

108TH CONGRESS  
2D SESSION

# S. 2877

To reduce the special allowance for loans from the proceeds of tax exempt issues, and to provide additional loan forgiveness for teachers who teach mathematics, science, or special education.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 30, 2004

Mr. GREGG (for himself, Mr. BOND, and Mr. GRAHAM of South Carolina) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To reduce the special allowance for loans from the proceeds of tax exempt issues, and to provide additional loan forgiveness for teachers who teach mathematics, science, or special education.

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 “Taxpayer-Teacher Pro-  
5 tection Act of 2004”.

1 **SEC. 2. REDUCTION OF THE SPECIAL ALLOWANCE FOR**  
2 **LOANS FROM THE PROCEEDS OF TAX EX-**  
3 **EMPT ISSUES.**

4 Section 438(b)(2)(B) of the Higher Education Act of  
5 1965 (20 U.S.C. 1087–1(b)(2)(B)) is amended—

6 (1) in clause (i), by striking “this division” and  
7 inserting “this clause”;

8 (2) in clause (ii), by striking “division (i) of this  
9 subparagraph” and inserting “clause (i) of this sub-  
10 paragraph”;

11 (3) in clause (iv), by inserting “or refunded on  
12 or after October 1, 2004 and before October 1,  
13 2005,” after “October 1, 1993,”; and

14 (4) by adding at the end the following new  
15 clause:

16 “(v) Notwithstanding clauses (i) and  
17 (ii), the quarterly rate of the special allow-  
18 ance shall be the rate determined under  
19 subparagraph (A), (E), (F), (G), (H), or  
20 (I) of this paragraph, or paragraph (4), as  
21 the case may be, for a holder of loans  
22 that—

23 “(I) were made or purchased  
24 with funds—

25 “(aa) obtained from the  
26 issuance of obligations the in-

1           come from which is excluded  
2           from gross income under the In-  
3           ternal Revenue Code of 1986 and  
4           which obligations were originally  
5           issued before October 1, 1993; or  
6           “(bb) obtained from collec-  
7           tions or default reimbursements  
8           on, or interests or other income  
9           pertaining to, eligible loans made  
10          or purchased with funds de-  
11          scribed in division (aa), or from  
12          income on the investment of such  
13          funds; and  
14          “(II) were—  
15          “(aa) financed by such an  
16          obligation that has matured, or  
17          been retired or defeased;  
18          “(bb) refinanced on or after  
19          October 1, 2004 and before Octo-  
20          ber 1, 2005, with funds obtained  
21          from a source other than funds  
22          described in subclause (I) of this  
23          clause; or  
24          “(cc) sold or transferred to  
25          any other holder on or after Oc-

1                                   tober 1, 2004 and before October  
 2                                   1, 2005.”.

3 **SEC. 3. LOAN FORGIVENESS FOR TEACHERS.**

4           (a) IMPLEMENTING HIGHLY QUALIFIED TEACHER  
 5 REQUIREMENTS.—

6                   (1) AMENDMENTS.—

7                           (A) FFEL LOANS.—Section 428J(b)(1) of  
 8 the Higher Education Act of 1965 (20 U.S.C.  
 9 1078–10(b)(1)) is amended—

10                                   (i) in subparagraph (A), by inserting  
 11 “and” after the semicolon; and

12                                   (ii) by striking subparagraphs (B) and  
 13 (C) and inserting the following:

14                                   “(B) if employed as an elementary school  
 15 or secondary school teacher, is highly qualified  
 16 as defined in section 9101 of the Elementary  
 17 Secondary Education Act of 1965; and”.

18                           (B) DIRECT LOANS.—Section 460(b)(1)(A)  
 19 of the Higher Education Act of 1965 (20  
 20 U.S.C. 1087j(b)(1)(A)) is amended—

21                                   (i) in clause (i), by inserting “and”  
 22 after the semicolon; and

23                                   (ii) by striking clauses (ii) and (iii)  
 24 and inserting the following:

1 “(ii) if employed as an elementary  
 2 school or secondary school teacher, is high-  
 3 ly qualified as defined in section 9101 of  
 4 the Elementary and Secondary Education  
 5 Act of 1965; and”.

6 (2) TRANSITION RULE.—

7 (A) RULE.—The amendments made by  
 8 paragraph (1) of this subsection to sections  
 9 428J(b)(1) and 460(b)(1)(A) of the Higher  
 10 Education Act of 1965 shall not be applied to  
 11 disqualify any individual who, before the date of  
 12 enactment of this Act, commenced service that  
 13 met and continues to meet the requirements of  
 14 such sections as such sections were in effect on  
 15 the day before the date of enactment of this  
 16 Act.

17 (B) RULE NOT APPLICABLE TO INCREASED  
 18 QUALIFIED LOAN AMOUNTS.—Subparagraph  
 19 (A) of this paragraph shall not apply for pur-  
 20 poses of obtaining increased qualified loan  
 21 amounts under sections 428J(c)(3) and  
 22 460(c)(3) of the Higher Education Act of 1965  
 23 as added by subsection (b) of this section.

24 (b) ADDITIONAL AMOUNTS ELIGIBLE TO BE RE-  
 25 PAID.—

1           (1) FFEL LOANS.—Section 428J(c) of the  
 2           Higher Education Act of 1965 (20 U.S.C. 1078–  
 3           10(c)) is amended by adding at the end the fol-  
 4           lowing:

5           “(3) ADDITIONAL AMOUNTS FOR TEACHERS IN  
 6           MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—  
 7           Notwithstanding the amount specified in paragraph  
 8           (1), the aggregate amount that the Secretary shall  
 9           repay under this section shall be not more than  
 10          \$17,500 in the case of—

11           “(A) a secondary school teacher—

12           “(i) who meets the requirements of  
 13           subsection (b); and

14           “(ii) whose qualifying employment for  
 15           purposes of such subsection is teaching  
 16           mathematics or science on a full-time  
 17           basis; and

18           “(B) an elementary school or secondary  
 19           school teacher—

20           “(i) who meets the requirements of  
 21           subsection (b);

22           “(ii) whose qualifying employment for  
 23           purposes of such subsection is as a special  
 24           education teacher whose primary responsi-  
 25           bility is to provide special education to

children with disabilities (as those terms are defined in section 602 of the Individuals with Disabilities Education Act); and

“(iii) who, as certified by the chief administrative officer of the public or non-profit private elementary school or secondary school in which the borrower is employed, is teaching children with disabilities that corresponds with the borrower’s special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary school or secondary school curriculum that the borrower is teaching.”.

(2) DIRECT LOANS.—Section 460(c) of the Higher Education Act of 1965 (20 U.S.C. 1087j(c)) is amended by adding at the end the following:

“(3) ADDITIONAL AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall cancel under this section shall be not more than \$17,500 in the case of—

“(A) a secondary school teacher—

1 “(i) who meets the requirements of  
 2 subsection (b)(1); and

3 “(ii) whose qualifying employment for  
 4 purposes of such subsection is teaching  
 5 mathematics or science on a full-time  
 6 basis; and

7 “(B) an elementary school or secondary  
 8 school teacher—

9 “(i) who meets the requirements of  
 10 subsection (b)(1);

11 “(ii) whose qualifying employment for  
 12 purposes of such subsection is as a special  
 13 education teacher whose primary responsi-  
 14 bility is to provide special education to  
 15 children with disabilities (as those terms  
 16 are defined in section 602 of the Individ-  
 17 uals with Disabilities Education Act); and

18 “(iii) who, as certified by the chief ad-  
 19 ministrative officer of the public or non-  
 20 profit private elementary school or sec-  
 21 ondary school in which the borrower is em-  
 22 ployed, is teaching children with disabilities  
 23 that corresponds with the borrower’s spe-  
 24 cial education training and has dem-  
 25 onstrated knowledge and teaching skills in



1                   the content areas of the elementary school  
2                   or secondary school curriculum that the  
3                   borrower is teaching.”.

4                   (3) EFFECTIVE DATE.—The amendments made  
5                   by this subsection shall apply only with respect to el-  
6                   igible individuals who are new borrowers on or after  
7                   October 1, 1998, and before October 1, 2005.

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