

117TH CONGRESS  
2D SESSION

# H. R. 8872

To amend the Higher Education Act of 1965 to double the Pell Grant award amount, improve the Public Service Loan Forgiveness program, and reduce interest rates, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 15, 2022

Ms. WILSON of Florida (for herself, Mr. SCOTT of Virginia, Ms. ADAMS, Mr. SABLAN, Ms. BONAMICI, Ms. MANNING, Ms. NORTON, Mrs. HAYES, Mr. TAKANO, Mr. DANNY K. DAVIS of Illinois, Mrs. MCBATH, Mr. THOMPSON of Mississippi, Mr. SOTO, Mr. DESAULNIER, Mr. GRIJALVA, Ms. BARRAGÁN, Mr. CORREA, Mr. EVANS, Mrs. CHERFILUS-McCORMICK, Mr. CARBAJAL, Mr. TORRES of New York, Ms. CLARKE of New York, Mrs. LAWRENCE, Mr. SARBANES, Ms. LEE of California, Ms. BROWN of Ohio, Mr. LAWSON of Florida, Mr. CARTER of Louisiana, Mr. BOWMAN, Mr. CARSON, Mr. ESPAILLAT, and Mr. CASTRO of Texas) introduced the following bill; which was referred to the Committee on Education and Labor, and in addition to the Committee on the Budget, 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

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## A BILL

To amend the Higher Education Act of 1965 to double the Pell Grant award amount, improve the Public Service Loan Forgiveness program, and reduce interest rates, 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Lowering Obstacles to Achievement Now Act” or the  
4 “LOAN Act”.

5 (b) TABLE OF CONTENTS.—The table of contents of  
6 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—FEDERAL PELL GRANTS**

Sec. 101. Doubling Federal Pell Grants and providing all Federal Pell Grants through mandatory funding.

Sec. 102. Providing increased Federal Pell Grants and other assistance for recipients of means-tested benefits.

Sec. 103. Federal aid eligibility for dreamer students.

Sec. 104. Restoring the total semesters of Federal Pell Grant eligibility.

Sec. 105. Reducing financial aid penalties from satisfactory academic progress determinations.

Sec. 106. Federal Pell Grants for graduate students.

**TITLE II—AMENDMENTS TO TERMS AND CONDITIONS OF LOANS AND REPAYMENT PLANS**

**PART A—DIRECT LOANS**

Sec. 201. Subsidized loans for graduate and professional students.

Sec. 202. Interest rate on subsidized loans for graduate and professional students.

Sec. 203. Repeal of origination fees.

Sec. 204. Prepayment amounts.

**PART B—AUTOMATIC ENROLLMENT IN INCOME-DRIVEN REPAYMENT FOR CERTAIN BORROWERS**

Sec. 211. Notification and automatic enrollment procedures for borrowers who are delinquent on loans.

Sec. 212. Notification and automatic enrollment procedures for borrowers who are rehabilitating defaulted loans.

Sec. 213. Covered loan, income-driven repayment plan, and non-covered loan defined.

Sec. 214. Automatic recertification of income for income-driven repayment plans.

Sec. 215. Procedure and requirement for requesting tax return information from the IRS.

**PART C—AMENDMENTS TO CERTAIN LOAN FORGIVENESS PROGRAMS**

Sec. 221. Amendments to terms and conditions of Public Service Loan Forgiveness.

Sec. 222. Loan forgiveness for teachers.

## TITLE III—INTEREST CAPITALIZATION

Sec. 301. Elimination of interest capitalization.

Sec. 302. Elimination of disclosure requirements relating to capitalization.

## TITLE IV—INTEREST RATES

Sec. 401. Interest rate provisions for new Federal student loans on or after July 1, 2023.

Sec. 402. Refinancing FFEL and Federal Direct Loans.

Sec. 403. Refinancing private student loans.

# **TITLE I—FEDERAL PELL GRANTS**

## **SEC. 101. DOUBLING FEDERAL PELL GRANTS AND PRO- VIDING ALL FEDERAL PELL GRANTS THROUGH MANDATORY FUNDING.**

(a) AMOUNT OF MINIMUM FEDERAL PELL GRANTS.—Section 401 of the Higher Education Act of 1965 (20 U.S.C. 1070a), as amended by title VII of division FF of the FAFSA Simplification Act (Public Law 116–260), is amended—

(1) in subsection (a)(2)(F), by striking “10 percent” and inserting “5 percent”;

(2) in subsection (b)—

(A) in paragraph (1)(B)(i), by striking “paragraph (5)(A)” and inserting “paragraph (5)”;

(B) by striking paragraph (5) and inserting the following:

“(5) MAXIMUM FEDERAL PELL GRANT.—

1           “(A) AWARD YEAR 2024–2025.—For award  
2           year 2024–2025, the total maximum Federal  
3           Pell Grant award shall be \$9,000.

4           “(B) AWARD YEAR 2025–2026.—For award  
5           year 2025–2026, the total maximum Federal  
6           Pell Grant award shall be \$10,000.

7           “(C) AWARD YEAR 2026–2027.—For award  
8           year 2026–2027, the total maximum Federal  
9           Pell Grant award shall be \$11,000.

10          “(D) AWARD YEAR 2027–2028.—For award  
11          year 2027–2028, the total maximum Federal  
12          Pell Grant award shall be \$12,000.

13          “(E) AWARD YEAR 2028–2029.—For award  
14          year 2028–2029, the total maximum Federal  
15          Pell Grant award shall be \$13,000.

16          “(F) AWARD YEAR 2029–2030 AND SUBSE-  
17          QUENT YEARS.—For award year 2029–2030,  
18          and each subsequent award year, the total max-  
19          imum Federal Pell Grant award shall be  
20          \$13,000—

21                 “(i) increased by the adjustment per-  
22                 centage for the award year for which the  
23                 amount under this subparagraph is being  
24                 determined; and

25                 “(ii) rounded to the nearest \$50.

1           “(G) DEFINITION OF ADJUSTMENT PER-  
 2           CENTAGE.—In this paragraph, the term ‘adjust-  
 3           ment percentage,’ as applied to an award year,  
 4           is equal to the percentage increase in the Con-  
 5           sumer Price Index, as defined in section 478(f),  
 6           for the most recent calendar year ending prior  
 7           to the beginning of the award year.”;

8           (C) by striking paragraphs (6) and (7) and  
 9           inserting the following:

10          “(6) APPROPRIATION OF FUNDS.—There are  
 11          authorized to be appropriated, and there are appro-  
 12          priated, out of any money in the Treasury not other-  
 13          wise appropriated, such sums as may be necessary  
 14          for fiscal year 2024 and each subsequent fiscal year  
 15          to provide the total maximum Federal Pell Grant for  
 16          which a student shall be eligible under this section  
 17          during an award year.”; and

18          (D) by redesignating paragraphs (8) and  
 19          (9) as paragraphs (7) and (8), respectively;  
 20          (3) in subsection (d)(5)(B)(ii)—

21          (A) in subclause (I)(bb), by striking “or”  
 22          after the semicolon;

23          (B) in subclause (II)(bb)(CC), by striking  
 24          the period and inserting “; or”; and

25          (C) by adding at the end the following:

1 “(III) during a period for which  
 2 the student did not receive a loan  
 3 under this title but for which, if the  
 4 student had received such a loan, such  
 5 loan would have been discharged  
 6 under the circumstances described in  
 7 subclause (II)(bb)(CC).”;

8 (4) by striking subsections (g) and (h); and

9 (5) by redesignating subsections (i) and (j) as  
 10 subsections (g) and (h), respectively.

11 (b) REPEAL OF SCORING REQUIREMENT.—

12 (1) IN GENERAL.—Section 406 of H. Con. Res.  
 13 95 (109th Congress) is amended—

14 (A) by striking subsection (b); and

15 (B) by striking “(a) IN GENERAL.—Upon”  
 16 and inserting the following: “Upon”.

17 (2) EFFECTIVE DATE.—The amendments made  
 18 by paragraph (1) shall take effect beginning on July  
 19 1, 2024.

20 (c) STUDENT SUPPORT SERVICES.—Section  
 21 402D(d)(1) of the Higher Education Act of 1965 (20  
 22 U.S.C. 1070a–14(d)(1)) is amended by striking “the min-  
 23 imum” and inserting “10 percent of the maximum”.

24 (d) SCHOLARSHIP COMPONENT.—Section 404E(d) of  
 25 the Higher Education Act of 1965 (20 U.S.C. 1070a–

1 25(d)) is amended by striking “less than the minimum”  
 2 and inserting “less than 10 percent of the maximum”.

3 **SEC. 102. PROVIDING INCREASED FEDERAL PELL GRANTS**  
 4 **AND OTHER ASSISTANCE FOR RECIPIENTS**  
 5 **OF MEANS-TESTED BENEFITS.**

6 (a) INCREASED AMOUNT OF MAXIMUM FEDERAL  
 7 PELL GRANTS FOR STUDENTS WITH NEGATIVE STU-  
 8 DENT AID INDEXES.—Section 401(b)(1) of the Higher  
 9 Education Act of 1965 (20 U.S.C. 1070a(b)(1)), as  
 10 amended by section 2 and section 703 of the FAFSA Sim-  
 11 plification Act (Public Law 116–260), is amended—

12 (1) in subparagraph (A)—

13 (A) in the matter preceding clause (i), by  
 14 striking “A student” and inserting “Except in  
 15 the case of a student with a student aid index  
 16 of less than zero, a student”;

17 (B) by striking clause (i); and

18 (C) by redesignating clauses (ii) and (iii)  
 19 as clauses (i) and (ii), respectively;

20 (2) by redesignating subparagraphs (B)  
 21 through (E) as subparagraphs (C) through (F), re-  
 22 spectively;

23 (3) by inserting after subparagraph (A) the fol-  
 24 lowing:

1           “(B) A student with a student aid index of  
2           less than zero shall be eligible for a Federal  
3           Pell Grant award that exceeds the total maximum Federal Pell Grant by an amount equal  
4           to the amount by which the student’s student  
5           aid index is less than zero.”;

7           (4) in subparagraph (C), as redesignated by  
8           paragraph (2)—

9           (A) in the matter preceding clause (i), by  
10          striking “subparagraph (A) for an academic  
11          year,” and inserting “subparagraph (A), or an  
12          increased Federal Pell Grant under subparagraph (B), for an academic year,”; and

14          (B) in clause (ii), by striking “, except that  
15          a student aid index of less than zero shall be  
16          considered to be zero for the purposes of this  
17          clause”;

18          (5) in subparagraph (D), as redesignated by  
19          paragraph (2), by striking “(A) or (B)” and inserting “(A), (B), or (C)”;

21          (6) in subparagraph (E), as redesignated by  
22          paragraph (2), by inserting “or an increased Federal  
23          Pell Grant under subparagraph (B)” after “subparagraph (A)”;

24          or



1           (7) in subparagraph (F), as redesignated by  
 2           paragraph (2), by striking “or a minimum Federal  
 3           Pell Grant under subparagraph (C)” and inserting  
 4           “an increased Federal Pell Grant under subpara-  
 5           graph (B), or a minimum Federal Pell Grant under  
 6           subparagraph (D)”.

7           (b) SPECIAL STUDENT AID INDEX RULE FOR RE-  
 8           CIPIENTS OF MEANS-TESTED BENEFITS.—Section 473 of  
 9           the Higher Education Act of 1965 (20 U.S.C. 1087mm),  
 10          as amended by section 702(b) of the FAFSA Simplifica-  
 11          tion Act (Public Law 116–260), is amended by adding at  
 12          the end the following:

13          “(d) SPECIAL RULE FOR MEANS-TESTED BENEFIT  
 14          RECIPIENTS.—Notwithstanding subsection (b), for an ap-  
 15          plicant (or, as applicable, an applicant and spouse, or an  
 16          applicant’s parents) who, at any time during the previous  
 17          24-month period, received a benefit under a means-tested  
 18          Federal benefit program (or whose parent or spouse re-  
 19          ceived such a benefit, as applicable), the Secretary shall  
 20          for the purposes of this title consider the student aid index  
 21          as equal to –\$1,500 for the applicant.”.

22          **SEC. 103. FEDERAL AID ELIGIBILITY FOR DREAMER STU-**  
 23          **DENTS.**

24          Section 484 of the Higher Education Act of 1965 (20  
 25          U.S.C. 1091), as amended by section 702(n) of the

1 FAFSA Simplification Act (Public Law 116–260), is  
2 amended—

3 (1) in subsection (a)(5), by inserting “, or be a  
4 Dreamer student, as defined in subsection (u)” after  
5 “becoming a citizen or permanent resident”; and

6 (2) by adding at the end the following:

7 “(u) DREAMER STUDENTS.—

8 “(1) IN GENERAL.—In this section, the term  
9 ‘Dreamer student’ means an individual who—

10 “(A)(i) is not a citizen or national of the  
11 United States; and

12 “(ii) is inadmissible or deportable under  
13 the Immigration and Nationality Act (8 U.S.C.  
14 1101 et seq.)); and

15 “(B)(i) in the case of such an individual  
16 who was younger than 18 years of age on the  
17 date on which the individual initially entered  
18 the United States—

19 “(I) has earned a high school diploma,  
20 the recognized equivalent of such diploma  
21 from a secondary school, or a high school  
22 equivalency diploma recognized by State  
23 law, or is scheduled to complete the re-  
24 quirements for such a diploma or equiva-  
25 lent before the next academic year begins;

1 “(II) is enrolled at an institution of  
2 higher education pursuant to subsection  
3 (d);

4 “(III) has served in the uniformed  
5 services (as such term is defined in section  
6 101 of title 10, United States Code) for  
7 not less than 2 years and, if discharged,  
8 received an honorable discharge;

9 “(IV) has acquired a degree, certifi-  
10 cate, or recognized postsecondary creden-  
11 tial from an institution of higher education  
12 or area career and technical education  
13 school (as such term is defined in section  
14 3 of the Carl D. Perkins Career and Tech-  
15 nical Education Act of 2006 (20 U.S.C.  
16 2302)); or

17 “(V) has completed not less than 2  
18 years in a postsecondary program at an in-  
19 stitution of higher education, or area ca-  
20 reer and technical education school, in the  
21 United States and has made satisfactory  
22 academic progress, as defined in subsection  
23 (c), during such time period; or

24 “(ii)(I) is, or at any time was, eligible for  
25 a grant of deferred action pursuant to—

1           “(aa) the memorandum of the De-  
2           partment of Homeland Security entitled  
3           ‘Exercising Prosecutorial Discretion with  
4           Respect to Individuals Who Came to the  
5           United States as Children’ issued on June  
6           15, 2012; or

7           “(bb) the memorandum of the De-  
8           partment of Homeland Security entitled  
9           ‘Exercising Prosecutorial Discretion with  
10          Respect to Individuals Who Came to the  
11          United States as Children and with Re-  
12          spect to Certain Individuals Who Are the  
13          Parents of U.S. Citizens or Permanent  
14          Residents’ issued on November 20, 2014;  
15          or

16          “(II) would have been eligible for such a  
17          grant of deferred action if the applicable memo-  
18          randum described in subclause (I) had been  
19          fully in effect since the date on which it was  
20          issued.

21          “(2) HARDSHIP EXCEPTION.—The Secretary  
22          shall issue regulations that direct when the Depart-  
23          ment shall waive the age requirement of paragraph  
24          (1)(B)(i) for an individual to qualify as a Dreamer  
25          student under such paragraph, if the individual dem-

1       onstrates compelling circumstances, such as eco-  
 2       nomic hardship (as defined in section 435(o)).”.

3   **SEC. 104. RESTORING THE TOTAL SEMESTERS OF FEDERAL**  
 4       **PELL GRANT ELIGIBILITY.**

5       Section 401(d)(5)(A) of the Higher Education Act of  
 6   1965, as added by section 703 of the FAFSA Simplifica-  
 7   tion Act (Public Law 116–260), is amended by striking  
 8   “12” each place the term appears and inserting “18”.

9   **SEC. 105. REDUCING FINANCIAL AID PENALTIES FROM SAT-**  
 10       **ISFACTORY ACADEMIC PROGRESS DETER-**  
 11       **MINATIONS.**

12       Section 484(c) of the Higher Education Act of 1965  
 13   (20 U.S.C. 1091(c)) is amended to read as follows:

14       “(c) SATISFACTORY PROGRESS.—

15           “(1) DEFINITIONS.—In this subsection:

16               “(A) APPEAL.—The term ‘appeal’ means a  
 17               process by which a student who is not meeting  
 18               the institution’s satisfactory academic progress  
 19               standards petitions the institution for reconsid-  
 20               eration of the student’s eligibility for assistance  
 21               under this title.

22               “(B) FINANCIAL AID PROBATION.—The  
 23               term ‘financial aid probation’ means a status  
 24               assigned by an institution to a student who fails  
 25               to make satisfactory academic progress and

1 who has appealed and has had eligibility for aid  
2 reinstated.

3 “(C) FINANCIAL AID WARNING.—The term  
4 ‘financial aid warning’ means a status assigned  
5 to a student who fails to make satisfactory aca-  
6 demic progress at the end of the semester or  
7 equivalent period in which the student first fails  
8 to make such progress.

9 “(D) PAYMENT PERIOD.—The term ‘pay-  
10 ment period’ means the applicable payment pe-  
11 riod described in section 668.4 of title 34, Code  
12 of Federal Regulations, or any successor regula-  
13 tion.

14 “(2) SATISFACTORY ACADEMIC PROGRESS POL-  
15 ICY.—An institution shall establish a reasonable sat-  
16 isfactory academic progress policy for determining  
17 whether an otherwise eligible student is making sat-  
18 isfactory academic progress in the student’s edu-  
19 cational program and may receive assistance under  
20 this title. The Secretary shall consider the institu-  
21 tion’s policy to be reasonable if—

22 “(A) the policy is at least as strict as the  
23 policy the institution applies to a student who  
24 is not receiving assistance under this title;

1 “(B) the policy provides for consistent ap-  
2 plication of standards to all students, including  
3 full-time, part-time, undergraduate, and grad-  
4 uate students, and all educational programs es-  
5 tablished by the institution;

6 “(C)(i) the policy specifies the grade point  
7 average that a student must achieve at each  
8 evaluation, or if a grade point average is not an  
9 appropriate qualitative measure, a comparable  
10 assessment measured against a norm; and

11 “(ii) if a student is enrolled in an edu-  
12 cational program of more than 2 academic  
13 years, the policy specifies that at the end of the  
14 second academic year, the student must have a  
15 grade point average of at least a ‘C’ or its  
16 equivalent, or have academic standing con-  
17 sistent with the institution’s requirements for  
18 graduation;

19 “(D) the policy provides for measurement  
20 of the student’s progress at each evaluation;

21 “(E) the policy describes—

22 “(i) how a student’s grade point aver-  
23 age and the pace at which the student pro-  
24 gresses toward completion are affected by  
25 course incompletes, withdrawals, or repeti-

1           tions, or transfers of credit from other in-  
2           stitutions, including that credit hours from  
3           another institution that are accepted to-  
4           ward the student's educational program  
5           are counted as both attempted and com-  
6           pleted hours; and

7           “(ii) how after a student reenrolls  
8           after the student's satisfactory academic  
9           progress was reset pursuant to paragraph  
10          (3)(B), the student may have any credits  
11          that were earned before the student was  
12          determined not to be making satisfactory  
13          academic progress counted for purposes of  
14          determining progress when the student re-  
15          enrolls, but any attempted hours that were  
16          not earned by the student (including in-  
17          completes, withdrawn courses, and failed  
18          courses) before the student was determined  
19          not to be making satisfactory academic  
20          progress will not negatively impact the de-  
21          termination of whether the student made  
22          satisfactory academic progress after such  
23          reset;

24          “(F) the policy provides that, except as  
25          provided in subparagraph (G) with respect to a



1 student placed on financial aid warning or fi-  
2 nancial aid probation and paragraph (3), a stu-  
3 dent is no longer eligible to receive assistance  
4 under this title if the student has not achieved  
5 the required grade point average or who is not  
6 making progress toward completion in the stu-  
7 dent's educational program—

8 “(i) at the time of each evaluation  
9 with respect to a student who is in an edu-  
10 cational program of 2 academic years or  
11 less in length; or

12 “(ii) at the end of the second aca-  
13 demic year with respect to a student who  
14 is in an educational program of more than  
15 2 academic years in length;

16 “(G) the policy describes when students  
17 will be placed on financial aid warning or finan-  
18 cial aid probation, in accordance with para-  
19 graph (4), and provides that—

20 “(i) a student on financial aid warn-  
21 ing—

22 “(I) shall receive assistance  
23 under this title for one payment pe-  
24 riod despite a determination that the

1 student is not making satisfactory  
2 academic progress; and

3 “(II) may be assigned such sta-  
4 tus without an appeal or other action  
5 by the student; and

6 “(ii)(I) a student on financial aid pro-  
7 bation may receive assistance under this  
8 title for one payment period and the insti-  
9 tution may require the student to fulfill  
10 specific terms and conditions, such as tak-  
11 ing a reduced course load or enrolling in  
12 specific courses; and

13 “(II) at the end of such one payment  
14 period, the student is required to meet the  
15 institution’s satisfactory academic progress  
16 standards, or meet the requirements of the  
17 academic plan developed by the institution  
18 and the student, in order to qualify for  
19 continued assistance under this title;

20 “(H) if the institution permits a student to  
21 appeal a determination by the institution that  
22 the student is not making satisfactory academic  
23 progress, the policy describes—

1 “(i) how the student may reestablish  
2 the student’s eligibility to receive assist-  
3 ance under this title;

4 “(ii) the basis on which the student  
5 may file an appeal, including because of  
6 the death of a relative, an injury or illness  
7 of the student, or another special cir-  
8 cumstance; and

9 “(iii) information the student is re-  
10 quired to submit regarding why the stu-  
11 dent failed to make satisfactory academic  
12 progress, and what has changed in the stu-  
13 dent’s situation that will allow the student  
14 to demonstrate satisfactory academic  
15 progress at the next evaluation;

16 “(I) if the institution does not permit a  
17 student to appeal a determination by the insti-  
18 tution that the student is not making satisfac-  
19 tory academic progress, the policy describes  
20 how the student may reestablish the student’s  
21 eligibility to receive assistance under this title;

22 “(J) the policy provides for notification to  
23 students of the results of an evaluation that im-  
24 pacts the student’s eligibility for assistance  
25 under this title; and

1           “(K) the policy does not impose satisfac-  
2           tory progress limitations on need-based institu-  
3           tional aid that are more stringent than the  
4           standard applied under this subsection without  
5           demonstrating to the Secretary the effectiveness  
6           of such limitations on improving student per-  
7           sistence in, and completion of, postsecondary  
8           study.

9           “(3) REGAINING ELIGIBILITY.—

10           “(A) STUDENTS WHO REMAIN IN  
11           SCHOOL.—Whenever a student fails to meet the  
12           eligibility requirements of subsection (a)(2) as a  
13           result of the application of this subsection and,  
14           subsequent to that failure, the student has aca-  
15           demic standing for any grading period con-  
16           sistent with the requirements for staying on  
17           track to graduate within 150 percent of the  
18           published length of the educational program, as  
19           determined by the institution, the student shall  
20           again be eligible under subsection (a)(2) for a  
21           grant, loan, or work assistance under this title,  
22           as long as the student maintains satisfactory  
23           academic progress under paragraph (2) begin-  
24           ning on and after the date that the student re-  
25           gains eligibility.

“(B) STUDENTS WHO LEAVE SCHOOL.—

“(i) IN GENERAL.—If a student has not been enrolled in any institution of higher education for the immediately preceding 2 years, any previous failure to meet the eligibility requirements of subsection (a)(2) shall not be used in any determination of eligibility of such student under such subsection. Such student shall, on the date of enrollment subsequent to such 2-year period, have the student’s eligibility for a grant, loan, or work assistance under this title reset and be deemed as meeting the requirements described in paragraph (2). Beginning on and after such date, the student’s satisfactory academic progress shall be determined in accordance with paragraph (2)(E)(ii).

“(ii) MAXIMUM NUMBER OF RESETS.—A student shall be eligible for a reset of eligibility pursuant to this subparagraph not more than 2 times.

“(C) DUTIES OF THE SECRETARY.—The Secretary shall—

1 “(i) send, to each student who failed  
2 to meet the eligibility requirements of sub-  
3 section (a)(2) and who has not regained  
4 eligibility for a grant, loan, or work assist-  
5 ance under subparagraph (A), a notice,  
6 two years after such failure, that in-  
7 cludes—

8 “(I) a notification that, if the  
9 student has not been enrolled in any  
10 institution of higher education for the  
11 preceding two years and has not re-  
12 ceived two resets of eligibility under  
13 subparagraph (B), the student may  
14 use grant, loan, or work assistance  
15 under this title for enrollment at any  
16 eligible institution, including an insti-  
17 tution other than the institution in  
18 which the student was previously en-  
19 rolled;

20 “(II) a notification that, if the  
21 student has remained enrolled, or re-  
22 sumed enrollment, at an institution of  
23 higher education, the student may be  
24 eligible for a grant, loan, or work as-

1                   sistance under this title subject to the  
2                   requirements of subparagraph (A);

3                   “(III) information on how many  
4                   semesters of eligibility for a grant,  
5                   loan, or work assistance under this  
6                   title to which the student still has ac-  
7                   cess; and

8                   “(IV) a notification that the stu-  
9                   dent should ask any prospective eligi-  
10                  ble institution how many of the stu-  
11                  dent’s previously completed credits the  
12                  student would be able to transfer; and

13                  “(ii) submit an annual report to Con-  
14                  gress on the outcomes of students who  
15                  have received a reset of eligibility pursuant  
16                  to this paragraph, including—

17                  “(I) the number of students who  
18                  reenroll in an eligible institution after  
19                  such reset, disaggregated by race or  
20                  ethnicity, sex, age, socioeconomic sta-  
21                  tus, and disability status;

22                  “(II) the 250 eligible institutions  
23                  with the highest numbers of enrolled  
24                  students receiving grant, loan, or

1 work assistance under this title after  
2 such a reset;

3 “(III) the 250 eligible institu-  
4 tions with the highest share of en-  
5 rolled students receiving grant, loan,  
6 or work assistance under this title  
7 after such a reset; and

8 “(IV) the average completion  
9 rate and time to completion for stu-  
10 dents who reenroll in an eligible insti-  
11 tution after such reset, disaggregated  
12 by institution.

13 “(4) EVALUATION OF ACADEMIC PROGRESS.—

14 “(A) IN GENERAL.—An institution that  
15 determines that a student is not making satis-  
16 factory academic progress under its policy may  
17 disburse funds provided through student finan-  
18 cial assistance programs under this title (in-  
19 cluding work-study programs under subtitle C)  
20 to the student in accordance with subpara-  
21 graphs (B), (C), and (D).

22 “(B) PAYMENT PERIOD FOLLOWING NOT  
23 MAKING SATISFACTORY ACADEMIC PROGRESS.—  
24 For the payment period following the payment  
25 period in which a student did not make satis-



1 factory academic progress, the institution shall  
2 place the student on financial aid warning and  
3 disburse funds under this title to the student.

4 “(C) PAYMENT PERIOD FOLLOWING FI-  
5 NANCIAL AID WARNING.—For the payment pe-  
6 riod following a payment period during which a  
7 student was on financial aid warning, the insti-  
8 tution may place the student on financial aid  
9 probation, and disburse funds under this title to  
10 the student if—

11 “(i) the institution evaluates the stu-  
12 dent’s progress and determines that stu-  
13 dent did not make satisfactory academic  
14 progress during the payment period the  
15 student was on financial aid warning;

16 “(ii) the student appeals the deter-  
17 mination; and

18 “(iii)(I) the institution determines  
19 that the student should be able to meet the  
20 institution’s satisfactory academic progress  
21 standards by the end of the subsequent  
22 payment period; or

23 “(II) the institution develops an aca-  
24 demic plan for the student that, if fol-  
25 lowed, will ensure that the student is able

1 to meet the institution's satisfactory aca-  
2 demic progress standards by a specific  
3 point in time.

4 “(D) PAYMENT PERIOD FOLLOWING FI-  
5 NANCIAL AID PROBATION.—A student on finan-  
6 cial aid probation for a payment period may not  
7 receive funds under this title for the subsequent  
8 payment period unless the student makes satis-  
9 factory academic progress or the institution de-  
10 termines that the student met the requirements  
11 specified by the institution in the academic plan  
12 for the student developed under subparagraph  
13 (C)(iii)(II).

14 “(E) FREQUENCY OF ACADEMIC PROGRESS  
15 EVALUATION AND COMMUNICATION.—

16 “(i) IN GENERAL.—Subject to clause  
17 (ii), for the purpose of determining wheth-  
18 er presently enrolled students are main-  
19 taining satisfactory progress, each institu-  
20 tion of higher education that enrolls stu-  
21 dents who receive any grant, loan, or work  
22 assistance under this title shall review the  
23 progress of such students at the end of  
24 each payment period.

1 “(ii) SHORTER PAYMENT PERIODS.—

2 For each institution described in clause (i)  
3 that has payment periods that are shorter  
4 than on the semester system basis (such as  
5 on a quarterly or trimester system basis or  
6 by clock hour program or non-term pro-  
7 gram), such institution shall review the  
8 progress of presently enrolled students at  
9 the end of each semester or equivalent pe-  
10 riod of 12 to 18 weeks.

11 “(iii) FINANCIAL AID WARNING.—At  
12 the end of each payment period (or, in the  
13 case of an institution described in clause  
14 (ii), at the end of each semester or equiva-  
15 lent period), each institution shall send a  
16 financial aid warning to presently enrolled  
17 students that do not meet the grade point  
18 average requirement described in para-  
19 graph (2), or its equivalent or academic  
20 standing consistent with the requirements  
21 for graduation, as determined by the insti-  
22 tution, that informs the students of their  
23 risk of being determined to not be main-  
24 taining satisfactory progress and therefore  
25 losing eligibility for grant, loan, or work

1 assistance under this title and provides in-  
2 formation on—

3 “(I) the specific criteria of the in-  
4 stitution’s academic requirements that  
5 the student is not meeting and the  
6 specific improvements needed to meet  
7 the requirements; and

8 “(II) how to meet with the stu-  
9 dent’s academic advisor to get the  
10 academic support the student needs.

11 “(5) DETAILING REQUIREMENTS TO STU-  
12 DENTS.—Each institution of higher education that  
13 enrolls students who receive any grant, loan, or work  
14 assistance under this title shall detail the institu-  
15 tion’s requirements regarding students maintaining  
16 satisfactory academic progress—

17 “(A) to such students before the students  
18 begin classes at the institution through a de-  
19 tailed communication that may be separate  
20 from a financial aid offer; and

21 “(B) on the financial aid webpage of the  
22 website of the institution.

23 “(6) CONSUMER TESTING.—The Secretary—

24 “(A) shall conduct consumer testing to de-  
25 velop exemplary practices and templates—

1 “(i) to support institutions of higher  
 2 education in carrying out paragraph (5);  
 3 and

4 “(ii) which shall be available as re-  
 5 sources for institutions of higher edu-  
 6 cation; and

7 “(B) shall not require the use of such  
 8 practices and templates by institutions of high-  
 9 er education.”.

10 **SEC. 106. FEDERAL PELL GRANTS FOR GRADUATE STU-**  
 11 **DENTS.**

12 Section 401 of the Higher Education Act of 1965 (20  
 13 U.S.C. 1070a), as amended by title VII of division FF  
 14 of the FAFSA Simplification Act (Public Law 116–260),  
 15 is amended—

16 (1) in subsection (b)(8)(A), by inserting “or as  
 17 a postbaccalaureate student in accordance with sub-  
 18 section (d)(1)” after “as an undergraduate”; and

19 (2) in subsection (d)—

20 (A) by amending paragraph (1) to read as  
 21 follows:

22 “(1) IN GENERAL.—The period during which a  
 23 student may receive Federal Pell Grants shall be the  
 24 period required for the completion of the first under-  
 25 graduate baccalaureate course of study being pur-

1       sued by that student at the institution at which the  
2       student is in attendance except that—

3               “(A) any 1-year period during which the  
4       student is enrolled in a noncredit or remedial  
5       course of study as defined in paragraph (2)  
6       shall not be counted for the purpose of this  
7       paragraph; and

8               “(B) the period during which a student  
9       may receive Federal Pell Grants shall also in-  
10      clude the period required for the completion of  
11      the first postbaccalaureate course of study in a  
12      case in which—

13               “(i) the student received a Federal  
14      Pell Grant during the period required for  
15      the completion of the student’s first under-  
16      graduate baccalaureate course of study for  
17      at least 1 but fewer than 18 semesters, or  
18      the equivalent of at least 1 but fewer than  
19      18 semesters, as determined under para-  
20      graph (5);

21               “(ii) the student would otherwise be  
22      eligible for a Federal Pell Grant, but for  
23      the completion of such baccalaureate  
24      course of study; and

1 “(iii) the period during which the stu-  
 2 dent receives Federal Pell Grants does not  
 3 exceed the student’s duration limits under  
 4 paragraph (5).”; and

5 (B) in paragraph (2), by striking “or cer-  
 6 tificate” and inserting “, certificate, or first  
 7 postbaccalaureate degree”.

8 **TITLE II—AMENDMENTS TO**  
 9 **TERMS AND CONDITIONS OF**  
 10 **LOANS AND REPAYMENT**  
 11 **PLANS**

12 **PART A—DIRECT LOANS**

13 **SEC. 201. SUBSIDIZED LOANS FOR GRADUATE AND PROFES-**  
 14 **SIONAL STUDENTS.**

15 Section 455(a)(3) of the Higher Education Act of  
 16 1965 (20 U.S.C. 1087e(a)(3)) is amended—

17 (1) in subparagraph (A), in the matter pre-  
 18 ceding clause (i), by striking “subparagraph (B)”  
 19 and inserting “subparagraphs (B) and (C)”; and

20 (2) by adding at the end the following:

21 “(C) AUTHORITY TO MAKE INTEREST SUB-  
 22 SIDIZED LOANS TO GRADUATE AND PROFES-  
 23 SIONAL STUDENTS.—For any period of instruc-  
 24 tion at an institution of higher education (as  
 25 defined in section 101 or section 102(a)(1)(C),

except that a graduate medical school, nursing school, or a veterinary school, located outside the United States that does not meet the requirements of section 101(a)(4) shall be excluded) beginning on or after July 1, 2023, a graduate or professional student shall be eligible to receive a Federal Direct Stafford loan under this part.”.

**SEC. 202. INTEREST RATE ON SUBSIDIZED LOANS FOR GRADUATE AND PROFESSIONAL STUDENTS.**

Section 455(b)(8)(B) of the Higher Education Act of 1965 (20 U.S.C. 1087e(b)(8)(B)) is amended—

(1) in the heading for subparagraph (B), by striking “FDUSL” and inserting “FDSL AND FDUSL”; and

(2) by inserting “and Federal Direct Stafford Loans” after “Federal Direct Unsubsidized Stafford Loans”.

**SEC. 203. REPEAL OF ORIGINATION FEES.**

Section 455(c)(2) of the Higher Education Act of 1965 (20 U.S.C. 1087e(c)(2)) is amended—

(1) by striking “and” at the end of subparagraph (D); and

(2) by adding at the end the following:



1           “(E) by substituting ‘0.0 percent’ for ‘4.0  
 2           percent’ with respect to loans for which the first  
 3           disbursement of principal is made on or after  
 4           July 1, 2023.”.

5   **SEC. 204. PREPAYMENT AMOUNTS.**

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

9           “(6)       APPLICATION       OF       PREPAYMENT  
 10       AMOUNTS.—

11           “(A) REQUIREMENT FOR ELIGIBLE BOR-  
 12       ROWERS.—

13           “(i) IN GENERAL.—Notwithstanding  
 14       any other provision of this subsection or  
 15       any other provision of law—

16           “(I) with respect to loans made  
 17       to an eligible borrower under this part  
 18       or part B, which are held by the same  
 19       holder and which have different appli-  
 20       cable rates of interest, the holder of  
 21       such loans shall, unless otherwise re-  
 22       quested by the borrower in writing,  
 23       apply the borrower’s prepayment  
 24       amount (within the meaning of sec-  
 25       tion 682.209(b) of title 34, Code of

1 Federal Regulations, or a successor  
2 regulation) for one or more of such  
3 loans, first toward the outstanding  
4 balance of principal due on the loan  
5 with the highest applicable rate of in-  
6 terest among such loans; and

7 “(II) except as provided in sub-  
8 clause (I), with respect to loans made  
9 to an eligible borrower under this part  
10 or part B, which are held by the same  
11 holder and which have the same appli-  
12 cable rates of interest, the holder of  
13 such loans shall, unless otherwise re-  
14 quested by the borrower in writing,  
15 apply the borrower’s prepayment  
16 amount (within the meaning of sec-  
17 tion 682.209(b) of title 34, Code of  
18 Federal Regulations, or a successor  
19 regulation) for one or more of such  
20 loans, first toward the outstanding  
21 balance of principal due on the loan  
22 with the highest principal balance  
23 among such loans.

24 “(ii) ELIGIBLE BORROWER DE-  
25 FINED.—For purposes of this paragraph,

the term ‘eligible borrower’ means a borrower with no outstanding balance of fees, including collection costs and authorized late charges, due on any loan made under this part or part B.

“(B) REQUIREMENT FOR OTHER BORROWERS.—A prepayment amount (as described in subparagraph (A)(i)) made by a borrower who is not an eligible borrower to a holder shall be applied first toward the borrower’s outstanding balance of fees, including collection costs and authorized late charges, due on any loan made under this part or part B held by such holder.”.

**PART B—AUTOMATIC ENROLLMENT IN INCOME-DRIVEN REPAYMENT FOR CERTAIN BORROWERS**

**SEC. 211. NOTIFICATION AND AUTOMATIC ENROLLMENT**

**PROCEDURES FOR BORROWERS WHO ARE DELINQUENT ON LOANS.**

Section 455(d) of the Higher Education Act of 1965 (20 U.S.C. 1087e(d)), as amended by this Act, is further amended by adding at the end the following:

“(9) NOTIFICATION AND AUTOMATIC ENROLLMENT PROCEDURES FOR BORROWERS WHO ARE DELINQUENT ON LOANS.—

1           “(A) AUTHORITY TO OBTAIN INCOME IN-  
2           FORMATION.—The Secretary shall establish and  
3           implement, with respect to any borrower de-  
4           scribed in subparagraph (B), procedures to—

5                   “(i) use return information of the bor-  
6                   rower (and the borrower’s spouse, if appli-  
7                   cable) disclosed under section 6103(l)(13)  
8                   of the Internal Revenue Code of 1986, pur-  
9                   suant to approval provided under section  
10                  494, to determine the income and family  
11                  size of the borrower (and the borrower’s  
12                  spouse, if applicable) without further ac-  
13                  tion by the borrower;

14                  “(ii) allow the borrower (or the spouse  
15                  of the borrower), at any time, to opt out  
16                  of disclosure under such section  
17                  6103(l)(13) and instead provide such infor-  
18                  mation as the Secretary may require to de-  
19                  termine the income and family size of the  
20                  borrower (and the borrower’s spouse, if ap-  
21                  plicable); and

22                  “(iii) provide the borrower with an op-  
23                  portunity to update the return information  
24                  so disclosed before the determination of the

1 income and family size of the borrower for  
2 purposes of this paragraph.

3 “(B) BORROWER NOTIFICATION.—With re-  
4 spect to each borrower of a covered loan who is  
5 at least 31 days delinquent on such loan and  
6 who has not been subject to the procedures  
7 under this paragraph for such loan in the pre-  
8 ceding 62 days, the Secretary shall, as soon as  
9 practicable after such 31-day delinquency, pro-  
10 vide to the borrower the following:

11 “(i) Notification that the borrower is  
12 at least 31 days delinquent on at least 1  
13 covered loan, and a description of all delin-  
14 quent covered loans, nondelinquent covered  
15 loans, and noncovered loans of the bor-  
16 rower.

17 “(ii) A brief description of the repay-  
18 ment plans for which the borrower is eligi-  
19 ble and the covered loans and noncovered  
20 loans of the borrower that may be eligible  
21 for such plans, based on information avail-  
22 able to the Secretary.

23 “(iii) The amount of monthly pay-  
24 ments for the covered and noncovered  
25 loans under each repayment plan identified

1 under clause (ii), based on information  
2 available to the Secretary, including, if the  
3 income information of the borrower is  
4 available to the Secretary under subpara-  
5 graph (A), the income, family size, tax fil-  
6 ing status, and tax year information on  
7 which each such monthly payment is  
8 based.

9 “(iv) Clear and simple instructions on  
10 how to select the repayment plans.

11 “(v) An explanation that, in the case  
12 of a borrower for whom adjusted gross in-  
13 come is unavailable—

14 “(I) if the borrower selects to  
15 repay the covered loans of such bor-  
16 rower pursuant to an income-driven  
17 repayment plan that defines discre-  
18 tionary income in such a manner that  
19 an individual not required under sec-  
20 tion 6012(a)(1) of the Internal Rev-  
21 enue Code of 1986 to file a return  
22 with respect to income taxes imposed  
23 by subtitle A of such Code may have  
24 a calculated monthly payment greater  
25 than \$0, the borrower will be required

1 to provide the Secretary with other  
2 documentation of income satisfactory  
3 to the Secretary, which documentation  
4 the Secretary may use to determine  
5 an appropriate repayment schedule;  
6 and

7 “(II) if the borrower selects to  
8 repay such loans pursuant to an in-  
9 come-driven repayment plan that is  
10 not described in subclause (I), the  
11 borrower will not be required to pro-  
12 vide the Secretary with such other  
13 documentation of income, and the bor-  
14 rower will have a calculated monthly  
15 payment of \$0.

16 “(vi) An explanation that the Sec-  
17 retary shall take the actions under sub-  
18 paragraph (C) with respect to such bor-  
19 rower, if—

20 “(I) the borrower is 80 days de-  
21 linquent on 1 or more covered loans  
22 and has not selected a new repayment  
23 plan for the covered loans of the bor-  
24 rower; and

1                   “(II) in the case of such a bor-  
2                   rower whose existing repayment plan  
3                   for the covered loans of the borrower  
4                   is not an income-driven repayment  
5                   plan, the monthly payments under  
6                   such existing repayment plan are  
7                   higher than such monthly payments  
8                   would be under an income-driven re-  
9                   payment plan.

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

13                  “(C) SECRETARY’S SELECTION OF A  
14                  PLAN.—With respect to each borrower de-  
15                  scribed in subparagraph (B) whose existing re-  
16                  payment plan for the covered loans of the bor-  
17                  rower is described in clause (vi)(II) of subpara-  
18                  graph (B), and who has not selected a new re-  
19                  payment plan for such loans in accordance with  
20                  the notice received under such subparagraph  
21                  and who is at least 80 days delinquent on such  
22                  a loan, the Secretary shall, as soon as prac-  
23                  ticable—



1 “(i) in a case in which any of the bor-  
2 rower’s covered loans are eligible for an in-  
3 come-driven repayment plan—

4 “(I)(aa) provide the borrower  
5 with the income-driven repayment  
6 plan that requires the lowest monthly  
7 payment amount for each covered loan  
8 of the borrower, compared to any  
9 other such plan for which the bor-  
10 rower is eligible; or

11 “(bb) if more than one income-  
12 driven repayment plan would offer the  
13 borrower the same lowest monthly  
14 payment amount, provide the bor-  
15 rower with the income-driven repay-  
16 ment plan that has the most favorable  
17 terms for the borrower;

18 “(II) if the plan selected under  
19 subclause (I) is not the income-driven  
20 repayment plan that would have the  
21 lowest monthly payment amount if the  
22 borrower were eligible for such plan  
23 for the borrower’s covered loans and  
24 noncovered loans, notify the borrower  
25 of the actions, if any, the borrower

1 may take to become eligible for such  
 2 income-driven repayment plan; and

3 “(III) authorize the borrower to  
 4 change the Secretary’s selection of a  
 5 plan under this clause to any plan de-  
 6 scribed in paragraph (1) for which the  
 7 borrower is eligible; and

8 “(ii) in a case in which none of the  
 9 borrower’s covered loans are eligible for an  
 10 income-driven repayment plan, notify the  
 11 borrower of the actions, if any, the bor-  
 12 rower may take for such loans to become  
 13 eligible for such a plan.”.

14 **SEC. 212. NOTIFICATION AND AUTOMATIC ENROLLMENT**  
 15 **PROCEDURES FOR BORROWERS WHO ARE**  
 16 **REHABILITATING DEFAULTED LOANS.**

17 Section 455(d) of the Higher Education Act of 1965  
 18 (20 U.S.C. 1087e(d)), as amended by this Act, is further  
 19 amended by adding at the end the following:

20 “(10) NOTIFICATION AND AUTOMATIC ENROLL-  
 21 MENT PROCEDURES FOR BORROWERS WHO ARE RE-  
 22 HABILITATING DEFAULTED LOANS.—

23 “(A) AUTHORITY TO OBTAIN INCOME IN-  
 24 FORMATION.—The Secretary shall establish and  
 25 implement, with respect to any borrower who is

1           rehabilitating a covered loan pursuant to sec-  
2           tion 428F(a), procedures to—

3                   “(i) use return information of the bor-  
4                   rower (and the borrower’s spouse, if appli-  
5                   cable) disclosed section 6103(l)(13) of the  
6                   Internal Revenue Code of 1986, pursuant  
7                   to approval provided under section 494, to  
8                   obtain such information as is reasonably  
9                   necessary regarding the income and family  
10                  size of the borrower (and the borrower’s  
11                  spouse, if applicable);

12                  “(ii) allow the borrower (or the spouse  
13                  of the borrower), at any time, to opt out  
14                  of disclosure under such section  
15                  6103(l)(13) and instead provide such infor-  
16                  mation as the Secretary may require to ob-  
17                  tain such information; and

18                  “(iii) provide the borrower with an op-  
19                  portunity to update the return information  
20                  so disclosed before the determination of in-  
21                  come and family size of the borrower (and  
22                  the borrower’s spouse, if applicable) for  
23                  purposes of this paragraph.

24                  “(B)   BORROWER   NOTIFICATION.—Not  
25                  later than 30 days after a borrower makes the

1           6th payment required on such covered loan for  
 2           the loan rehabilitation described in subpara-  
 3           graph (A), the Secretary shall notify the bor-  
 4           rower of the process under subparagraph (C)  
 5           with respect to such loan.

6           “(C) SECRETARY’S SELECTION OF PLAN.—

7           With respect to each borrower who has made  
 8           the 9th payment required on such covered loan  
 9           for the loan rehabilitation described in subpara-  
 10          graph (A), the Secretary shall, as soon as prac-  
 11          ticable after such payment, carry out the proce-  
 12          dures described in clauses (i) and (ii) of para-  
 13          graph (9)(C) with respect to such loan.”.

14 **SEC. 213. COVERED LOAN, INCOME-DRIVEN REPAYMENT**  
 15 **PLAN, AND NON-COVERED LOAN DEFINED.**

16          Section 455(d) of the Higher Education Act of 1965  
 17          (20 U.S.C. 1087e(d)), as amended by this Act, is further  
 18          amended by adding at the end the following:

19           “(11) DEFINITIONS.—In this subsection:

20           “(A) COVERED LOAN.—The term ‘covered  
 21           loan’ means—

22                   “(i) a loan made under this part;

23                   “(ii) a loan purchased under section  
 24                   459A; or

1 “(iii) a loan that has been assigned to  
 2 the Secretary under subsection (c)(8) or  
 3 (j)(3)(B) of section 428, or subsection  
 4 (a)(1)(A)(ii) or (a)(1)(G) of section 428F.

5 “(B) INCOME-DRIVEN REPAYMENT  
 6 PLAN.—The term ‘income-driven repayment  
 7 plan’ means a repayment plan described in sub-  
 8 paragraph (D) or (E) of paragraph (1).

9 “(C) NONCOVERED LOAN.—The term  
 10 ‘noncovered loan’ means a loan made, insured,  
 11 or guaranteed under this title that is not a cov-  
 12 ered loan.”.

13 **SEC. 214. AUTOMATIC RECERTIFICATION OF INCOME FOR**  
 14 **INCOME-DRIVEN REPAYMENT PLANS.**

15 (a) INCOME-CONTINGENT REPAYMENT PLANS.—Sec-  
 16 tion 455(e)(8)(A) of the Higher Education Act of 1965  
 17 (20 U.S.C. 1087e(e)(8)(A)) is amended—

18 (1) by striking “and” at the end of clause (ii);

19 (2) by redesignating clause (iii) as clause (iv);

20 (3) in clause (iv) (as so redesignated), by strik-  
 21 ing the period at the end and inserting “; and”; and

22 (4) by inserting after clause (ii), the following:

23 “(iii) in the case of a borrower who  
 24 has selected to repay a loan made under  
 25 this part pursuant to an income contingent

(b) INCOME-BASED REPAYMENT PLANS.—Section 493C(c)(2)(B) of the Higher Education Act of 1965 (20 U.S.C. 1098e(c)(2)(B)) is amended by striking “any loan made under part D (other than an excepted PLUS loan or excepted consolidation loan)” and inserting “any covered loan (as defined in section 455(d)(11))”.

15 SEC. 215. PROCEDURE AND REQUIREMENT FOR REQUEST-  
16 ING TAX RETURN INFORMATION FROM THE  
17 IRS.

18       Section 494(a) of the Higher Education Act of 1965  
19   (20 U.S.C. 1098h(a)) is amended—

20 (1) in paragraph (2)—

(A) in subparagraph (A), in the matter preceding clause (i), by striking “a loan under part D” and inserting “a covered loan (as defined in section 455(d)(11))”; and

1 (B) in subparagraph (B), by striking “a  
 2 loan under part D” and inserting “a covered  
 3 loan (as defined in section 455(d)(11))”; and  
 4 (2) by adding at the end the following:

5 “(4) LOAN DELINQUENCY AND REHABILITA-  
 6 TION.—

7 “(A) BORROWERS DELINQUENT ON  
 8 LOANS.—In the case of an individual who is a  
 9 borrower of a covered loan and who is at least  
 10 31 days delinquent on such loan, the Secretary,  
 11 with respect to such individual and any spouse  
 12 of such individual, shall—

13 “(i) provide to such individuals the  
 14 notification described in paragraph  
 15 (1)(A)(i); and

16 “(ii) require, as a condition of eligi-  
 17 bility for the notification and automatic en-  
 18 rollment procedures under section  
 19 455(d)(9), that such individuals—

20 “(I) affirmatively approve the  
 21 disclosure described in paragraph  
 22 (1)(A)(i) and agree that such approval  
 23 shall serve as an ongoing approval of  
 24 such disclosure until the date on  
 25 which the individual elects to opt out

1 of such disclosure under section  
2 455(d)(9)(A)(ii); or

3 “(II) provide such information as  
4 the Secretary may require to carry  
5 out the procedures under section  
6 455(d)(9) with respect to such indi-  
7 vidual.

8 “(B) LOAN REHABILITATION.—In the case  
9 of any written or electronic application by an  
10 individual for the rehabilitation of a covered  
11 loan pursuant to section 428F(a), the Sec-  
12 retary, with respect to such individual and any  
13 spouse of such individual, shall—

14 “(i) provide to such individuals the  
15 notification described in paragraph  
16 (1)(A)(i); and

17 “(ii) require, as a condition of eligi-  
18 bility for loan rehabilitation pursuant to  
19 section 428F(a), that such individuals—

20 “(I) affirmatively approve the  
21 disclosure described in paragraph  
22 (1)(A)(i) and agree that such approval  
23 shall serve as an ongoing approval of  
24 such disclosure until the date on  
25 which the individual elects to opt out



1 of such disclosure under section  
2 455(d)(10)(A)(ii); or

3 “(II) provide such information as  
4 the Secretary may require to carry  
5 out the procedures under section  
6 455(d)(10) with respect to such indi-  
7 vidual.

8 “(C) COVERED LOAN DEFINED.—In this  
9 paragraph, the term ‘covered loan’ has the  
10 meaning given the term in section 455(d)(11).”.

# 11 **PART C—AMENDMENTS TO CERTAIN LOAN**

## 12 **FORGIVENESS PROGRAMS**

### 13 **SEC. 221. AMENDMENTS TO TERMS AND CONDITIONS OF** 14 **PUBLIC SERVICE LOAN FORGIVENESS.**

15 (a) NUMBER OF MONTHLY PAYMENTS; REPAYMENT  
16 PLANS.—Paragraph (1) of section 455(m) of the Higher  
17 Education Act of 1965 (20 U.S.C. 1087e(m)) is amend-  
18 ed—

19 (1) in subparagraph (A)—

20 (A) in the matter preceding clause (i), by  
21 striking “120” and inserting “96”;

22 (B) by striking “or” at the end of clause  
23 (iii);

24 (C) in clause (iv), by striking “and” and  
25 inserting “or”; and

(D) by adding at the end the following:

“(v) in lieu of such a payment, has been in—

“(I) cancer treatment deferment under section 427(a)(2)(C)(iv), 428(b)(1)(M)(v), or 455(f)(3);

“(II) rehabilitation training program deferment under section 427(a)(2)(C)(i)(II), 428(b)(1)(M)(i)(II), or 455(f)(2)(A)(ii);

“(III) military service deferment under section 428(b)(1)(M)(iii) or 455(f)(2)(C);

“(IV) unemployment deferment under section 427(a)(2)(C)(ii), 428(b)(1)(M)(ii), 428B(d)(1)(A)(i), or 455(f)(2)(B);

“(V) deferment due to an economic hardship described in section 427(a)(2)(C)(iii), section 428(b)(1)(M)(iv), section 428B(d)(1)(A)(i), section 435(o), or section 455(f)(2)(D);

1                   “(VI) Peace Corps service  
2                   deferment           under           section  
3                   682.210(b)(2)(ii) or 682.210(k) of  
4                   title 34, Code of Federal Regulations  
5                   (or successor regulations), as made  
6                   applicable to Direct Loan borrowers  
7                   under section 685.204(j) of such title  
8                   34;

9                   “(VII) has been in post-active-  
10                  duty student deferment under section  
11                  493D;

12                  “(VIII) AmeriCorps forbearance  
13                  under section 428(c)(3)(A)(i)(III);

14                  “(IX) National Guard Duty for-  
15                  bearance           under           section  
16                  682.211(h)(2)(iii) or 685.205(a)(7) of  
17                  title 34, Code of Federal Regulations  
18                  (or successor regulations);

19                  “(X) Department of Defense stu-  
20                  dent loan repayment program forbear-  
21                  ance           under           section  
22                  428(c)(3)(A)(i)(IV);

23                  “(XI) Administrative forbearance  
24                  or mandatory administrative forbear-

1                   ance under section 428(c)(3)(D) or  
 2                   428H(e)(7); or

3                   “(XII) Student loan debt burden  
 4                   forbearance           under           section  
 5                   428(c)(3)(A)(i)(II); and”; and

6           (2) in subparagraph (B), by striking “(i) is em-  
 7       ployed” and all that follows through “has been” and  
 8       inserting “has been”.

9       (b) AUTOMATIC CANCELLATION.—Paragraph (2) of  
 10   section 455(m) of the Higher Education Act of 1965 (20  
 11   U.S.C. 1087e(m)(2)) is amended by adding at the end the  
 12   following: “In the case of a borrower who meets the re-  
 13   quirements under paragraph (1) for such cancellation,  
 14   such cancellation shall occur without further action by the  
 15   borrower.”.

16       (c) TREATMENT OF REFINANCED LOANS; ON-LINE  
 17   PORTAL; DATABASE OF PUBLIC SERVICE JOBS.—Section  
 18   455(m) of such Act (20 U.S.C. 1087e(m)) is further  
 19   amended—

20           (1) by redesignating paragraphs (3) and (4) as  
 21       paragraphs (6) and (7), respectively; and

22           (2) by inserting after paragraph (2) the fol-  
 23       lowing:

24           “(3) TREATMENT OF LOANS REFINANCED  
 25       UNDER SECTIONS 460A.—In the case of an eligible

1       refinanced Federal Direct Loan under section 460A,  
2       any monthly payment pursuant to any repayment  
3       plan listed in paragraph (1)(A) (including a period  
4       of deferment or forbearance described in paragraph  
5       (1)(A)(v)) made on a loan, for which the liability has  
6       been discharged by such refinanced loan and without  
7       regard to whether such loan is an eligible Federal  
8       Direct Loan, shall be treated as a monthly payment  
9       under paragraph (1)(A) on the portion of such refi-  
10      nanced loan that is attributable to such discharged  
11      loan.

12           “(4) ON-LINE PORTAL.—

13               “(A) BORROWERS.—The Secretary shall  
14              ensure that borrowers have access to an on-line  
15              portal that provides each borrower who signs on  
16              to such portal with the following:

17                   “(i) Instructions on how to access the  
18                  database under paragraph (5) so that the  
19                  borrower can determine whether the bor-  
20                  rower is employed in a public service job.

21                   “(ii) An identification of the loans of  
22                  the borrower that are eligible Federal Di-  
23                  rect Loans.

24                   “(iii) With respect to each such eligi-  
25                  ble Federal Direct Loan, the number of

1 monthly payments on such loan that qual-  
2 ify as a monthly payment under paragraph  
3 (1)(A), and the estimated number of  
4 monthly payments under paragraph (1)(A)  
5 remaining on such loan before the bor-  
6 rower may be eligible for loan cancellation  
7 under this subsection.

8 “(iv) With respect to each loan of the  
9 borrower that is not eligible for loan can-  
10 cellation under this subsection, an expla-  
11 nation of why the loan is not so eligible  
12 and instructions on how what, if anything,  
13 the borrower may do to make the loan so  
14 eligible.

15 “(v) Instructions for the submission of  
16 any forms associated with such loan can-  
17 cellation, and an ability for the borrower to  
18 use the portal to electronically sign and  
19 submit such forms.

20 “(vi) In the case of a borrower who  
21 disputes a determination of the Secretary  
22 relating to the entitlement of the borrower  
23 to loan cancellation under paragraph (2)—

24 “(I) an ability for the borrower  
25 to file a claim with the Secretary to

1 dispute such determination through  
2 the portal; and

3 “(II) in the case of such a claim  
4 that has been filed, the status of such  
5 claim, for which updates shall be pro-  
6 vided not fewer than once every 90  
7 days.

8 “(B) EMPLOYERS.—The Secretary shall  
9 ensure that an employer of a borrower has the  
10 option to electronically sign and submit any  
11 forms associated with loan cancellation under  
12 this subsection.

13 “(C) INFORMATION.—The Secretary shall  
14 ensure that any information provided through  
15 the on-line portal described in this paragraph is  
16 up-to-date information.

17 “(5) DATABASE OF PUBLIC SERVICE JOBS.—

18 “(A) IN GENERAL.—The Secretary, in con-  
19 sultation with the Secretary of Labor, shall es-  
20 tablish and regularly update a database that  
21 lists public service jobs.

22 “(B) PUBLIC AVAILABILITY.—The data-  
23 base established under subparagraph (A) shall  
24 be made available on a publicly accessible

1 website of the Department in an easily search-  
2 able format.”.

3 (d) DEFINITIONS.—Section 455(m) of such Act is  
4 further amended in paragraph (6)(A) (as so redesignated  
5 by subsection (c))—

6 (1) by inserting before the period at the end the  
7 following: “(including any Federal Direct Stafford  
8 Loan, Federal Direct PLUS Loan, Federal Direct  
9 Unsubsidized Stafford Loan, or Federal Direct Con-  
10 solidation Loan refinanced under section 460A)”;

11 (2) by striking “The term” and inserting the  
12 following:

13 “(i) IN GENERAL.—The term”; and

14 (3) by adding at the end the following:

15 “(ii) TREATMENT OF CERTAIN CON-  
16 SOLIDATION LOAN PAYMENTS.—In the  
17 case of an eligible Federal Direct Loan  
18 that is a Federal Direct Consolidation  
19 Loan made on or after the date of enact-  
20 ment of the LOAN Act, any monthly pay-  
21 ment pursuant to any repayment plan list-  
22 ed in paragraph (1)(A) (including a period  
23 of deferment or forbearance described in  
24 paragraph (1)(A)(v)) made on a loan, for  
25 which the liability has been discharged by



1           the proceeds of such Federal Direct Con-  
2           solidation Loan and without regard to  
3           whether the loan is an eligible Federal Di-  
4           rect Loan, shall be treated as a monthly  
5           payment under paragraph (1)(A) on the  
6           portion of such Federal Direct Consolida-  
7           tion Loan that is attributable to such dis-  
8           charged loan, except that in a case of a  
9           borrower who previously received a Federal  
10          Direct Consolidation Loan, any monthly  
11          payment made on a loan for which the li-  
12          ability has been discharged by such pre-  
13          vious consolidation loan shall not be treat-  
14          ed as a monthly payment on a portion of  
15          the subsequent Federal Direct Consolida-  
16          tion Loan made on or after such date of  
17          enactment.”.

18          (e) TREATMENT OF DOUBLE BENEFITS.—Section  
19          455(m) of such Act is further amended in paragraph (7)  
20          (as so redesignated by subsection (c)) by striking “both  
21          this subsection and section 428J, 428K, 428L, or 460”  
22          and inserting “both this subsection and section 428K or  
23          428L”.

1 **SEC. 222. LOAN FORGIVENESS FOR TEACHERS.**

2 The Higher Education Act of 1965 (20 U.S.C. 1001  
3 et seq.) is further amended—

4 (1) in section 428J(g)(2) (20 U.S.C. 1078–  
5 10(g)(2))—

6 (A) in subparagraph (A), by inserting “or”  
7 after the semicolon at the end;

8 (B) by striking subparagraph (B); and

9 (C) by redesignating subparagraph (C) as  
10 subparagraph (B); and

11 (2) in section 460(g)(2) (20 U.S.C.  
12 1087j(g)(2))—

13 (A) in subparagraph (A), by inserting “or”  
14 after the semicolon at the end;

15 (B) by striking subparagraph (B); and

16 (C) by redesignating subparagraph (C) as  
17 subparagraph (B).

18 **TITLE III—INTEREST**  
19 **CAPITALIZATION**

20 **SEC. 301. ELIMINATION OF INTEREST CAPITALIZATION.**

21 (a) **FEDERAL PLUS LOANS.**—Section 428B(d)(2) of  
22 the Higher Education Act of 1965 (20 U.S.C. 1078–  
23 2(d)(2)) is amended to read as follows:

24 “(2) **NO CAPITALIZATION OF INTEREST.**—Inter-  
25 est on loans made under this section for which pay-  
26 ments of principal are deferred pursuant to para-

1 graph (1) shall be paid by the borrower and shall  
 2 not be capitalized.”.

3 (b) FEDERAL CONSOLIDATION LOANS DEFER-  
 4 RALS.—Section 428C(b)(4)(C)(ii)(III) of the Higher Edu-  
 5 cation Act of 1965 (20 U.S.C. 1078–3(b)(4)(C)(III)) is  
 6 amended by striking “or capitalized,”.

7 (c) DEFAULT REDUCTION PROGRAM.—Section  
 8 428F(a)(1)(E) of such Act of 1965 (20 U.S.C. 1078–  
 9 6(a)(1)(E)) is amended to read as follows:

10 “(E) DUTIES UPON ASSIGNMENT.—With  
 11 respect to a loan assigned under subparagraph  
 12 (A)(ii)—

13 “(i) the guaranty agency shall add to  
 14 the principal and interest outstanding at  
 15 the time of the assignment of such loan an  
 16 amount equal to the amount described in  
 17 subparagraph (D)(i)(II)(aa);

18 “(ii) the Secretary shall pay the guar-  
 19 anty agency, for deposit in the agency’s  
 20 Operating Fund established pursuant to  
 21 section 422B, an amount equal to the  
 22 amount added to the principal and interest  
 23 outstanding at the time of the assignment  
 24 in accordance with clause (i);

1 “(iii) for a loan assigned on or after  
2 the date of enactment of the LOAN Act,  
3 the interest outstanding at the time of the  
4 assignment of such loan, and any interest  
5 accruing after such time, shall not be cap-  
6 italized; and

7 “(iv) beginning on the date of enact-  
8 ment of LOAN Act, interest shall only ac-  
9 crue on the percentage of such a loan that  
10 is equal to—

11 “(I) the amount of the out-  
12 standing principal on the original loan  
13 on the date it was assigned; divided  
14 by

15 “(II) the total amount of such  
16 assigned loan, including interest out-  
17 standing at the time of the assign-  
18 ment of such loan and the amount  
19 added by the guaranty agency in ac-  
20 cordance with clause (i), on the date  
21 such loan was assigned.”.

22 (d) LOAN LIMITS FOR UNSUBSIDIZED STAFFORD  
23 LOANS.—Section 428H(d)(5) of the Higher Education  
24 Act of 1965 (20 U.S.C. 1078–8(d)(5)) is amended by in-

1   serting “before the date of enactment of the LOAN Act”  
2   after “Interest capitalized”.

3       (e) UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE  
4   INCOME BORROWERS.—Section 428H(e)(2) of the Higher  
5   Education Act of 1965 (20 U.S.C. 1078–8(e)(2)) is  
6   amended—

7           (1) in the header, by striking “CAPITALIZA-  
8       TION” and inserting “No CAPITALIZATION”;

9           (2) in subparagraph (A), in the matter before  
10   clause (i), by striking “, if agreed upon by the bor-  
11   rower and the lender” and all that follows through  
12   clause (ii)(IV) and inserting “be paid by the bor-  
13   rower and shall not be capitalized.”;

14          (3) by striking subparagraph (B); and

15          (4) by redesignating subparagraph (C) as sub-  
16   paragraph (B).

17       (f) INCOME CONTINGENT REPAYMENT.—Section  
18   455(e)(5) of the Higher Education Act of 1965 (20 U.S.C.  
19   1087e(e)(5)) is amended by striking the last sentence and  
20   inserting “No interest may be capitalized on such loan on  
21   or after the date of the enactment of the LOAN Act, and  
22   the Secretary shall promulgate regulations with respect to  
23   the treatment of accrued interest that is not capitalized”.

24       (g) DEFERMENT AND FORBEARANCE.—

1           (1) IN GENERAL.—Section 455(f) of the Higher  
2       Education Act of 1965 (20 U.S.C. 1087e(f)) is  
3       amended—

4           (A) in the subsection heading, by inserting  
5       at the end the following: “AND FORBEARANCE”;

6           (B) in subparagraph (B), by striking “cap-  
7       italized or”; and

8           (C) by adding at the end the following:

9           “(6) FORBEARANCE.—At the expiration of a  
10      period of forbearance, interest shall not be capital-  
11      ized on any loans made under this part.”.

12          (2) APPLICATION OF AMENDMENT.—The  
13      amendments made by paragraph (1) shall apply to  
14      any deferment or forbearance period in effect on the  
15      date of enactment of this Act, or any deferment or  
16      forbearance period beginning on or after such date  
17      of enactment.

18          (h) INCOME-BASED REPAYMENT PROGRAM.—Section  
19      493C(b)(3) of the Higher Education Act of 1965 (20  
20      U.S.C. 1098e(b)(3)) is amended to read as follows:

21           “(3) on subsidized loans, any interest due and  
22      not paid under paragraph (2) shall be paid by the  
23      Secretary for a period of not more than 3 years  
24      after the date of the borrower’s election under para-  
25      graph (1), except that such period shall not include

1 any period during which the borrower is in  
2 deferment due to an economic hardship described in  
3 section 435(o);”.

4 (i) NOTES AND INSURANCE CERTIFICATES IN COM-  
5 BINED PAYMENT PLANS.—Section 485A(f) of the Higher  
6 Education Act of 1965 (20 U.S.C. 1092a(f)) is amended  
7 by adding at the end the following new paragraph:

8 “(3) TREATMENT OF INTEREST.—Not with-  
9 standing paragraphs (1) and (2), beginning on the  
10 date of enactment of the LOAN Act, interest on a  
11 loan reissued under subsection (e) shall not be cap-  
12 italized, and interest shall only accrue on the per-  
13 centage of such reissued loan that is equal to—

14 “(A) the amount of the outstanding prin-  
15 cipal on the original loan on the date it was re-  
16 issued; divided by

17 “(B) the total amount of such reissued  
18 loan on the date such loan was reissued.”.

19 **SEC. 302. ELIMINATION OF DISCLOSURE REQUIREMENTS**  
20 **RELATING TO CAPITALIZATION.**

21 (a) INSURANCE PROGRAM AGREEMENTS TO QUAL-  
22 IFY LOANS FOR INTEREST SUBSIDIES.—Section  
23 428(b)(1)(Y) of the Higher Education Act of 1965 (20  
24 U.S.C. 1078(b)(1)(Y)) is amended—

1           (1) in clause (i)(IV), by inserting “and” after  
2           the semicolon;

3           (2) in clause (ii), by striking “; and” and in-  
4           serting a period; and

5           (3) by striking clause (iii).

6           (b) FORBEARANCE.—Section 428(c)(3)(C) of such  
7           Act of 1965 (20 U.S.C. 1078(c)(3)(C)) is amended—

8           (1) in clause (ii), by inserting “and” after the  
9           semicolon; and

10          (2) by striking clauses (iii) and (iv) and insert-  
11          ing the following:

12                       “(iii) the lender shall contact the bor-  
13                       rower not less often than once every 180  
14                       days during the period of forbearance to  
15                       inform the borrower of—

16                       “(I) the amount of unpaid prin-  
17                       cipal and the amount of interest that  
18                       has accrued since the last statement  
19                       of such amounts provided to the bor-  
20                       rower by the lender;

21                       “(II) the fact that interest will  
22                       accrue on the loan for the period of  
23                       forbearance;



1 “(III) the responsibility of the  
2 borrower to pay the interest that has  
3 accrued; and

4 “(IV) the borrower’s option to  
5 discontinue the forbearance at any  
6 time; and”.

7 (c) REQUIRED DISCLOSURE BEFORE DISBURSE-  
8 MENT.—Section 433(a) of the Higher Education Act of  
9 1965 (20 U.S.C. 1083(a)) is amended—

10 (1) by amending paragraph (6) to read as fol-  
11 lows:

12 “(6) for loans made under section 428H or to  
13 a student borrower under section 428B, an expla-  
14 nation that the borrower has the option to pay the  
15 interest that accrues on the loan while the borrower  
16 is a student at an institution of higher education;”;  
17 and

18 (2) in paragraph (7)—

19 (A) in subparagraph (A), by inserting  
20 “and” after the semicolon;

21 (B) by striking subparagraph (B); and

22 (C) by redesignating subparagraph (C) as  
23 subparagraph (B).

24 (d) REQUIRED DISCLOSURE BEFORE REPAYMENT.—  
25 Section 433(b)(3) of the Higher Education Act of 1965

1 (20 U.S.C. 1083(b)(3)) is amended by striking “(includ-  
2 ing, if applicable, the estimated amount of interest to be  
3 capitalized)”.

4 (e) SPECIAL DISCLOSURE RULES ON PLUS LOANS  
5 AND UNSUBSIDIZED LOANS.—Section 433(d) of the High-  
6 er Education Act of 1965 (20 U.S.C. 1083(d)) is amend-  
7 ed—

8 (1) in the matter preceding paragraph (1)—

9 (A) by striking “resulting from capitaliza-  
10 tion of interest”; and

11 (B) by striking “borrower of—” and in-  
12 serting “borrower of paying the interest as the  
13 interest accrues.”; and

14 (2) by striking paragraphs (1) and (2).

15 (f) DISCLOSURE REQUIRED PRIOR TO PERKINS RE-  
16 PAYMENT.—Section 463A(b)(3) of the Higher Education  
17 Act of 1965 (20 U.S.C. 1087cc–1(b)(3)) is amended by  
18 striking “(including, if applicable, the estimated amount  
19 of interest to be capitalized)”.

20 (g) DEPARTMENTAL PUBLICATION OF DESCRIP-  
21 TIONS OF ASSISTANCE PROGRAMS.—Section 485(d)(1) of  
22 the Higher Education Act of 1965 (20 U.S.C. 1092(d)(1))  
23 is amended by striking “, including the increase in debt  
24 that results from capitalization of interest”.

1 (h) INFORMATION TO BE PROVIDED DURING EN-  
 2 TRANCE COUNSELING FOR BORROWERS.—Section  
 3 485(l)(2)(C) of the Higher Education Act of 1965 (20  
 4 U.S.C. 1092(l)(2)) is amended by striking “and is capital-  
 5 ized”.

## 6 **TITLE IV—INTEREST RATES**

### 7 **SEC. 401. INTEREST RATE PROVISIONS FOR NEW FEDERAL** 8 **STUDENT LOANS ON OR AFTER JULY 1, 2023.**

9 Section 455(b) of the Higher Education Act of 1965  
 10 (20 U.S.C. 1087e(b)) is amended—

11 (1) in paragraph (8)—

12 (A) in the paragraph heading, by inserting  
 13 “AND BEFORE JULY 1, 2023”; and

14 (B) by inserting “and before July 1,  
 15 2023,” after “July 1, 2013,” each place it ap-  
 16 pears;

17 (2) by redesignating paragraphs (9) and (10)  
 18 as paragraphs (10) and (11), respectively; and

19 (3) by inserting after paragraph (8) the fol-  
 20 lowing new paragraph:

21 “(9) INTEREST RATE PROVISIONS FOR NEW  
 22 LOANS ON OR AFTER JULY 1, 2023.—

23 “(A) RATE FOR FDSL, FDUSL, AND PLUS  
 24 LOANS.—Notwithstanding the preceding para-  
 25 graphs of this subsection, for Federal Direct

1           Stafford Loans, Federal Direct Unsubsidized  
2           Stafford Loans, and Federal Direct PLUS  
3           Loans, for which the first disbursement is made  
4           on or after July 1, 2023, the applicable rate of  
5           interest shall, for loans disbursed during any  
6           12-month period beginning on July 1 and end-  
7           ing on June 30, be determined on the preceding  
8           June 1 and be equal to the lesser of—

9                     “(i) a rate equal to the high yield of  
10                    the 10-year Treasury note auctioned at the  
11                    final auction held prior to such June 1; or

12                   “(ii) 5.0 percent.

13                   “(B) CONSOLIDATION LOANS.—Notwith-  
14                   standing the preceding paragraphs of this sub-  
15                   section, any Federal Direct Consolidation Loan  
16                   for which the application is received on or after  
17                   July 1, 2023, shall—

18                   “(i) bear interest at an annual rate on  
19                   the unpaid principal balance of the loan  
20                   that is equal to the lesser of—

21                             “(I) the weighted average of the  
22                             interest rates on the loans consoli-  
23                             dated, rounded to the nearest higher  
24                             one-eighth of one percent; or

25                             “(II) 5.0 percent; and

1 “(ii) only accrue interest on the per-  
 2 centage of such Federal Direct Consolida-  
 3 tion Loan that is equal to—

4 “(I) the amount of the sum of  
 5 the unpaid principal on the loans con-  
 6 solidated; divided by

7 “(II) the total amount of such  
 8 Federal Direct Consolidation Loan.

9 “(C) CONSULTATION.—The Secretary shall  
 10 determine the applicable rate of interest under  
 11 this paragraph after consultation with the Sec-  
 12 retary of the Treasury and shall publish such  
 13 rate in the Federal Register as soon as prac-  
 14 ticable after the date of determination.

15 “(D) FIXED RATE.—The applicable rate of  
 16 interest determined under this paragraph for a  
 17 Federal Direct Stafford Loan, a Federal Direct  
 18 Unsubsidized Stafford Loan, a Federal Direct  
 19 PLUS Loan, or a Federal Direct Consolidation  
 20 Loan shall be fixed for the period of the loan.”.

21 **SEC. 402. REFINANCING FFEL AND FEDERAL DIRECT**  
 22 **LOANS.**

23 Part D of title IV of the Higher Education Act of  
 24 1965 (20 U.S.C. 1087a et seq.) is amended by adding at  
 25 the end the following:

1 **“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT**  
2 **LOANS.**

3 “(a) IN GENERAL.—The Secretary shall establish a  
4 program under which the Secretary, upon the receipt of  
5 an application from a qualified borrower, makes a loan  
6 under this part, in accordance with the provisions of this  
7 section, in order to permit the borrower to obtain the in-  
8 terest rate provided under subsection (c).

9 “(b) REFINANCING DIRECT LOANS.—

10 “(1) FEDERAL DIRECT LOANS.—Upon applica-  
11 tion of a qualified borrower, the Secretary shall  
12 repay a Federal Direct Stafford Loan, a Federal Di-  
13 rect Unsubsidized Stafford Loan, a Federal Direct  
14 PLUS Loan, or a Federal Direct Consolidation  
15 Loan of the qualified borrower, for which the first  
16 disbursement was made, or the application for the  
17 consolidation loan was received, before July 1, 2023,  
18 with the proceeds of a refinanced Federal Direct  
19 Stafford Loan, a Federal Direct Unsubsidized Staf-  
20 ford Loan, a Federal Direct PLUS Loan, or a Fed-  
21 eral Direct Consolidation Loan, respectively, issued  
22 to the borrower in an amount equal to the sum of  
23 the unpaid principal, accrued unpaid interest, and  
24 late charges of the original loan.

25 “(2) REFINANCING FFEL PROGRAM LOANS AS  
26 REFINANCED FEDERAL DIRECT LOANS.—Upon ap-

1       plication of a qualified borrower for any loan that  
2       was made, insured, or guaranteed under part B and  
3       for which the first disbursement was made, or the  
4       application for the consolidation loan was received,  
5       before July 1, 2010, the Secretary shall make a loan  
6       under this part, in an amount equal to the sum of  
7       the unpaid principal, accrued unpaid interest, and  
8       late charges of the original loan to the borrower in  
9       accordance with the following:

10               “(A) The Secretary shall pay the proceeds  
11               of such loan to the eligible lender of the loan  
12               made, insured, or guaranteed under part B, in  
13               order to discharge the borrower from any re-  
14               maining obligation to the lender with respect to  
15               the original loan.

16               “(B) A loan made under this section that  
17               was originally—

18                       “(i) a loan originally made, insured,  
19                       or guaranteed under section 428 shall be a  
20                       Federal Direct Stafford Loan;

21                       “(ii) a loan originally made, insured,  
22                       or guaranteed under section 428B shall be  
23                       a Federal Direct PLUS Loan;

24                       “(iii) a loan originally made, insured,  
25                       or guaranteed under section 428H shall be

1           a Federal Direct Unsubsidized Stafford  
2           Loan; and

3                   “(iv) a loan originally made, insured,  
4                   or guaranteed under section 428C shall be  
5                   a Federal Direct Consolidation Loan.

6                   “(C) The interest rate for each loan made  
7                   by the Secretary under this paragraph shall be  
8                   the rate provided under subsection (c).

9           “(c) INTEREST RATES.—

10                   “(1) IN GENERAL.—The interest rate for the  
11                   refinanced Federal Direct Stafford Loans, Federal  
12                   Direct Unsubsidized Stafford Loans, Federal Direct  
13                   PLUS Loans, and Federal Direct Consolidation  
14                   Loans, shall be a rate equal to—

15                           “(A) in any case where the original loan  
16                           was a loan under section 428, 428B, 428H, a  
17                           Federal Direct Stafford loan, a Federal Direct  
18                           Unsubsidized Stafford Loan, or a Federal Di-  
19                           rect PLUS Loan, a rate equal to the interest  
20                           rate determined under section 455(b)(9)(A) for  
21                           the date on which the refinanced loan is made;  
22                           and

23                           “(B) in any case where the original loan  
24                           was a loan under section 428C or a Federal Di-



1           rect Consolidation Loan, a rate calculated in ac-  
2           cordance with paragraph (2).

3           “(2) INTEREST RATES FOR CONSOLIDATION  
4           LOANS.—

5           “(A) METHOD OF CALCULATION.—In  
6           order to determine the interest rate for any re-  
7           financed Federal Direct Consolidation Loan  
8           under paragraph (1)(B), the Secretary shall—

9           “(i) determine each of the component  
10          loans that were originally consolidated in  
11          the loan under section 428C or the Federal  
12          Direct Consolidation Loan, and calculate  
13          the proportion of the unpaid principal bal-  
14          ance of the loan under section 428C or the  
15          Federal Direct Consolidation Loan that  
16          each component loan represents;

17          “(ii) use the proportions determined  
18          in accordance with clause (i) and the inter-  
19          est rate applicable for each component  
20          loan, as determined under subparagraph  
21          (B), to calculate the weighted average of  
22          the interest rates on the loans consolidated  
23          into the loan under section 428C or the  
24          Federal Direct Consolidation Loan; and

1 “(iii) make the applicable interest rate  
2 for the refinanced Federal Direct Consoli-  
3 dation Loan the lesser of—

4 “(I) the weighted average cal-  
5 culated under clause (ii); or

6 “(II) 5.0 percent.

7 “(B) INTEREST RATES FOR COMPONENT  
8 LOANS.—The interest rates for the component  
9 loans of a loan made under section 428C or a  
10 Federal Direct Consolidation Loan shall be the  
11 following:

12 “(i) The interest rate for any loan  
13 under section 428, 428B, 428H, Federal  
14 Direct Stafford Loan, Federal Direct Un-  
15 subsidized Stafford Loan, or Federal Di-  
16 rect PLUS Loan shall be a rate equal to  
17 the lesser of—

18 “(I) the interest rate determined  
19 under section 455(b)(9)(A) for the  
20 date on which the component loan is  
21 made; or

22 “(II) the original interest rate of  
23 the component loan.

24 “(ii) The interest rate for any compo-  
25 nent loan that is a loan under section

1                   428C or a Federal Direct Consolidation  
2                   Loan shall be the lesser of—

3                   “(I) the weighted average of the  
4                   interest rates that would apply under  
5                   this subparagraph for each loan com-  
6                   prising the component consolidation  
7                   loan; or

8                   “(II) 5 percent.

9                   “(iii) The interest rate for any eligible  
10                  loan that is a component of a loan made  
11                  under section 428C or a Federal Direct  
12                  Consolidation Loan and is not described in  
13                  clauses (i) or (ii) shall be the lesser of—

14                  “(I) the interest rate on the  
15                  original component loan; or

16                  “(II) 5 percent.

17                  “(3) FIXED RATE.—The applicable rate of in-  
18                  terest determined under paragraph (1) for a refi-  
19                  nanced loan under this section shall be fixed for the  
20                  period of the loan.

21                  “(4) CAPITALIZED INTEREST AND FEES EX-  
22                  CLUDED.—With respect to a refinanced loan under  
23                  this section, interest shall only accrue on the per-  
24                  centage of such refinanced loan that is equal to—

1           “(A) the amount of the unpaid principal of  
2           the original loan, or in the case of a refinanced  
3           Federal Direct Consolidation Loan, the sum of  
4           the unpaid principal of all the component loans,  
5           comprising the refinanced loan; divided by

6           “(B) the total amount of such refinanced  
7           loan.

8           “(d) TERMS AND CONDITIONS OF LOANS.—

9           “(1) IN GENERAL.—A loan that is refinanced  
10          under this section shall have the same terms and  
11          conditions as the original loan, except as otherwise  
12          provided in this section.

13          “(2) NO AUTOMATIC EXTENSION OF REPAY-  
14          MENT PERIOD.—Refinancing a loan under this sec-  
15          tion shall not result in the extension of the duration  
16          of the repayment period of the loan, and the bor-  
17          rower shall retain the same repayment term that  
18          was in effect on the original loan. Nothing in this  
19          paragraph shall be construed to prevent a borrower  
20          from electing a different repayment plan at any time  
21          in accordance with section 455(d)(4).

22          “(e) DEFINITION OF QUALIFIED BORROWER.—For  
23          purposes of this section, the term ‘qualified borrower’  
24          means a borrower—

1           “(1) of a loan under this part or part B for  
2           which the first disbursement was made, or the appli-  
3           cation for a consolidation loan was received, before  
4           July 1, 2023; and

5           “(2) who has one or more loans described in  
6           paragraph (1) or (2) of subsection (b) with an inter-  
7           est rate that exceeds 5 percent.

8           “(f) NOTIFICATION TO BORROWERS.—The Secretary,  
9           in coordination with the Director of the Bureau of Con-  
10          sumer Financial Protection, shall undertake a campaign  
11          to alert borrowers of loans that are eligible for refinancing  
12          under this section that the borrowers are eligible to apply  
13          for such refinancing. The campaign shall include the fol-  
14          lowing activities:

15               “(1) Developing consumer information mate-  
16               rials about the availability of Federal student loan  
17               refinancing.

18               “(2) Requiring servicers of loans under this  
19               part or part B to provide such consumer information  
20               to borrowers in a manner determined appropriate by  
21               the Secretary, in consultation with the Director of  
22               the Bureau of Consumer Financial Protection.”.

1 **SEC. 403. REFINANCING PRIVATE STUDENT LOANS.**

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

5 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**  
6 **PROGRAM.**

7 “(a) DEFINITIONS.—In this section:

8 “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—

9 The term ‘eligible private education loan’ means a  
10 private education loan, as defined in section 140(a)  
11 of the Truth in Lending Act (15 U.S.C. 1650(a)),  
12 that—

13 “(A) was disbursed to the borrower before  
14 July 1, 2023; and

15 “(B) was for the borrower’s own postsec-  
16 ondary educational expenses for an eligible pro-  
17 gram at an institution of higher education par-  
18 ticipating in the loan program under this part,  
19 as of the date that the loan was disbursed.

20 “(2) FEDERAL DIRECT REFINANCED PRIVATE  
21 LOAN.—The term ‘Federal Direct Refinanced Pri-  
22 vate Loan’ means a loan issued under subsection  
23 (b)(1).

24 “(3) PRIVATE EDUCATIONAL LENDER.—The  
25 term ‘private educational lender’ has the meaning

1 given the term in section 140(a) of the Truth in  
2 Lending Act (15 U.S.C. 1650(a)).

3 “(4) QUALIFIED BORROWER.—The term ‘quali-  
4 fied borrower’ means an individual who—

5 “(A) has an eligible private education loan;

6 “(B) has been current on payments on the  
7 eligible private education loan for the 6 months  
8 prior to the date of the qualified borrower’s ap-  
9 plication for refinancing under this section, and  
10 is in good standing on the loan at the time of  
11 such application;

12 “(C) is not in default on the eligible pri-  
13 vate education loan or on any loan made, in-  
14 sured, or guaranteed under this part or part B  
15 or E; and

16 “(D) meets the eligibility requirements de-  
17 scribed in subsection (b)(2).

18 “(b) PROGRAM AUTHORIZED.—

19 “(1) IN GENERAL.—The Secretary, in consulta-  
20 tion with the Secretary of the Treasury, shall carry  
21 out a program under which the Secretary, upon ap-  
22 plication by a qualified borrower who has an eligible  
23 private education loan, shall issue such borrower a  
24 loan under this part in accordance with the fol-  
25 lowing:

1           “(A) The loan issued under this program  
2           shall be in an amount equal to the sum of the  
3           unpaid principal, accrued unpaid interest, and  
4           late charges of the private education loan.

5           “(B) The Secretary shall pay the proceeds  
6           of the loan issued under this program to the  
7           private educational lender of the private edu-  
8           cation loan, in order to discharge the qualified  
9           borrower from any remaining obligation to the  
10          lender with respect to the original loan.

11          “(C) The Secretary shall require that the  
12          qualified borrower undergo loan counseling that  
13          provides all of the relevant information and  
14          counseling required under section 485(l)(2) be-  
15          fore the loan is refinanced in accordance with  
16          this section, and before the proceeds of such  
17          loan are paid to the private educational lender.

18          “(D) The Secretary shall issue the loan as  
19          a Federal Direct Refinanced Private Loan,  
20          which shall have the same terms, conditions,  
21          and benefits as a Federal Direct Unsubsidized  
22          Stafford Loan, except as otherwise provided in  
23          this section.



1           “(E) The interest rate for each loan made  
2           by the Secretary under this section shall be the  
3           rate provided under subsection (c).

4           “(2) BORROWER ELIGIBILITY.—The Secretary,  
5           in consultation with the Secretary of the Treasury  
6           and the Director of the Consumer Financial Protec-  
7           tion Bureau, shall establish eligibility require-  
8           ments—

9           “(A) to ensure eligibility only for borrowers  
10          in good standing;

11          “(B) to minimize inequities between Fed-  
12          eral Direct Refinanced Private Loans and other  
13          Federal student loans;

14          “(C) to preclude windfall profits for pri-  
15          vate educational lenders; and

16          “(D) to ensure full access to the program  
17          authorized in this subsection for borrowers with  
18          private loans who otherwise meet the criteria  
19          established in accordance with subparagraph  
20          (A).

21          “(c) INTEREST RATE.—

22          “(1) IN GENERAL.—The interest rate for a  
23          Federal Direct Refinanced Private Loan is a rate  
24          equal to the interest rate determined under section

1        455(b)(9)(A) for the date on which the refinanced  
 2        private loan is made.

3            “(2) FIXED RATE.—The interest rate deter-  
 4        mined under this subsection for a Federal Direct  
 5        Refinanced Private Loan shall be fixed for the pe-  
 6        riod of the loan.

7            “(3) CAPITALIZED INTEREST AND FEES EX-  
 8        CLUDED.—With respect to a Federal Direct Refi-  
 9        nanced Private Loan under this section, interest  
 10       shall only accrue on the percentage of such Refi-  
 11       nanced Private Loan that is equal to—

12            “(A) the amount of the unpaid principal of  
 13        the original loan comprising the Refinanced  
 14        Private Loan on the date such original loan was  
 15        refinanced; divided by

16            “(B) the total amount of such Refinanced  
 17        Private Loan.

18        “(d) NO INCLUSION IN AGGREGATE LIMITS.—The  
 19        amount of a Federal Direct Refinanced Private Loan, or  
 20        a Federal Direct Consolidated Loan to the extent such  
 21        loan was used to repay a Federal Direct Refinanced Pri-  
 22        vate Loan, shall not be included in calculating a bor-  
 23        rower’s annual or aggregate loan limits under section 428  
 24        or 428H.

1       “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-  
2 PAYMENT.—A Federal Direct Refinanced Private Loan, or  
3 any Federal Direct Consolidation Loan to the extent such  
4 loan was used to repay a Federal Direct Refinanced Pri-  
5 vate Loan, shall not be eligible for any loan repayment  
6 or loan forgiveness program under section 428K, 428L,  
7 or 460 or for the loan cancellation repayment plan for  
8 public service employees under section 455(m).

9       “(f) PRIVATE EDUCATIONAL LENDER REPORTING  
10 REQUIREMENT.—

11           “(1) REPORTING REQUIRED.—The Secretary,  
12 in consultation with the Secretary of the Treasury  
13 and the Director of the Bureau of Consumer Finan-  
14 cial Protection, shall establish a requirement that, in  
15 order to allow for an assessment of the private edu-  
16 cation loan market, private educational lenders re-  
17 port the data described in paragraph (2) to—

18           “(A) the Secretary;

19           “(B) the Secretary of the Treasury;

20           “(C) the Director of the Consumer Finan-  
21 cial Protection Bureau;

22           “(D) the Committee on Education and  
23 Labor of the House of Representatives;

24           “(E) the Committee on Financial Services  
25 of the House of Representatives;

1           “(F) the Senate Committee on Health,  
2           Education, Labor, and Pensions; and

3           “(G) the Senate Committee on Banking,  
4           Housing, and Urban Affairs.

5           “(2) CONTENTS OF REPORTING.—The data  
6           that private educational lenders shall report in ac-  
7           cordance with paragraph (1) shall include each of  
8           the following about private education loans (as de-  
9           fined in section 140(a) of the Truth in Lending Act  
10          (15 U.S.C. 1650(a))):

11           “(A) The total amount of private education  
12          loan debt the lender holds.

13           “(B) The total number of private edu-  
14          cation loan borrowers the lender serves.

15           “(C) The average interest rate on the out-  
16          standing private education loan debt held by the  
17          lender.

18           “(D) The proportion of private education  
19          loan borrowers who are in default on a loan  
20          held by the lender.

21           “(E) The proportion of the outstanding  
22          private education loan volume held by the lend-  
23          er that is in default.

1                   “(F) The proportions of outstanding pri-  
2                   vate education loan borrowers who are 30, 60,  
3                   and 90 days delinquent.

4                   “(G) The proportions of outstanding pri-  
5                   vate education loan volume that is 30, 60, and  
6                   90 days delinquent.

7           “(g) NOTIFICATION TO BORROWERS.—The Sec-  
8   retary, in coordination with the Secretary of the Treasury  
9   and the Director of the Consumer Financial Protection  
10 Bureau, shall undertake a campaign to alert borrowers  
11 about the availability of private student loan refinancing  
12 under this section.”.

○