



# IN THE CONGRESS OF THE UNITED STATES

July 11, 2021

Mr. WOOD (for himself), Mr. HARRIS on behalf of the BERRY ADMINISTRATION) introduced the following bill;

---

## A BILL

To strengthen and empower the United States Department of Education with respect to fiscal concerns regarding students.

*Be it enacted by the Senate and the House of Representatives of the United States of America in Congress Assembled,*

### SECTION 1. SHORT TITLE.

This Act may be cited as the “Supporting Those Under the Department of Education’s New Terms Act of 2021, or the STUDENT Act of 2021”

### SEC. 2. FINDINGS.

Congress finds that—

- (a) 42.9 million borrowers applied for, and received Federal student loans as of September of 2020;
- (b) Those 42.9 million borrowers took out \$1.57 trillion in federal loans as of September of 2020;

- (c) The outstanding amount of student loan debt, including interest, exceeds \$1.8 trillion;
- (d) The average amount per borrower totals \$41,958.04 as of September of 2020;
- (e) 22.2 million borrowers are in forbearance for \$887.4 billion, or 49.3 percent of outstanding student debt as of September of 2020;
- (f) Temporary options such as deferrals or forbearances result in increases to the loan balances of borrowers who cannot afford to pay their loans at the current payment requirements;
- (g) 11.1 percent of borrowers were in excess of 90 days behind on payments for their student loans.
- (h) Only one in four borrowers are able to afford the level payment plan, which is the most cost effective method in paying off a loan balance over the long term;
- (i) 3.6 million parents shoulder the cost of a portion of their child's education in order for them to advance in society;
- (j) For a period of fourteen years, beginning in 1992, the federal government issued loans at variable interest rates, which negatively impacted borrowers; and
- (k) Borrowers opting to consolidate their loans are not offered the same protections as borrowers opting to not consolidate their loans.

### **SEC. 3. DEFINITIONS.**

In this Act:

- (1) The term "borrower" refers to an individual who has borrowed funds from the federal government for the purposes of obtaining an education from an institution of higher learning.
- (2) The term "applicant" refers to an individual who has applied to borrow funds from the federal government for the purposes of obtaining an education from an institution of higher learning.
- (3) The term "department" refers to the United States Department of Education, unless otherwise noted.
- (4) The term "secretary" refers to the secretary of the Department of Education, unless otherwise noted.

#### SEC. 4. AMENDING INTEREST RATES IN UNITED STATES CODE.

(a) IN GENERAL.—[Section 1087e of Title 20](#), United States Code is amended by, in subsection b—

- (1) in subparagraph (1)(A), striking “; plus”;
- (2) striking subparagraph (1)(B) in its entirety;
- (3) in clause (2)(B)(i), striking “; plus”;
- (4) striking clause (2)(B)(ii) in its entirety;
- (5) in subparagraph (3)(A), striking “; plus”;
- (6) striking subparagraph (3)(B) in its entirety;
- (7) in subclause (4)(A)(i)(I), striking “; plus”;
- (8) striking subclause (4)(A)(i)(II) in its entirety;
- (9) in subclause (4)(A)(ii)(I), striking “; plus”;
- (10) striking subclause (4)(A)(ii)(II) in its entirety;
- (11) striking subparagraph (5)(A) and replacing it with the following:

“(1) Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 1998, and before October 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1, except that such rate shall not exceed 5 percent.”;
- (12) in paragraph (5), appending the following subparagraph:

“(D) The Secretary shall have the authority to decrease interest rates to any percentage between the current active rate and zero percent on all loans issued by the Department, including consolidation loans, without regard to repayment status, during the declaration of a national emergency as defined by the National Emergencies Act of 1974 ([50 USC § 1601-1651](#)). During

this time, interest shall accrue at the new rate prescribed by the Secretary.”;

- (13) in subparagraph (5)(B), striking “by substituting ‘1.7 percent’ for ‘2.3 percent’”;
- (14) in subparagraph (5)(C)—
  - (i) striking the em dash and replacing it with a period; and
  - (ii) striking clauses (i) and (ii);
- (15) in subparagraph (6)(A), striking the em dash and all that follows, and replacing it with “the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1, except that such rate shall not exceed 5 percent.”;
- (16) in subparagraph (6)(B), striking “by substituting ‘1.7 percent’ for ‘2.3 percent’”;
- (17) in subparagraph (6)(C), striking the em dash and all that follows and replacing it with a period;
- (18) in subparagraph (6)(E), striking the em dash and all that follows, and replacing it with “the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1, except that such rate shall not exceed 5 percent.”;
- (19) in subparagraph (7)(A), striking “6.8 percent”, and replacing it with “the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1 of the year in which the loan was originally issued”;
- (20) in subparagraph (7)(B), striking “7.9 percent”, and replacing it with “the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1 of the year in which the loan was originally issued”;
- (21) in subparagraph (7)(D), striking “as follows:” and all that follows and replacing it with “the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1 of the year in which the first disbursement was issued.”;
- (22) in clause (8)(A)(i), striking “plus 2.05 percent”;

- (23) in clause (8)(A)(ii), striking “8.2”;
- (24) in clause (8)(B)(i), striking “plus 3.6 percent”;
- (25) in clause (8)(B)(ii), striking “9” and replacing it with “5”;
- (26) in clause (8)(C)(i), striking “plus 4.6 percent”;
- (27) in clause (8)(C)(ii), striking “10.5” and replacing it with “6”; and
- (28) in subparagraph (8)(C), striking the period in clause (ii) and

appending the following at the end of the subparagraph:

“and, for borrowers with incomes below \$110,000 annually, the Secretary may, with proper documentation, adjust the interest rate of the consolidated loans to be equal to the weighted average of the interest rates on the loans before consolidation without the added margin.”.

## **SEC. 5. AMENDING QUALIFIED PERIODS FOR ELIGIBLE MILITARY BORROWERS.**

- (a) IN GENERAL.—[Section 1087e of Title 20](#), United States Code is amended, in paragraph (o)(4), by striking “60”, and replacing it with “120”.

## **SEC. 6. AMENDING UNITED STATES CODE REGARDING LOAN DEFERMENTS.**

- (a) IN GENERAL.—[Section 1087e of Title 20](#), United States Code is amended by, in subsection (f)—
- (1) in paragraph (1), by striking the em dash and all that follows and inserting “shall not accrue.”;
  - (2) in paragraph (2)(B), striking “3”, and replacing it with “6”; and
  - (3) in paragraph (2)(D), striking “3”, and replacing it with “6”.

## **SEC. 7. AMENDING UNITED STATES CODE REGARDING DIRECT SUBSIDIZED LOANS.**

- (a) IN GENERAL.—[Section 1087e of Title 20](#), United States Code is amended by striking paragraph (q)(1) and replacing it with the following:

“(1) Notwithstanding subsection (a) or any other provision of this subchapter, any borrower who was a new borrower on or after July 1, 2013, shall not be eligible for a Federal Direct Stafford Loan if the period of time for which the borrower has received Federal Direct Stafford Loans, in the aggregate, exceeds the period of enrollment described in paragraph (3): *Provided*, That the borrower is not also eligible for either the Federal Supplemental Educational Opportunity Grant, or Federal Pell Grant. Any borrower deemed ineligible for a Federal Direct Stafford Loan may still receive any Federal Direct Unsubsidized Stafford Loan for which such borrower is otherwise eligible.”.

## **SEC. 8. RETROACTIVITY AUTHORIZED.**

The Secretary shall have the authority to retroactively apply any changes made by this Act to all existing loans issued by the Department.

## **SEC. 9. FORGIVENESS**

- (a) IN GENERAL.—The Secretary shall have the authority to discharge a portion of federally-held or federally-disbursed student loan balance.
- (b) LIMITS.—The Secretary is prohibited from ordering a mass discharge of the student loan debt—
  - (1) more than once every ten years;
  - (2) in excess of 20 percent of the federally-held or federally-disbursed student loan balance; or
  - (3) for borrowers earning in excess of \$55,000 annually, as determined by the Internal Revenue Service.

## **SEC. 10. NOTIFICATION**

- (a) IN GENERAL.—The Secretary shall notify all current borrowers about the changes made under this law, and ensure that loan finances are explained to applicants in simple English.

- (b) **REQUIREMENTS.**— In carrying out the program under subsection (a) the Secretary shall—
- (1) draft and send a letter serving as notification to all borrowers notifying them of the changes to their loans; and
  - (2) create a simple English explanation of the terms of all loans disbursed by the Department, consisting of—
    - (A) total amount borrowed;
    - (B) total interest over the life of the loan for all repayment plans offered by the Department;
    - (C) all mandatory fees; and
    - (D) all possible fees that may be applied due to actions of the borrower.
- (c) **FUNDING.**— The Secretary is authorized to be appropriated \$22,000,000 during the fiscal year of 2021 to carry out the provisions of this section to cover postage for the correspondence.

## **SEC. 11. SEVERABILITY.**

- (a) **IN GENERAL.**— If any provision of this Act or amendment made by this Act, or the application of a provision or amendment to any person or circumstance, is held to be unconstitutional, the remainder of this Act and amendments made by this Act, and the application of the provisions and amendment to any person or circumstance, shall not be affected by the holding.

## **SEC. 12. ENACTMENT.**

- (a) **EFFECTIVE DATE.**— The provisions of this Act shall come into force immediately upon passage.
-