

117TH CONGRESS
2D SESSION

H. R. 8700

To amend the Higher Education Act of 1965 to establish an income-based repayment for new loans on and after July 1, 2023, and for borrowers who enter income-based repayment after June 30, 2023, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 9, 2022

Ms. WILD introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Higher Education Act of 1965 to establish an income-based repayment for new loans on and after July 1, 2023, and for borrowers who enter income-based repayment after June 30, 2023, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Simplifying Student
5 Loans Act”.

1 **SEC. 2. TERMINATION OF CERTAIN REPAYMENT PLAN OP-**
2 **TIONS AND OPPORTUNITY TO CHANGE RE-**
3 **PAYMENT PLANS.**

4 (a) SELECTION OF REPAYMENT PLANS.—Section
5 428(b) of the Higher Education Act of 1965 (20 U.S.C.
6 1078(b)) is amended—

7 (1) in paragraph (1)—

8 (A) in subparagraph (D)—

9 (i) in clause (ii), by striking “may an-
10 nually change the selection of a repayment
11 plan under this part,” and inserting “may
12 at any time after July 1, 2023, change the
13 selection of a repayment plan under this
14 part to one of the 2 repayment plans de-
15 scribed in paragraph (9)(C),”; and

16 (ii) in clause (iii), by striking “be sub-
17 ject to income contingent repayment in ac-
18 cordance with subsection (m);” and insert-
19 ing “be subject to income-based repayment
20 in accordance with section 493C(f);”; and

21 (B) in subparagraph (E)(i), by striking
22 “the option of repaying the loan in accordance
23 with a standard, graduated, income-sensitive, or
24 extended repayment schedule (as described in
25 paragraph (9)) established by the lender in ac-
26 cordance with regulations of the Secretary;

1 and” and inserting “the option of repaying the
 2 loan in accordance with a repayment plan de-
 3 scribed in paragraph (9)(C) established by the
 4 lender in accordance with regulations of the
 5 Secretary; and”; and

6 (2) in paragraph (9), by adding at the end the
 7 following:

8 “(C) SELECTION OF REPAYMENT PLANS
 9 ON AND AFTER JULY 1, 2023; OPPORTUNITY TO
 10 CHANGE REPAYMENT PLANS.—Notwithstanding
 11 any other provision of this paragraph, or any
 12 other provision of law, and in accordance with
 13 regulations, beginning on July 1, 2023, the
 14 lender shall offer a borrower of a loan made, in-
 15 sured, or guaranteed under this part the oppor-
 16 tunity to change repayment plans, and to enroll
 17 in one of the following repayment plans:

18 “(i) A fixed repayment plan described
 19 in section 493E.

20 “(ii) The income-based repayment
 21 plan under section 493C(f).”.

22 **SEC. 3. AMENDMENTS TO TERMS AND CONDITIONS OF**
 23 **LOANS AND REPAYMENT PLANS.**

24 (a) RULEMAKING REGARDING TERMINATION OF
 25 CERTAIN REPAYMENT PLANS.—Before July 1, 2023, the

1 Secretary of Education shall carry out a plan to end all
2 eligibility for repayment plans other than a fixed repay-
3 ment plan described in section 493E of the Higher Edu-
4 cation Act of 1965 (20 U.S.C. 1001 et seq.), as added
5 by this Act, and an income-based repayment plan de-
6 scribed under section 493C(f) of the Higher Education
7 Act of 1965 (20 U.S.C. 1001 et seq.), as added by this
8 Act, for loans made under part B or D of title IV of the
9 Higher Education Act of 1965 (20 U.S.C. 1070 et seq.),
10 unless the borrower is enrolled in another repayment plan
11 before July 1, 2023, in accordance with the amendments
12 made by this Act.

13 (b) INTEREST RATES.—Section 455(b)(8) of the
14 Higher Education Act of 1965 (20 U.S.C. 20 U.S.C.
15 1087e(b)) is amended—

16 (1) in subparagraph (A), by inserting “and be-
17 fore July 1, 2023,” after “July 1, 2013,”;

18 (2) in subparagraph (B), by inserting “and be-
19 fore July 1, 2023,” after “July 1, 2013,”;

20 (3) in subparagraph (C), by inserting “and be-
21 fore July 1, 2023,” after “July 1, 2013,”;

22 (4) in subparagraph (D), by inserting “and be-
23 fore July 1, 2023,” after “July 1, 2013,”;

24 (5) by redesignating subparagraph (F) as sub-
25 paragraph (G); and

1 (6) by inserting after subparagraph (E) the fol-
2 lowing:

3 “(F) NEW LOANS ON OR AFTER JULY 1,
4 2023.—Notwithstanding the preceding subpara-
5 graphs of this paragraph, for any loans made
6 under this part for which the first disbursement
7 is made, or for which the application is re-
8 ceived, on or after July 1, 2023, the applicable
9 rate of interest shall be 1.0 percent.”.

10 (c) REPAYMENT PLANS.—Section 455(d) of the
11 Higher Education Act of 1965 (20 U.S.C. 1087e(d)) is
12 amended—

13 (1) by redesignating paragraphs (2) through
14 (5) as paragraphs (3) through (6), respectively;

15 (2) by inserting after paragraph (1), the fol-
16 lowing:

17 “(2) DESIGN AND SELECTION ON AND AFTER
18 JULY 1, 2023.—

19 “(A) IN GENERAL.—Notwithstanding para-
20 graph (1), for the borrower of a loan made on
21 or after July 1, 2023, and for other borrowers
22 subject to paragraph (7), the Secretary shall
23 offer a borrower of a loan made under this part
24 2 plans for repayment of such loan, including
25 principal and interest on the loan. The borrower

1 shall be entitled to accelerate, without penalty,
2 repayment on the borrower's loans under this
3 part. The borrower may choose—

4 “(i) a fixed repayment plan described
5 in section 493E; or

6 “(ii) the income-based repayment plan
7 under section 493C(f).

8 “(B) SELECTION BY THE SECRETARY.—If
9 a borrower of a loan made under this part on
10 or after July 1, 2023, does not select a repay-
11 ment plan described in subparagraph (A), the
12 Secretary may provide the borrower with a
13 fixed repayment plan described in section 493E.

14 “(C) CHANGES IN SELECTIONS.—Begin-
15 ning on July 1, 2023, a borrower of a loan
16 made under this part may change the bor-
17 rower's selection of a repayment plan in accord-
18 ance with paragraph (7) and under such terms
19 and conditions as may be established by the
20 Secretary.”;

21 (3) in paragraph (6)(B), as redesignated, by
22 striking “an income contingent repayment plan.”
23 and inserting “the income-based repayment plan
24 under section 493C(f).”; and

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

1 “(7) BORROWERS OF LOANS MADE BEFORE
2 JULY 1, 2023.—A borrower who is in repayment on
3 a loan made under part B or part D before July 1,
4 2023—

5 “(A) may choose to retain the repayment
6 plan that the borrower was enrolled in on the
7 day before such date;

8 “(B) may elect to—

9 “(i) enter the income-based repayment
10 plan under section 493C(f); or

11 “(ii) enter a fixed repayment plan de-
12 scribed in section 493E;

13 “(C) after electing to leave a repayment
14 plan other than an income-based repayment
15 plan described under this subsection or a fixed
16 repayment plan described in section 493E, shall
17 not be permitted to re-elect a repayment plan
18 that is not an income-based repayment plan
19 under this subsection or a fixed repayment plan
20 described in section 493E; and

21 “(D) shall retain, for purposes of repay-
22 ment or cancellation of any outstanding balance
23 of principal and interest due on a loan as de-
24 scribed in section 493C(b)(7) any years of re-

1 payment under another income-based or income
2 contingent repayment plan under this title.”.

3 (d) MAXIMUM REPAYMENT PERIOD FOR INCOME-
4 CONTINGENT REPAYMENT.—Section 455(e) of the Higher
5 Education Act of 1965 (20 U.S.C. 1087e(e)) is further
6 amended—

7 (1) in paragraph (7)(B)—

8 (A) by striking “or” at the end of clause
9 (iv);

10 (B) by striking the period at the end of
11 clause (v) and inserting a semicolon; and

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

13 “(vi) makes payments under the in-
14 come-based repayment plan under section
15 493C(f); or

16 “(vii) makes payments under the fixed
17 repayment plan described in section 493E.

18 “(8) ADDITIONAL QUALIFYING REPAYMENT
19 PLANS.—A borrower repaying a loan pursuant to in-
20 come-contingent repayment under this subsection
21 may elect at any time to terminate repayment under
22 such repayment plan and repay such loan under the
23 income-based repayment plan under section 493C(f)
24 or the fixed repayment plan described in section
25 493E.”.

1 **SEC. 4. INCOME-BASED REPAYMENT PLAN.**

2 (a) OPTIONS TO ENTER INTO THE NEW FIXED RE-
3 PAYMENT PLAN AND INCOME-BASED REPAYMENT
4 PLAN.—Section 493C(b) of the Higher Education Act of
5 1965 (20 U.S.C. 1098e) is amended—

6 (1) in paragraph (7)(B)—

7 (A) by striking “or” at the end of clause
8 (iv); and

9 (B) by adding at the end the following:

10 “(vi) has made payments under the
11 income-based repayment plan under sec-
12 tion 493C(f); or

13 “(vii) has made payments under the
14 fixed repayment plan described in section
15 493E;”;

16 (2) by amending paragraph (8) to read as fol-
17 lows:

18 “(8) a borrower who is repaying a loan made
19 under part B or D pursuant to income-based repay-
20 ment may elect, at any time, to terminate repayment
21 pursuant to income-based repayment and repay such
22 loan under the income-based repayment plan under
23 section 493C(f) or the fixed repayment plan de-
24 scribed in section 493E;”;

25 (3) in paragraph (9), by striking the period at
26 the end and inserting “; and”; and

1 (4) by adding at the end the following:

2 “(10) a borrower who is repaying a loan made,
3 insured, or guaranteed under part B or D pursuant
4 to this section may repay such loan in full at any
5 time without penalty.”.

6 (b) INCOME-BASED REPAYMENT.—Section 493C of
7 the Higher Education Act of 1965 (20 U.S.C. 1098e) is
8 amended by adding at the end the following:

9 “(f) INCOME-BASED REPAYMENT FOR NEW LOANS
10 ON AND AFTER JULY 1, 2023, AND FOR BORROWERS
11 WHO ENTER INCOME-BASED REPAYMENT AFTER JUNE
12 30, 2023.—

13 “(1) IN GENERAL.—The income-based repay-
14 ment plan under this subsection shall be carried out
15 in accordance with this section, except as otherwise
16 specified in this subsection—

17 “(A) with respect to any loan made under
18 part D on or after July 1, 2023, if such bor-
19 rower elects such income-based repayment plan
20 for the loan; and

21 “(B) with respect to any loan made, in-
22 sured, or guaranteed under part B or D on or
23 before June 30, 2023, if such borrower elects to
24 repay the loan under such income-based repay-
25 ment plan on or after July 1, 2023.

1 “(2) SPECIAL TERMS.—Notwithstanding any
2 other provision of this section, with respect to a loan
3 described under paragraph (1), the following terms
4 shall apply to the income-based repayment plan
5 under this subsection:

6 “(A)(i) Notwithstanding subsection
7 (a)(3)(B), the repayment amount under this
8 subsection shall be an amount equal to 10 per-
9 cent of the result obtained by calculating, on at
10 least an annual basis, the amount by which the
11 adjusted gross income of the borrower (subject
12 to clause (ii)) exceeds the applicable percentage
13 of the poverty line in accordance with clause
14 (iii).

15 “(ii)(I) Subject to subclause (II), in the
16 case of a married borrower (regardless of tax
17 filing status), clause (i) shall be applied by sub-
18 stituting ‘the adjusted gross income of the bor-
19 rower and the borrower’s spouse’ for ‘the ad-
20 justed gross income of the borrower’.

21 “(II) Subclause (I) shall not be applicable
22 to any borrower who is married and who cer-
23 tifies to the Secretary through a form approved
24 by the Secretary that the borrower is—

1 “(aa) separated from the spouse of
2 the borrower; or

3 “(bb) unable to reasonably access the
4 income information the spouse of such bor-
5 rower.

6 “(iii) For purposes of clause (i), the term
7 ‘applicable percentage’ means 250 percent of
8 the poverty line applicable to the borrower’s
9 family size (as determined under section 673(2)
10 of the Community Services Block Grant Act
11 (42 U.S.C. 9902(2))) reduced by 5 percentage
12 points for each \$1,000 by which the borrower’s
13 adjusted gross income exceeds—

14 “(I) in the case of a single borrower,
15 \$80,000; and

16 “(II) in the case of a married bor-
17 rower (regardless of tax filing status),
18 \$160,000.

19 “(B) Subsection (b)(7)(B) shall apply by
20 substituting ‘20 years’ for ‘25 years’.

21 “(C) A borrower of such a loan may elect,
22 and remain enrolled in, the income-based repay-
23 ment plan under this subsection regardless of—

24 “(i) whether such borrower has a par-
25 tial financial hardship; and

1 “(ii) the income level of the borrower.

2 “(D) Notwithstanding subparagraph (A) of
3 subsection (b)(6), a borrower’s monthly pay-
4 ment—

5 “(i) shall be equal to the repayment
6 amount determined under subparagraph
7 (A) divided by 12; and

8 “(ii) may exceed the monthly repay-
9 ment amount under a standard 10-year re-
10 payment plan or a fixed repayment plan
11 described in section 493E.

12 “(E) Subparagraph (B) of subsection
13 (b)(3) shall not apply.

14 “(F) Subsection (d) shall not apply.

15 “(G) In the case of a consolidation loan
16 made under part B or D on or after the date
17 of enactment of the ‘Simplifying Student Loans
18 Act’ that is being repaid under this subsection,
19 any monthly payment made pursuant to any re-
20 payment plan listed in subsection (b)(7)(B) on
21 a loan for which the liability has been dis-
22 charged by the proceeds of such consolidation
23 loan shall be treated as a monthly payment
24 under this subsection on the portion of such
25 consolidation loan that is attributable to such

1 discharged loan, except that in the case of a
2 subsequent consolidation loan, any monthly
3 payment on a loan for which the liability has
4 been discharged by the first consolidation loan
5 shall not be applicable for the purposes of this
6 subparagraph.

7 “(3) ADDITIONAL SPECIAL TERMS FOR CER-
8 TAIN BORROWERS.—A borrower described in para-
9 graph (1)(B)—

10 “(A) may—

11 “(i) choose to continue repayment
12 pursuant to the repayment plan in which
13 the borrower is enrolled on June 30, 2023;
14 or

15 “(ii) make a one-time election to—

16 “(I) terminate repayment pursu-
17 ant to the repayment plan described
18 in clause (i) and enter the income-
19 based repayment plan under this sub-
20 section; or

21 “(II) terminate repayment pursu-
22 ant to the repayment plan described
23 in clause (i) and enter a fixed repay-
24 ment plan described in section 493E;
25 and

1 “(B) who makes an election under sub-
 2 paragraph (A)(ii), shall not repay a loan de-
 3 scribed in paragraph (1)(B) under a repayment
 4 plan that is not an income-based repayment
 5 plan under this subsection or a fixed repayment
 6 plan described in section 493E.”.

7 **SEC. 5. FIXED REPAYMENT PLAN.**

8 Part G of title IV of the Higher Education Act of
 9 1965 (20 U.S.C. 1088 et seq.) is further amended by add-
 10 ing at the end the following:

11 **“SEC. 493E. FIXED REPAYMENT PLAN.**

12 “(a) IN GENERAL.—A borrower of a loan made under
 13 this part on or after July 1, 2023, and a borrower who
 14 is in repayment on a loan made, insured, or guaranteed
 15 under part B or part D before July 1, 2023, may elect
 16 to repay such loan under the fixed repayment plan de-
 17 scribed in this section.

18 “(b) FIXED REPAYMENT PLAN.—Under the fixed re-
 19 payment plan, a borrower whose total outstanding amount
 20 of principal and interest on such a loan (as of the day
 21 before entering repayment on such loan)—

22 “(1) is equal to or less than \$20,000, shall
 23 repay such loan with a fixed monthly repayment
 24 amount paid over a period of 10 years;

1 “(2) is more than \$20,000 and less than
2 \$30,000, shall repay such loan with a fixed monthly
3 repayment amount paid over a period of—

4 “(A) 15 years; or

5 “(B) the period described in paragraph
6 (1), if the borrower elects such period;

7 “(3) is equal to or greater than \$30,000, and
8 less than \$40,000, shall repay such loan with a fixed
9 monthly repayment amount paid over a period of—

10 “(A) 20 years; or

11 “(B) the period described in paragraph (1)
12 or (2), if the borrower elects such period; and

13 “(4) is equal to or greater than \$40,000, shall
14 repay such loan with a fixed monthly repayment
15 amount paid over a period of—

16 “(A) 25 years; or

17 “(B) the period described in any of para-
18 graphs (1) through (3), if the borrower elects
19 such period.

20 “(c) TREATMENT OF CERTAIN CONSOLIDATION
21 LOANS.—In the case of a consolidation loan made under
22 part B or D on or after the date of enactment of the ‘Sim-
23 plifying Student Loans Act’ that is being repaid under this
24 section, any monthly payment made pursuant to any re-
25 payment plan listed in section 493C(b)(7)(B) on a loan

1 for which the liability has been discharged by the proceeds
2 of such consolidation loan shall be treated as a monthly
3 payment under this section on the portion of such consoli-
4 dation loan that is attributable to such discharged loan,
5 except that in the case of a subsequent consolidation loan,
6 any monthly payment on a loan for which the liability has
7 been discharged by the first consolidation loan shall not
8 be applicable for the purposes of this subsection.”.

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