

117TH CONGRESS
2D SESSION

H. R. 8457

To carry out an income-contingent repayment program for Federal Direct Interest-Free Education Loans for undergraduate students, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 21, 2022

Mr. CICILLINE introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and Labor, 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 carry out an income-contingent repayment program for Federal Direct Interest-Free Education Loans for undergraduate students, 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 “Making College More
5 Affordable Act”.

1 **SEC. 2. FEDERAL DIRECT INTEREST-FREE LOANS FOR UN-**
2 **DERGRADUATE STUDENTS AND REPAYMENT**
3 **PLAN.**

4 (a) INTEREST RATES.—Section 455(a) of the Higher
5 Education Act of 1965 (20 U.S.C. 1087e(a)) is amended
6 by adding at the end the following:

7 “(4) FEDERAL DIRECT INTEREST-FREE EDU-
8 CATION LOANS FOR UNDERGRADUATE EDU-
9 CATION.—

10 “(A) NEW BORROWERS.—Notwithstanding
11 any other provision of this Act and subject to
12 subparagraphs (C) and (D), an undergraduate
13 student who is a new borrower on or after July
14 1, 2023, shall only be eligible to receive Federal
15 Direct Interest-Free Education Loans under
16 this part.

17 “(B) EXISTING BORROWERS.—Beginning
18 on July 1, 2023, the Secretary shall cancel the
19 obligation of a borrower, if the borrower sub-
20 mits an application to the Secretary under this
21 subparagraph, to repay any loan made under
22 this part for the borrower’s undergraduate edu-
23 cation and for which the first disbursement was
24 made, or the application for the consolidation
25 loan was received, on or before June 30, 2023,
26 and issue to such borrower a Federal Direct In-

1 terest-Free Education Loan in an amount equal
2 to the sum of the unpaid principal, accrued un-
3 paid interest, and late charges of the original
4 loan.

5 “(C) PARENT PLUS LOANS FOR UNDER-
6 GRADUATE EDUCATION.—Nothing in this sec-
7 tion shall be construed to prohibit a parent
8 from borrowing a Federal Direct PLUS Loan
9 on behalf of a dependent, undergraduate stu-
10 dent on or after July 1, 2023.

11 “(D) FEDERAL DIRECT CONSOLIDATION
12 LOANS.—A borrower of a Federal Direct Inter-
13 est-Free Education Loan and any other loan
14 made under this part (such as a Federal Direct
15 PLUS Loan or a Federal Direct Unsubsidized
16 Stafford Loan for graduate or professional edu-
17 cation) may consolidate such loans into a Fed-
18 eral Direct Consolidation Loan.

19 “(E) TERMS, CONDITIONS, AND BENE-
20 FITS.—A Federal Direct Interest-Free Edu-
21 cation Loan shall have the same terms and con-
22 ditions, and benefits to borrowers as a Federal
23 Direct Stafford Loan with respect to under-
24 graduate borrowers, except that such a loan—

1 “(i) shall have an applicable rate of
2 interest of 3.73 percent for the term of the
3 loan;

4 “(ii) the aggregate maximum amount
5 that may be awarded to a borrower shall
6 be \$90,000, for not more than a 4-year
7 academic period;

8 “(iii) may only be repaid under the in-
9 come-contingent repayment plan under
10 subsection (r) or a standard repayment
11 plan under subsection (d)(1)(A);

12 “(iv) interest on such loan shall only
13 accrue during periods when a borrower is
14 earning taxable income, is in repayment on
15 such loan, and not making payments under
16 a repayment plan described in clause (iii);
17 and

18 “(v) may include other terms and con-
19 ditions, and benefits to borrowers of such
20 loan, as determined by the Secretary.”.

21 (b) INCOME-CONTINGENT REPAYMENT PLAN FOR
22 UNDERGRADUATE LOANS.—Section 455 of the Higher
23 Education Act of 1965 (20 U.S.C. 1087e) is further
24 amended by adding at the end the following:

1 “(r) INCOME-CONTINGENT REPAYMENT PLAN FOR
2 UNDERGRADUATE LOANS.—Notwithstanding any other
3 provision of this Act, the Secretary shall carry out a pro-
4 gram under which—

5 “(1) a borrower of a Federal Direct Interest-
6 Free Education Loan—

7 “(A) shall have an aggregate monthly pay-
8 ment for the outstanding balance of principal
9 and interest due on all such loans automatically
10 withheld from the wages (as such term is de-
11 fined in section 3401(a) of the Internal Rev-
12 enue Code of 1986) of the borrower by the em-
13 ployer of the borrower in a manner which—

14 “(i) prohibits employers from using
15 any information about an employee’s out-
16 standing balance or principal and interest
17 due on such loans for any purpose of use
18 as an advantage against the employee;

19 “(ii) is determined by the Secretary,
20 in coordination with the heads of other ap-
21 propriate Federal agencies (including the
22 Secretary of the Treasury and the Com-
23 missioner of the Social Security Adminis-
24 tration); and

25 “(iii) is an amount equal to—

1 “(I) if the borrower’s gross in-
2 come is less than 337 percent of the
3 poverty line applicable to the bor-
4 rower’s family size as determined
5 under section 673(2) of the Commu-
6 nity Services Block Grant Act (42
7 U.S.C. 9902(2)), \$0;

8 “(II) if the borrower’s gross in-
9 come is equal to or greater than 337
10 percent, but not more than 841 per-
11 cent of such poverty line, 4 percent of
12 the borrower’s gross income;

13 “(III) if the borrower’s gross in-
14 come is equal to or greater than 842
15 percent, but not more than 925 per-
16 cent of such poverty line, 5 percent of
17 the borrower’s gross income;

18 “(IV) if the borrower’s gross in-
19 come is equal to or greater than 926
20 percent, but not more than 1,010 per-
21 cent of such poverty line, 6 percent of
22 the borrower’s gross income;

23 “(V) if the borrower’s gross in-
24 come is equal to or greater than 1,011
25 percent, but not more than 1,094 per-

1 cent of such poverty line, 7 percent of
2 the borrower's gross income;

3 “(VI) if the borrower's gross in-
4 come is equal to or greater than 1,095
5 percent, but not more than 1,178 per-
6 cent of such poverty line, 8 percent of
7 the borrower's gross income;

8 “(VII) if the borrower's gross in-
9 come is equal to or greater than 1,179
10 percent, and 1,262 percent of such
11 poverty line, 9 percent of the bor-
12 rower's gross income; and

13 “(VIII) if the borrower's gross
14 income is equal to or greater than
15 1,263 percent of such poverty line, 10
16 percent of the borrower's gross in-
17 come; and

18 “(B) may elect to have any payments made
19 under subparagraph (A) that exceed the
20 amount owed by the borrower on such loans for
21 a calendar year be refunded to the borrower or
22 applied to the amount owed by the borrower on
23 such loans for the succeeding calendar year;

24 “(2) the Secretary shall cancel any outstanding
25 balance of principal or interest due on all Federal

1 Direct Interest-Free Education Loans made to a
 2 borrower who has made 360 monthly payments
 3 under this subsection; and

4 “(3) the amount cancelled under paragraph (2)
 5 shall not be includible in the gross income of the
 6 borrower.”.

7 **SEC. 3. FEDERAL DIRECT INTEREST-FREE EDUCATION**
 8 **LOAN PAYMENTS DEDUCTIBLE.**

9 (a) IN GENERAL.—Part VII of subchapter B of chap-
 10 ter 1 of the Internal Revenue Code of 1986 is amended
 11 by redesignating section 224 as section 225 and by insert-
 12 ing after section 223 the following new section:

13 **“SEC. 224. FEDERAL DIRECT INTEREST-FREE EDUCATION**
 14 **LOANS.**

15 “(a) IN GENERAL.—In the case of an individual,
 16 there shall be allowed as a deduction for the taxable year
 17 an amount equal to the amounts paid by the taxpayer dur-
 18 ing the taxable year on any Federal Direct Interest-Free
 19 Education Loan described in section 455(a)(4) of the
 20 Higher Education Act of 1965.

21 “(b) DEFINITIONS AND SPECIAL RULES.—For pur-
 22 poses of this section—

23 “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
 24 tion shall be allowed under this section for any
 25 amount for which a deduction is allowable under any

1 other provision of this chapter, or for which an ex-
2 clusion is allowable under section 127 to the tax-
3 payer by reason of the payment by the taxpayer's
4 employer of any indebtedness on a qualified edu-
5 cation loan of the taxpayer.

6 “(2) DEPENDENTS NOT ELIGIBLE FOR DEDUC-
7 TION.—No deduction shall be allowed by this section
8 to an individual for the taxable year if a deduction
9 under section 151 with respect to such individual is
10 allowed to another taxpayer for the taxable year be-
11 ginning in the calendar year in which such individ-
12 ual's taxable year begins.

13 “(3) MARRIED COUPLES MUST FILE JOINT RE-
14 TURN.—If the taxpayer is married at the close of
15 the taxable year, the deduction shall be allowed
16 under subsection (a) only if the taxpayer and the
17 taxpayer's spouse file a joint return for the taxable
18 year.

19 “(4) MARITAL STATUS.—Marital status shall be
20 determined in accordance with section 7703.”.

21 (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-
22 PAYER ITEMIZES.—Section 62(a) of such Code is amended
23 by inserting after paragraph (21) the following new para-
24 graph:

1 “(22) STUDENT LOAN PRINCIPAL PAYMENTS.—
2 The deduction allowed by section 224.”.

3 (c) CLERICAL AMENDMENT.—The table of sections
4 for part VII of subchapter B of chapter 1 of such Code
5 is amended by striking the item relating to section 224
6 and inserting the following:

“Sec. 224. Federal Direct Interest-Free Education Loans.

“Sec. 225. Cross-reference.”.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 the date of the enactment of this Act.

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