

116TH CONGRESS
1ST SESSION

H. R. 4851

To amend the Higher Education Act of 1965 to carry out a State workforce incentive program.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 23, 2019

Ms. STEFANIK (for herself and Mr. KELLER) 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 carry out
a State workforce incentive program.

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 “State Workforce Incen-
5 tive Act”.

6 **SEC. 2. STATE WORKFORCE INCENTIVE PROGRAM.**

7 Part G of title IV of the Higher Education Act of
8 1965 (20 U.S.C. 1088 et seq.) is amended by adding at
9 the end the following:

1 **“SEC. 493E. STATE WORKFORCE INCENTIVE PROGRAM.**

2 “(a) PURPOSE.—The purpose of this section is to
3 support the workforce in State-determined high-need or
4 public-service occupations, and to encourage individuals to
5 pursue and maintain employment in such occupations
6 through annual incentive payments towards their eligible
7 Federal loans.

8 “(b) ALLOTMENT AND ALLOCATIONS OF CREDITS
9 FOR REDUCING FEDERAL LOAN DEBT.—

10 “(1) IN GENERAL.—From the amount appro-
11 priated under subsection (e), the Secretary shall an-
12 nually allot, in accordance with paragraph (2), loan
13 repayment credits to each State with an approved
14 State implementation plan, which may be allocated
15 to eligible borrowers in such State for the purpose
16 of reducing the amount owed on the eligible Federal
17 loans of such borrowers.

18 “(2) ALLOTMENT OF LOAN REPAYMENT CRED-
19 ITS TO STATES.—

20 “(A) IN GENERAL.—Each State with an
21 approved State implementation plan shall re-
22 ceive an allotment of loan repayment credits on
23 July 1 of each year, as follows:

24 “(i) 0.50 of the amount appropriated
25 under subsection (e) shall be allotted on
26 the basis of the relative population of the

1 State, compared to the total population in
2 all States with an approved State imple-
3 mentation plan.

4 “(ii) 0.25 of the amount appropriated
5 under subsection (e) shall be allotted on
6 the basis of the relative amount of individ-
7 uals in poverty in the State, compared to
8 the total amount of individuals in poverty
9 in all States with an approved State imple-
10 mentation plan.

11 “(iii) 0.25 of the amount appropriated
12 under subsection (e) shall be allotted on
13 the basis of the relative excess number of
14 individuals in poverty in the State, com-
15 pared to total excess number of individuals
16 in poverty in all States with an approved
17 State implementation plan.

18 “(B) DEFINITIONS.—For purposes of this
19 paragraph:

20 “(i) INDIVIDUALS IN POVERTY.—The
21 term ‘individuals in poverty’ means the
22 number of individuals who are living below
23 100 percent of the poverty line.

24 “(ii) EXCESS NUMBER.—The term
25 ‘excess number’, when used with respect to

1 the excess number of individuals in poverty
2 in a State, means the number that rep-
3 resents the number of individuals in pov-
4 erty in the State in excess of 8 percent of
5 the total number of individuals in the
6 State for whom the poverty status is deter-
7 mined.

8 “(C) CARRYOVER OF LOAN REPAYMENT
9 CREDITS.—Any loan repayment credits allotted
10 to a State and not obligated to a borrower dur-
11 ing the award year during which such credits
12 were allotted shall—

13 “(i) be retained by the State during
14 the period covered by the State plan; and

15 “(ii) may be allocated by the State to
16 a borrower at any point during such pe-
17 riod.

18 “(3) MANDATORY FUNDS FOR FISCAL YEAR
19 2021.—For fiscal year 2021, there shall be available
20 to the Secretary, from funds not otherwise appro-
21 priated, funds to be obligated to States receiving an
22 allotment under this section for administrative costs
23 under this section not to exceed \$50,000,000.

24 “(c) STATE IMPLEMENTATION PLAN.—

1 “(1) IN GENERAL.—To be eligible for an allot-
2 ment of loan repayment credits under this section,
3 a State shall submit to the Secretary a State imple-
4 mentation plan every 5 years.

5 “(2) CONTENTS.—Each State implementation
6 plan shall cover a period of 5 award years and in-
7 clude the following:

8 “(A) The State entity responsible for ad-
9 ministering the program under this section.

10 “(B) A description of how the State will
11 identify the workforce and public service needs
12 (as defined by the State) to be addressed
13 through the program, including descriptions of
14 how the State—

15 “(i) will use State, regional, or local
16 labor market data to determine workforce
17 needs;

18 “(ii) will consider particular occupa-
19 tions that support the economic develop-
20 ment of rural and underserved commu-
21 nities (which may include farmers), as de-
22 termined by the State;

23 “(iii) will determine the occupations
24 for which borrowers shall be eligible to re-
25 ceive loan repayment credits;

1 “(iv) will determine the amount of
2 loan repayment credits to be annually allo-
3 cated to borrowers in each occupation de-
4 termined under clause (iii); and

5 “(v) will project the total amount of
6 loan repayment credits to be awarded an-
7 nually to borrowers eligible for such cred-
8 its, and use this projection to ensure the
9 State has been allotted sufficient loan re-
10 payment credits to meet the State’s obliga-
11 tions under clauses (iii) and (iv).

12 “(C) A description of how the State will
13 administer the program under this section, in-
14 cluding descriptions of—

15 “(i) how the State will promote such
16 program, and publicly announce to the
17 general public in the State the list of eligi-
18 ble occupations and the annual amount of
19 loan repayment credits to be awarded for
20 such occupations during the period covered
21 by the plan;

22 “(ii) the borrower-friendly application
23 process for borrowers to apply to the State
24 for loan repayment credits;

1 “(iii) the process the State will use to
2 verify the State-determined eligibility fac-
3 tors of each applicant and how such appli-
4 cation will be seamlessly submitted under
5 subsection (d)(1)(C) to the Secretary for
6 Federal verification of the State’s deter-
7 mination of the amount of loan repayment
8 credits to be allocated; and

9 “(iv) how the State will determine if
10 the State has sufficient loan repayment
11 credits to add occupations to the list of eli-
12 gible occupations or increase the amount of
13 loan repayment credits to be awarded to
14 borrowers in eligible occupations, and how
15 the State will inform the general public in
16 the State of such changes.

17 “(D) An assurance that following the pub-
18 lic release of the State determined eligible occu-
19 pations and loan repayment credit amounts,
20 such occupations and credit amounts will not be
21 reduced or become unavailable for allocation to
22 borrowers eligible for such credits in the State
23 for the period covered by the plan.

24 “(E) An assurance that the State will com-
25 ply with subsection (d)(2)(C) to use non-Fed-

1 eral funds to provide the full State-determined
2 amount of loan repayment credits in accordance
3 with such subsection.

4 “(F) An assurance that no borrower will
5 receive more than \$10,000 in loan repayment
6 credits for an award year.

7 “(3) PLAN APPROVAL.—The Secretary shall ap-
8 prove a plan submitted under this section that meets
9 the requirements of paragraph (2).

10 “(d) BORROWER APPLICATION PROCESS.—

11 “(1) STATE REQUIREMENTS.—Each State re-
12 ceiving an allotment of loan repayment credits under
13 this section shall—

14 “(A) upon receipt of approval of the
15 State’s plan under subsection (c)(3), carry out
16 the announcement and promotion requirements
17 described in subsection (c)(2)(C)(i);

18 “(B) require each borrower seeking such
19 credits to submit an application to the State at
20 such time, in such manner, and containing such
21 information as may be required by such State;
22 and

23 “(C) upon State verification of eligibility of
24 a borrower for an allocation of loan repayment
25 credits (including employment in an eligible oc-

1 cupation and the application requirements
2 under subparagraph (B)), the State shall sub-
3 mit to the Secretary—

4 “(i) the application of the borrower;
5 and

6 “(ii) a determination of the number of
7 such credits that should be allocated to the
8 borrower.

9 “(2) SECRETARY APPROVAL.—

10 “(A) FULL AMOUNT.—

11 “(i) IN GENERAL.—Subject to sub-
12 paragraphs (B) and (C), upon a deter-
13 mination that a borrower meets the re-
14 quirements of clause (ii), the Secretary
15 shall cancel an amount equal to the
16 amount of credits allocated to the borrower
17 under paragraph (1)(C)(ii) of the out-
18 standing balance of principal or interest on
19 the eligible Federal loans of such borrower.

20 “(ii) BORROWER REQUIREMENTS.—A
21 borrower meets the requirements of this
22 clause if the borrower—

23 “(I) has entered repayment on
24 any eligible Federal loan and such

1 loans are less than 90 days delin-
2 quent;

3 “(II) whose total number of loan
4 repayment credits under this section
5 has resulted in the cancellation of less
6 than \$50,000 on the borrower’s eligi-
7 ble Federal loans; and

8 “(III) earned an adjusted gross
9 income of less than \$120,000 during
10 the prior calendar year.

11 “(B) PARTIAL AMOUNT.—

12 “(i) IN GENERAL.—In the case of a
13 borrower whose allocation amount under
14 subparagraph (A) would result in the bor-
15 rower receiving greater than a total of
16 \$50,000 in loan repayment credits under
17 the program under this section, the Sec-
18 retary shall cancel an amount described in
19 clause (ii) of the outstanding balance on
20 the eligible Federal loans of the borrower.

21 “(ii) AMOUNT.—The amount de-
22 scribed in this clause is an amount that
23 would result in the borrower receiving a
24 total of \$50,000 in loan cancellation under
25 this section.

1 “(C) INSUFFICIENT CREDITS.—In the case
2 of a State that does not have a sufficient allot-
3 ment of loan repayment credits to allocate the
4 number of credits to a borrower in an amount
5 determined under paragraph (1)(C)(ii) for such
6 borrower, the Secretary shall, with respect to
7 the outstanding balance of the borrower’s eligi-
8 ble Federal loans—

9 “(i) cancel an amount equal to the
10 amount of such credits that are remaining
11 in the State’s allotment; and

12 “(ii) notify the State of its obligation
13 to use non-Federal funds to cancel an
14 amount equal to the difference between the
15 allocation amount determined for the bor-
16 rower and the amount cancelled under
17 clause (i).

18 “(e) FUNDING.—There are authorized to be appro-
19 priated, and there are appropriated to carry out this sec-
20 tion (in addition to any other amounts appropriated to
21 carry out this section and out of any money in the Treas-
22 ury not otherwise appropriated)—

23 “(1) for each of the first and second award
24 years that begin on or after the date of enactment
25 of the State Workforce Incentive Act, an amount

1 equal to 0.01 of the loans made under part D and
2 first disbursed during the preceding award year;

3 “(2) for each of the third and fourth award
4 years that begin after the date of enactment of the
5 State Workforce Incentive Act, an amount equal to
6 0.02 of the loans made under part D and first dis-
7 bursed during the preceding award year;

8 “(3) for each of the fifth and sixth award years
9 that begin after the date of enactment of the State
10 Workforce Incentive Act, an amount equal to 0.03 of
11 the loans made under part D and first disbursed
12 during the preceding award year; and

13 “(4) for the seventh award year that begins
14 after the date of enactment of the State Workforce
15 Incentive Act and each succeeding award year, an
16 amount equal to 0.04 of the loans made under part
17 D and first disbursed during the preceding award
18 year.

19 “(f) DEFINITIONS.—In this section:

20 “(1) LOAN REPAYMENT CREDIT.—The term
21 ‘loan repayment credit’ means a credit for the out-
22 standing balance of principal or interest on eligible
23 Federal loans that shall be cancelled on such loans,
24 at the rate of 1 credit equals \$1 of such principal
25 or interest.

1 “(2) ELIGIBLE FEDERAL LOAN.—The term ‘eli-
 2 gible Federal loan’ means a loan made under part
 3 D, other than—

4 “(A) a Federal Direct PLUS Loan made
 5 on behalf of a dependent student; or

6 “(B) a Federal Consolidation Loan, if the
 7 proceeds of such loan were used to discharge
 8 the liability on a loan described in subpara-
 9 graph (A).”.

10 **SEC. 3. SUNSET OF PUBLIC SERVICE LOAN FORGIVENESS.**

11 Section 455(m) of the Higher Education Act of 1965
 12 (20 U.S.C. 1087e(m)) is amended by adding at the end
 13 the following:

14 “(5) SUNSET.—The Secretary shall not have
 15 the authority to cancel under this subsection the ob-
 16 ligation to repay the balance of principal and inter-
 17 est due on the eligible Federal Direct Loans made
 18 under this part to a new borrower on or after July
 19 1, 2020.”.

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