

112TH CONGRESS  
2D SESSION

# H. R. 6674

To simplify and improve the Federal student loan program through income-contingent repayment to provide stronger protections for borrowers, encourage responsible borrowing, and save money for taxpayers.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 17, 2012

Mr. PETRI introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on 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

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## A BILL

To simplify and improve the Federal student loan program through income-contingent repayment to provide stronger protections for borrowers, encourage responsible borrowing, and save money for taxpayers.

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 “Earnings Contingent  
5 Education Loans Act of 2012”, or the “ExCEL Act of  
6 2012”.

1 **SEC. 2. TERMINATION OF AUTHORITY TO MAKE FEDERAL**  
2 **DIRECT STAFFORD LOANS, FEDERAL DIRECT**  
3 **UNSUBSIDIZED STAFFORD LOANS, AND FED-**  
4 **ERAL DIRECT PLUS LOANS TO STUDENTS**  
5 **UNDER THE WILLIAM D. FORD FEDERAL DI-**  
6 **RECT LOAN PROGRAM.**

7 Section 455(a) of the Higher Education Act of 1965  
8 (20 U.S.C. 1087e(a)) is amended by adding at the end  
9 the following:

10 “(4) TERMINATION OF AUTHORITY TO MAKE  
11 FEDERAL DIRECT STAFFORD LOANS, FEDERAL DI-  
12 RECT UNSUBSIDIZED STAFFORD LOANS, AND FED-  
13 ERAL DIRECT PLUS LOANS TO STUDENTS UNDER  
14 THIS PART.—

15 “(A) IN GENERAL.—Notwithstanding any  
16 provision of this part or part B, for any period  
17 of instruction beginning on or after July 1,  
18 2014—

19 “(i) a student shall not be eligible to  
20 receive a Federal Direct Stafford Loan  
21 under this part; and

22 “(ii) a student shall not be eligible to  
23 receive a Federal Direct Unsubsidized  
24 Stafford Loan or Federal Direct PLUS  
25 Loan under this part, except as provided in  
26 subparagraph (B).

1 “(B) EXCEPTIONS.—Subparagraph (A)(ii)  
2 shall not be applicable with respect to the fol-  
3 lowing:

4 “(i) EXISTING STUDENT BOR-  
5 ROWERS.—A student who, as of July 1,  
6 2014, has an outstanding balance of prin-  
7 cipal or interest owing on any loan made,  
8 insured, or guaranteed under part B or  
9 this part may continue to be eligible to  
10 borrow a loan under this part, except for  
11 a Federal Direct Stafford Loan, in accord-  
12 ance with subparagraph (C) until June 30,  
13 2019.

14 “(ii) PARENT PLUS LOANS.—An ex-  
15 cepted PLUS loan or excepted consolida-  
16 tion loan (as such terms are defined in sec-  
17 tion 493C(a)) under this part that is made  
18 to a parent on behalf of an undergraduate  
19 dependent student.

20 “(iii) FEDERAL DIRECT CONSOLIDA-  
21 TION LOANS.—A Federal Direct Consolida-  
22 tion Loan under this part.

23 “(C) MAXIMUM ANNUAL AMOUNTS OF  
24 FEDERAL DIRECT UNSUBSIDIZED STAFFORD  
25 LOANS.—The maximum annual amount of Fed-

eral Direct Unsubsidized Stafford Loans a student described in subparagraph (B)(i) may borrow in an academic year (as defined in section 481(a)(2)) or its equivalent shall be the maximum annual amount for such student determined under section 428H, plus an amount equal to the amount of Federal Direct Stafford Loans the student would have received in the absence of subparagraph (A)(i).”.

**SEC. 3. ESTABLISHMENT OF THE INCOME DEPENDENT  
EDUCATION ASSISTANCE LOAN PROGRAM  
AND THE IDEA LOAN REPAYMENT PROGRAM.**

Title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.) is amended by adding at the end the following new part:

**“PART J—INCOME DEPENDENT EDUCATION  
ASSISTANCE LOANS  
“Subpart 1—IDEA Loans**

**“SEC. 499A. PROGRAM AUTHORITY AND AGREEMENTS.**

“(a) PROGRAM AUTHORITY.—

“(1) IN GENERAL.—There are hereby made available, in accordance with the provisions of this part, such sums as may be necessary to make loans to all eligible students in attendance at participating institutions of higher education selected by the Sec-

1       retary, to enable such students to pursue their  
2       courses of study at such institutions during the pe-  
3       riod beginning July 1, 2014. Loans made under this  
4       part shall be made by participating institutions, or  
5       consortia thereof, that have agreements with the  
6       Secretary to originate loans, or by alternative origi-  
7       nators designated by the Secretary to make loans for  
8       students in attendance at participating institutions.

9               “(2) DESIGNATION.—The program established  
10       under this subpart shall be referred to as the ‘In-  
11       come Dependent Education Assistance Loan Pro-  
12       gram’, or the ‘IDEA Loan Program’.

13       “(b) FUNDS FOR THE ORIGINATION OF IDEA  
14       LOANS.—The Secretary shall provide funds for student  
15       loans under this part in the same manner as the Secretary  
16       provides funds for the origination of Federal Direct Stu-  
17       dent Loans under part D in accordance with section 452.  
18       The requirements, rights, and limitations under section  
19       452 with respect to the Secretary and institutions for  
20       funds provided for loans under part D shall apply with  
21       respect to the Secretary and institutions for funds pro-  
22       vided for loans under this part, except that funds under  
23       this part shall not be provided for parent loans.

1       “(c) SELECTION OF INSTITUTIONS FOR PARTICIPA-  
2   TION AND ORIGINATION, AND AGREEMENTS WITH INSTI-  
3   TUTIONS.—

4               “(1) SELECTION OF INSTITUTIONS FOR PAR-  
5   TICIPATION AND ORIGINATION.—The Secretary shall  
6   enter into agreements with institutions of higher  
7   education to participate in the IDEA Loan Program  
8   under this part and agreements with institutions of  
9   higher education, or consortia thereof, to originate  
10   loans in such program for academic years beginning  
11   on or after July 1, 2014. The provisions of section  
12   453 shall apply with respect to agreements under  
13   this section. The Secretary shall provide alternative  
14   origination services for loans under this part, as ap-  
15   propriate, in a manner consistent with the provisions  
16   of sections 453 and 456 related to alternative origi-  
17   nation services for loans under part D.

18              “(2) PARTICIPATION AND ORIGINATION AGREE-  
19   MENTS WITH INSTITUTIONS.—An agreement with  
20   any institution of higher education for participation  
21   in the IDEA Loan Program under this part, and an  
22   agreement with any institution of higher education,  
23   or consortia thereof, to originate loans in such pro-  
24   gram, shall have the same terms as the terms re-  
25   quired under section 454 for agreements with an in-

1       stitution for participation or origination, respec-  
2       tively, in the student loan program under part D,  
3       except that agreements for participation or origina-  
4       tion under this part shall not apply to parent loans.

5               “(3) WITHDRAWAL AND TERMINATION PROCE-  
6       DURES.—The Secretary shall establish procedures by  
7       which institutions or consortia may withdraw or be  
8       terminated from the program under this part.

9       **“SEC. 499B. TERMS AND CONDITIONS OF IDEA LOANS.**

10       “(a) PARALLEL TERMS, CONDITIONS, BENEFITS,  
11       AND AMOUNTS.—Unless otherwise specified in this part,  
12       Income Dependent Education Assistance Loans (herein-  
13       after referred to as ‘IDEA Loans’) made to borrowers  
14       under this part shall have the same terms, conditions, and  
15       benefits, and be available in the same amounts, as Federal  
16       Direct Unsubsidized Stafford Loans made to borrowers  
17       under part D, and first disbursed on the day before the  
18       date of enactment of the Earnings Contingent Education  
19       Loans Act of 2012.

20       “(b) ELIGIBLE BORROWERS.—

21               “(1) IN GENERAL.—In addition to the require-  
22       ments of section 484, to be eligible to receive a loan  
23       (other than an IDEA Consolidation Loan) under  
24       this part, a borrower—

1           “(A) shall be an individual who, on the  
2           date of application for such loan, has no out-  
3           standing balance of principal or interest owing  
4           on any loan made, insured, or guaranteed under  
5           part B or D (other than an excepted PLUS  
6           loan or an excepted consolidation loan (as such  
7           terms are defined in section 493C(a))); or

8           “(B) in the case of an individual with an  
9           outstanding balance of principal or interest  
10          owing on any loan described in subparagraph  
11          (A), shall consolidate all such existing loans  
12          into an IDEA Consolidation Loan under section  
13          499C.

14          “(2) ONLY STUDENT BORROWERS ELIGIBLE.—

15          For purposes of this part, the term ‘borrower’ shall  
16          not include a parent borrower.

17          “(c) ANNUAL AND AGGREGATE LIMITS.—

18          “(1) IN GENERAL.—Subject to paragraph (2),  
19          the maximum annual amount of IDEA Loans in any  
20          academic year (as defined in section 481(a)(2)) or  
21          its equivalent, and the maximum aggregate amount  
22          of IDEA Loans that a student may borrow, shall be  
23          the maximum annual amounts and maximum aggre-  
24          gate amounts, respectively, of Federal Direct Unsub-  
25          sidized Stafford Loans under part D that such stu-



1       dent would have been eligible to borrow in the ab-  
2       sence of section 455(a)(4), as added by Earnings  
3       Contingent Education Loans Act of 2012.

4               “(2) GRADUATE AND PROFESSIONAL STU-  
5       DENTS.—In the case of a graduate or professional  
6       student who would have been eligible to borrow a  
7       Federal Direct PLUS Loan under part D in the ab-  
8       sence of section 455(a)(4), as added by Earnings  
9       Contingent Education Loans Act of 2012, the max-  
10      imum annual amounts and maximum aggregate  
11      amounts, respectively, of IDEA Loans that the stu-  
12      dent may borrow as determined under paragraph (1)  
13      for any academic year (as defined in section  
14      481(a)(2)) or its equivalent, may be increased to an  
15      amount equal to the maximum annual amounts and  
16      maximum aggregate amounts, respectively, of Fed-  
17      eral Direct PLUS Loans that such student would  
18      have been eligible to borrow in the absence of such  
19      section 455(a)(4).

20              “(d) LOAN FEE.—The Secretary shall charge the  
21      borrower of a loan (other than an IDEA Consolidation  
22      Loan) made under this part an origination fee. Such fee  
23      shall be the sum of—

24                      “(1) for the portion of the principal amount of  
25      the loan that is equal to (or less than) the maximum

1       annual amount a student may borrow under sub-  
2       section (c)(1), 1.0 percent of such portion of the  
3       principal amount of the loan; plus

4               “(2) for the portion of the principal amount of  
5       the loan that exceeds the maximum annual amount  
6       a student may borrow under subsection (c)(1), as  
7       authorized by subsection (c)(2), 4.0 percent of such  
8       portion of the principal amount of the loan.

9       “(e) INTEREST RATES.—

10               “(1) IN GENERAL.—Except as provided in para-  
11       graph (2), for IDEA Loans for which the first dis-  
12       bursement is made on or after July 1, 2014, the ap-  
13       plicable rate of interest shall, during any 12-month  
14       period beginning on July 1 and ending on June 30,  
15       be determined on the preceding June 1 and be equal  
16       to—

17               “(A) the bond equivalent rate of 10-year  
18       Treasury bills auctioned at the final auction  
19       held prior to such June 1; plus

20               “(B) 3.0 percent.

21               “(2) CERTAIN GRADUATE AND PROFESSIONAL  
22       STUDENTS.—Notwithstanding paragraph (1), with  
23       respect to graduate or professional students who  
24       have increased maximum annual and aggregate loan  
25       limits under subsection (c)(2), for IDEA Loans for

1 which the first disbursement is made on or after  
2 July 1, 2014, the applicable rate of interest shall be  
3 the weighted average of—

4 “(A) the rate determined under paragraph  
5 (1) for the portion of the principal amount of  
6 the loan that is equal to (or less than) the max-  
7 imum annual amount a student may borrow  
8 under subsection (c)(1); and

9 “(B) the rate determined under paragraph  
10 (1), except that ‘4.1 percent’ shall be sub-  
11 stituted for ‘3.0 percent’ in such determination,  
12 for the portion of the principal amount of the  
13 loan that exceeds the maximum annual amount  
14 a student may borrow under subsection (c)(1),  
15 as authorized by subsection (c)(2).

16 “(3) CONSULTATION.—The Secretary shall de-  
17 termine the applicable rate of interest under para-  
18 graph (1) after consultation with the Secretary of  
19 the Treasury and shall publish such rate in the Fed-  
20 eral Register as soon as practicable after the date of  
21 determination.

22 “(4) APPLICATION OF INTEREST RATE DURING  
23 THE LIFE OF THE LOAN.—

24 “(A) FIXED RATE UNTIL CAP.—The appli-  
25 cable rate of interest determined under para-

graph (1) or (2) for an IDEA Loan shall be fixed for the life of the loan, except that interest shall cease to accrue when the total amount of interest (both paid and unpaid) that has accrued during the borrower's grace and repayment periods equals 50 percent of the total amount of the loan (equal to the sum of the unpaid principal, interest, penalties, and fees due on the loan) as of first day of the borrower's grace period.

“(B) IN-SCHOOL DEFERMENT PERIOD.—

Interest shall accrue and be capitalized or paid by the borrower (but periodic installments of principal need not be paid) during the in-school deferment period with respect to an IDEA Loan. For the purposes of this part, the in-school deferment period with respect to an IDEA Loan is the first period during which the borrower is pursuing at least one-half the normal full-time academic workload (as determined by the institution) in the course of study for which the borrower received such loan and ending on the first day of the first month that begins after the borrower ceases to carry at least one-half the normal full-time academic workload

1 (as determined by the institution) in the course  
2 of study.

3 “(C) GRACE AND REPAYMENT PERIODS.—

4 Interest that accrues during the borrower’s  
5 grace period (for the purposes of this title, de-  
6 fined as the period between the borrower’s in-  
7 school deferment period and the borrower’s re-  
8 payment period) and during the borrower’s re-  
9 payment period shall not be capitalized.

10 “(f) ARMED FORCES STUDENT LOAN INTEREST  
11 PAYMENT PROGRAM.—Using funds received by transfer to  
12 the Secretary under section 2174 of title 10, United States  
13 Code, for the payment of interest on a loan made under  
14 this part to a member of the Armed Forces, the Secretary  
15 shall pay the interest on the loan as due for a period not  
16 in excess of 36 consecutive months. The Secretary may  
17 not pay interest on such a loan out of any funds other  
18 than funds that have been so transferred.

19 “(g) NO ACCRUAL OF INTEREST FOR ACTIVE DUTY  
20 SERVICE MEMBERS.—

21 “(1) IN GENERAL.—Notwithstanding any other  
22 provision of this part and in accordance with para-  
23 graphs (2) and (4), interest shall not accrue for an  
24 eligible military borrower on a loan made under this

1 part for which the first disbursement is made on or  
2 after July 1, 2014.

3 “(2) IDEA CONSOLIDATION LOANS.—In the  
4 case of any IDEA Consolidation loan made under  
5 this part that is disbursed on or after July 1, 2014,  
6 interest shall not accrue pursuant to this subsection  
7 only on such portion of such loan as was used to  
8 repay a loan made under part D for which the first  
9 disbursement is made on or after October 1, 2008.

10 “(3) ELIGIBLE MILITARY BORROWER.—In this  
11 subsection, the term eligible military borrower means  
12 an individual who—

13 “(A)(i) is serving on active duty during a  
14 war or other military operation or national  
15 emergency; or

16 “(ii) is performing qualifying National  
17 Guard duty during a war or other military op-  
18 eration or national emergency; and

19 “(B) is serving in an area of hostilities in  
20 which service qualifies for special pay under  
21 section 310 of title 37, United States Code.

22 “(4) LIMITATION.—An individual who qualifies  
23 as an eligible military borrower under this sub-  
24 section may receive the benefit of this subsection for  
25 not more than 60 months.

1       “(h) LOAN CANCELLATION AND DISCHARGE.—The  
 2       Secretary shall discharge a borrower’s liability on a loan  
 3       made under this part in accordance with subsections (a)  
 4       and (c) of section 437.

5       “(i) NO PUBLIC SERVICE LOAN FORGIVENESS.—A  
 6       loan made under this part shall not be eligible for the pub-  
 7       lic service loan forgiveness program under section 455(m).

8       **“SEC. 499C. IDEA CONSOLIDATION LOANS.**

9       “(a) IDEA CONSOLIDATION LOANS.—

10       “(1) IN GENERAL.—Except as provided in this  
 11       section, an IDEA Consolidation Loan under this sec-  
 12       tion shall have the same terms, conditions, and bene-  
 13       fits, as IDEA Loans under this part.

14       “(2) BORROWER AND LOAN ELIGIBILITY.—To  
 15       be eligible to receive an IDEA Consolidation Loan  
 16       under this section, a borrower—

17       “(A) shall—

18       “(i) meet the criteria described in sec-  
 19       tion 428C(a)(3)(A); and

20       “(ii) in the case of a borrower de-  
 21       scribed in section 499B(b)(1)(B), agree to  
 22       consolidate into an IDEA Consolidation  
 23       Loan all loans made to the borrower that  
 24       are described in subparagraphs (A) and  
 25       (C) of section 428C(a)(4) (other than an

1           excepted PLUS loan or an excepted con-  
2           solidation loan (as such terms are defined  
3           in section 493C(a));

4           “(B) may consolidate the loans described  
5           in subparagraphs (B), (D), and (E) of section  
6           428C(a)(4) into such IDEA Consolidation  
7           Loan; and

8           “(C) may not consolidate an IDEA Loan  
9           under section 499B into such IDEA Consolida-  
10          tion Loan.

11          “(3) REQUIREMENTS FOR THE SECRETARY.—  
12          In making IDEA Consolidation Loans under this  
13          section, the Secretary—

14               “(A) shall ensure that—

15                   “(i) each IDEA Consolidation Loan  
16                   will be made, notwithstanding any other  
17                   provision of this title limiting the annual or  
18                   aggregate principal amount for all loans  
19                   made to the borrower, in an amount which  
20                   is equal to the sum of the unpaid principal,  
21                   interest, penalties, and fees of all loans re-  
22                   ceived by the borrower which are selected  
23                   by the borrower for consolidation under  
24                   this section; and



1 “(ii) the proceeds of each IDEA Con-  
2 solidation Loan will be paid by the Sec-  
3 retary to the holder or holders of the loans  
4 being consolidated to discharge the liability  
5 on such loans;

6 “(B) shall not discriminate against any  
7 borrower seeking such an IDEA Consolidation  
8 Loan—

9 “(i) based on the number or type of  
10 loans the borrower seeks to consolidate;

11 “(ii) based on the interest rate to be  
12 charged to the borrower with respect to the  
13 consolidation loan; or

14 “(iii) based on the type or category of  
15 institution of higher education that the  
16 borrower attends or attended; and

17 “(C) shall disclose to a prospective bor-  
18 rower, in simple and understandable terms, at  
19 the time the Secretary provides an application  
20 for an IDEA Consolidation Loan—

21 “(i) whether consolidation would re-  
22 sult in a loss of loan benefits under part  
23 B or part D, including loan forgiveness,  
24 cancellation, and deferment;

1 “(ii) with respect to Federal Perkins  
2 Loans under part E—

3 “(I) that if a borrower includes a  
4 Federal Perkins Loan under part E in  
5 the consolidation loan, the borrower  
6 will lose all interest-free periods that  
7 would have been available for the Fed-  
8 eral Perkins Loan, including—

9 “(aa) the periods during  
10 which no interest accrues on such  
11 loan while the borrower is en-  
12 rolled in school at least half-time;

13 “(bb) the grace period under  
14 section 464(c)(1)(A); and

15 “(cc) the periods during  
16 which the borrower’s student  
17 loan repayments are deferred  
18 under section 464(c)(2);

19 “(II) that if a borrower includes  
20 a Federal Perkins Loan in the con-  
21 solidation loan, the borrower will no  
22 longer be eligible for cancellation of  
23 part or all of the Federal Perkins  
24 Loan under section 465(a); and

1 “(III) the occupations listed in  
2 section 465 that qualify for Federal  
3 Perkins Loan cancellation under sec-  
4 tion 465(a);

5 “(iii) the options of the borrower to  
6 prepay the IDEA Consolidation Loan;

7 “(iv) the consequences of default on  
8 the IDEA Consolidation Loan; and

9 “(v) that by applying for an IDEA  
10 Consolidation Loan, the borrower is not  
11 obligated to agree to take the consolidation  
12 loan.

13 “(b) INTEREST RATE.—

14 “(1) IN GENERAL.—Notwithstanding section  
15 499B(e), an IDEA Consolidation Loan for which the  
16 application is received on or after July 1, 2014, shall  
17 bear interest at an annual rate on the unpaid prin-  
18 cipal balance of the loan that is equal to the weight-  
19 ed average of the interest rates on the loans consoli-  
20 dated, rounded to the nearest higher one-eighth of  
21 one percent. Interest that accrues on such an IDEA  
22 Consolidation Loan shall not be capitalized.

23 “(2) APPLICATION OF INTEREST RATE DURING  
24 THE LIFE OF THE LOAN.—The applicable rate of in-  
25 terest determined under paragraph (1) shall be fixed

1 for the life of the IDEA Consolidation Loan, except  
 2 that interest shall cease to accrue when the total  
 3 amount of interest (both paid and unpaid) that has  
 4 accrued on such Loan equals 50 percent of the total  
 5 amount of the loans consolidated (as calculated on  
 6 the date such Consolidation Loan is made, and equal  
 7 to the sum of the unpaid principal, interest, pen-  
 8 alties, and fees of all loans received by the borrower  
 9 which are selected by the borrower for consolidation  
 10 under this section).

11 **“Subpart 2—IDEA Loan Repayment Program**

12 **“CHAPTER 1—ESTABLISHMENT OF THE**  
 13 **IDEA LOAN REPAYMENT PROGRAM**

14 **“SEC. 499D. DUTIES OF THE SECRETARY OF THE TREAS-**  
 15 **URY.**

16 “(a) IN GENERAL.—The Secretary of the Treasury,  
 17 in consultation with the Secretary of Education, shall es-  
 18 tablish a program (hereinafter referred to as the ‘IDEA  
 19 Loan Repayment Program’) that provides for—

20 “(1) repaying loans under this part through  
 21 wage withholding and quarterly estimated payments  
 22 as provided in subsection (b); and

23 “(2) transmitting to the Secretary of Edu-  
 24 cation—

1           “(A) an account of the amounts collected  
2           under subsection (b) with respect to each indi-  
3           vidual for whom a loan made under this part is  
4           in repayment status; and

5           “(B) such tax return information of each  
6           such individual as is necessary to determine the  
7           individual’s income-based repayment obligation  
8           as provided in subsection (c).

9           “(b) WAGE WITHHOLDING AND ESTIMATED PAY-  
10          MENTS.—

11           “(1) IN GENERAL.—The Secretary of the  
12          Treasury shall, under rules similar to the rules of  
13          chapter 24 of the Internal Revenue Code of 1986,  
14          provide for every employer making payment of wages  
15          to deduct and withhold upon such wages amounts  
16          determined in accordance with tables or computa-  
17          tional procedures prescribed by the Secretary with  
18          respect to an employee for whom a loan made under  
19          this part is in repayment status and, if applicable  
20          under this section, with respect to an employee  
21          whose spouse has a loan made under this part in re-  
22          payment status.

23           “(2) WITHHOLDING REQUIREMENTS.—The ta-  
24          bles, procedures, and guidance prescribed under  
25          paragraph (1) shall provide—

1           “(A) procedures and forms for an em-  
2           ployee to indicate—

3                   “(i) whether the employee (and, in the  
4                   case of a married individual, whether the  
5                   employee’s spouse) has a loan made under  
6                   this part that is in repayment status;

7                   “(ii) in the case of a married indi-  
8                   vidual, whether the employee anticipates  
9                   filing jointly (and accompanying guidance  
10                  explaining that if filing status for the tax-  
11                  able year is uncertain the employee should  
12                  indicate filing jointly to avoid underwith-  
13                  holding);

14                  “(iii) whether the exemption amount  
15                  to which the employee is entitled under  
16                  this section should be taken into account  
17                  in determining withholding (and accom-  
18                  panying guidance explaining that, in order  
19                  to avoid underwithholding, the employee  
20                  should only take into account the exemp-  
21                  tion in the case of the employee’s primary  
22                  employer, unless total wages from more  
23                  than one place of employment will not ex-  
24                  ceed the exemption amount);

1           “(iv) in the case of a married indi-  
2           vidual, whether the exemption amount to  
3           which the employee’s spouse is entitled  
4           under this section should be taken into ac-  
5           count in determining withholding from the  
6           wages of the employee (and accompanying  
7           guidance explaining that, in order to avoid  
8           underwithholding, the employee should  
9           only take into account such exemption if  
10          such spouse is not employed, or if the total  
11          wages from the employee’s job and the  
12          spouse’s employment will not exceed the  
13          exemption amount);

14          “(v) the number of dependents of the  
15          employee with respect to whom the em-  
16          ployee is entitled to a deduction under sec-  
17          tion 151(c) of the Internal Revenue Code  
18          of 1986, and, if a different number, in the  
19          case of a married employee, the number of  
20          dependents of the employee’s spouse with  
21          respect to whom such spouse is entitled to  
22          such deduction; and

23          “(vi) an election to have additional  
24          amounts withheld; and

1 “(B) for withholding with respect to any  
2 employee in an amount equal to the sum of—

3 “(i) in the case of an employee who  
4 has a loan made under this part in repay-  
5 ment status, the percentage of so much of  
6 the employee’s wages that would count to-  
7 wards the employee’s income-based repay-  
8 ment obligation provided in subsection (c)  
9 as exceeds any exemption amount taken  
10 into account with respect to the employee  
11 under subparagraph (A)(iii) (prorated to  
12 the payroll period), plus

13 “(ii) in the case of an employee who  
14 indicates that the employee’s spouse has a  
15 loan made under this part in repayment  
16 status, the percentage of so much of the  
17 employee’s wages that would count towards  
18 the employee’s spouse’s income-based re-  
19 payment obligation (as provided in sub-  
20 section (c)) as exceeds any exemption  
21 amount taken into account with respect to  
22 the employee’s spouse under subparagraph  
23 (A)(iv) (prorated to the payroll period).

24 “(3) QUARTERLY ESTIMATED TAX PAY-  
25 MENTS.—In the case of taxpayers who make quar-



1       terly estimated tax return payments under section  
2       6654 of the Internal Revenue Code of 1986 and who  
3       have a loan made under this part in repayment sta-  
4       tus, the Secretary shall provide similar tables and  
5       procedures for making repayments of loans made  
6       under this part concurrently with such quarterly  
7       payments.

8           “(4) COLLECTION AND PAYMENT.—The  
9       amounts required to be deducted and withheld under  
10      paragraph (1), and amounts required to be paid  
11      under paragraph (3), shall be collected by the Sec-  
12      retary of the Treasury and shall be paid into the  
13      general fund of the Treasury of the United States.

14      “(c) DETERMINATION OF INCOME-BASED REPAY-  
15      MENT OBLIGATION.—

16           “(1) IN GENERAL.—As soon as practicable  
17      after an individual for whom a loan made under this  
18      part is in repayment status during the taxable year  
19      files an income tax return for such taxable year, the  
20      Secretary of the Treasury shall transmit to the Sec-  
21      retary of Education such tax information as is nec-  
22      essary to determine—

23           “(A) the amount deducted and withheld  
24      under subsection (b)(1), and the amount paid

1 under subsection (b)(3), for the taxable year  
2 with respect to such individual, and

3 “(B) the income-based repayment obliga-  
4 tion for the taxable year for such individual.

5 “(2) INCOME-BASED REPAYMENT OBLIGA-  
6 TION.—For purposes of this section:

7 “(A) IN GENERAL.—The income-based re-  
8 payment obligation with respect to an individual  
9 for any taxable year is an amount equal to 15  
10 percent of the excess of—

11 “(i) the sum of—

12 “(I) the wages, salaries, tips, and  
13 other employee compensation of the  
14 taxpayer, but only if such amounts  
15 are includible in gross income for the  
16 taxable year (determined without re-  
17 gard to section 911, 931, 933),

18 “(II) the amount of the tax-  
19 payer’s net earnings from self-employ-  
20 ment for the taxable year (within the  
21 meaning of section 1402(a)), deter-  
22 mined with regard to the deduction al-  
23 lowed to the taxpayer by section  
24 164(f), plus

1 “(III) any other amount included  
 2 in total income of the taxpayer for the  
 3 taxable year but not described in sub-  
 4 clause (I) or (II), over

5 “(ii) the sum of—

6 “(I) the exemption amount with  
 7 respect to such individual, plus

8 “(II) the lesser of the amount de-  
 9 termined with respect to the taxpayer  
 10 under subclauses (II) and (III) of  
 11 clause (i), or \$3,000.

12 “(B) SPECIAL RULES FOR MARRIED INDIVIDUALS.—  
 13

14 “(i) EACH SPOUSE WITH LOAN.—Ex-  
 15 cept as provided in clause (ii), in the case  
 16 of a joint return of two individuals who  
 17 each have a loan made under this part in  
 18 repayment status, the income-based repay-  
 19 ment obligation with respect to each  
 20 spouse shall be an amount determined  
 21 under subparagraph (A) by apportioning  
 22  $\frac{1}{2}$  of the total income on such return to  
 23 each spouse.

24 “(ii) SPECIAL RULE FOR FIRST YEAR  
 25 OF MARRIAGE.—In the case of the first

1 taxable year for which any two individuals  
2 make a joint return, the income-based re-  
3 payment obligation with respect to such an  
4 individual shall be an amount equal to the  
5 lesser of—

6 “(I) the amount determined with  
7 respect to such individual under this  
8 paragraph (determined without regard  
9 to this clause), or

10 “(II) the amount determined  
11 with respect to such individual under  
12 this paragraph (determined by allo-  
13 cating to each spouse the amounts de-  
14 scribed in subclause (I) and (II) of  
15 subparagraph (A)(i) in proportion to  
16 the amounts attributable to each  
17 spouse, by allocating  $\frac{1}{2}$  of the amount  
18 described in subparagraph (A)(i)(III)  
19 to each spouse, and without regard to  
20 clause (i)).

21 “(3) EXEMPTION AMOUNT.—For purposes of  
22 this section:

23 “(A) IN GENERAL.—Except as provided in  
24 subparagraph (B), the exemption amount with  
25 respect to an individual shall be an amount

1 equal to 150 percent of the poverty line for the  
2 individual's household size (as determined  
3 under section 673(2) of the Community Serv-  
4 ices Block Grant Act (42 U.S.C. 9902(2))) for  
5 the calendar year in which the taxable year  
6 ends.

7 “(B) SPECIAL RULE FOR MARRIED INDIVIDUALS WHO BOTH HAVE LOANS MADE UNDER  
8 THIS PART.—If for any taxable year an indi-  
9 vidual is married, files a joint return, and has  
10 a spouse with a loan made under this part in  
11 repayment status, then the exemption amount  
12 with respect to such individual shall be an  
13 amount equal to the sum of—  
14

15 “(i) 150 percent of the poverty line  
16 for a household size of one (as determined  
17 under section 673(2) of the Community  
18 Services Block Grant Act (42 U.S.C.  
19 9902(2))) for the calendar year in which  
20 the taxable year ends, and

21 “(ii) ½ of the excess of—

22 “(I) 150 percent of the poverty  
23 line for the individual's household size  
24 minus 1 (as determined under section  
25 673(2) of the Community Services

1                   Block Grant Act (42 U.S.C. 9902(2)))  
2                   for the calendar year in which the tax-  
3                   able year ends, over

4                   “(II) the amount determined  
5                   under clause (i).

6                   “(C) HOUSEHOLD SIZE.—For purposes of  
7                   this paragraph, an individual’s household size  
8                   shall be determined by reference to the indi-  
9                   vidual, the number of dependents of the tax-  
10                  payer with respect to whom the taxpayer is en-  
11                  titled to a deduction under section 151(c) of the  
12                  Internal Revenue Code of 1986, and, if married  
13                  and filing jointly, such individual’s spouse.

14                  “(4) INDIVIDUALS NOT FILING A RETURN.—

15                  “(A) INDIVIDUALS NOT REQUIRED TO  
16                  FILE.—The income-based repayment obligation  
17                  with respect to an individual not required to file  
18                  a return under section 6012(a)(1) of the Inter-  
19                  nal Revenue Code of 1986 shall be treated as  
20                  zero.

21                  “(B) FAILURE TO FILE.—In the case of an  
22                  individual who has a loan made under this part  
23                  in repayment status and fails to file a return  
24                  under section 6012(a)(1), the Secretary of the  
25                  Treasury shall transmit to the Secretary of

1           Education any such tax information of the indi-  
2           vidual as may be necessary to determine wheth-  
3           er such individual is in default under the terms  
4           of such loan.

5           “(5) SUBSEQUENT TRANSMISSION OF EM-  
6           PLOYER INFORMATION REPORTING.—As soon as  
7           practicable after receiving from an employer infor-  
8           mation reporting with respect to withholding under  
9           subsection (b)(1) of an individual for whom an loan  
10          made under this part is in repayment status, the  
11          Secretary of the Treasury shall transmit to the Sec-  
12          retary of Education such information as may be use-  
13          ful in verifying the information with respect to with-  
14          holding transmitted under paragraph (1).

15          “(d) ADDITIONAL PROGRAM REQUIREMENTS.—The  
16          Secretary of the Treasury shall establish such other poli-  
17          cies, procedures, and guidance as may be necessary to  
18          carry out the purposes of this section, including measures  
19          to prevent underwithholding, under-reporting, and evasion  
20          of repayment or filing. Amounts shall be deducted and  
21          withheld under this section as the Secretary determines  
22          to be most appropriate to carry out the purposes of the  
23          IDEA Loan Repayment Program and to reflect, as accu-  
24          rately as is practicable, an individual’s income-based re-  
25          payment obligation.

1 **“SEC. 499E. DUTIES OF THE SECRETARY OF EDUCATION.**

2 “The Secretary shall carry out the following activities  
3 as part of the IDEA Loan Repayment Program estab-  
4 lished under this chapter:

5 “(1) CALCULATION OF ANNUAL REPAYMENT  
6 AMOUNTS.—The Secretary shall calculate the annual  
7 repayment amounts under 499F(b) for borrowers  
8 with 1 or more loans made under this part in repay-  
9 ment status, including the income-based repayment  
10 obligations of such borrowers in accordance with sec-  
11 tion 499D(c)(2).

12 “(2) COMMUNICATION WITH THE SECRETARY  
13 OF THE TREASURY.—The Secretary shall transmit  
14 to the Secretary of the Treasury such information as  
15 is necessary for the Secretary of the Treasury to  
16 carry out section 499D.

17 “(3) ANNUAL STATEMENTS.—Upon calculating  
18 the annual repayment amounts under paragraph (1)  
19 for a taxable year, the Secretary shall provide a  
20 statement, on an annual basis, to each borrower  
21 with a loan made under this part, which lists the fol-  
22 lowing:

23 “(A) Total payments made on the bor-  
24 rower’s annual repayment amount for such tax-  
25 able year.



1           “(B) The borrower’s annual repayment  
2           amount for such taxable year.

3           “(C) In the case of a borrower who, ac-  
4           cording to section 499F(f), has underpaid such  
5           annual repayment amount, the amount of such  
6           underpayment and the process for paying such  
7           underpayment under section 499F(f)(2).

8           “(D) In the case of a borrower with an  
9           overpayment on such annual repayment  
10          amount, the amount of such overpayment and  
11          the process for requesting a refund of such  
12          amount under section 499F(g), if applicable.

13          “(E) The outstanding balances on all the  
14          loans made to the borrower under this part.

15          “(F) A description of how the borrower’s  
16          annual repayment amount was calculated under  
17          paragraph (1) or (2) of section 499F(b).

18          “(4) DIRECT PAYMENT.—The Secretary shall  
19          enable a borrower to make direct payments on the  
20          borrower’s annual repayment amount for the taxable  
21          year to the Secretary throughout the year, including  
22          by providing a process for the borrower to make  
23          such payments automatically, on a periodic basis,  
24          and in an amount specified by the borrower.

1           “(5) PAYMENTS ON A TAXPAYER’S BEHALF.—

2           The Secretary shall—

3                   “(A) provide a mechanism for other indi-  
4                   viduals or entities to make payments on the an-  
5                   nual repayment amount of a borrower for a tax-  
6                   able year; and

7                   “(B) notify the borrower that any pay-  
8                   ments made under subparagraph (A) for the  
9                   taxable year that exceed the annual repayment  
10                  amount for the year shall not be refunded to  
11                  the borrower.

12           “(6) CALCULATING INTEREST ACCRUED.—The  
13           Secretary shall calculate the interest accrued for the  
14           taxable year as if the borrower’s payments under  
15           wage withholding or quarterly estimated payments  
16           under section 499D(b) for the taxable year were  
17           made in 12 equal increments throughout the year.

18           “(7) MANAGING LOANS.—The Secretary shall  
19           provide, through the Internet, a tool that has an  
20           interface that is consistent for all borrowers with a  
21           loan under this part, which enables each such bor-  
22           rower to—

23                   “(A) view the outstanding balances on the  
24                   borrower’s loans made under this part;

1           “(B) make a direct payment on the bor-  
2           rower’s annual repayment amount or indicate  
3           that any overpayment should be refunded or ap-  
4           plied to such loans as a prepayment amount;

5           “(C) view prior annual statements for such  
6           loans provided under paragraph (3);

7           “(D) view a history of payments made on  
8           such loans (including the method and source of  
9           each payment, such as tax withholding, esti-  
10          mated taxes, direct payment, or payments made  
11          on the borrower’s behalf);

12          “(E) view the borrower’s annual repay-  
13          ment amount for that year, the amount already  
14          paid on such annual repayment amount, and  
15          any amount owed by the borrower or due to be  
16          refunded to the borrower;

17          “(F) view the borrower’s loans made under  
18          this part that have been paid off; and

19          “(G) enable the borrower to initiate an ap-  
20          peal process under paragraph (8).

21          “(8) APPEALS PROCESS.—The Secretary shall  
22          make available a process through which a borrower  
23          can appeal the calculation of the borrower’s annual  
24          repayment amount, including a worksheet that en-

ables a borrower to calculate the borrower’s annual  
repayment amount.

“(9) DEFAULT FOR FAILURE TO FILE A RETURN.—In a case in which the Secretary receives information from the Secretary of the Treasury under section 499D(c)(4) that a borrower with a loan made under this part in repayment status has failed to file a return under section 6012(a)(1) of the Internal Revenue Code of 1986 and such borrower was required to file such a return, the Secretary shall—

“(A) notify the borrower of the borrower’s failure to file such a return; and

“(B) if the borrower fails to file such a return within 90 days of receipt of the notice described in subparagraph (A), consider the borrower’s loans made under this part in repayment status to be in default.

“(10) NATIONAL DIRECTORY OF NEW HIRES.—The Secretary shall send notices to borrowers under paragraph (5) of section 435(i) of the Social Security Act (42 U.S.C. 653(i)), as added by section 5 of the Earnings Contingent Education Loans Act of 2012.

1 **“CHAPTER 2—BORROWER REPAYMENT OF**  
2 **IDEA LOANS AND IDEA CONSOLIDA-**  
3 **TION LOANS**

4 **“SEC. 499F. BORROWER REPAYMENT.**

5 “(a) REPAYMENT PERIOD.—The repayment period of  
6 a loan made under this part shall—

7 “(1) begin on the first day of the first taxable  
8 year that begins after the borrower’s in-school  
9 deferment period, or in the case of an IDEA Con-  
10 solidation Loan, on the first day of the first taxable  
11 year that begins after such Consolidation Loan is  
12 disbursed; and

13 “(2) continue until the loan is paid in full, ex-  
14 cept that the Secretary may grant a borrower for-  
15 bearance of the borrower’s annual repayment  
16 amount for administrative or technical reasons, or as  
17 a result of unusual circumstances that disrupt a bor-  
18 rower’s ability to make timely payments on a loan  
19 made under this part.

20 “(b) ANNUAL REPAYMENT AMOUNT.—The annual  
21 repayment amount under this part for a taxable year for  
22 a borrower with 1 or more loans made under this part  
23 in repayment status shall be equal to the lesser of—

1           “(1) the income-based repayment obligation for  
2           such borrower for such year, as calculated under  
3           section 499E(1); or

4           “(2) an amount equal to the sum of the out-  
5           standing balances (equal to the sum of the unpaid  
6           principal, interest, penalties, and fees) that the bor-  
7           rower owes on such loans.

8           “(c) METHODS OF REPAYMENT.—In repaying an an-  
9           nual repayment amount owed by a borrower for a taxable  
10          year, a borrower—

11           “(1) shall, with respect to any wages earned by  
12           the borrower that are subject to Federal income tax  
13           withholding, have amounts withheld upon such  
14           wages under section 499D(b)(2); and

15           “(2) may—

16           “(A) in the case of a borrower who makes  
17           quarterly estimated tax return payments under  
18           section 6654 of the Internal Revenue Code of  
19           1986 for the year, pay such annual repayment  
20           amount concurrently with such quarterly pay-  
21           ments under section 499D(b)(3);

22           “(B) make direct payments under section  
23           499E(4) on such amount to the Secretary  
24           throughout the year; or

1           “(C) have other individuals or entities  
2           make payments under section 499E(5) on the  
3           borrower’s annual repayment amount for the  
4           year.

5           “(d) ORDER OF CREDITING.—Payments on loans  
6           made under this part shall be applied, without regard to  
7           the method of such payments, first toward penalties due  
8           on the loans, next toward any fees due on the loans, then  
9           toward any interest due on the loans, and finally toward  
10          the principal due on the loan with the highest applicable  
11          rate of interest among such loans.

12          “(e) PREPAYMENT AUTHORIZED.—A borrower shall  
13          have the right to prepay all or part of such loan, at any  
14          time and without penalty. Any such prepayment amount  
15          will be applied to loans made under this part in the same  
16          order as described in subsection (d).

17          “(f) UNDERPAYMENTS.—

18                 “(1) PENALTIES FOR UNDERPAYMENTS.—

19                         “(A) IN GENERAL.—Subject to subpara-  
20                         graph (C), if, as of the last day of a taxable  
21                         year, a borrower has not paid at least 90 per-  
22                         cent of the borrower’s annual repayment  
23                         amount for such year, the borrower shall be  
24                         charged a penalty in an amount equal to 10  
25                         percent of the difference between—

1 “(i) an amount equal to 90 percent of  
2 the borrower’s annual repayment amount  
3 for such year; and

4 “(ii) the amount paid on such annual  
5 repayment amount as of such day.

6 “(B) INCREASE OF ANNUAL REPAYMENT  
7 AMOUNT.—A borrower’s annual repayment  
8 amount calculated under subsection (b) for such  
9 year shall be increased by the amount of such  
10 penalty, but such penalty shall not be treated as  
11 a principal or interest amount for a loan made  
12 under this part.

13 “(C) EXCEPTION.—A borrower who has  
14 paid 100 percent of the borrower’s annual re-  
15 payment amount for the taxable year preceding  
16 the taxable year described in subparagraph (A)  
17 shall not be subject to the penalty under this  
18 paragraph for the taxable year described in sub-  
19 paragraph (A).

20 “(2) RECONCILING UNDERPAYMENTS.—

21 “(A) IN GENERAL.—If, as of the last day  
22 of a taxable year, the sum of the payments  
23 made on a borrower’s annual repayment  
24 amount for such year is less than the total



1 amount of the borrower's annual repayment  
2 amount for such year, the borrower shall—

3 “(i) within the 30-day period begin-  
4 ning on the date of receipt by the borrower  
5 of the borrower's annual statement de-  
6 scribed in section 499E(3) for such year,  
7 pay to the Secretary an amount equal to  
8 the difference between such amounts; or

9 “(ii) if a borrower fails to pay the  
10 amount owed by the borrower as calculated  
11 under clause (i) within the 30-day period,  
12 be charged a penalty equal to 2 percent of  
13 such amount for each month (prorated  
14 based on the percentage of a month such  
15 penalty is charged) that such amount is  
16 owed or until the borrower defaults on the  
17 loan for which such amount is owed,  
18 whichever occurs first.

19 “(B) DEFAULT.—A loan for which an  
20 amount is owed under subparagraph (A) and  
21 that is not paid within 360 days after the date  
22 of receipt by the borrower of the borrower's an-  
23 nual statement described in subparagraph (A)  
24 shall be considered to be default.

1       “(g) OVERPAYMENTS.—If, as of the last day of a tax-  
 2     able year, the sum of the payments made on a borrower’s  
 3     annual repayment amount for such year is greater than  
 4     the total amount of the borrower’s annual repayment  
 5     amount for such year, the Secretary shall—

6               “(1) refund the overpayment amount, if the  
 7     borrower notifies the Secretary, within the 90-day  
 8     period beginning on the date of receipt of the bor-  
 9     rower’s annual statement described in section  
 10    499E(3) for such year and in a manner prescribed  
 11    by the Secretary, that the borrower desires to have  
 12    the overpayment amount refunded; or

13              “(2) if a borrower fails to notify the Secretary  
 14    of the borrower’s desire for a refund of such amount  
 15    within such 90-day period, apply such amount as a  
 16    prepayment to the borrower’s loans made under this  
 17    part in the same manner as a prepayment author-  
 18    ized under subsection (e).”.

19   **SEC. 4. CONFORMING CHANGES TO THE HIGHER EDU-**  
 20                   **CATION ACT OF 1965.**

21       (a) LOAN FORGIVENESS AND CANCELLATION FOR  
 22    TEACHERS.—

23              (1) LOAN FORGIVENESS FOR TEACHERS.—Sec-  
 24    tion 428J of the Higher Education Act of 1965 (20  
 25    U.S.C. 1078–10) is amended—

1 (A) in subsection (b), by inserting “or for  
 2 an IDEA loan made under part J,” after “or  
 3 428H,”; and

4 (B) in subsection (c)—

5 (i) in paragraph (1), by inserting “or  
 6 an IDEA loan made under part J” after  
 7 “or 428H”; or

8 (ii) in paragraph (2)—

9 (I) by striking “A loan” and in-  
 10 serting the following:

11 “(A) LOANS MADE UNDER SECTION  
 12 428C.—A loan”; and

13 (II) by adding at the end the fol-  
 14 lowing new subparagraph:

15 “(B) IDEA CONSOLIDATION LOAN.—A  
 16 loan amount for an IDEA Consolidation Loan  
 17 may be a qualified loan amount for purposes of  
 18 this subsection only to the extent that such loan  
 19 amount was used to repay a Federal Direct  
 20 Stafford Loan, a Federal Direct Consolidation  
 21 Loan, a Federal Direct Unsubsidized Stafford  
 22 Loan, or a loan made under section 428, 428C,  
 23 or 428H.”.

1           (2) LOAN CANCELLATION FOR TEACHERS.—  
2       Section 460 of such Act (20 U.S.C. 1087j) is  
3       amended—

4           (A) in subsection (b), by inserting “or for  
5       an IDEA loan made under part J” after  
6       “under this part”;

7           (B) in subsection (c)—

8           (i) in paragraph (1), by striking “or a  
9       Federal Direct Unsubsidized Stafford  
10      Loan” and inserting “, a Federal Direct  
11      Unsubsidized Stafford Loan, or an IDEA  
12      loan made under part J”; and

13          (ii) in paragraph (2)—

14           (I) by striking “A loan” and in-  
15      serting the following:

16           “(A) FEDERAL DIRECT CONSOLIDATION  
17      LOAN.—A loan”; and

18           (II) by adding at the end the fol-  
19      lowing new subparagraph:

20           “(B) IDEA CONSOLIDATION LOAN.—A  
21      loan amount for an IDEA Consolidation Loan  
22      may be a qualified loan amount for purposes of  
23      this subsection only to the extent that such loan  
24      amount was used to repay a Federal Direct  
25      Stafford Loan, a Federal Direct Consolidation

1           Loan, a Federal Direct Unsubsidized Stafford  
 2           Loan, or a loan made under section 428, 428C,  
 3           or 428H.”.

4           (b) LOAN FORGIVENESS FOR SERVICE IN AREAS OF  
 5 NATIONAL NEED.—Section 428K(a)(2) of such Act (20  
 6 U.S.C. 1078–11(a)(2)) is amended—

7           (1) by striking “and” at the end of subpara-  
 8 graph (A);

9           (2) by striking the period at the end of sub-  
 10 paragraph (B) and inserting “; and”; and

11           (3) by adding at the end the following new sub-  
 12 paragraph:

13                   “(C) to cancel the qualified loan amount  
 14                   for a loan made under part J of this title.”.

15           (c) LOAN REPAYMENT FOR CIVIL LEGAL ASSIST-  
 16 ANCE ATTORNEYS.—Section 428L(b)(2)(A) of such Act  
 17 (20 U.S.C. 1078–12(b)(2)(A)) is amended—

18           (1) in clause (1), by striking “or part E” and  
 19 inserting “, part E, or part J”; and

20           (2) in clause (ii)—

21                   (A) in the matter preceding subclause (I),  
 22 by striking “or 455(g)” and inserting “, 455(g),  
 23 or 499C”;

24                   (B) by striking “or” at the end of sub-  
 25 clause (II);

1 (C) by redesignating subclause (III) as  
 2 subclause (IV); and

3 (D) by inserting after subclause (II) the  
 4 following:

5 “(III) a Federal Direct Consoli-  
 6 dation loan or a loan made under sec-  
 7 tion 428C, in the case of a loan made  
 8 under section 499C; or”.

9 (d) MASTER PROMISSORY NOTE.—Section  
 10 432(m)(1)(D) of such Act (20 U.S.C. 1082(m)(1)(D)) is  
 11 amended—

12 (1) by striking “this part and part D” each  
 13 place it appears and by inserting “this part, part D,  
 14 and part J”; and

15 (2) by striking “this part or part D” each place  
 16 it appears and by inserting “this part, part D, or  
 17 part J”.

18 (e) CONTRACTS.—Section 456 of such Act (20 U.S.C.  
 19 1087f) is amended—

20 (1) in subsection (a)—

21 (A) in paragraph (2), by striking “this  
 22 part” each place it appears and inserting “this  
 23 part or part J”; and

24 (B) in paragraph (4), by inserting “or part  
 25 J” after “this part”; and

1 (2) in subsection (b)—

2 (A) in paragraph (1), by inserting “or the  
3 program under part J” after “(or their par-  
4 ents)”;

5 (B) in paragraph (2), by inserting “or part  
6 J” after “this part”;

7 (C) in paragraph (3), by inserting “or part  
8 J” after “this part”; and

9 (D) in paragraph (4), by inserting “or the  
10 IDEA Loan Program” after “loan program”.

11 (f) FUNDS FOR ADMINISTRATIVE EXPENSES.—Sec-  
12 tion 458(a)(3) of such Act (20 U.S.C. 1087h(a)(3)) is  
13 amended—

14 (1) by striking “this part and part B” and in-  
15 serting “this part, part B, and part J”; and

16 (2) by inserting before the period at the end the  
17 following: “and part J”.

18 (g) STUDENT ELIGIBILITY.—Section 484 of such Act  
19 (20 U.S.C. 1091) is amended—

20 (1) in subsection (b)—

21 (A) in paragraph (3), by striking “or D”  
22 and inserting “, D, or E”; and

23 (B) in paragraph (4)(B), by striking “or  
24 E” and inserting “E, or J”;

1           (2) in subsection (d), by striking “and E” and  
2           inserting “E, and J”;

3           (3) in subsection (f), by striking “or part E”  
4           each place it appears and inserting “part E, or part  
5           J”; and

6           (4) in subsection (m), by striking “and E” and  
7           inserting “E, and J”.

8           (h) INSTITUTIONAL AND FINANCIAL ASSISTANCE IN-  
9           FORMATION FOR STUDENTS.—Section 485 of such Act  
10          (20 U.S.C. 1092) is amended—

11           (1) in subsection (a)—

12                   (A) in paragraph (1)(M), by striking “and  
13                   E” and inserting “E, and J”; and

14                   (B) in paragraph (7)(A)(i), by striking  
15                   “Loan)” each place it appears and inserting  
16                   “Loan) or part J”;

17           (2) in subsection (b)—

18                   (A) in paragraph (1)(A)—

19                           (i) in the matter preceding clause (i),  
20                           by inserting “or made under part J” after  
21                           “part E”; and

22                           (ii) in clause (vii)—

23                                   (I) by inserting “or an IDEA  
24                                   Consolidation Loan” after “Federal  
25                                   Direct Consolidation Loan”; and



1 (II) by striking “and E” and in-  
 2 serting “E, and J”; and

3 (B) in paragraph (2)(A), by striking “or  
 4 E” and inserting “E, or J”; and  
 5 (3) in subsection (l)(1)—

6 (A) in subparagraph (A), in the matter  
 7 preceding clause (i), by inserting “or made  
 8 under part J” after “student”); and

9 (B) in subparagraph (B), by striking “or  
 10 D” and inserting “, D, or J”.

11 **SEC. 5. NATIONAL DIRECTORY OF NEW HIRES.**

12 Section 435(i) of the Social Security Act (42 U.S.C.  
 13 653(i)) is amended by adding at the end the following new  
 14 paragraph:

15 “(5) SENDING NOTICE TO BORROWERS OF CER-  
 16 TAIN STUDENT LOANS.—The Secretary of Education  
 17 shall have access to the information in the National  
 18 Directory of New Hires for purposes of, on at least  
 19 a monthly basis—

20 “(A) determining when individuals with an  
 21 IDEA Loan or IDEA Consolidation loan made  
 22 under part J of title IV of the Higher Edu-  
 23 cation Act of 1965 in repayment status are  
 24 hired by employers who are making payments  
 25 of wages to such individuals; and

1 “(B) sending a notice to each such indi-  
2 vidual to remind such individual that—

3 “(i) the individual has 1 or more  
4 loans described in subparagraph (A) in re-  
5 payment status;

6 “(ii) the individual is responsible for  
7 providing accurate information to the indi-  
8 vidual’s employer to ensure that the em-  
9 ployer will deduct and withhold upon such  
10 wages amounts to repay such loans in ac-  
11 cordance with section 499D(b) of the  
12 Earnings Contingent Education Loans Act  
13 of 2012; and

14 “(iii) failure to provide such accurate  
15 information will likely result in significant  
16 penalties, default, or collections pro-  
17 ceedings.”.

18 **SEC. 6. WITHHELD AMOUNTS INCLUDED ON W-2.**

19 (a) IN GENERAL.—Subsection (a) of section 6051 of  
20 the Internal Revenue Code of 1986 is amended by striking  
21 “and” at the end of paragraph (13), by striking the period  
22 at the end of paragraph (14) and inserting “, and”, and  
23 by inserting after paragraph (14) the following new para-  
24 graph:

1           “(15) the total amount deducted and withheld  
 2           under the IDEA Loan Repayment Program estab-  
 3           lished under chapter 1 of subpart 2 of part J of title  
 4           IV of the Higher Education Act of 1965.”.

5           (b) EFFECTIVE DATE.—The amendments made by  
 6           this section shall apply to amounts deducted and withheld  
 7           after the date of the enactment of this Act.

8   **SEC. 7. DISCLOSURE OF RETURN INFORMATION FOR PUR-**  
 9                   **POSES OF IDEA LOAN REPAYMENT PRO-**  
 10                   **GRAM.**

11          (a) IN GENERAL.—Subsection (l) of section 6103 of  
 12          the Internal Revenue Code of 1986 is amended by adding  
 13          at the end the following new paragraph:

14               “(23) DISCLOSURE OF RETURN INFORMATION  
 15               TO DEPARTMENT OF EDUCATION FOR PURPOSES OF  
 16               ADMINISTERING IDEA LOAN REPAYMENT PRO-  
 17               GRAM.—

18               “(A) IN GENERAL.—The Secretary shall,  
 19               upon written request, disclose to the Depart-  
 20               ment of Education such return information as  
 21               is necessary for purposes of carrying out the  
 22               IDEA Loan Repayment Program established  
 23               under subpart 2 of part J of the Higher Edu-  
 24               cation Act of 1965.

1           “(B) RESTRICTION ON DISCLOSURE.—Re-  
2           turn information disclosed under subparagraph  
3           (A) may be used by officers, employees, and  
4           contractors of the Department of Education  
5           only for purposes of, and to the extent nec-  
6           essary in—

7                     “(i) determining income-based repay-  
8                     ment obligations under the IDEA Loan  
9                     Repayment Program, and

10                    “(ii) determining amounts deducted  
11                    and withheld, and amounts paid concur-  
12                    rently with quarterly estimated taxes,  
13                    under the IDEA Loan Repayment Pro-  
14                    gram.”.

15           (b) EFFECTIVE DATE.—The amendments made by  
16           this section shall take effect on the date of the enactment  
17           of this Act.

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