

116TH CONGRESS
1ST SESSION

H. R. 4670

To amend the Higher Education Act of 1965 to establish an income-based repayment for new loans on and after July 1, 2021, and for borrowers who enter income-based repayment after June 30, 2021, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 11, 2019

Ms. WILD (for herself and Mrs. HAYES) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Higher Education Act of 1965 to establish an income-based repayment for new loans on and after July 1, 2021, and for borrowers who enter income-based repayment after June 30, 2021, 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 “Simplifying Student
5 Loans Act”.

1 **SEC. 2. TERMINATION OF CERTAIN REPAYMENT PLAN OP-**
2 **TIONS AND OPPORTUNITY TO CHANGE RE-**
3 **PAYMENT PLANS.**

4 (a) SELECTION OF REPAYMENT PLANS.—Section
5 428(b) of the Higher Education Act of 1965 (20 U.S.C.
6 1078(b)) is amended—

7 (1) in paragraph (1)—

8 (A) in subparagraph (D)—

9 (i) in clause (ii), by striking “may an-
10 nually change the selection of a repayment
11 plan under this part,” and inserting “may
12 at any time after July 1, 2021, change the
13 selection of a repayment plan under this
14 part to one of the 2 repayment plans de-
15 scribed in paragraph (9)(C),”; and

16 (ii) in clause (iii), by striking “be sub-
17 ject to income contingent repayment in ac-
18 cordance with subsection (m);” and insert-
19 ing “be subject to income-based repayment
20 in accordance with section 493C(f);”; and

21 (B) in subparagraph (E)(i), by striking
22 “the option of repaying the loan in accordance
23 with a standard, graduated, income-sensitive, or
24 extended repayment schedule (as described in
25 paragraph (9)) established by the lender in ac-
26 cordance with regulations of the Secretary;

1 and” and inserting “the option of repaying the
2 loan in accordance with a repayment plan de-
3 scribed in paragraph (9)(C) established by the
4 lender in accordance with regulations of the
5 Secretary; and”;

6 (2) in paragraph (9), by adding at the end the
7 following:

8 “(C) SELECTION OF REPAYMENT PLANS
9 ON AND AFTER JULY 1, 2021; OPPORTUNITY TO
10 CHANGE REPAYMENT PLANS.—Notwithstanding
11 any other provision of this paragraph, or any
12 other provision of law, and in accordance with
13 regulations, beginning on July 1, 2021, the
14 lender shall offer a borrower of a loan made, in-
15 sured, or guaranteed under this part the oppor-
16 tunity to change repayment plans, and to enroll
17 in one of the following repayment plans:

18 “(i) A fixed repayment plan described
19 in section 493E.

20 “(ii) The income-based repayment
21 plan under section 493C(f).”

22 **SEC. 3. AMENDMENTS TO TERMS AND CONDITIONS OF**
23 **LOANS AND REPAYMENT PLANS.**

24 (a) RULEMAKING REGARDING TERMINATION OF
25 CERTAIN REPAYMENT PLANS.—Before July 1, 2021, the

1 Secretary of Education shall carry out a plan to end all
2 eligibility for repayment plans other than a fixed repay-
3 ment plan described in section 493E of the Higher Edu-
4 cation Act of 1965 (20 U.S.C. 1001 et seq.), as added
5 by this Act, and an income-based repayment plan de-
6 scribed under section 493C(f) of the Higher Education
7 Act of 1965 (20 U.S.C. 1001 et seq.), as added by this
8 Act, for loans made under part B or D of title IV of the
9 Higher Education Act of 1965 (20 U.S.C. 1070 et seq.),
10 unless the borrower is enrolled in another repayment plan
11 before July 1, 2021, in accordance with the amendments
12 made by this Act.

13 (b) REPAYMENT PLANS.—Section 455(d) of the
14 Higher Education Act of 1965 (20 U.S.C. 1087e(d)) is
15 amended—

16 (1) by redesignating paragraphs (2) through
17 (5) as paragraphs (3) through (6), respectively;

18 (2) by inserting after paragraph (1), the fol-
19 lowing:

20 “(2) DESIGN AND SELECTION ON AND AFTER
21 JULY 1, 2021.—

22 “(A) IN GENERAL.—Notwithstanding para-
23 graph (1), for the borrower of a loan made on
24 or after July 1, 2021, and for other borrowers
25 subject to paragraph (7), the Secretary shall

1 offer a borrower of a loan made under this part
2 plans for repayment of such loan, including
3 principal and interest on the loan. The borrower
4 shall be entitled to accelerate, without penalty,
5 repayment on the borrower's loans under this
6 part. The borrower may choose—

7 “(i) a fixed repayment plan described
8 in section 493E; or

9 “(ii) the income-based repayment plan
10 under section 493C(f).

11 “(B) SELECTION BY THE SECRETARY.—If
12 a borrower of a loan made under this part on
13 or after July 1, 2021, does not select a repay-
14 ment plan described in subparagraph (A), the
15 Secretary may provide the borrower with a
16 fixed repayment plan described in section 493E.

17 “(C) CHANGES IN SELECTIONS.—Begin-
18 ning on July 1, 2021, a borrower of a loan
19 made under this part may change the bor-
20 rower's selection of a repayment plan in accord-
21 ance with paragraph (7) and under such terms
22 and conditions as may be established by the
23 Secretary.”;

24 (3) in paragraph (6)(B), as redesignated, by
25 striking “an income contingent repayment plan.”

1 and inserting “the income-based repayment plan
2 under section 493C(f).”; and

3 (4) by adding at the end the following:

4 “(7) BORROWERS OF LOANS MADE BEFORE
5 JULY 1, 2021.—A borrower who is in repayment on
6 a loan made under part B or part D before July 1,
7 2021—

8 “(A) may choose to retain the repayment
9 plan that the borrower was enrolled in on the
10 day before such date;

11 “(B) may elect to—

12 “(i) enter the income-based repayment
13 plan under section 493C(f); or

14 “(ii) enter a fixed repayment plan de-
15 scribed in section 493E;

16 “(C) after electing to leave a repayment
17 plan other than an income-based repayment
18 plan described under this subsection or a fixed
19 repayment plan described in section 493E, shall
20 not be permitted to re-elect a repayment plan
21 that is not an income-based repayment plan
22 under this subsection or a fixed repayment plan
23 described in section 493E; and

24 “(D) shall retain, for purposes of repay-
25 ment or cancellation of any outstanding balance

1 of principal and interest due on a loan as de-
2 scribed in section 493C(b)(7) any years of re-
3 payment under another income-based or income
4 contingent repayment plan under this title.”.

5 (c) MAXIMUM REPAYMENT PERIOD FOR INCOME-
6 CONTINGENT REPAYMENT.—Section 455(e) of the Higher
7 Education Act of 1965 (20 U.S.C. 1087e(e)) is further
8 amended—

9 (1) in paragraph (7)(B)—

10 (A) by striking “or” at the end of clause
11 (iv);

12 (B) by striking the period at the end of
13 clause (v) and inserting a semicolon; and

14 (C) by adding at the end the following:

15 “(vi) makes payments under the in-
16 come-based repayment plan under section
17 493C(f); or

18 “(vii) makes payments under the fixed
19 repayment plan described in section 493E.

20 “(8) ADDITIONAL QUALIFYING REPAYMENT
21 PLANS.—A borrower repaying a loan pursuant to in-
22 come-contingent repayment under this subsection
23 may elect at any time to terminate repayment under
24 such repayment plan and repay such loan under the
25 income-based repayment plan under section 493C(f)

1 or the fixed repayment plan described in section
2 493E.”.

3 **SEC. 4. INCOME-BASED REPAYMENT PLAN.**

4 (a) OPTIONS TO ENTER INTO THE NEW FIXED RE-
5 PAYMENT PLAN AND INCOME-BASED REPAYMENT
6 PLAN.—Section 493C(b) of the Higher Education Act of
7 1965 (20 U.S.C. 1098e) is amended—

8 (1) in paragraph (7)(B)—

9 (A) by striking “or” at the end of clause
10 (iv); and

11 (B) by adding at the end the following:

12 “(vi) has made payments under the
13 income-based repayment plan under sec-
14 tion 493C(f); or

15 “(vii) has made payments under the
16 fixed repayment plan described in section
17 493E;”;

18 (2) by amending paragraph (8) to read as fol-
19 lows:

20 “(8) a borrower who is repaying a loan made
21 under part B or D pursuant to income-based repay-
22 ment may elect, at any time, to terminate repayment
23 pursuant to income-based repayment and repay such
24 loan under the income-based repayment plan under

1 section 493C(f) or the fixed repayment plan de-
2 scribed in section 493E;”;

3 (3) in paragraph (9), by striking the period at
4 the end and inserting “; and”; and

5 (4) by adding at the end the following:

6 “(10) a borrower who is repaying a loan made,
7 insured, or guaranteed under part B or D pursuant
8 to this section may repay such loan in full at any
9 time without penalty.”.

10 (b) INCOME-BASED REPAYMENT.—Section 493C of
11 the Higher Education Act of 1965 (20 U.S.C. 1098e) is
12 amended by adding at the end the following:

13 “(f) INCOME-BASED REPAYMENT FOR NEW LOANS
14 ON AND AFTER JULY 1, 2021, AND FOR BORROWERS
15 WHO ENTER INCOME-BASED REPAYMENT AFTER JUNE
16 30, 2021.—

17 “(1) IN GENERAL.—The income-based repay-
18 ment plan under this subsection shall be carried out
19 in accordance with this section, except as otherwise
20 specified in this subsection—

21 “(A) with respect to any loan made under
22 part D on or after July 1, 2021, if such bor-
23 rower elects such income-based repayment plan
24 for the loan; and

1 “(B) with respect to any loan made, in-
2 sured, or guaranteed under part B or D on or
3 before June 30, 2021, if such borrower elects to
4 repay the loan under such income-based repay-
5 ment plan on or after July 1, 2021.

6 “(2) SPECIAL TERMS.—Notwithstanding any
7 other provision of this section, with respect to a loan
8 described under paragraph (1), the following terms
9 shall apply to the income-based repayment plan
10 under this subsection:

11 “(A)(i) Notwithstanding subsection
12 (a)(3)(B), the repayment amount under this
13 subsection shall be an amount equal to 10 per-
14 cent of the result obtained by calculating, on at
15 least an annual basis, the amount by which the
16 adjusted gross income of the borrower (subject
17 to clause (ii)) exceeds the applicable percentage
18 of the poverty line in accordance with clause
19 (iii).

20 “(ii)(I) Subject to subclause (II), in the
21 case of a married borrower (regardless of tax
22 filing status), clause (i) shall be applied by sub-
23 stituting ‘the adjusted gross income of the bor-
24 rower and the borrower’s spouse’ for ‘the ad-
25 justed gross income of the borrower’.

1 “(II) Subclause (I) shall not be applicable
2 to any borrower who is married and who cer-
3 tifies to the Secretary through a form approved
4 by the Secretary that the borrower is—

5 “(aa) separated from the spouse of
6 the borrower; or

7 “(bb) unable to reasonably access the
8 income information the spouse of such bor-
9 rower.

10 “(iii) For purposes of clause (i), the term
11 ‘applicable percentage’ means 200 percent of
12 the poverty line applicable to the borrower’s
13 family size (as determined under section 673(2)
14 of the Community Services Block Grant Act
15 (42 U.S.C. 9902(2))) reduced by 5 percentage
16 points for each \$1,000 by which the borrower’s
17 adjusted gross income exceeds—

18 “(I) in the case of a single borrower,
19 \$80,000; and

20 “(II) in the case of a married bor-
21 rower (regardless of tax filing status),
22 \$160,000.

23 “(B) Subsection (b)(7)(B) shall apply by
24 substituting ‘20 years’ for ‘25 years’.

1 “(C) A borrower of such a loan may elect,
2 and remain enrolled in, the income-based repay-
3 ment plan under this subsection regardless of—

4 “(i) whether such borrower has a par-
5 tial financial hardship; and

6 “(ii) the income level of the borrower.

7 “(D) Notwithstanding subparagraph (A) of
8 subsection (b)(6), a borrower’s monthly pay-
9 ment—

10 “(i) shall be equal to the repayment
11 amount determined under subparagraph
12 (A) divided by 12; and

13 “(ii) may exceed the monthly repay-
14 ment amount under a standard 10-year re-
15 payment plan or a fixed repayment plan
16 described in section 493E.

17 “(E) Subparagraph (B) of subsection
18 (b)(3) shall not apply.

19 “(F) Subsection (d) shall not apply.

20 “(G) In the case of a consolidation loan
21 made under part B or D on or after the date
22 of enactment of the ‘Simplifying Student Loans
23 Act’ that is being repaid under this subsection,
24 any monthly payment made pursuant to any re-
25 payment plan listed in subsection (b)(7)(B) on

1 a loan for which the liability has been dis-
2 charged by the proceeds of such consolidation
3 loan shall be treated as a monthly payment
4 under this subsection on the portion of such
5 consolidation loan that is attributable to such
6 discharged loan, except that in the case of a
7 subsequent consolidation loan, any monthly
8 payment on a loan for which the liability has
9 been discharged by the first consolidation loan
10 shall not be applicable for the purposes of this
11 subparagraph.

12 “(3) ADDITIONAL SPECIAL TERMS FOR CER-
13 TAIN BORROWERS.—A borrower described in para-
14 graph (1)(B)—

15 “(A) may—

16 “(i) choose to continue repayment
17 pursuant to the repayment plan in which
18 the borrower is enrolled on June 30, 2021;

19 or

20 “(ii) make a one-time election to—

21 “(I) terminate repayment pursu-
22 ant to the repayment plan described
23 in clause (i) and enter the income-
24 based repayment plan under this sub-
25 section; or

1 “(II) terminate repayment pursu-
2 ant to the repayment plan described
3 in clause (i) and enter a fixed repay-
4 ment plan described in section 493E;
5 and

6 “(B) who makes an election under sub-
7 paragraph (A)(ii), shall not repay a loan de-
8 scribed in paragraph (1)(B) under a repayment
9 plan that is not an income-based repayment
10 plan under this subsection or a fixed repayment
11 plan described in section 493E.”.

12 **SEC. 5. FIXED REPAYMENT PLAN.**

13 Part G of title IV of the Higher Education Act of
14 1965 (20 U.S.C. 1088 et seq.) is further amended by add-
15 ing at the end the following:

16 **“SEC. 493E. FIXED REPAYMENT PLAN.**

17 “(a) IN GENERAL.—A borrower of a loan made under
18 this part on or after July 1, 2021, and a borrower who
19 is in repayment on a loan made, insured, or guaranteed
20 under part B or part D before July 1, 2021, may elect
21 to repay such loan under the fixed repayment plan de-
22 scribed in this section.

23 “(b) FIXED REPAYMENT PLAN.—Under the fixed re-
24 payment plan, a borrower whose total outstanding amount

1 of principal and interest on such a loan (as of the day
2 before entering repayment on such loan)—

3 “(1) is equal to or less than \$20,000, shall
4 repay such loan with a fixed monthly repayment
5 amount paid over a period of 10 years;

6 “(2) is more than \$20,000 and less than
7 \$30,000, shall repay such loan with a fixed monthly
8 repayment amount paid over a period of—

9 “(A) 15 years; or

10 “(B) the period described in paragraph
11 (1), if the borrower elects such period;

12 “(3) is equal to or greater than \$30,000, and
13 less than \$40,000, shall repay such loan with a fixed
14 monthly repayment amount paid over a period of—

15 “(A) 20 years; or

16 “(B) the period described in paragraph (1)
17 or (2), if the borrower elects such period; and

18 “(4) is equal to or greater than \$40,000, shall
19 repay such loan with a fixed monthly repayment
20 amount paid over a period of—

21 “(A) 25 years; or

22 “(B) the period described in any of para-
23 graphs (1) through (3), if the borrower elects
24 such period.

1 “(c) TREATMENT OF CERTAIN CONSOLIDATION
2 LOANS.—In the case of a consolidation loan made under
3 part B or D on or after the date of enactment of the ‘Sim-
4 plifying Student Loans Act’ that is being repaid under this
5 section, any monthly payment made pursuant to any re-
6 payment plan listed in section 493C(b)(7)(B) on a loan
7 for which the liability has been discharged by the proceeds
8 of such consolidation loan shall be treated as a monthly
9 payment under this section on the portion of such consoli-
10 dation loan that is attributable to such discharged loan,
11 except that in the case of a subsequent consolidation loan,
12 any monthly payment on a loan for which the liability has
13 been discharged by the first consolidation loan shall not
14 be applicable for the purposes of this subsection.”.

○