

115TH CONGRESS
1ST SESSION

H. R. 4372

To amend the Higher Education Act of 1965 to require borrowers to repay Federal student loans under an income-based repayment plan or a standard repayments plan, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 13, 2017

Mr. FERGUSON (for himself, Mr. MITCHELL, and Mr. GARRETT) 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 require borrowers to repay Federal student loans under an income-based repayment plan or a standard repayments plan, 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 “Help Students Repay
5 Act”.

1 **SEC. 2. STREAMLINING REPAYMENT PLANS FOR NEW BOR-**
2 **ROWERS.**

3 Section 455 of the Higher Education Act of 1965 (20
4 U.S.C. 1087e) is amended by striking subsection (d) and
5 inserting the following:

6 “(d) REPAYMENT PLANS.—

7 “(1) DESIGN AND SELECTION FOR BORROWERS
8 BEFORE JULY 1, 2018.—With respect to a borrower
9 of a loan made under this part before July 1, 2018,
10 and consistent with criteria established by the Sec-
11 retary, the Secretary shall offer such borrower a va-
12 riety of plans for repayment of such loan, including
13 principal and interest on the loan. The borrower
14 shall be entitled to accelerate, without penalty, re-
15 payment on the borrower’s loans under this part.
16 The borrower may choose—

17 “(A) a standard repayment plan, con-
18 sistent with subsection (a)(1) of this section
19 and with section 428(b)(9)(A)(i);

20 “(B) a graduated repayment plan, con-
21 sistent with section 428(b)(9)(A)(ii);

22 “(C) an extended repayment plan, con-
23 sistent with section 428(b)(9)(A)(iv), except
24 that the borrower shall annually repay a min-
25 imum amount determined by the Secretary in
26 accordance with section 428(b)(1)(L);

1 “(D) an income contingent repayment
2 plan, with varying annual repayment amounts
3 based on the income of the borrower, paid over
4 an extended period of time prescribed by the
5 Secretary, not to exceed 25 years, except that
6 the plan described in this subparagraph shall
7 not be available to the borrower of a Federal
8 Direct PLUS loan made on behalf of a depend-
9 ent student; and

10 “(E) an income-based repayment plan that
11 enables borrowers who have a partial financial
12 hardship to make a lower monthly payment in
13 accordance with section 493C, except that the
14 plan described in this subparagraph shall not be
15 available to the borrower of a Federal Direct
16 PLUS Loan made on behalf of a dependent
17 student or a Federal Direct Consolidation
18 Loan, if the proceeds of such loan were used to
19 discharge the liability on such Federal Direct
20 PLUS Loan or a loan under section 428B
21 made on behalf of a dependent student.

22 “(2) DESIGN AND SELECTION FOR BORROWERS
23 ON OR AFTER JULY 1, 2018.—The Secretary shall
24 offer a borrower of a loan made under this part on
25 or after July 1, 2018, the following plans for repay-

1 ment of such loan, including principal and interest
2 on the loan. The borrower shall be entitled to accel-
3 erate, without penalty, repayment on the borrower’s
4 loans under this part. The borrower may choose—

5 “(A) a standard repayment plan, con-
6 sistent with subsection (a)(1) of this section
7 and with section 428(b)(9)(A)(i); or

8 “(B) an income-based repayment plan,
9 consistent with section 460A, except the plan
10 described in this subparagraph shall not be
11 available to a borrower of a Federal Direct
12 PLUS Loan made on behalf of a dependent
13 student, a Federal Direct Consolidation Loan,
14 if the proceeds of such loan were used to dis-
15 charge the liability on such Federal Direct
16 PLUS Loan or a loan under section 428B
17 made on behalf of a dependent student.

18 “(3) BORROWER NON-SELECTION.—If a bor-
19 rower of a loan made under this part does not select
20 a repayment plan described in paragraph (1) or (2),
21 the Secretary may provide the borrower with a re-
22 payment plan described in subparagraph (A), (B), or
23 (C) of paragraph (1) in the case of a borrower of a
24 loan first disbursed before July 1, 2018, or a repay-
25 ment plan described in paragraph (2)(A) in the case

1 of a borrower of a loans first disbursed on or after
2 July 1, 2018.

3 “(4) CHANGES IN SELECTIONS.—The borrower
4 of a loan made under this part may change the bor-
5 rower’s selection of a repayment plan under para-
6 graph (1) or (2), or the Secretary’s selection of a
7 plan for the borrower under paragraph (3), as the
8 case may be, under such terms and conditions as
9 may be established by the Secretary.

10 “(5) REPAYMENT AFTER DEFAULT.—For any
11 borrower who has defaulted on a loan made under
12 this part, the Secretary—

13 “(A) may require the borrower to pay all
14 reasonable collection costs associated with such
15 loan; and

16 “(B) if such loan was made—

17 “(i) to any borrower who, before July
18 1, 2018, had an outstanding balance on a
19 student loan made, insured, or guaranteed
20 under this part or part B, may require the
21 borrower to repay the loan pursuant to an
22 income contingent repayment plan, as de-
23 scribed in paragraph (1)(D), or an income-
24 based repayment plan, as described in
25 paragraph (1)(E); or

1 “(ii) to a new borrower (as defined in
2 section 460A(a)(2)), may provide the bor-
3 rower the option to enroll in the repayment
4 plan described in paragraph (2)(B).

5 “(6) APPLICABILITY PROVISION.—

6 “(A) IN GENERAL.—Except as provided in
7 paragraph (5) and subparagraph (B), the re-
8 payment plans under subparagraphs (B), (C),
9 (D), and (E) of paragraph (1) are not available
10 for a borrower who received the borrower’s first
11 disbursement of a Federal Direct Loan on or
12 after July 1, 2018.

13 “(B) EXCEPTION.—The repayment plans
14 available to a borrower of a Federal Direct
15 PLUS Loan made on behalf of a dependent
16 student or a Federal Direct Consolidation Loan
17 whose proceeds were used to discharge the li-
18 ability of a Federal Direct PLUS Loan made
19 on behalf of a dependent student or a loan
20 under section 428B made on behalf of a de-
21 pendent student on or after July 1, 2018, shall
22 be those described under subparagraphs (A),
23 (B), and (C) of paragraph (1).”.

1 **SEC. 3. INCOME-BASED REPAYMENT FOR NEW BORROWERS**
2 **AND NEW LOANS.**

3 Part D of title IV of the Higher Education Act of
4 1965 (20 U.S.C. 1087a et seq.) is amended by adding at
5 the end the following:

6 **“SEC. 460A. INCOME-BASED REPAYMENT PLAN.**

7 “(a) DEFINITIONS.—

8 “(1) COVERED FEDERAL DIRECT LOAN.—The
9 term ‘covered Federal Direct Loan’ means a Federal
10 Direct Stafford Loan, a Federal Direct Unsubsidized
11 Stafford Loan, a Federal Direct Consolidation Loan
12 (other than an excepted consolidation loan), or a
13 Federal Direct PLUS Loan (other than an excepted
14 plus loan) made under this part.

15 “(2) NEW BORROWER.—The term ‘new bor-
16 rower’ means a borrower who—

17 “(A) as of July 1, 2018, has no out-
18 standing balance on a student loan made, in-
19 sured, or guaranteed under part B or D; or

20 “(B) has no outstanding balance on a stu-
21 dent loan made, insured, or guaranteed under
22 part B or D on the date the borrower receives
23 a loan made under part D on or after July 1,
24 2018.

25 “(3) EXCEPTED PLUS LOAN; EXCEPTED CON-
26 SOLIDATION LOAN.—The terms ‘excepted plus loan’

1 and ‘excepted consolidation loan’ have the meanings
2 given such terms in section 493C.

3 “(4) INCOME-BASED CALCULATION.—The term
4 ‘income-based calculation’ means 15 percent of the
5 result obtained by calculating, on at least an annual
6 basis, the amount by which—

7 “(A) the borrower’s, and the borrower’s
8 spouse’s (if applicable), adjusted gross income;
9 exceeds, as defined by the Secretary; exceeds

10 “(B) 150 percent of the poverty line appli-
11 cable to the borrower’s family size as deter-
12 mined under section 673(2) of the Community
13 Services Block Grant Act (42 U.S.C. 9902(2)).

14 “(b) REVISED INCOME-BASED PLAN.—Notwith-
15 standing any other provision of this Act, the Secretary
16 shall carry out a program for new borrowers and any bor-
17 rowers of covered Federal Direct Loans made on or after
18 July 1, 2018, that meets the following requirements:

19 “(1) MONTHLY PAYMENT AMOUNT.—Except as
20 otherwise provided in this subsection, a new bor-
21 rower of any covered Federal Direct Loan, or any
22 borrower of any covered Federal Direct Loan, may
23 elect to have the borrower’s aggregate monthly pay-
24 ment for all such loans not to exceed the result of
25 the income-based calculation divided by 12.

1 “(2) APPLICATION OF PAYMENT.—The Sec-
2 retary shall apply the borrower’s monthly payment
3 under this subsection on such a loan first toward in-
4 terest due on the loan, next toward any fees due on
5 the loan, and then toward the principal of the loan.

6 “(3) INTEREST.—

7 “(A) IN GENERAL.—Subject to subpara-
8 graph (B), if the borrower’s monthly payment
9 amount under paragraph (1) is not sufficient to
10 pay the accrued interest on the borrower’s loan,
11 such interest shall be paid by the borrower or
12 be capitalized.

13 “(B) NO ACCRUAL OF INTEREST AFTER 10
14 YEARS.—Notwithstanding section 455(b)(8) or
15 any other provision of this title, interest shall
16 cease accruing on a loan being repaid under
17 this subsection, after the borrower has made
18 payments under this subsection on such loan in
19 an amount equal to—

20 “(i) the amount the borrower would
21 have repaid under 455(d)(1)(A) on such
22 loan, based on a 10-year repayment period,
23 when the borrower first made the election
24 described in this subsection, plus

1 “(ii) the amount of any interest that
2 accrued (or was capitalized) during a for-
3 bearance or deferment period or any simi-
4 lar period, on the portion of the loan that
5 was being repaid in accordance with clause
6 (i).

7 “(4) SELECTION OF DIFFERENT REPAYMENT
8 PLAN.—A borrower who no longer wishes to repay
9 under the plan under this section may change to a
10 standard repayment plan in accordance with section
11 455(d)(3).

12 “(c) ELIGIBILITY DETERMINATIONS.—The Secretary
13 shall establish procedures for annually determining the
14 borrower’s eligibility for income-based repayment, includ-
15 ing verification of a borrower’s annual income and the an-
16 nual amount due on the total amount of covered Federal
17 Direct Loans, and such other procedures as are necessary
18 to effectively implement income-based repayment under
19 this section. The Secretary shall consider, but is not lim-
20 ited to, the procedures established in accordance with sec-
21 tion 455(e)(1) or section 493C, or in connection with in-
22 come sensitive repayment schedules under section
23 428(b)(9)(A)(iii) or 428C(b)(1)(E).

24 “(d) SPECIAL RULE FOR MARRIED BORROWERS FIL-
25 ING SEPARATELY.—In the case of a married borrower who

1 files a separate Federal income tax return, the Secretary
2 shall calculate the amount of the borrower's income-based
3 repayment under this section solely on the basis of the
4 borrower's student loan debt and adjusted gross income.”.

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