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(Original Signature of Member)

114TH CONGRESS  
1ST SESSION

# H. R.

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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

Mr. POLIS introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_

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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 2015” or the “ExCEL Act of  
6 2015”.

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 2016—

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 2016, 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-

1           eral Direct Unsubsidized Stafford Loans a stu-  
2           dent described in subparagraph (B)(i) may bor-  
3           row in an academic year (as defined in section  
4           481(a)(2)) or its equivalent shall be the max-  
5           imum annual amount for such student deter-  
6           mined under section 428H, plus an amount  
7           equal to the amount of Federal Direct Stafford  
8           Loans the student would have received in the  
9           absence of subparagraph (A)(i).”.

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

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

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

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

20           “(a) PROGRAM AUTHORITY.—

21                   “(1) IN GENERAL.—There are hereby made  
22           available, in accordance with the provisions of this  
23           part, such sums as may be necessary to make loans  
24           to all eligible students in attendance at participating  
25           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, 2016. 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, 2016. 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 2015.

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 2015.

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 2015, 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, 2016, 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, 2016, 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-

1 graph (1) or (2) for an IDEA Loan shall be  
2 fixed for the life of the loan, except that inter-  
3 est shall cease to accrue when the total amount  
4 of interest (both paid and unpaid) that has ac-  
5 crued during the borrower's grace and repay-  
6 ment periods equals 50 percent of the total  
7 amount of the loan (equal to the sum of the un-  
8 paid principal, interest, penalties, and fees due  
9 on the loan) as of first day of the borrower's  
10 grace period.

11 “(B) IN-SCHOOL DEFERMENT PERIOD.—  
12 Interest shall accrue and be capitalized or paid  
13 by the borrower (but periodic installments of  
14 principal need not be paid) during the in-school  
15 deferment period with respect to an IDEA  
16 Loan. For the purposes of this part, the in-  
17 school deferment period with respect to an  
18 IDEA Loan is the first period during which the  
19 borrower is pursuing at least one-half the nor-  
20 mal full-time academic workload (as determined  
21 by the institution) in the course of study for  
22 which the borrower received such loan and end-  
23 ing on the first day of the first month that be-  
24 gins after the borrower ceases to carry at least  
25 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, 2016.

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, 2016,  
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, 2016, 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.—As part of the IDEA Loan Re-  
17 payment Program established under this subpart, the Sec-  
18 retary of the Treasury shall, with respect to each indi-  
19 vidual for whom a loan made under this part is in repay-  
20 ment status during a taxable year, transmit to the Sec-  
21 retary of Education—

22 “(1) in the case of such an individual who files  
23 an income tax return for such taxable year, such tax  
24 information as is necessary to determine the individ-

1       ual’s income-based repayment obligation under sec-  
2       tion 499E; and

3               “(2) in the case of any such individual who does  
4       not file a return for such taxable year, any available  
5       tax information of the individual as may be nec-  
6       essary to determine such obligation and whether  
7       such individual is in default under the terms of such  
8       loan for not so filing.

9       “(b) **ADDITIONAL PROGRAM REQUIREMENTS.**—The  
10      Secretary of the Treasury shall establish such other poli-  
11      cies, procedures, and guidance as may be necessary to  
12      carry out the purposes of this subpart, including measures  
13      to prevent underreporting and evasion of repayment or fil-  
14      ing.

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

16               “(a) **IN GENERAL.**—The Secretary shall carry out,  
17      as part of the IDEA Loan Repayment Program estab-  
18      lished under this subpart, the following activities:

19               “(1) **CALCULATION OF ANNUAL REPAYMENT**  
20      **AMOUNTS.**—The Secretary shall calculate the annual  
21      repayment amount under this subpart for borrowers  
22      with 1 or more loans made under this part in repay-  
23      ment status, including the income-based repayment  
24      obligations of such borrowers in accordance with sec-  
25      tion 499F(i).

1           “(2) COMMUNICATION WITH THE SECRETARY  
2           OF THE TREASURY.—The Secretary shall transmit  
3           to the Secretary of the Treasury such information as  
4           is necessary for the Secretary of the Treasury to  
5           carry out section 499F(i).

6           “(3) ANNUAL STATEMENTS.—Upon calculating  
7           the annual repayment amounts under paragraph (1)  
8           for a taxable year, the Secretary shall provide a  
9           statement, on an annual basis, to each borrower  
10          with a loan made under this part, which lists the fol-  
11          lowing:

12                   “(A) Total payments made on the bor-  
13                   rower’s annual repayment amount for such tax-  
14                   able year.

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

17                   “(C) In the case of a borrower who, ac-  
18                   cording to section 499F(f), has underpaid such  
19                   annual repayment amount, the amount of such  
20                   underpayment and the process for paying such  
21                   underpayment under section 499F(f)(2).

22                   “(D) In the case of a borrower with an  
23                   overpayment on such annual repayment  
24                   amount, the amount of such overpayment and

1 the process for requesting a refund of such  
2 amount under section 499F(g), if applicable.

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

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

8 “(4) DIRECT PAYMENT.—The Secretary shall  
9 enable a borrower to make direct payments on the  
10 borrower’s annual repayment amount for the taxable  
11 year to the Secretary throughout the year.

12 “(5) PAYMENTS ON A BORROWER’S BEHALF.—  
13 The Secretary shall—

14 “(A) provide a mechanism for other indi-  
15 viduals or entities to make payments on the an-  
16 nual repayment amount of a borrower for a tax-  
17 able year; and

18 “(B) notify the borrower that any pay-  
19 ments made under subparagraph (A) for the  
20 taxable year that exceed the annual repayment  
21 amount for the year shall not be refunded to  
22 the borrower.

23 “(6) CALCULATING INTEREST ACCRUED.—The  
24 Secretary shall calculate the interest accrued for the  
25 taxable year as if the borrower’s payments under

1 wage withholding under paragraph (10) for the tax-  
2 able year were made in 12 equal increments  
3 throughout the year.

4 “(7) APPEALS PROCESS.—The Secretary shall  
5 make available a process through which a borrower  
6 can appeal the calculation of the borrower’s annual  
7 repayment amount, including a worksheet that en-  
8 ables a borrower to calculate the borrower’s annual  
9 repayment amount.

10 “(8) DEFAULT FOR FAILURE TO FILE A RE-  
11 TURN.—In a case in which the Secretary receives in-  
12 formation from the Secretary of the Treasury under  
13 section 499D that a borrower with a loan made  
14 under this part in repayment status has failed to file  
15 a return under section 6012(a)(1) of the Internal  
16 Revenue Code of 1986 and such borrower was re-  
17 quired to file such a return, the Secretary shall—

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

20 “(B) if the borrower fails to file such a re-  
21 turn within 90 days of receipt of the notice de-  
22 scribed in subparagraph (A), consider the bor-  
23 rower’s loans made under this part in repay-  
24 ment status to be in default.

1           “(9) WITHHOLDING OPT-OUT.—The Secretary  
2           shall establish a process through which a borrower  
3           can indicate that the borrower would like to opt-out  
4           of the withholding process under subsection (b) and,  
5           in lieu of such process, make payments on a monthly  
6           basis, as described in subsection (c).

7           “(10) EMPLOYER WITHHOLDING.—The Sec-  
8           retary shall establish a process that meets the re-  
9           quirements of subsection (b) under which employers  
10          making payment of wages deduct and withhold upon  
11          such wages amounts determined in accordance with  
12          subsection (b)(3) with respect to an employee—

13                 “(A) who has a loan made under this part  
14                 that is in repayment status;

15                 “(B) who has not opted out of the with-  
16                 holding process under this paragraph; and

17                 “(C) who is not in a forbearance period  
18                 under section 499F(a)(2)(C).

19           “(11) MONTHLY PAYMENTS PROCESS.—The  
20           Secretary shall establish a monthly payments proc-  
21           ess described in subsection (c).

22          “(b) REQUIREMENTS FOR EMPLOYER WITH-  
23          HOLDING.—

1           “(1) WITHHOLDING ORDERS.—In carrying out  
2           the employer withholding process under subsection  
3           (a)(10), the Secretary shall carry out the following:

4                   “(A) NEW EMPLOYMENT.—Upon deter-  
5                   mining, using the information provided under  
6                   section 453(j)(12) of the Social Security Act  
7                   (42 U.S.C. 653(j)(12)), that a borrower who  
8                   meets the requirements of subparagraphs (A)  
9                   through (C) of subsection (a)(10) obtains new  
10                  employment, issue a withholding order to the  
11                  borrower’s employer directing the employer to  
12                  withhold and transmit the amounts described in  
13                  paragraph (3) to the Secretary.

14                  “(B) OTHER PURPOSES.—Upon notifica-  
15                  tion by a borrower that the borrower no longer  
16                  wishes to opt out of the withholding process  
17                  under subsection (a)(10) or that a borrower  
18                  who has been in forbearance under section  
19                  499F(a)(2)(C), voluntarily ends or no longer  
20                  qualifies for such forbearance, or upon deter-  
21                  mining that a borrower has entered repayment  
22                  status on 1 or more loans made under this part  
23                  (and the borrower had no loans made under  
24                  this part already in repayment status), using  
25                  the information provided under section

1           453(j)(12) of the Social Security Act (42  
2           U.S.C. 653(j)(12)), issue a withholding order to  
3           all of the borrower’s employers directing such  
4           employers to withhold and transmit the  
5           amounts described in paragraph (3) to the Sec-  
6           retary.

7           “(C) STOP WITHHOLDING ORDER.—Upon  
8           determining that a borrower is eligible for a for-  
9           bearance under section 499F(a)(2)(C), that the  
10          borrower has opted out of the withholding proc-  
11          ess under subsection (a)(10), or that a borrower  
12          has repaid the borrower’s loans made under  
13          this part, using the information provided under  
14          paragraph 12 of section 453(j)(12) of the So-  
15          cial Security Act (42 U.S.C. 653(j)(12)), issue  
16          a withholding order to the borrower’s employers  
17          directing such employers to cease withholding  
18          under this paragraph.

19          “(D) TRANSFER OF PAYMENTS.—Outline  
20          clearly the process through which employers  
21          shall transfer money withheld under this sub-  
22          section to the Secretary.

23          “(E) ELECTRONIC TRANSMISSION.—

24                  “(i) IN GENERAL.—Make available  
25                  electronic means of transmitting and proc-

1           essing both withholding orders and pay-  
2           ments from employers, including a means  
3           to correct under- and overpayments to the  
4           extent feasible, with the goal of stream-  
5           lining the processing of such orders and  
6           payments and minimizing impacts on em-  
7           ployers.

8                   “(ii) NO REQUIREMENT TO USE ELEC-  
9                   TRONIC TRANSMISSION.—Nothing in this  
10                  part shall be construed to require an em-  
11                  ployer, in carrying out a withholding order  
12                  under this section, to use the electronic  
13                  process described in clause (i).

14           “(2) EMPLOYER REMITTANCE.—

15                   “(A) IN GENERAL.—In the case where an  
16                  employer has received a withholding order  
17                  under subparagraph (A) or (B) of paragraph  
18                  (1) or the employee has indicated under para-  
19                  graph (4)(A) that the employee has a loan that  
20                  meets the requirements of subparagraphs (A)  
21                  through (C) of subsection (a)(10), and the em-  
22                  ployer has not subsequently received an order to  
23                  stop withholding under paragraph (1)(C) for  
24                  such employee, the employer shall withhold and  
25                  transmit the amounts described in paragraph

1           (3) to the Secretary as directed under para-  
2           graph (1)(D) and shall be liable for, and the  
3           Secretary, as appropriate, may sue the em-  
4           ployer in a State or Federal court of competent  
5           jurisdiction to recover any amount that such  
6           employer fails to withhold from wages with re-  
7           spect to an employee after being directed to do  
8           so for such employee, plus attorneys' fees, costs,  
9           and, in the court's discretion, punitive damages.  
10          Such employer shall not be required to vary the  
11          normal pay and disbursement cycles in order to  
12          comply with this subparagraph.

13                 “(B) TIMING.—An employer transmitting  
14          to the Secretary withholding payments under  
15          this subsection shall transmit such payments on  
16          a periodic basis, as determined by the employer  
17          but not less frequently than quarterly.

18                 “(3) WITHHOLDING AMOUNT.—The amount  
19          withheld by an employer for each pay period with re-  
20          spect to any employee for whom the employer is  
21          withholding under this subsection shall be an  
22          amount equal to the sum of—

23                         “(A) the amount that results from the em-  
24          ployer withholding—

1           “(i) 15 percent of the employee’s  
2           wages for such pay period that will count  
3           towards the employee’s annual repayment  
4           amount under section 499F(b) that is in  
5           excess of the employee’s exemption amount  
6           for such pay period (as determined by di-  
7           viding the employee’s exemption amount  
8           under section 499F(i)(3) by the number of  
9           pay periods for the taxable year); or

10           “(ii) in a case in which an employee  
11           requests that such exemption amount not  
12           be taken into account, 15 percent of the  
13           employee’s wages for such pay period that  
14           will count towards the employee’s annual  
15           repayment amount under section 499F(b);  
16           and

17           “(B) any additional amounts the employee  
18           wishes to have withheld in accordance with  
19           paragraph (4)(C).

20           “(4) WITHHOLDING PREFERENCES.—The Sec-  
21           retary shall provide forms and procedures to allow  
22           an employee to indicate to the employee’s em-  
23           ployer—

24           “(A) that the employee has a loan that  
25           meets the requirements of subparagraphs (A)

1 through (C) of subsection (a)(10) and therefore  
2 the employer shall withhold payments under  
3 this subsection;

4 “(B) that the employer shall not take into  
5 account the exemption amount to which the em-  
6 ployee is eligible under this part in determining  
7 the employee’s withholding amount because the  
8 exemption amount has already been taken into  
9 account with respect to such employee; and

10 “(C) an election by the employee to have  
11 amounts withheld in addition to the employee’s  
12 withholding amount as calculated under para-  
13 graph (3).

14 “(5) EMPLOYEE PROTECTION.—An employer  
15 may not discharge from employment, refuse to em-  
16 ploy, or take disciplinary action against an indi-  
17 vidual subject to wage withholding in accordance  
18 with this section by reason of the fact that the indi-  
19 vidual’s wages have been subject to withholding  
20 under this section, nor may an employer require that  
21 an individual opt-out under subsection (a)(9) and  
22 such individual may sue in a State or Federal court  
23 of competent jurisdiction any employer who takes  
24 such action. The court shall award attorneys’ fees to  
25 a prevailing employee and, in its discretion, may

1 order reinstatement of the individual, award punitive  
2 damages and back pay to the employee, or order  
3 such other remedy as may be reasonably necessary.

4 “(6) GARNISHMENT.—For purposes of title III  
5 of the Consumer Credit Protection Act (15 U.S.C.  
6 1671 et seq.), amounts withheld under this sub-  
7 section shall—

8 “(A) not be considered a garnishment; and

9 “(B) be considered to be amounts required  
10 by law to be withheld.

11 “(c) MONTHLY PAYMENTS PROCESS.—

12 “(1) IN GENERAL.—The Secretary shall estab-  
13 lish a process under which a borrower may make  
14 monthly payments towards the borrower’s annual re-  
15 payment amount, at any time in the taxable year,  
16 because the borrower—

17 “(A) has opted-out of withholding under  
18 subsection (a)(10); or

19 “(B) expects to have income that is not  
20 subject to the withholding process described in  
21 subsection (b).

22 “(2) INFORMATION REQUIRED.—The procedure  
23 for initiating the monthly payments process under  
24 paragraph (1) shall include the following:

1           “(A) INCOME ESTIMATE.—A requirement  
2           for a borrower to provide an estimate of the  
3           borrower’s income for the taxable year that will  
4           count towards the borrower’s income-based re-  
5           payment obligation, excluding, in the case of a  
6           borrower subject to the withholding process,  
7           any income subject to the withholding process.

8           “(B) AMORTIZATION SCHEDULE.—In the  
9           case of a borrower who has opted out of the  
10          withholding process, the ability for the borrower  
11          to indicate that the borrower would like the bor-  
12          rower’s monthly payments set such that the  
13          borrower’s outstanding loans made under this  
14          part would be repaid within a specified number  
15          of years.

16          “(3) MONTHLY PAYMENTS AMOUNTS.—The  
17          Secretary shall set the borrower’s monthly payment  
18          amount to the greater of—

19                 “(A) the difference between the borrower’s  
20                 annual repayment amount that would result  
21                 given the income estimate provided by the bor-  
22                 rower under paragraph (2)(A) and the pay-  
23                 ments the borrower has already made in the  
24                 year towards such amount (excluding, for bor-  
25                 rowers who have not opted-out of withholding,

1 payments through the withholding process), di-  
2 vided by the remaining months in the taxable  
3 year; or

4 “(B) for a borrower who indicates a time  
5 frame under paragraph (2)(B), the monthly  
6 payment amount that would result in the bor-  
7 rower’s currently outstanding loans made under  
8 this part being repaid within the number of  
9 years specified by the borrower.

10 “(4) AUTOMATIC CONTINUATION.—The month-  
11 ly payments process shall continue until—

12 “(A) the borrower elects to stop such pay-  
13 ments; or

14 “(B) the borrower’s loans made under this  
15 part are repaid.

16 “(5) UPDATING PAYMENT AMOUNTS.—

17 “(A) SECRETARY.—The Secretary shall  
18 automatically recalculate a borrower’s monthly  
19 payment amount at the beginning of a new tax-  
20 able year using the most recent income estimate  
21 provided under paragraph (2)(A) by the bor-  
22 rower.

23 “(B) BORROWER.—The borrower may up-  
24 date the borrower’s income estimate under  
25 paragraph (2)(A) at any time.

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—

17 “(A) for a period not to exceed 60 days,  
18 due to administrative or technical reasons;

19 “(B) for a period not to exceed 3 months,  
20 due to unusual circumstances that disrupt the  
21 borrower’s ability to make timely payments on  
22 the loan; or

23 “(C) renewable at 12-month intervals for a  
24 period not to exceed 3 years, due to docu-

1           mented extreme economic hardship on the part  
2           of a borrower.

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

7           “(1) the income-based repayment obligation for  
8 such borrower for such year, as calculated under  
9 section 499E(a)(1); or

10           “(2) an amount equal to the sum of the out-  
11 standing balances (equal to the sum of the unpaid  
12 principal, interest, penalties, and fees) that the bor-  
13 rower owes on such loans.

14           “(c) METHODS OF REPAYMENT.—A borrower who  
15 expects to have an annual repayment amount for the tax-  
16 able year that is greater than the amount specified in sub-  
17 section (f)(1)(D) shall make payments through the fol-  
18 lowing methods:

19           “(1) With respect to any wages earned by the  
20 borrower that are subject to Federal income tax  
21 withholding, the withholding process described in  
22 section 499E(a)(10).

23           “(2) The monthly payments process described  
24 in section 499E(c), to meet the portion of the bor-  
25 rower’s obligation that is not paid through with-

1 holding, or, in the case of a borrower who opts out  
2 of the withholding process, to meet the borrower's  
3 entire obligation.

4 “(3) The direct payments process under section  
5 499E(a)(4).

6 “(4) The process described in section  
7 499E(a)(5) that allows other individuals or entities  
8 to make payments on the borrower's annual repay-  
9 ment amount for the year.

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

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

22 “(f) UNDERPAYMENTS.—

23 “(1) PENALTIES FOR UNDERPAYMENTS.—

24 “(A) IN GENERAL.—Subject to subpara-  
25 graph (C), if, as of the last day of a taxable

1 year, a borrower has not paid at least 90 per-  
2 cent of the borrower's annual repayment  
3 amount for such year, the borrower shall be  
4 charged a penalty in an amount equal to 15  
5 percent of the difference between—

6 “(i) an amount equal to 90 percent of  
7 the borrower's annual repayment amount  
8 for such year; and

9 “(ii) the amount paid on such annual  
10 repayment amount as of such day.

11 “(B) INCREASE OF ANNUAL REPAYMENT  
12 AMOUNT.—A borrower's annual repayment  
13 amount calculated under subsection (b) for such  
14 year shall be increased by the amount of such  
15 penalty, but such penalty shall not be treated as  
16 a principal or interest amount for a loan made  
17 under this part.

18 “(C) EXCEPTION FOR MEETING THE OBLI-  
19 GATION FOR THE PREVIOUS YEAR.—A borrower  
20 who has paid 100 percent of the borrower's an-  
21 nual repayment amount for the taxable year  
22 preceding the taxable year described in sub-  
23 paragraph (A) shall not be subject to the pen-  
24 alty under this paragraph for the taxable year  
25 described in subparagraph (A).

1           “(D) DE MINIMUS EXCEPTION.—A bor-  
2           rower whose annual repayment amount is less  
3           than \$300 shall not be subject to the penalty  
4           under this paragraph for the taxable year de-  
5           scribed in subparagraph (A).

6           “(2) RECONCILING UNDERPAYMENTS.—

7           “(A) IN GENERAL.—If, as of the last day  
8           of a taxable year, the sum of the payments  
9           made on a borrower’s annual repayment  
10          amount for such year is less than the total  
11          amount of the borrower’s annual repayment  
12          amount for such year, the borrower—

13                 “(i) in the case of the first year that  
14                 the borrower has a difference between such  
15                 amounts—

16                         “(I) may request, in such manner  
17                         as the Secretary shall require, that  
18                         the Secretary reduce the borrower’s  
19                         annual repayment amount for such  
20                         year to the sum of—

21                                 “(aa) the payments made,  
22                                 as of such day, on the borrower’s  
23                                 annual repayment amount for  
24                                 such year; and

1                   “(bb) any penalties cal-  
2                   culated under paragraph (1) re-  
3                   sulting from such underpayment;  
4                   and

5                   “(II) if the borrower qualifies for  
6                   the reduction requested under sub-  
7                   clause (I), shall pay the sum cal-  
8                   culated under such subclause at such  
9                   time and in such manner as required  
10                  by the Secretary;

11                  “(ii) if the borrower does not qualify  
12                  for a reduction under clause (i) or does not  
13                  request such a reduction, shall pay to the  
14                  Secretary an amount equal to the dif-  
15                  ference between such amounts within the  
16                  30-day period beginning on the date of re-  
17                  ceipt by the borrower of the borrower’s an-  
18                  nual statement described in section  
19                  499E(a)(3) for such year; or

20                  “(iii) if the borrower fails to pay the  
21                  amount owed by the borrower as calculated  
22                  under clause (ii) within the 30-day period,  
23                  shall be charged a penalty equal to 2 per-  
24                  cent of such amount for each month (pro-  
25                  rated based on the percentage of a month

1           such penalty is charged) that such amount  
2           is owed or until the borrower defaults on  
3           the loan for which such amount is owed,  
4           whichever occurs first.

5           “(B) DEFAULT.—A loan for which an  
6           amount is owed under subparagraph (A) and  
7           that is not paid within 270 days after the date  
8           of receipt by the borrower of the borrower’s an-  
9           nual statement described in section 499E(a)(3)  
10          shall be considered to be in default.

11          “(g) OVERPAYMENTS.—If, as of the last day of a tax-  
12          able year, the sum of the payments made on a borrower’s  
13          annual repayment amount for such year is greater than  
14          the total amount of the borrower’s annual repayment  
15          amount for such year, the Secretary shall—

16               “(1) refund the overpayment amount, if the  
17          borrower notifies the Secretary, within the 90-day  
18          period beginning on the date of receipt of the bor-  
19          rower’s annual statement described in section  
20          499E(a)(3) for such year and in a manner pre-  
21          scribed by the Secretary, that the borrower desires  
22          to have the overpayment amount refunded; or

23               “(2) if a borrower fails to notify the Secretary  
24          of the borrower’s desire for a refund of such amount  
25          within such 90-day period, apply such amount as a

1       prepayment to the borrower’s loans made under this  
2       part in the same manner as a prepayment author-  
3       ized under subsection (e).

4       “(h) EMPLOYER FAILURE TO WITHHOLD PAY-  
5       MENTS.—In the case of a borrower whose employer fails  
6       to withhold amounts under section 499E(b) upon any  
7       wages earned by the borrower that are subject to Federal  
8       income tax withholding and with respect to which the bor-  
9       rower made an election to have amounts withheld under  
10      such section, the Secretary shall—

11           “(1) reduce the borrower’s annual repayment to  
12      an amount equal to the borrower’s annual repay-  
13      ment amount had wages from such employer been  
14      excluded when calculating the borrower’s annual re-  
15      payment amount; and

16           “(2) reduce any penalties for underpayments  
17      calculated under subsection (f)(1) and refund any  
18      overpayments on such annual repayment amount,  
19      accordingly.

20      “(i) DETERMINATION OF INCOME-BASED REPAY-  
21      MENT OBLIGATION.—

22           “(1) IN GENERAL.—The income-based repay-  
23      ment obligation with respect to an individual for any  
24      taxable year is an amount equal to 15 percent of the  
25      excess of—

1 “(A) the sum of—

2 “(i) the wages, salaries, tips, and  
3 other employee compensation of the indi-  
4 vidual, but only if such amounts are in-  
5 cludible in gross income for the taxable  
6 year (determined without regard to sec-  
7 tions 911, 931, and 933 of the Internal  
8 Revenue Code of 1986) and are readily at-  
9 tributable to the individual, plus

10 “(ii) any other amount included in  
11 total income of the taxpayer for the tax-  
12 able year but not described in clause (i),  
13 except that such amount shall be divided  
14 by 2 in the case of an individual who is  
15 married and filing a joint tax return, over

16 “(B) the sum of—

17 “(i) the exemption amount with re-  
18 spect to such individual, plus

19 “(ii) the lesser of the amount deter-  
20 mined with respect to the taxpayer under  
21 subparagraph (A)(ii).

22 “(2) EXCLUSION OF CERTAIN AMOUNTS PAID  
23 ON BEHALF OF INDIVIDUAL.—Any amount paid on  
24 the borrower’s behalf under section 499E(a)(5) shall

1 not be taken into account in determining such bor-  
2 rower's income-based repayment obligation.

3 “(3) EXEMPTION AMOUNT.—For purposes of  
4 this subpart, the exemption amount with respect to  
5 an individual shall be 150 percent of the poverty line  
6 for the individual's household size (as determined  
7 under section 673(2) of the Community Services  
8 Block Grant Act (42 U.S.C. 9902(2))) for the cal-  
9 endar year in which the taxable year ends.

10 “(4) INDIVIDUALS NOT FILING A RETURN.—  
11 The income-based repayment obligation with respect  
12 to an individual not required to file a return under  
13 section 6012(a)(1) of the Internal Revenue Code of  
14 1986 shall be treated as zero.”

15 **SEC. 4. CONFORMING CHANGES TO THE HIGHER EDU-  
16 CATION ACT OF 1965.**

17 (a) LOAN FORGIVENESS AND CANCELLATION FOR  
18 TEACHERS.—

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

22 (A) in subsection (b), by inserting “or for  
23 an IDEA loan made under part J,” after “or  
24 428H,”; and

25 (B) in subsection (c)—

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

4 (ii) in paragraph (2)—

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

7 “(A) LOANS MADE UNDER SECTION  
8 428C.—A loan”; and

9 (II) by adding at the end the fol-  
10 lowing new subparagraph:

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

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

23 (A) in subsection (b), by inserting “or for  
24 an IDEA loan made under part J” after  
25 “under this part”;

1 (B) in subsection (c)—

2 (i) in paragraph (1), by striking “or a  
3 Federal Direct Unsubsidized Stafford  
4 Loan” and inserting “, a Federal Direct  
5 Unsubsidized Stafford Loan, or an IDEA  
6 loan made under part J”; and

7 (ii) in paragraph (2)—

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

10 “(A) FEDERAL DIRECT CONSOLIDATION  
11 LOAN.—A loan”; and

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

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

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

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

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

5 (3) by adding at the end the following new sub-  
6 paragraph:

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

9 (c) LOAN REPAYMENT FOR CIVIL LEGAL ASSIST-  
10 ANCE ATTORNEYS.—Section 428L(b)(2)(A) of such Act  
11 (20 U.S.C. 1078–12(b)(2)(A)) is amended—

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

14 (2) in clause (ii)—

15 (A) in the matter preceding subclause (I),  
16 by striking “or 455(g)” and inserting “, 455(g),  
17 or 499C”;

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

20 (C) by redesignating subclause (III) as  
21 subclause (IV); and

22 (D) by inserting after subclause (II) the  
23 following:

24 “(III) a Federal Direct Consoli-  
25 dation loan or a loan made under sec-

1                   tion 428C, in the case of a loan made  
2                   under section 499C; or”.

3       (d)     MASTER     PROMISSORY     NOTE.—Section  
4 432(m)(1)(D) of such Act (20 U.S.C. 1082(m)(1)(D)) is  
5 amended—

6           (1) by striking “this part and part D” each  
7       place it appears and by inserting “this part, part D,  
8       and part J”; and

9           (2) by striking “this part or part D” each place  
10       it appears and by inserting “this part, part D, or  
11       part J”.

12       (e) CONTRACTS.—Section 456 of such Act (20 U.S.C.  
13 1087f) is amended—

14           (1) in subsection (a)—

15               (A) in paragraph (2), by striking “this  
16       part” each place it appears and inserting “this  
17       part or part J”; and

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

20           (2) in subsection (b)—

21               (A) in paragraph (1), by inserting “or the  
22       program under part J” after “(or their par-  
23       ents)”;

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

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

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

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

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

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

12 (g) STUDENT ELIGIBILITY.—Section 484 of such Act  
13 (20 U.S.C. 1091) is amended—

14 (1) in subsection (b)—

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

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

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

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

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

1 (h) INSTITUTIONAL AND FINANCIAL ASSISTANCE IN-  
2 FORMATION FOR STUDENTS.—Section 485 of such Act  
3 (20 U.S.C. 1092) is amended—

4 (1) in subsection (a)—

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

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

10 (2) in subsection (b)—

11 (A) in paragraph (1)(A)—

12 (i) in the matter preceding clause (i),  
13 by inserting “or made under part J” after  
14 “part E”; and

15 (ii) in clause (vii)—

16 (I) by inserting “or an IDEA  
17 Consolidation Loan” after “Federal  
18 Direct Consolidation Loan”; and

19 (II) by striking “and E” and in-  
20 serting “E, and J”; and

21 (B) in paragraph (2)(A), by striking “or  
22 E” and inserting “E, or J”; and

23 (3) in subsection (l)(1)—

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

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

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

7 Section 453(j) of the Social Security Act (42 U.S.C.  
8 653(j)) is amended by adding at the end the following:

9 “(12) INFORMATION COMPARISONS AND DIS-  
10 CLOSURE TO ASSIST WITH COLLECTION OF IDEA  
11 STUDENT LOANS.—

12 “(A) FURNISHING OF INFORMATION BY  
13 THE SECRETARY OF EDUCATION.—The Sec-  
14 retary of Education shall furnish to the Sec-  
15 retary, on such periodic basis as determined by  
16 the Secretary of Education in consultation with  
17 the Secretary, information in the custody of the  
18 Secretary of Education for comparison with in-  
19 formation in the National Directory of New  
20 Hires, in order to obtain information in such  
21 Directory with respect to persons who have a  
22 loan made under part J of title IV of the High-  
23 er Education Act of 1965 in repayment status.

24 “(B) REQUIREMENT TO SEEK MINIMUM  
25 INFORMATION.—The Secretary of Education

1 shall seek information pursuant to this section  
2 only to the extent necessary to improve collec-  
3 tion of the debts owed on the loans described in  
4 subparagraph (A).

5 “(C) DUTIES OF THE SECRETARY.—

6 “(i) INFORMATION DISCLOSURE.—The  
7 Secretary, in cooperation with the Sec-  
8 retary of Education, shall compare infor-  
9 mation in the National Directory of New  
10 Hires with information provided by the  
11 Secretary of Education with respect to per-  
12 sons described in subparagraph (A) and  
13 shall disclose information in such Directory  
14 regarding such persons to the Secretary of  
15 Education in accordance with this para-  
16 graph, for the purposes specified in this  
17 paragraph.

18 “(ii) CONDITION ON DISCLOSURE.—  
19 The Secretary shall make disclosures in ac-  
20 cordance with clause (i) only to the extent  
21 that the Secretary determines that such  
22 disclosures do not interfere with the effec-  
23 tive operation of the program under this  
24 part.

1           “(D) PROHIBITION AND UNAUTHORIZED  
2           USE.—

3           “(i) IN GENERAL.—Individual data  
4           collected under this paragraph shall not be  
5           used for any purpose not specifically au-  
6           thorized by Federal law.

7           “(ii) PENALTIES FOR UNAUTHORIZED  
8           DISCLOSURE OF DATA.—Any individual  
9           who willfully discloses information provided  
10          under this paragraph, in any manner to an  
11          entity not entitled to receive the informa-  
12          tion, shall be fined under title 18, United  
13          States Code, imprisoned not more than 5  
14          years, or both.

15          “(E) USE OR DISCLOSURE OF INFORMA-  
16          TION BY THE SECRETARY OF EDUCATION.—The  
17          Secretary of Education may use or disclose in-  
18          formation provided under this paragraph only  
19          for purposes of collecting the debts owed on the  
20          loans described in subparagraph (A).

21          “(F) REIMBURSEMENT OF HHS COSTS.—  
22          The Secretary of Education shall reimburse the  
23          Secretary, in accordance with subsection (k)(3),  
24          for the costs incurred by the Secretary in fur-

1 nishing the information requested under this  
2 paragraph.

3 “(G) COMPLIANCE WITH FERPA.—In car-  
4 rying out this paragraph, the Secretary and  
5 Secretary of Education shall not share any per-  
6 sonally identifiable information and shall act in  
7 accordance with section 444 of the General  
8 Education Provisions Act (20 U.S.C. 1232g,  
9 commonly known as the ‘Family Educational  
10 Rights and Privacy Act of 1974’).”.

11 **SEC. 6. DISCLOSURE OF RETURN INFORMATION FOR PUR-**  
12 **POSES OF IDEA LOAN REPAYMENT PRO-**  
13 **GRAM.**

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

17 “(23) DISCLOSURE OF RETURN INFORMATION  
18 TO DEPARTMENT OF EDUCATION FOR PURPOSES OF  
19 ADMINISTERING IDEA LOAN REPAYMENT PRO-  
20 GRAM.—

21 “(A) IN GENERAL.—The Secretary shall,  
22 upon written request, disclose to the Depart-  
23 ment of Education such return information as  
24 is necessary for purposes of carrying out the  
25 IDEA Loan Repayment Program established

1 under subpart 2 of part J of the Higher Edu-  
2 cation Act of 1965.

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

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

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

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

20 **SEC. 7. SENSE OF CONGRESS.**

21 It is the sense of Congress that any loan repayment  
22 or forgiveness program available under a Federal law out-  
23 side of the Higher Education Act of 1965 (20 U.S.C. 1001  
24 et seq.) to students with loans made under part D of title  
25 IV of the Higher Education Act of 1965 (20 U.S.C. 1087a

- 1 et seq.) should be available to students with loans made
- 2 under part J of such title of such Act.