H. R. 6597

To extend zero interest rate benefits and payment suspension to certain Federal student loan borrowers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 2020

Ms. Stefanik (for herself, Mrs. Trahan, Mr. Smucker, Ms. Adams, Mrs. Lee of Nevada, Mr. Welch, Mr. Fitzpatrick, and Mrs. Watson Coleman) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To extend zero interest rate benefits and payment suspension to certain Federal student loan borrowers, 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.

This Act may be cited as the “Equity in Student Loan Relief Act”.

SEC. 2. LOWERING RATES FOR BORROWERS WITH FEDERAL FAMILY EDUCATION LOANS.

(a) Temporary Program of Federal Subsidy Payments To Defray Borrower Interest Costs on

(1) Under the program, the Secretary is directed to enter into agreements expeditiously with eligible lenders and guaranty agencies to reduce interest rates to 0.00 percent on such loans and shall make payments, as set forth below, to such eligible lenders and guaranty agencies to offset the cost of the reduced interest rates. Under such agreements, the Secretary shall—

(A) make Federal interest subsidy payments on behalf of each borrower whose loans are held by such eligible lender or guaranty agency equal to the total amount of the interest on the unpaid principal amount of the loans, calculated at the borrower interest rates established under section 427A of the Higher Education Act of 1965 (20 U.S.C. 1077a); and
(B) make these Federal interest subsidy payments to an eligible lender or guaranty agency on a monthly basis, beginning as of March 13, 2020.

(2) Under the program and effective as of March 13, 2020, all eligible lenders and guaranty agencies who have entered agreements with the Secretary under this subsection shall—

(A) temporarily waive interest, effectively reducing the interest rates charged to borrowers on loans made under this part to 0.00 percent;

(B) provide a report to the Secretary no later than 30 days from the date of such agreement confirming that such interest rates have been reduced to 0.00 percent effective as of March 13, 2020; and

(C) continue such reduction in interest rates through September 30, 2020.

(3) For purposes of this paragraph, an eligible lender includes the holder of the loan or, if the holder acts as eligible lender trustee for the beneficial owner of the loan, the beneficial owner of the loan.

(b) Temporary Postponement of Part B Loan Payments.—Notwithstanding any other provision of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.), the Secretary shall require eligible lenders and guaranty agencies with agreements with the Secretary under subsection (a) to suspend all payments due from borrowers through September 30, 2020.

(1) Consideration of Payments.—Notwithstanding any other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), the Secretary shall deem each month for which a loan payment was suspended under this subsection as if the borrower of the loan had made a qualified payment for the purpose of any loan forgiveness program and loan rehabilitation program authorized under the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.).

(2) Reporting to Consumer Reporting Agencies.—During the period in which the borrower payments on a loan are suspended under this subsection, the Secretary shall ensure that, for the purpose of reporting information about the loan to a consumer reporting agency, any payment that has been suspended is treated as if it were a regularly scheduled payment made by a borrower.
(c) Suspending Involuntary Collection.—Notwithstanding any other provision of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.), the Secretary shall require guaranty agencies with agreements with the Secretary under subsection (a) to suspend all involuntary collection related to the loan, through September 30, 2020. Such efforts shall include—

(1) a wage garnishment authorized under section 488A of the Higher Education Act of 1965 (20 U.S.C. 1095a) or section 3720D of title 31, United States Code;

(2) a reduction of tax refund by amount of debt authorized under section 3720A of title 31, United States Code, or section 6402(d) of the Internal Revenue Code of 1986;

(3) a reduction of any other Federal benefit payment by administrative offset authorized under section 3716 of title 31, United States Code (including a benefit payment due to an individual under the Social Security Act or any other provision described in subsection (c)(3)(A)(i) of such section); and

(4) any other involuntary collection activity by the Secretary.

(d) Notice to Borrowers and Transition Period.—To inform borrowers of the actions taken in ac-
cordance with this section and ensure an effective transi-
tion, the Secretary shall require eligible lenders and guar-
anty agencies with agreements under subsection (a) to—

(1) not later than 15 days after entering into
such agreement, notify borrowers—

(A) of the actions taken in accordance with
this section for whom payments have been sus-
pended and interest waived;

(B) of the actions taken in accordance with
subsection (c) for whom collections have been
suspended;

(C) of the option to continue making pay-
ments toward principal; and

(D) that the program under this section is
a temporary program; and

(2) beginning on August 1, 2020, carry out a
program to provide not less than 6 notices by postal
mail, telephone, or electronic communication to bor-
rowers indicating—

(A) when the borrower’s normal payment
obligations will resume; and

(B) that the borrower has the option to
apply for income-driven repayment or other re-
payment or forgiveness programs, including a
brief description of such options.
(c) Waivers.—In carrying out this section, the Secretary may waive the application of—

(1) subchapter I of chapter 35 of title 44, United States Code (commonly known as the “Paperwork Reduction Act”);

(2) the master calendar requirements under section 482 of the Higher Education Act of 1965 (20 U.S.C. 1089);

(3) negotiated rulemaking under section 492 of the Higher Education Act of 1965 (20 U.S.C. 1098a); and

(4) the requirement to publish the notices related to the system of records of the agency before implementation required under paragraphs (4) and (11) of section 552a(e) of title 5, United States Code (commonly known as the “Privacy Act of 1974”), except that the notices shall be published not later than 180 days after the date of enactment of this Act.