretary of Education disclose to officers and employees of the Department of Education returns and return information with respect to a taxpayer who has received an applicable student loan.

“(B) Restriction on use of disclosed information.—Return information disclosed under subparagraph (A) may be used by officers and employees of the Department of Education only for the purposes of, and to the extent necessary for purposes of—

“(i) establishing the appropriate income-contingent repayment amount in connection with an applicable student loan,

“(ii) establishing the appropriate repayment amount under an applicable income-driven repayment plan (as defined in section 455(d)(9) of such Act (20 U.S.C.
1087e(d)) in connection with an applicable student loan for—

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

“(II) in the case of any recertification under section 455(e)(8) or 493C(c)(2)(B) of the Higher Education Act of 1965 (20 U.S.C. 1087e(e); 1098e(e)), borrowers who are enrolled in such a plan, and

“(iii) in the case of borrowers who are at least 60 days delinquent on an applicable student loan—

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

“(II) automatic enrollment in such an income-driven repayment plan after such borrowers are at least 120 days delinquent on such a loan pursuant to section 455(d)(8)(C) of such Act (20 U.S.C. 1087e(d)).
“(C) Disclosure to certain contractors.—Officers and employees of the Department of Education may disclose the information described in subparagraph (A) to persons awarded contracts by the Secretary of Education under section 456 of the Higher Education Act of 1965 (20 U.S.C. 1087f) to the extent necessary for the purposes described in subparagraph (B).

“(D) Spousal information for married individuals filing separate returns.—For purposes of this paragraph, in the case of a married individual filing a separate return, the term ‘taxpayer’ includes the spouse of that individual if the Secretary of Education requests information from the spouse of that individual and the individual and the spouse have consented in writing.

“(E) Applicable student loan.—For purposes of this paragraph, the term ‘applicable student loan’ means—

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

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

(b) CONFORMING AMENDMENTS.—

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

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

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