

114TH CONGRESS
2D SESSION

H. R. 5962

To amend the Higher Education Act of 1965 to provide for the automatic recertification of income for income-driven repayment plans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 8, 2016

Ms. BONAMICI (for herself and Mr. COSTELLO of Pennsylvania) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Higher Education Act of 1965 to provide for the automatic recertification of income for income-driven repayment plans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Streamlining Income-
5 driven, Manageable Payments on Loans for Education
6 Act” or the “SIMPLE Act”.

1 **SEC. 2. NOTIFICATION PROCEDURES FOR BORROWERS**
2 **WHO ARE DELINQUENT ON LOANS.**

3 (a) AMENDMENTS.—

4 (1) NOTIFICATION PROCEDURES.—Section
5 455(d) of the Higher Education Act of 1965 (20
6 U.S.C. 1087e(d)) is amended by adding at the end
7 the following:

8 “(6) NOTIFICATION PROCEDURES FOR BOR-
9 ROWERS WHO ARE DELINQUENT ON LOANS.—

10 “(A) AUTHORITY TO OBTAIN INCOME IN-
11 FORMATION.—The Secretary may obtain such
12 information as is reasonably necessary regard-
13 ing the income and family size of a borrower
14 described in this paragraph (and the borrower’s
15 spouse, if applicable). Returns and return infor-
16 mation (as defined in section 6103 of the Inter-
17 nal Revenue Code of 1986) may be obtained
18 under this subparagraph only to the extent au-
19 thorized by section 6103(l)(13) of such Code,
20 except that nothing in this subparagraph or
21 such Code shall be construed to authorize the
22 Secretary to obtain such returns and return in-
23 formation for a borrower who is not at least 60
24 days delinquent on a loan made under this part.
25 The Secretary shall establish procedures as are

1 necessary to effectively implement this para-
2 graph.

3 “(B) BORROWER NOTIFICATION.—With re-
4 spect to each borrower of a loan made under
5 this part who is 60 days delinquent on such
6 loan, the Secretary shall, at a minimum and as
7 soon as practicable after such 60-day delin-
8 quency, provide to the borrower the following:

9 “(i) Notification that the borrower is
10 at least 60 days delinquent on the loan, in-
11 cluding a description of the loan.

12 “(ii) A description of the repayment
13 plans under which the borrower is eligible
14 to repay the loan.

15 “(iii) Clear and simple instructions on
16 how to select the repayment plans de-
17 scribed in clause (ii) for the loan.

18 “(iv) If the income information of the
19 borrower is available to the Secretary
20 under subparagraph (A), based on such in-
21 come information, the amount of the
22 monthly payments under each such repay-
23 ment plan for the loan.

24 “(v) An explanation that in the case
25 of a borrower for whom adjusted gross in-

1 come is unavailable or does not reasonably
2 reflect the borrower’s current income—

3 “(I) if the borrower selects to
4 repay such loan pursuant to an in-
5 come-driven repayment plan that de-
6 fines discretionary income in such a
7 manner that an individual not re-
8 quired under section 6012(a)(1) of the
9 Internal Revenue Code of 1986 to file
10 a return with respect to income taxes
11 imposed by subtitle A of such Code
12 may have a calculated monthly pay-
13 ment greater than \$0, the borrower
14 will be required to provide the Sec-
15 retary with other documentation of in-
16 come satisfactory to the Secretary,
17 which documentation the Secretary
18 may use to determine an appropriate
19 repayment schedule; or

20 “(II) if the borrower selects to
21 repay such loan pursuant to an in-
22 come-driven repayment plan that is
23 not described in subclause (I), the
24 borrower will not be required to pro-
25 vide the Secretary with such other

1 documentation of income, and the bor-
2 rower will have a calculated monthly
3 payment of \$0.

4 “(vi) An explanation that the Sec-
5 retary shall take the actions under sub-
6 paragraph (D) with respect to such bor-
7 rower if the borrower is 120 days delin-
8 quent on the loan and has not selected a
9 new repayment plan for the loan.

10 “(vii) Instructions on updating the in-
11 formation of the borrower obtained under
12 subparagraph (A).

13 “(C) INITIAL SELECTION OF PLAN.—With
14 respect to each borrower of a loan made under
15 this part who does not select a new repayment
16 plan for the loan in accordance with the notice
17 received under subparagraph (B), and who is
18 120 days delinquent on the loan, the Secretary,
19 as soon as practicable after such 120-day delin-
20 quency, shall—

21 “(i) in a case in which the loan is eli-
22 gible for an income-driven repayment
23 plan—

24 “(I) provide the borrower with
25 the income-driven repayment plan for

1 which the loan is eligible and which
2 requires the lowest monthly payment
3 amount for such loan, compared to
4 the other such plans for which the
5 loan is eligible, or if the loan is eligi-
6 ble for more than one income-driven
7 repayment plan that has the same
8 such lowest monthly payment amount,
9 provide the borrower with such in-
10 come-driven repayment plan that has
11 the most favorable terms for the bor-
12 rower;

13 “(II) if the plan described in sub-
14 clause (I) is not the income-driven
15 plan that would have the lowest
16 monthly payment amount for the loan
17 if the loan were eligible for such plan,
18 notify the borrower of the actions, if
19 any, the borrower may take for such
20 loan to become eligible for such in-
21 come-driven repayment plan; and

22 “(III) authorize the borrower to
23 change the Secretary’s selection of a
24 plan under this clause to any plan de-

1 scribed in paragraph (1) for which the
2 borrower is eligible; and

3 “(ii) in a case in which the loan is in-
4 eligible for an income-driven repayment
5 plan, the Secretary shall notify the bor-
6 rower of any actions, if any, the borrower
7 may take for such loan to become eligible
8 for such a plan.

9 “(D) ADDITIONAL SELECTION OF PLAN.—

10 With respect to each borrower of a loan made
11 under this part who selects a new repayment
12 plan in accordance with the notice received
13 under subparagraph (B), and who continues to
14 be delinquent on such loan for a period after
15 such selection that the Secretary determines is
16 sufficient to indicate that the borrower may
17 benefit from repaying such loan under a new
18 repayment plan, but such period is not less
19 than a 60-day period, the Secretary, as soon as
20 practicable after such period, shall carry out the
21 procedures under this paragraph for such loan.

22 “(E) OPT-OUT.—The Secretary shall au-
23 thorize a borrower to opt-out of the procedures
24 under this paragraph.”.

1 (2) DEFINITION OF INCOME-DRIVEN REPAY-
2 MENT PLAN.—Section 455(d) of the Higher Edu-
3 cation Act of 1965 (20 U.S.C. 1087e(d)) is further
4 amended by adding at the end the following:

5 “(7) DEFINITION.—In this section, the term
6 ‘income-driven repayment plan’ means a plan de-
7 scribed in subparagraph (D) or (E) of paragraph
8 (1).”.

9 (3) CHANGING PLANS.—Section 493C of the
10 Higher Education Act of 1965 (20 U.S.C. 1098e) is
11 amended by adding at the end the following:

12 “(f) CHANGING PLANS.—A borrower changing from
13 income-based repayment under this section to a different
14 repayment plan shall not be required to pay the one
15 monthly payment under the standard repayment plan de-
16 scribed in section 682.215(d)(3) or 685.221(d)(2) of title
17 34, Code of Federal Regulations (or successor regulations)
18 or any other amount.”.

19 (b) EFFECTIVE DATE; APPLICATION.—

20 (1) AUTOMATIC ENROLLMENT.—The amend-
21 ments made by paragraphs (1) and (2) of subsection

22 (a) shall—

23 (A) take effect as soon as practicable after
24 the Secretary of Education finalizes the proce-
25 dures under section 4 of this Act, but not later

1 than 2 years after the date of enactment of
2 such Act; and

3 (B) apply with respect to any loan made
4 under part D of title IV of the Higher Edu-
5 cation Act of 1965 (20 U.S.C. 1087a et seq.)
6 to a new borrower (defined in section 103 of
7 the Higher Education Act of 1965 (20 U.S.C.
8 1003)) on or after the date on which such
9 amendments take effect.

10 (2) CHANGING PLANS.—The amendment made
11 by subsection (a)(3) shall take effect on the date of
12 enactment of this Act.

13 **SEC. 3. AUTOMATIC RECERTIFICATION OF INCOME.**

14 (a) INCOME-CONTINGENT REPAYMENT.—Section
15 455(e) of the Higher Education Act of 1965 (20 U.S.C.
16 1087e(e)) is amended by adding at the end the following:

17 “(8) AUTOMATIC RECERTIFICATION.—

18 “(A) IN GENERAL.—Beginning as soon as
19 practicable after the Secretary finalizes the pro-
20 cedures under section 4 of the Streamlining In-
21 come-driven, Manageable Payments on Loans
22 for Education Act, but not later than 2 years
23 after the date of enactment of such Act, the
24 Secretary shall establish and implement proce-
25 dures for the following:

1 “(i) With respect to any borrower
2 who, on or after the date on which the Sec-
3 retary establishes procedures for this sub-
4 paragraph, selects (or for whom the Sec-
5 retary selects) income contingent repay-
6 ment for repayment of a loan made under
7 this part—

8 “(I) obtain (for each year of such
9 repayment and without further action
10 by the borrower) such information as
11 is reasonably necessary regarding the
12 income of such borrower (and the bor-
13 rower’s spouse, if applicable), for the
14 purpose of determining the repayment
15 obligation of the borrower for such
16 year, including information with re-
17 spect to the borrower’s family size in
18 accordance with the procedures under
19 section 4 of the Streamlining Income-
20 driven, Manageable Payments on
21 Loans for Education Act;

22 “(II) allow the borrower to opt-
23 out, at anytime, of the Secretary
24 being able to obtain information under

1 subclause (I) without further action
2 by the borrower; and

3 “(III) provide the borrower with
4 an opportunity to update the informa-
5 tion obtained under subclause (I) be-
6 fore the determination of the annual
7 repayment obligation of the borrower;
8 and

9 “(IV) in the case of a borrower
10 for whom adjusted gross income is un-
11 available or does not reasonably re-
12 flect the borrower’s current income—

13 “(aa) if the borrower selects
14 to repay such loan pursuant to
15 an income-driven repayment plan
16 that defines discretionary income
17 in such a manner that an indi-
18 vidual not required under section
19 6012(a)(1) of the Internal Rev-
20 enue Code of 1986 to file a re-
21 turn with respect to income taxes
22 imposed by subtitle A of such
23 Code may have a calculated
24 monthly payment greater than
25 \$0, such borrower will be re-

1 required to provide the Secretary
2 with other documentation of in-
3 come satisfactory to the Sec-
4 retary, which documentation the
5 Secretary may use to determine
6 an appropriate repayment sched-
7 ule; or

8 “(bb) if the borrower selects
9 to repay such loan pursuant to
10 an income-driven repayment plan
11 that is not described in item (aa),
12 the borrower will not be required
13 to provide the Secretary with
14 such other documentation of in-
15 come, and the borrower will have
16 a calculated monthly payment of
17 \$0.

18 “(ii) With respect to any borrower
19 who selects income contingent repayment
20 for repayment of a loan made under this
21 part before the date on which the Sec-
22 retary establishes procedures for this sub-
23 paragraph, the Secretary—

1 “(I) shall provide such borrower
2 with the ability to opt into the proce-
3 dures described in clause (i); and

4 “(II) until the borrower has
5 opted into such procedures, shall not
6 be able to obtain information under
7 clause (i)(I) without further action by
8 the borrower.

9 “(B) RETURNS AND RETURN INFORMA-
10 TION.—Returns and return information (as de-
11 fined in section 6103 of the Internal Revenue
12 Code of 1986) may be obtained under subpara-
13 graph (A)(i)(I) only to the extent authorized by
14 section 6103(l)(13) of such Code.

15 “(C) OTHER REQUIREMENTS.—The proce-
16 dures established by the Secretary under this
17 paragraph shall be consistent with the require-
18 ments of paragraphs (1) through (7), except as
19 otherwise provided in this paragraph.

20 “(9) OUTREACH.—Beginning as soon as prac-
21 ticable after the Secretary finalizes the procedures
22 under section 4 of the Streamlining Income-driven,
23 Manageable Payments on Loans for Education Act,
24 but not later than 2 years after the date of enact-
25 ment of such Act, the Secretary shall—

1 scribed in subsection (b), on the effect of using data
2 from the Internal Revenue Service on the deduction
3 for personal exemptions provided by section 151 of
4 the Internal Revenue Code of 1986 for a proxy for
5 family size in an income-driven repayment plan, and
6 publish such study in the Federal Register;

7 (2) use the results of the study conducted under
8 paragraph (1) to develop procedures for determining
9 family size for the automatic recertification of in-
10 come for an income-driven repayment plan in a man-
11 ner that minimizes burdens and unintended harm to
12 borrowers;

13 (3) publish the procedures developed under
14 paragraph (2) in the Federal Register; and

15 (4) after a notice and comment period on such
16 procedures, use such comments to finalize the proce-
17 dures.

18 (b) SPECIFICATIONS.—The study conducted under
19 subsection (a)(1) shall—

20 (1) determine how closely such personal exemp-
21 tions match the family size that borrowers report on
22 their income-driven repayment plan request form;

23 (2) compare the borrower’s actual monthly pay-
24 ment amount with the monthly payment amount

1 borrowers would have using family size information
2 derived from tax returns; and

3 (3) use data from more than one year, where
4 possible, to analyze how much family size changes
5 over time.

6 (c) DEFINITION.—The term “income-driven repay-
7 ment plan” has the meaning given the term in section
8 455(d)(7) of the Higher Education Act of 1965, as
9 amended by this Act.

10 **SEC. 5. DISCLOSURE OF TAX RETURN INFORMATION TO**
11 **CARRY OUT INCOME CONTINGENT REPAY-**
12 **MENT OF STUDENT LOANS.**

13 (a) REPEAL OF TERMINATION.—Section 6103(l)(13)
14 of the Internal Revenue Code of 1986 is amended by strik-
15 ing subparagraph (D).

16 (b) DISCLOSURE TO CONTRACTORS.—

17 (1) IN GENERAL.—Section 6103(l)(13) of such
18 Code, as amended by subsection (a), is amended by
19 redesignating subparagraph (C) as subparagraph
20 (D) and by inserting after subparagraph (B) the fol-
21 lowing new subparagraph:

22 “(C) DISCLOSURE TO CERTAIN CONTRAC-
23 TORS.—Officers and employees of the Depart-
24 ment of Education may disclose the information
25 described in subparagraph (A) to contractors of

1 the Department of Education to the extent nec-
2 essary for the purposes described in subpara-
3 graph (B).”.

4 (2) CONFORMING AMENDMENTS.—

5 (A) Section 6103(a)(3) of such Code is
6 amended by inserting “(13),” after “(12),”.

7 (B) Section 6103(p)(4) of such Code is
8 amended by inserting “(13),” after “(l)(10),”
9 each place it occurs.

10 (c) DISCLOSURE OF INFORMATION REGARDING PER-
11 SONAL EXEMPTIONS.—Section 6103(l)(13)(A) of such
12 Code is amended by striking “and” at the end of clause
13 (ii), by striking the period at the end of clause (iii) and
14 inserting “, and”, and by inserting after clause (iii) the
15 following:

16 “(iv) the personal exemptions of such
17 taxpayer provided by section 151.”.

18 (d) USE OF DISCLOSED INFORMATION FOR ENROLL-
19 MENT IN INCOME-DRIVEN REPAYMENT PLAN.—Section
20 6103(l)(13)(B) of such Code is amended—

21 (1) by striking “to the extent necessary in, es-
22 tablishing” and inserting “to the extent necessary
23 in—

24 “(i) establishing”,

1 (2) by striking the period at the end and insert-
2 ing “, and”, and

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

5 “(ii) enrolling borrowers who are at
6 least 120 days delinquent on a loan in an
7 income-driven repayment plan (as defined
8 in section 455(d)(7) of the Higher Edu-
9 cation Act of 1965).”.

10 (e) USE OF DISCLOSED INFORMATION FOR ANNUAL
11 RECERTIFICATIONS.—

12 (1) IN GENERAL.—Section 6103(l)(13)(B)(i) of
13 such Code, as amended by subsection (d), is amend-
14 ed by inserting “(including annual recertification)”
15 after “applicable student loan”.

16 (2) LOANS TO WHICH ANNUAL RECERTIFI-
17 CATION APPLIES.—Section 6103(l)(13)(D), as
18 amended by subsections (a) and (b), is amended by
19 striking “and” at the end of clause (i), by striking
20 the period at the end of clause (ii) and inserting “,
21 and”, and by adding at the end the following new
22 clause:

23 “(iii) with respect to any annual re-
24 certification referred to in subparagraph
25 (B)(i), any loan made under part B or D

1 of title IV of the Higher Education Act of
2 1965.”.

3 (f) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to disclosures made after the date
5 of the enactment of this Act.

○