

108TH CONGRESS  
2D SESSION

# H. R. 4102

To amend the Higher Education Act of 1965 to provide access and equity  
in higher education, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2004

Mr. ANDREWS (for himself, Mr. CARDIN, Mrs. MCCARTHY of New York, Mr. HINOJOSA, Mr. FROST, Mr. CROWLEY, Mr. HINCHEY, Mr. BROWN of Ohio, Mr. ENGEL, and Ms. MCCOLLUM) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To amend the Higher Education Act of 1965 to provide  
access and equity in higher education, 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; REFERENCES; EFFECTIVE DATE.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Access and Equity in Higher Education Act”.

6       (b) REFERENCES.—Except as otherwise expressly  
7       provided, whenever in this Act an amendment or repeal  
8       is expressed in terms of an amendment to, or repeal of,  
9       a section or other provision, the reference shall be consid-

ered to be made to a section or other provision of the  
Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

(c) EFFECTIVE DATE.—Except as otherwise provided  
in this Act, the amendments made by this Act shall apply  
with respect to any loan for which the first disbursement  
of principal is made on or after the date of enactment of  
this Act.

## **TITLE I—STUDENT ASSISTANCE**

### **SEC. 101. LOAN LIMITS.**

(a) FFEL LOANS.—

(1) INCREASES IN SUBSIDIZED LOAN LIMITS.—

Section 428(b)(1) (20 U.S.C. 1078(b)(1)) is amend-  
ed—

(A) in subparagraph (A)(i), by striking  
“\$2,625” in subclause (I) and inserting  
“\$4,000”;

(B) in subparagraph (A)(ii), by striking  
“\$3,500” in subclause (I) and inserting  
“\$6,000”;

(C) in subparagraph (A)(iii), by striking  
subclause (I) and inserting the following:

“(I) \$20,000 minus any amount  
previously borrowed during any pre-  
ceding academic year in such remain-  
der of such program (but excluding

1 amounts borrowed under clause (i) or  
 2 (ii) for such first and second year);  
 3 or”;

4 (D) in subparagraph (A)(v), by striking  
 5 “\$8,500” and inserting “\$10,000”;

6 (E) in subparagraph (B)(i), by striking  
 7 “\$23,000” and inserting “\$30,000”; and

8 (F) in subparagraph (B)(ii)—

9 (i) by striking “\$65,500” and insert-  
 10 ing “\$60,000”;

11 (ii) by striking “and (I) including”  
 12 and inserting “but (I) excluding”; and

13 (iii) by striking “but (II)” and insert-  
 14 ing “and (II)”.

15 (2) INCREASES IN UNSUBSIDIZED LOAN LIM-  
 16 ITS.—Section 428H(d)(1) (20 U.S.C. 1078–8(d)(1))  
 17 is amended—

18 (A) in subparagraph (A)(i), by striking  
 19 “\$4,000” and inserting “\$5,500”;

20 (B) in subparagraph (B)(i), by striking  
 21 “\$5,000” and inserting “\$20,000 minus any  
 22 amount previously borrowed during any pre-  
 23 ceding academic year in such remainder of such  
 24 program (but excluding amounts borrowed

under subparagraph (A) for such first and second year)”; and

(C) in subparagraph (C), by striking “\$10,000” and inserting “\$25,000 minus the amount borrowed for the same academic year in a subsidized loan under section 428 or part D”.

(3) AUTHORITY TO REDUCE LOAN LIMITS.—

Section 428(a)(2)(D) (20 U.S.C. 1078(a)(2)(D)) is amended by adding at the end the following new sentence: “An eligible institution may, in carrying out such subparagraphs, provide a statement which certifies the eligibility of a student for a loan amount that is less than such maximum amount, and that is less than the amount for which the student shows financial need, if the institution has established a lesser amount than such maximum amount as the loan limit applicable to the students attending such institution.”.

(4) CONFORMING AMENDMENTS TO FISL.—

(A) ANNUAL LIMITS.—Section 425(a)(1)(A) (20 U.S.C. 1075(a)(1)(A)) is amended—

(i) in clause (i)(I), by striking “\$2,625” in subclause (I) and inserting “\$4,000”;

1 (ii) in clause (ii)(I), by striking  
 2 “\$3,500” in subclause (I) and inserting  
 3 “\$6,000”;

4 (iii) in clause (iii), by striking sub-  
 5 clause (I) and inserting the following:

6 “(I) \$20,000 minus the amount  
 7 previously borrowed during any pre-  
 8 ceding academic year in such remain-  
 9 der of such program (and excluding  
 10 amounts borrowed under clause (i) or  
 11 (ii) for such first and second year);  
 12 or”; and

13 (iv) in clause (iv), by striking  
 14 “\$8,500” and inserting “\$10,000”.

15 (B) AGGREGATE LIMITS.—Section  
 16 425(a)(2)(A) is amended—

17 (i) in clause (i), by striking “\$23,000”  
 18 and inserting “\$30,000”; and

19 (ii) in clause (ii)—

20 (I) by striking “\$65,500” and in-  
 21 serting “\$60,000”;

22 (II) by striking “and (I) includ-  
 23 ing” and inserting “but (I) exclud-  
 24 ing”; and

1 (III) by striking “but (II)” and  
2 inserting “and (II)”.

3 **SEC. 102. ORIGATION FEES.**

4 (a) FEDERAL FAMILY EDUCATION LOAN PRO-  
5 GRAM.—Section 438(c) of the Higher Education Act of  
6 1965 (20 U.S.C. 1087–1(c)) is amended by adding at the  
7 end the following new paragraph:

8 “(9) ORIGATION FEES TERMINATED.—

9 “(A) IN GENERAL.—Notwithstanding any  
10 other provision of this subsection except for  
11 subparagraph (B) of this paragraph, with re-  
12 spect to any loan made, insured, or guaranteed  
13 under this part on or after July 1, 2005, other  
14 than a loan made under section 428B or  
15 428H—

16 “(i) no eligible lender may collect di-  
17 rectly or indirectly from any borrower any  
18 origination fee with respect to such loan;  
19 and

20 “(ii) the Secretary shall not collect  
21 such origination fee from the lender under  
22 this subsection.

23 “(B) UNSUBSIDIZED LOANS.—Notwith-  
24 standing subparagraph (A), with respect to any

1           loan made under section 428H on or after July  
2           1, 2005—

3                   “(i) an eligible lender may collect an  
4                   origination fee with respect to such loan  
5                   under paragraph (2), except that such  
6                   paragraph shall be applied by substituting  
7                   ‘1.5 percent’ for ‘3.0 percent’; and

8                   “(ii) the Secretary shall collect any  
9                   such origination fee from the lender under  
10                  paragraph (1) of this subsection.”.

11       (b) FEDERAL DIRECT LOAN PROGRAM.—

12               (1) AMENDMENT.—Section 455(c) (20 U.S.C.  
13       1087e(c)) is amended to read as follows:

14       “(c) LOAN FEE.—The Secretary shall charge—

15               “(1) the borrower of a Federal Direct Stafford  
16       Loan an origination fee of 1.0 percent of the prin-  
17       cipal amount of the loan;

18               “(2) the borrower of a Federal Direct Stafford  
19       Unsubsidized Stafford Loan an origination fee of 2.5  
20       percent of the principal amount of the loan; and

21               “(3) the borrower of a Federal Direct PLUS  
22       loan an origination fee of 4.0 percent of the prin-  
23       cipal amount of the loan.”.

24               (2) EFFECTIVE DATE.—The amendment made  
25       by paragraph (1) shall apply with respect to any

1        loan made under part D of title IV on an after July  
2        1, 2005.

3    **SEC. 103. LOAN FLEX.**

4        (a) AMENDMENT.—Section 428(b)(9)(A) (20 U.S.C.  
5    1078(b)(9)(A)) is amended by striking clauses (iii) and  
6    (iv) and inserting the following:

7                    “(iii) an income-sensitive repayment  
8                    plan, with income-sensitive repayment  
9                    amounts paid over an extended period of  
10                  time prescribed by the Secretary, not to  
11                  exceed 25 years, except that—

12                    “(I) after 10 years, if the indi-  
13                    vidual has not made adequate  
14                    progress in repaying the principal of  
15                    the loan (defined by the Secretary as  
16                    percentage of principal) the lender  
17                    may use an alternative formula, to be  
18                    determined by the Secretary, by which  
19                    the loan could be expected to be re-  
20                    paid in full within the remaining 15  
21                    years;

22                    “(II) after 25 years, if the loan is  
23                    not repaid, the Secretary shall acquire  
24                    the loan from the lender and admin-



1                   ister the loan under part D of this  
2                   title; and

3                   “(III) the other terms and condi-  
4                   tions of which shall be comparable to  
5                   the terms and conditions applicable to  
6                   income contingent repayment under  
7                   section 455(d)(1)(D) and 455(e); and

8                   “(iv) an extended repayment plan,  
9                   with a fixed annual or graduated repay-  
10                  ment amount paid over an extended period  
11                  of time, not to exceed 25 years, except that  
12                  in the first 2 years of repayment, the bor-  
13                  rower shall have the option of paying the  
14                  interest as it accrues or having such inter-  
15                  est be added to principal for repayment  
16                  during the remainder of the repayment pe-  
17                  riod.”.

18           (b) CONFORMING AMENDMENT.—Clause (i) of sec-  
19   tion 428(b)(1)(L) (20 U.S.C. 1078(b)(1)(L)) is amended  
20   to read as follows:

21                   “(i) except as otherwise provided by a  
22                   repayment plan selected by the borrower  
23                   under clause (ii), (iii), or (iv) of paragraph  
24                   (9)(A), during any year of any repayment  
25                   period with respect to the aggregate

1 amount of all loans to that borrower which  
 2 are insured under this part shall not, un-  
 3 less the borrower and the lender otherwise  
 4 agree, be less than \$600 or the balance of  
 5 all such loans (together with interest there-  
 6 on), whichever amount is less; and”.

7 **SEC. 104. CONSOLIDATION LOAN INTEREST RATES.**

8 (a) INTEREST RATE TIED TO INCOME.—Paragraph  
 9 (3) of section 427A(l) (20 U.S.C. 1077a(n)) is amended  
 10 to read as follows:

11 “(3) CONSOLIDATION LOANS.—

12 “(A) IN GENERAL.—With respect to any  
 13 consolidation loan under section 428C for which  
 14 the application is received by an eligible lender  
 15 on or after the date of enactment of the Access  
 16 and Equity in Higher Education Act, the appli-  
 17 cable rate of interest shall, during any 12-  
 18 month period beginning on July 1 and ending  
 19 on June 30, be determined on the preceding  
 20 June 1 and be equal to—

21 “(i) the bond equivalent rate of 91-  
 22 day Treasury bills auctioned at the final  
 23 auction held prior to such June 1; plus

24 “(ii) 2.3 percent,

1 except that such rate shall not exceed 8.25 per-  
2 cent, and except that for any loan under section  
3 428C that is used exclusively to consolidate  
4 loans made under section 428B, clause (ii) shall  
5 be applied by substituting ‘3.1 percent’ for ‘2.3  
6 percent’.

7 “(B) VARIATION OF INTEREST RATE  
8 BASED ON INCOME.—In the case of—

9 “(i) a borrower who demonstrates to  
10 the lender, in accordance with regulations  
11 prescribed by the Secretary, that during  
12 such 12-month period, the sum of the bor-  
13 rower’s monthly payments during a year  
14 will exceed—

15 “(I) 8 percent of the borrower  
16 total income, subparagraph (A)(ii)  
17 shall be applied by substituting ‘1.0  
18 percent’ for ‘2.3 percent’; or

19 “(II) 9 percent of the borrower’s  
20 total income, subparagraph (A)(ii)  
21 shall be applied by substituting ‘0.0  
22 percent’ for ‘2.3 percent’; and

23 “(ii) a borrower who so demonstrates  
24 that the sum of the borrower’s monthly  
25 payments during a year will exceed—

1 “(I) 10 percent of the borrower’s  
 2 total income, subparagraph (A) shall  
 3 be applied by substituting ‘5 percent’  
 4 for ‘8.25 percent’;

5 “(II) 11 percent of the bor-  
 6 rower’s total income, subparagraph  
 7 (A) shall be applied by substituting ‘4  
 8 percent’ for ‘8.25 percent’; or

9 “(III) 12 percent of the bor-  
 10 rower’s total income, subparagraph  
 11 (A) shall be applied by substituting ‘3  
 12 percent’ for ‘8.25 percent’.”.

13 (b) CONFORMING AMENDMENT.—Section 427A(k)(4)  
 14 is amended by striking “July 1, 2006,” and inserting “the  
 15 date of enactment of the Access and Equity in Higher  
 16 Education Act”.

17 **SEC. 105. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**  
 18 **PLOYEES.**

19 Section 428K (20 U.S.C. 1078–11) is amended to  
 20 read as follows:

21 **“SEC. 428K. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**  
 22 **PLOYEES.**

23 “(a) PURPOSES.—The purposes of this section are—

1 “(1) to reduce the burden of student debt, par-  
2 ticularly for Americans who dedicate their careers to  
3 meeting certain urgent national needs; and

4 “(2) to attract more excellent individuals into  
5 important public service careers.

6 “(b) LOAN FORGIVENESS.—

7 “(1) IN GENERAL.—The Secretary shall assume  
8 the obligation to repay, pursuant to subsection (c),  
9 a loan made under section 428, 428C, or 428H, a  
10 Federal Direct Stafford Loan or Federal Direct Un-  
11 subsidized Stafford Loan, a Federal Direct Consoli-  
12 dation Loan, to an individual who—

13 “(A) has been employed full time in a  
14 qualified public service position described in  
15 paragraph (2) for at least 8 years;

16 “(B) has been in an income contingent or  
17 income sensitive repayment plan for 15 years;  
18 and

19 “(C) is not in default on a loan for which  
20 the borrower seeks forgiveness.

21 “(2) QUALIFIED PUBLIC SERVICE POSITIONS.—

22 For purposes of this section, an individual shall be  
23 treated as employed in a qualified public service po-  
24 sition if the individual is employed in—

1           “(A) any Federal, State, or local govern-  
2           ment agency;

3           “(B) any corporation which is exempt from  
4           income taxation under section 501(c)(3) of the  
5           Internal Revenue Code of 1986; or

6           “(C) in any profession identified by the  
7           Secretary of Education, in consultation with the  
8           Secretary of Homeland Security and the Sec-  
9           retary of Health and Human Services, to be  
10          providing important public service to the United  
11          States.

12       “(c) LOAN REPAYMENT.—

13           “(1) IN GENERAL.—The Secretary shall assume  
14          the obligation to repay the remainder of a qualifying  
15          individual’s student obligations.

16           “(2) TREATMENT OF CONSOLIDATION LOANS.—  
17          A loan amount for a loan made under section 428C  
18          or for a Federal Direct Consolidation Loan may be  
19          a qualified loan amount for the purposes of this sub-  
20          section only to the extent that such loan amount was  
21          used to repay a loan described in subsection (b)(1)  
22          for a borrower who meets the requirements of sub-  
23          section (b), as determined in accordance with regula-  
24          tions prescribed by the Secretary.

1           “(3) CONSTRUCTION.—Nothing in this section  
2       shall be construed to authorize the refunding of any  
3       repayment of a described in subsection (b)(1).

4           “(4) INTEREST.—If a portion of a loan is re-  
5       paid by the Secretary under this section for any  
6       year, the proportionate amount of interest on such  
7       loan that accrues for such year shall be repaid by  
8       the Secretary.

9           “(5) INELIGIBILITY OF NATIONAL SERVICE  
10      AWARD RECIPIENTS.—No student borrower may, for  
11      the same service, receive a benefit under both this  
12      section and subtitle D of title I of the National and  
13      Community Service Act of 1990 (42 U.S.C. 12601  
14      et seq.).

15          “(6) INELIGIBILITY FOR DOUBLE BENEFITS.—  
16      No borrower may receive a reduction of loan obliga-  
17      tions under both this section and section 428J or  
18      460.

19          “(d) REPAYMENT TO ELIGIBLE LENDERS AND  
20      HOLDERS.—The Secretary shall pay to each eligible lend-  
21      er or holder for each fiscal year an amount equal to the  
22      aggregate amount of the lender’s or holder’s loans that  
23      are subject to repayment pursuant to this section for such  
24      year.

25          “(e) APPLICATION FOR REPAYMENT.—

1           “(1) IN GENERAL.—Each eligible individual de-  
 2           siring loan repayment under this section shall sub-  
 3           mit a complete and accurate application to the Sec-  
 4           retary at such time, in such manner, and containing  
 5           such information as the Secretary may require.

6           “(2) CONDITIONS.—An eligible individual may  
 7           apply for loan repayment under this section after  
 8           completing the years of qualifying service described  
 9           in subsection (c)(2).

10          “(f) REGULATIONS.—The Secretary is authorized to  
 11         prescribe such regulations as may be necessary to carry  
 12         out the provisions of this section.”.

## 13         **TITLE II—REAUTHORIZATION OF** 14                 **HBCU PROGRAMS**

### 15         **SEC. 201. REAUTHORIZATION OF PART B OF TITLE III.**

16         Paragraph (2) of section 399(a) (20 U.S.C.  
 17         1068h(a)) is amended to read as follows:

18                 “(2) PART B.—There are authorized to be ap-  
 19                 propriated to carry out part B (other than section  
 20                 326), \$335,000,000 for fiscal year 2005, and such  
 21                 sums as may be necessary for each of the 5 suc-  
 22                 ceeding fiscal years.”.

○