

109TH CONGRESS
1ST SESSION

H. R. 1293

To amend the Higher Education Act of 1965 to provide access and equity
in higher education, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 15, 2005

Mr. ANDREWS (for himself, Mrs. MCCARTHY, Mr. HOLT, Mr. OWENS, Ms. HOOLEY, Mr. FATTAH, Mr. HINOJOSA, Mr. DAVIS of Tennessee, Mr. KANJORSKI, Mr. ROSS, Mr. McDERMOTT, Mr. CASE, Mr. RUSH, Mr. GORDON, Mr. BERMAN, Mr. MEEKS of New York, Mr. NEAL of Massachusetts, Ms. MCCOLLUM of Minnesota, Mr. MICHAUD, Mr. WEXLER, Mr. CONYERS, Mr. ALLEN, Mr. POMEROY, and Mr. CARDIN) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965 to provide
access and equity in higher education, 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; REFERENCES; EFFECTIVE DATE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Access and Equity in Higher Education Act”.

6 (b) REFERENCES.—Except as otherwise expressly
7 provided, whenever in this Act an amendment or repeal

1 is expressed in terms of an amendment to, or repeal of,
2 a section or other provision, the reference shall be consid-
3 ered to be made to a section or other provision of the
4 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

5 (c) EFFECTIVE DATE.—Except as otherwise provided
6 in this Act, the amendments made by this Act shall apply
7 with respect to any loan for which the first disbursement
8 of principal is made on or after the date of enactment of
9 this Act.

10 **TITLE I—STUDENT ASSISTANCE**

11 **SEC. 101. LOAN LIMITS.**

12 (a) FFEL LOANS.—

13 (1) INCREASES IN SUBSIDIZED LOAN LIMITS.—
14 Section 428(b)(1) (20 U.S.C. 1078(b)(1)) is amend-
15 ed—

16 (A) in subparagraph (A)(i), by striking
17 “\$2,625” in subclause (I) and inserting
18 “\$4,000”;

19 (B) in subparagraph (A)(ii), by striking
20 “\$3,500” in subclause (I) and inserting
21 “\$6,000”;

22 (C) in subparagraph (A)(iii), by striking
23 subclause (I) and inserting the following:

24 “(I) \$20,000 minus any amount
25 previously borrowed during any pre-

1 ceding academic year in such remain-
2 der of such program (but excluding
3 amounts borrowed under clause (i) or
4 (ii) for such first and second year);
5 or”;

6 (D) in subparagraph (A)(v), by striking
7 “\$8,500” and inserting “\$10,000”;

8 (E) in subparagraph (B)(i), by striking
9 “\$23,000” and inserting “\$30,000”; and

10 (F) in subparagraph (B)(ii)—

11 (i) by striking “\$65,500” and insert-
12 ing “\$60,000”;

13 (ii) by striking “and (I) including”
14 and inserting “but (I) excluding”; and

15 (iii) by striking “but (II)” and insert-
16 ing “and (II)”.

17 (2) INCREASES IN UNSUBSIDIZED LOAN LIM-
18 ITS.—Section 428H(d)(1) (20 U.S.C. 1078–8(d)(1))
19 is amended—

20 (A) in subparagraph (A)(i), by striking
21 “\$4,000” and inserting “\$5,500”;

22 (B) in subparagraph (B)(i), by striking
23 “\$5,000” and inserting “\$20,000 minus any
24 amount previously borrowed during any pre-
25 ceding academic year in such remainder of such

1 program (but excluding amounts borrowed
2 under subparagraph (A) for such first and sec-
3 ond year)”; and

4 (C) in subparagraph (C), by striking
5 “\$10,000” and inserting “\$25,000 minus the
6 amount borrowed for the same academic year in
7 a subsidized loan under section 428 or part D”.

8 (3) AUTHORITY TO REDUCE LOAN LIMITS.—
9 Section 428(a)(2)(D) (20 U.S.C. 1078(a)(2)(D)) is
10 amended by adding at the end the following new
11 sentence: “An eligible institution may, in carrying
12 out such subparagraphs, provide a statement which
13 certifies the eligibility of a student for a loan
14 amount that is less than such maximum amount,
15 and that is less than the amount for which the stu-
16 dent shows financial need, if the institution has es-
17 tablished a lesser amount than such maximum
18 amount as the loan limit applicable to the students
19 attending such institution.”.

20 (4) CONFORMING AMENDMENTS TO FISL.—

21 (A) ANNUAL LIMITS.—Section
22 425(a)(1)(A) (20 U.S.C. 1075(a)(1)(A)) is
23 amended—

1 (i) in clause (i)(I), by striking
2 “\$2,625” in subclause (I) and inserting
3 “\$4,000”;

4 (ii) in clause (ii)(I), by striking
5 “\$3,500” in subclause (I) and inserting
6 “\$6,000”;

7 (iii) in clause (iii), by striking sub-
8 clause (I) and inserting the following:

9 “(I) \$20,000 minus the amount
10 previously borrowed during any pre-
11 ceding academic year in such remain-
12 der of such program (and excluding
13 amounts borrowed under clause (i) or
14 (ii) for such first and second year);
15 or”;

16 (iv) in clause (iv), by striking
17 “\$8,500” and inserting “\$10,000”.

18 (B) AGGREGATE LIMITS.—Section
19 425(a)(2)(A) is amended—

20 (i) in clause (i), by striking “\$23,000”
21 and inserting “\$30,000”; and

22 (ii) in clause (ii)—

23 (I) by striking “\$65,500” and in-
24 serting “\$60,000”;

1 (II) by striking “and (I) includ-
2 ing” and inserting “but (I) exclud-
3 ing”; and

4 (III) by striking “but (II)” and
5 inserting “and (II)”.

6 **SEC. 102. ORIGINATION FEES.**

7 (a) FEDERAL FAMILY EDUCATION LOAN PRO-
8 GRAM.—Section 438(c) of the Higher Education Act of
9 1965 (20 U.S.C. 1087–1(c)) is amended by adding at the
10 end the following new paragraph:

11 “(9) ORIGINATION FEES TERMINATED.—

12 “(A) IN GENERAL.—Notwithstanding any
13 other provision of this subsection except for
14 subparagraph (B) of this paragraph, with re-
15 spect to any loan made, insured, or guaranteed
16 under this part on or after July 1, 2005, other
17 than a loan made under section 428B or
18 428H—

19 “(i) no eligible lender may collect di-
20 rectly or indirectly from any borrower any
21 origination fee with respect to such loan;
22 and

23 “(ii) the Secretary shall not collect
24 such origination fee from the lender under
25 this subsection.

1 “(B) UNSUBSIDIZED LOANS.—Notwith-
2 standing subparagraph (A), with respect to any
3 loan made under section 428H on or after July
4 1, 2005—

5 “(i) an eligible lender may collect an
6 origination fee with respect to such loan
7 under paragraph (2), except that such
8 paragraph shall be applied by substituting
9 ‘1.5 percent’ for ‘3.0 percent’; and

10 “(ii) the Secretary shall collect any
11 such origination fee from the lender under
12 paragraph (1) of this subsection.”.

13 (b) FEDERAL DIRECT LOAN PROGRAM.—

14 (1) AMENDMENT.—Section 455(c) (20 U.S.C.
15 1087e(c)) is amended to read as follows:

16 “(c) LOAN FEE.—The Secretary shall charge—

17 “(1) the borrower of a Federal Direct Stafford
18 Loan an origination fee of 1.0 percent of the prin-
19 cipal amount of the loan;

20 “(2) the borrower of a Federal Direct Stafford
21 Unsubsidized Stafford Loan an origination fee of 2.5
22 percent of the principal amount of the loan; and

23 “(3) the borrower of a Federal Direct PLUS
24 loan an origination fee of 4.0 percent of the prin-
25 cipal amount of the loan.”.

1 (2) **EFFECTIVE DATE.**—The amendment made
2 by paragraph (1) shall apply with respect to any
3 loan made under part D of title IV on an after July
4 1, 2005.

5 **SEC. 103. LOAN FLEX.**

6 (a) **AMENDMENT.**—Section 428(b)(9)(A) (20 U.S.C.
7 1078(b)(9)(A)) is amended by striking clauses (iii) and
8 (iv) and inserting the following:

9 “(iii) an income-sensitive repayment
10 plan, with income-sensitive repayment
11 amounts paid over an extended period of
12 time prescribed by the Secretary, not to
13 exceed 25 years, except that—

14 “(I) after 10 years, if the indi-
15 vidual has not made adequate
16 progress in repaying the principal of
17 the loan (defined by the Secretary as
18 percentage of principal) the lender
19 may use an alternative formula, to be
20 determined by the Secretary, by which
21 the loan could be expected to be re-
22 paid in full within the remaining 15
23 years;

24 “(II) after 25 years, if the loan is
25 not repaid, the Secretary shall acquire

1 the loan from the lender and admin-
2 ister the loan under part D of this
3 title; and

4 “(III) the other terms and condi-
5 tions of which shall be comparable to
6 the terms and conditions applicable to
7 income contingent repayment under
8 section 455(d)(1)(D) and 455(e); and

9 “(iv) an extended repayment plan,
10 with a fixed annual or graduated repay-
11 ment amount paid over an extended period
12 of time, not to exceed 25 years, except that
13 in the first 2 years of repayment, the bor-
14 rower shall have the option of paying the
15 interest as it accrues or having such inter-
16 est be added to principal for repayment
17 during the remainder of the repayment pe-
18 riod.”.

19 (b) CONFORMING AMENDMENT.—Clause (i) of sec-
20 tion 428(b)(1)(L) (20 U.S.C. 1078(b)(1)(L)) is amended
21 to read as follows:

22 “(i) except as otherwise provided by a
23 repayment plan selected by the borrower
24 under clause (ii), (iii), or (iv) of paragraph
25 (9)(A), during any year of any repayment

1 period with respect to the aggregate
2 amount of all loans to that borrower which
3 are insured under this part shall not, un-
4 less the borrower and the lender otherwise
5 agree, be less than \$600 or the balance of
6 all such loans (together with interest there-
7 on), whichever amount is less; and”.

8 **SEC. 104. CONSOLIDATION LOAN INTEREST RATES.**

9 (a) INTEREST RATE TIED TO INCOME.—Paragraph
10 (3) of section 427A(*l*) (20 U.S.C. 1077a(n)) is amended
11 to read as follows:

12 “(3) CONSOLIDATION LOANS.—

13 “(A) IN GENERAL.—With respect to any
14 consolidation loan under section 428C for which
15 the application is received by an eligible lender
16 on or after the date of enactment of the Access
17 and Equity in Higher Education Act, the appli-
18 cable rate of interest shall, during any 12-
19 month period beginning on July 1 and ending
20 on June 30, be determined on the preceding
21 June 1 and be equal to—

22 “(i) the bond equivalent rate of 91-
23 day Treasury bills auctioned at the final
24 auction held prior to such June 1; plus

25 “(ii) 2.3 percent,

1 except that such rate shall not exceed 8.25 per-
2 cent, and except that for any loan under section
3 428C that is used exclusively to consolidate
4 loans made under section 428B, clause (ii) shall
5 be applied by substituting ‘3.1 percent’ for ‘2.3
6 percent’.

7 “(B) VARIATION OF INTEREST RATE
8 BASED ON INCOME.—In the case of—

9 “(i) a borrower who demonstrates to
10 the lender, in accordance with regulations
11 prescribed by the Secretary, that during
12 such 12-month period, the sum of the bor-
13 rower’s monthly payments during a year
14 will exceed—

15 “(I) 8 percent of the borrower
16 total income, subparagraph (A)(ii)
17 shall be applied by substituting ‘1.0
18 percent’ for ‘2.3 percent’; or

19 “(II) 9 percent of the borrower’s
20 total income, subparagraph (A)(ii)
21 shall be applied by substituting ‘0.0
22 percent’ for ‘2.3 percent’; and

23 “(ii) a borrower who so demonstrates
24 that the sum of the borrower’s monthly
25 payments during a year will exceed—

1 “(I) 10 percent of the borrower’s
2 total income, subparagraph (A) shall
3 be applied by substituting ‘5 percent’
4 for ‘8.25 percent’;

5 “(II) 11 percent of the bor-
6 rower’s total income, subparagraph
7 (A) shall be applied by substituting ‘4
8 percent’ for ‘8.25 percent’; or

9 “(III) 12 percent of the bor-
10 rower’s total income, subparagraph
11 (A) shall be applied by substituting ‘3
12 percent’ for ‘8.25 percent’.”

13 (b) CONFORMING AMENDMENT.—Section 427A(k)(4)
14 is amended by striking “July 1, 2006,” and inserting “the
15 date of enactment of the Access and Equity in Higher
16 Education Act”.

17 **SEC. 105. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**
18 **PLOYEES.**

19 Section 428K (20 U.S.C. 1078–11) is amended to
20 read as follows:

21 **“SEC. 428K. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**
22 **PLOYEES.**

23 “(a) PURPOSES.—The purposes of this section are—

1 “(1) to reduce the burden of student debt, par-
2 ticularly for Americans who dedicate their careers to
3 meeting certain urgent national needs; and

4 “(2) to attract more excellent individuals into
5 important public service careers.

6 “(b) LOAN FORGIVENESS.—

7 “(1) IN GENERAL.—The Secretary shall assume
8 the obligation to repay, pursuant to subsection (c),
9 a loan made under section 428, 428C, or 428H, a
10 Federal Direct Stafford Loan or Federal Direct Un-
11 subsidized Stafford Loan, a Federal Direct Consoli-
12 dation Loan, to an individual who—

13 “(A) has been employed full time in a
14 qualified public service position described in
15 paragraph (2) for at least 8 years;

16 “(B) has been in an income contingent or
17 income sensitive repayment plan for 15 years;
18 and

19 “(C) is not in default on a loan for which
20 the borrower seeks forgiveness.

21 “(2) QUALIFIED PUBLIC SERVICE POSITIONS.—

22 For purposes of this section, an individual shall be
23 treated as employed in a qualified public service po-
24 sition if the individual is employed in—

1 “(A) any Federal, State, or local govern-
2 ment agency;

3 “(B) any corporation which is exempt from
4 income taxation under section 501(c)(3) of the
5 Internal Revenue Code of 1986; or

6 “(C) in any profession identified by the
7 Secretary of Education, in consultation with the
8 Secretary of Homeland Security and the Sec-
9 retary of Health and Human Services, to be
10 providing important public service to the United
11 States.

12 “(c) LOAN REPAYMENT.—

13 “(1) IN GENERAL.—The Secretary shall assume
14 the obligation to repay the remainder of a qualifying
15 individual’s student obligations.

16 “(2) TREATMENT OF CONSOLIDATION LOANS.—

17 A loan amount for a loan made under section 428C
18 or for a Federal Direct Consolidation Loan may be
19 a qualified loan amount for the purposes of this sub-
20 section only to the extent that such loan amount was
21 used to repay a loan described in subsection (b)(1)
22 for a borrower who meets the requirements of sub-
23 section (b), as determined in accordance with regula-
24 tions prescribed by the Secretary.

1 “(3) CONSTRUCTION.—Nothing in this section
2 shall be construed to authorize the refunding of any
3 repayment of a described in subsection (b)(1).

4 “(4) INTEREST.—If a portion of a loan is re-
5 paid by the Secretary under this section for any
6 year, the proportionate amount of interest on such
7 loan that accrues for such year shall be repaid by
8 the Secretary.

9 “(5) INELIGIBILITY OF NATIONAL SERVICE
10 AWARD RECIPIENTS.—No student borrower may, for
11 the same service, receive a benefit under both this
12 section and subtitle D of title I of the National and
13 Community Service Act of 1990 (42 U.S.C. 12601
14 et seq.).

15 “(6) INELIGIBILITY FOR DOUBLE BENEFITS.—
16 No borrower may receive a reduction of loan obliga-
17 tions under both this section and section 428J or
18 460.

19 “(d) REPAYMENT TO ELIGIBLE LENDERS AND
20 HOLDERS.—The Secretary shall pay to each eligible lend-
21 er or holder for each fiscal year an amount equal to the
22 aggregate amount of the lender’s or holder’s loans that
23 are subject to repayment pursuant to this section for such
24 year.

25 “(e) APPLICATION FOR REPAYMENT.—

1 “(1) IN GENERAL.—Each eligible individual de-
 2 siring loan repayment under this section shall sub-
 3 mit a complete and accurate application to the Sec-
 4 retary at such time, in such manner, and containing
 5 such information as the Secretary may require.

6 “(2) CONDITIONS.—An eligible individual may
 7 apply for loan repayment under this section after
 8 completing the years of qualifying service described
 9 in subsection (c)(2).

10 “(f) REGULATIONS.—The Secretary is authorized to
 11 prescribe such regulations as may be necessary to carry
 12 out the provisions of this section.”.

13 **TITLE II—REAUTHORIZATION OF**
 14 **HBCU PROGRAMS**

15 **SEC. 201. REAUTHORIZATION OF PART B OF TITLE III.**

16 Paragraph (2) of section 399(a) (20 U.S.C.
 17 1068h(a)) is amended to read as follows:

18 “(2) PART B.—There are authorized to be ap-
 19 propriated to carry out part B (other than section
 20 326), \$335,000,000 for fiscal year 2005, and such
 21 sums as may be necessary for each of the 5 suc-
 22 ceeding fiscal years.”.

○