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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R.

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.

IN THE HOUSE OF REPRESENTATIVES

Ms. WILSON of Florida introduced the following bill; which was referred to the Committee on _____

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,*

3 **SECTION 1. SHORT TITLE; EFFECTIVE DATE; TABLE OF**
4 **CONTENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Lowering Obstacles to Achievement Now Act” or the
7 “LOAN Act”.

1 (b) EFFECTIVE DATE.—Except as otherwise ex-
2 pressly provided herein, any amendment made by this Act
3 to section 401, 473, or 484 of the Higher Education Act
4 of 1965 (20 U.S.C. 1070a; 1087mm; 1091), as amended
5 by the FAFSA Simplification Act (title VII of division FF
6 of Public Law 116–260), shall take effect as if included
7 in the FAFSA Simplification Act and subject to the effec-
8 tive date of section 701(b) of such FAFSA Simplification
9 Act, as amended by section 102(a) of the FAFSA Sim-
10 plification Act Technical Corrections Act (division R of
11 Public Law 117–103) (including the authorization pro-
12 vided under section 102(c)(1)(A) of such Act).

13 (c) TABLE OF CONTENTS.—The table of contents of
14 this Act is as follows:

Sec. 1. Short title; effective date; 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. Repeal of origination fees.

Sec. 203. 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, 2024.
- Sec. 402. Refinancing FFEL and Federal Direct Loans.
- Sec. 403. Refinancing private student loans.

1 **TITLE I—FEDERAL PELL**
 2 **GRANTS**

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

6 (a) AMOUNT OF MINIMUM FEDERAL PELL
 7 GRANTS.—Section 401 of the Higher Education Act of
 8 1965 (20 U.S.C. 1070a), as amended by title VII of divi-
 9 sion FF of the FAFSA Simplification Act (Public Law
 10 116–260), is amended—

11 (1) in subsection (a)(2)(F), by striking “10 per-
 12 cent” and inserting “5 percent”;

13 (2) in subsection (b)—

1 (A) in paragraph (1)(B)(i), by striking
2 “paragraph (5)(A)” and inserting “paragraph
3 (5)”;

4 (B) by striking paragraph (5) and insert-
5 ing the following:

6 “(5) TOTAL MAXIMUM FEDERAL PELL
7 GRANT.—

8 “(A) AWARD YEAR 2024–2025.—For award
9 year 2024–2025, the total maximum Federal
10 Pell Grant award shall be \$10,000.

11 “(B) AWARD YEAR 2025–2026.—For award
12 year 2025–2026, the total maximum Federal
13 Pell Grant award shall be \$11,000.

14 “(C) AWARD YEAR 2026–2027.—For award
15 year 2026–2027, the total maximum Federal
16 Pell Grant award shall be \$12,000.

17 “(D) AWARD YEAR 2027–2028.—For award
18 year 2027–2028, the total maximum Federal
19 Pell Grant award shall be \$13,000.

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

23 “(F) AWARD YEAR 2029–2030 AND SUBSE-
24 QUENT YEARS.—For award year 2029–2030,
25 and each subsequent award year, the total max-

1 imum Federal Pell Grant award shall be
2 \$14,000—

3 “(i) increased by the adjustment per-
4 centage for the award year for which the
5 amount under this subparagraph is being
6 determined; and

7 “(ii) rounded to the nearest \$50.

8 “(G) DEFINITION OF ADJUSTMENT PER-
9 CENTAGE.—In this paragraph, the term ‘adjust-
10 ment percentage,’ as applied to an award year,
11 is equal to the percentage increase in the Con-
12 sumer Price Index, as defined in section 478(f),
13 for the most recent calendar year ending prior
14 to the beginning of the award year.”;

15 (C) by striking paragraphs (6) and (7) and
16 inserting the following:

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

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

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

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

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

9 “(III) during a period for which
10 the student did not receive a loan
11 under this title but for which, if the
12 student had received such a loan, such
13 loan would have been discharged
14 under the circumstances described in
15 subclause (II)(bb)(CC).”;

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

17 (5) by redesignating subsections (i) and (j) as
18 subsections (g) and (h), respectively.

19 (b) REPEAL OF SCORING REQUIREMENT.—

20 (1) IN GENERAL.—Section 406 of H. Con. Res.
21 95 (109th Congress) is amended—

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

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

1 (2) EFFECTIVE DATE.—The amendments made
2 by paragraph (1) shall take effect beginning on July
3 1, 2024.

4 (c) STUDENT SUPPORT SERVICES.—Section
5 402D(d)(1) of the Higher Education Act of 1965 (20
6 U.S.C. 1070a–14(d)(1)) is amended by striking “the min-
7 imum” and inserting “10 percent of the maximum”.

8 (d) SCHOLARSHIP COMPONENT.—Section 404E(d) of
9 the Higher Education Act of 1965 (20 U.S.C. 1070a–
10 25(d)) is amended by striking “less than the minimum”
11 and inserting “less than 10 percent of the maximum”.

12 **SEC. 102. PROVIDING INCREASED FEDERAL PELL GRANTS**
13 **AND OTHER ASSISTANCE FOR RECIPIENTS**
14 **OF MEANS-TESTED BENEFITS.**

15 (a) INCREASED AMOUNT OF MAXIMUM FEDERAL
16 PELL GRANTS FOR STUDENTS WITH NEGATIVE STU-
17 DENT AID INDEXES.—Section 401(b)(1) of the Higher
18 Education Act of 1965 (20 U.S.C. 1070a(b)(1)), as
19 amended by section 101 of this Act and section 703 of
20 the FAFSA Simplification Act (Public Law 116–260), is
21 amended—

22 (1) in subparagraph (A)—

23 (A) in the matter preceding clause (i), by
24 striking “A student” and inserting “Except in

1 the case of a student with a student aid index
2 of less than zero, a student”;

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

4 (C) by redesignating clauses (ii) and (iii)
5 as clauses (i) and (ii), respectively;

6 (2) by redesignating subparagraphs (B)
7 through (E) as subparagraphs (C) through (F), re-
8 spectively;

9 (3) by inserting after subparagraph (A) the fol-
10 lowing:

11 “(B) A student with a student aid index of
12 less than zero shall be eligible for a Federal
13 Pell Grant award that exceeds the total max-
14 imum Federal Pell Grant by an amount equal
15 to the amount by which the student’s student
16 aid index is less than zero.”;

17 (4) in subparagraph (C), as redesignated by
18 paragraph (2)—

19 (A) in the matter preceding clause (i), by
20 striking “subparagraph (A) for an academic
21 year,” and inserting “subparagraph (A), or an
22 increased Federal Pell Grant under subpara-
23 graph (B), for an academic year,”; and

24 (B) in clause (ii), by striking “, except that
25 a student aid index of less than zero shall be

1 considered to be zero for the purposes of this
2 clause”;

3 (5) in subparagraph (D), as redesignated by
4 paragraph (2), by striking “(A) or (B)” and insert-
5 ing “(A), (B), or (C)”;

6 (6) in subparagraph (E), as redesignated by
7 paragraph (2), by inserting “or an increased Federal
8 Pell Grant under subparagraph (B)” after “subpara-
9 graph (A)”;

10 (7) in subparagraph (F), as redesignated by
11 paragraph (2), by striking “or a minimum Federal
12 Pell Grant under subparagraph (C)” and inserting
13 “an increased Federal Pell Grant under subpara-
14 graph (B), or a minimum Federal Pell Grant under
15 subparagraph (D)”.

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

22 “(d) SPECIAL RULE FOR MEANS-TESTED BENEFIT
23 RECIPIENTS.—Notwithstanding subsection (b), for an ap-
24 plicant (or, as applicable, an applicant and spouse, or an
25 applicant’s parents) who, at any time during the previous

1 24-month period, received a benefit under a means-tested
2 Federal benefit program (or whose parent or spouse re-
3 ceived such a benefit, as applicable), the Secretary shall
4 for the purposes of this title consider the student aid index
5 as equal to $-\$1,500$ for the applicant.”.

6 **SEC. 103. FEDERAL AID ELIGIBILITY FOR DREAMER STU-**
7 **DENTS.**

8 Section 484 of the Higher Education Act of 1965 (20
9 U.S.C. 1091), as amended by section 702(n) of the
10 FAFSA Simplification Act (Public Law 116–260), is
11 amended—

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

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

16 “(u) DREAMER STUDENTS.—

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

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

21 “(ii) is inadmissible or deportable under
22 the Immigration and Nationality Act (8 U.S.C.
23 1101 et seq.); and

24 “(B)(i) in the case of such an individual
25 who was younger than 18 years of age on the

1 date on which the individual initially entered
2 the United States—

3 “(I) has earned a high school diploma,
4 the recognized equivalent of such diploma
5 from a secondary school, or a high school
6 equivalency diploma recognized by State
7 law, or is scheduled to complete the re-
8 quirements for such a diploma or equiva-
9 lent before the next academic year begins;

10 “(II) is enrolled at an institution of
11 higher education pursuant to subsection
12 (d);

13 “(III) has served in the uniformed
14 services (as such term is defined in section
15 101 of title 10, United States Code) for
16 not less than 2 years and, if discharged,
17 received an honorable discharge;

18 “(IV) has acquired a degree, certifi-
19 cate, or recognized postsecondary creden-
20 tial from an institution of higher education
21 or area career and technical education
22 school (as such term is defined in section
23 3 of the Carl D. Perkins Career and Tech-
24 nical Education Act of 2006 (20 U.S.C.
25 2302)); or

1 “(V) has completed not less than 2
2 years in a postsecondary program at an in-
3 stitution of higher education, or area ca-
4 reer and technical education school, in the
5 United States and has made satisfactory
6 academic progress, as defined in subsection
7 (c), during such time period; or

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

10 “(aa) the memorandum of the De-
11 partment of Homeland Security entitled
12 ‘Exercising Prosecutorial Discretion with
13 Respect to Individuals Who Came to the
14 United States as Children’ issued on June
15 15, 2012; or

16 “(bb) the memorandum of the De-
17 partment of Homeland Security entitled
18 ‘Exercising Prosecutorial Discretion with
19 Respect to Individuals Who Came to the
20 United States as Children and with Re-
21 spect to Certain Individuals Who Are the
22 Parents of U.S. Citizens or Permanent
23 Residents’ issued on November 20, 2014;
24 or

1 “(II) would have been eligible for such a
2 grant of deferred action if the applicable memo-
3 randum described in subclause (I) had been
4 fully in effect since the date on which it was
5 issued.

6 “(2) **HARDSHIP EXCEPTION.**—The Secretary
7 shall issue regulations that direct when the Depart-
8 ment shall waive the age requirement of paragraph
9 (1)(B)(i) for an individual to qualify as a Dreamer
10 student under such paragraph, if the individual dem-
11 onstrates compelling circumstances, such as eco-
12 nomic hardship (as defined in section 435(o)).”.

13 **SEC. 104. RESTORING THE TOTAL SEMESTERS OF FEDERAL**
14 **PELL GRANT ELIGIBILITY.**

15 Section 401(d)(5)(A) of the Higher Education Act of
16 1965, as added by section 703 of the FAFSA Simplifica-
17 tion Act (Public Law 116–260), is amended by striking
18 “12” each place the term appears and inserting “18”.

19 **SEC. 105. REDUCING FINANCIAL AID PENALTIES FROM SAT-**
20 **ISFACTORY ACADEMIC PROGRESS DETER-**
21 **MINATIONS.**

22 Section 484(c) of the Higher Education Act of 1965
23 (20 U.S.C. 1091(c)) is amended to read as follows:

24 “(c) **SATISFACTORY PROGRESS.**—

25 “(1) **DEFINITIONS.**—In this subsection:

1 “(A) APPEAL.—The term ‘appeal’ means a
2 process by which a student who is not meeting
3 the institution’s satisfactory academic progress
4 standards petitions the institution for reconsid-
5 eration of the student’s eligibility for assistance
6 under this title.

7 “(B) FINANCIAL AID PROBATION.—The
8 term ‘financial aid probation’ means a status
9 assigned by an institution to a student who fails
10 to make satisfactory academic progress and
11 who has appealed and has had eligibility for aid
12 reinstated.

13 “(C) FINANCIAL AID WARNING.—The term
14 ‘financial aid warning’ means a status assigned
15 to a student who fails to make satisfactory aca-
16 demic progress at the end of the semester or
17 equivalent period in which the student first fails
18 to make such progress.

19 “(D) PAYMENT PERIOD.—The term ‘pay-
20 ment period’ means the applicable payment pe-
21 riod described in section 668.4 of title 34, Code
22 of Federal Regulations, or any successor regula-
23 tion.

24 “(2) SATISFACTORY ACADEMIC PROGRESS POL-
25 ICY.—An institution shall establish a reasonable sat-

1 isfactory academic progress policy for determining
2 whether an otherwise eligible student is making sat-
3 isfactory academic progress in the student’s edu-
4 cational program and may receive assistance under
5 this title. The Secretary shall consider the institu-
6 tion’s policy to be reasonable if—

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

10 “(B) the policy provides for consistent ap-
11 plication of standards to all students, including
12 full-time, part-time, undergraduate, and grad-
13 uate students, and all educational programs es-
14 tablished by the institution;

15 “(C)(i) the policy specifies the grade point
16 average that a student must achieve at each
17 evaluation, or if a grade point average is not an
18 appropriate qualitative measure, a comparable
19 assessment measured against a norm; and

20 “(ii) if a student is enrolled in an edu-
21 cational program of more than 2 academic
22 years, the policy specifies that at the end of the
23 second academic year, the student must have a
24 grade point average of at least a ‘C’ or its
25 equivalent, or have academic standing con-

1 sistent with the institution’s requirements for
2 graduation;

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

5 “(E) the policy describes—

6 “(i) how a student’s grade point aver-
7 age and the pace at which the student pro-
8 gresses toward completion are affected by
9 course incompletes, withdrawals, or repeti-
10 tions, or transfers of credit from other in-
11 stitutions, including that credit hours from
12 another institution that are accepted to-
13 ward the student’s educational program
14 are counted as both attempted and com-
15 pleted hours; and

16 “(ii) how after a student reenrolls
17 after the student’s satisfactory academic
18 progress was reset pursuant to paragraph
19 (3)(B), the student may have any credits
20 that were earned before the student was
21 determined not to be making satisfactory
22 academic progress counted for purposes of
23 determining progress when the student re-
24 enrolls, but any attempted hours that were
25 not earned by the student (including in-

1 completes, withdrawn courses, and failed
2 courses) before the student was determined
3 not to be making satisfactory academic
4 progress will not negatively impact the de-
5 termination of whether the student made
6 satisfactory academic progress after such
7 reset;

8 “(F) the policy provides that, except as
9 provided in subparagraph (G) with respect to a
10 student placed on financial aid warning or fi-
11 nancial aid probation and paragraph (3), a stu-
12 dent is no longer eligible to receive assistance
13 under this title if the student has not achieved
14 the required grade point average or who is not
15 making progress toward completion in the stu-
16 dent’s educational program—

17 “(i) at the time of each evaluation
18 with respect to a student who is in an edu-
19 cational program of 2 academic years or
20 less in length; or

21 “(ii) at the end of the second aca-
22 demic year with respect to a student who
23 is in an educational program of more than
24 2 academic years in length;

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

5 “(i) a student on financial aid warn-
6 ing—

7 “(I) shall receive assistance
8 under this title for one payment pe-
9 riod despite a determination that the
10 student is not making satisfactory
11 academic progress; and

12 “(II) may be assigned such sta-
13 tus without an appeal or other action
14 by the student; and

15 “(ii)(I) a student on financial aid pro-
16 bation may receive assistance under this
17 title for one payment period and the insti-
18 tution may require the student to fulfill
19 specific terms and conditions, such as tak-
20 ing a reduced course load or enrolling in
21 specific courses; and

22 “(II) at the end of such one payment
23 period, the student is required to meet the
24 institution’s satisfactory academic progress
25 standards, or meet the requirements of the

1 academic plan developed by the institution
2 and the student, in order to qualify for
3 continued assistance under this title;

4 “(H) if the institution permits a student to
5 appeal a determination by the institution that
6 the student is not making satisfactory academic
7 progress, the policy describes—

8 “(i) how the student may reestablish
9 the student’s eligibility to receive assist-
10 ance under this title;

11 “(ii) the basis on which the student
12 may file an appeal, including because of
13 the death of a relative, an injury or illness
14 of the student, or another special cir-
15 cumstance; and

16 “(iii) information the student is re-
17 quired to submit regarding why the stu-
18 dent failed to make satisfactory academic
19 progress, and what has changed in the stu-
20 dent’s situation that will allow the student
21 to demonstrate satisfactory academic
22 progress at the next evaluation;

23 “(I) if the institution does not permit a
24 student to appeal a determination by the insti-
25 tution that the student is not making satisfac-

1 tory academic progress, the policy describes
2 how the student may reestablish the student's
3 eligibility to receive assistance under this title;

4 “(J) the policy provides for notification to
5 students of the results of an evaluation that im-
6 pacts the student's eligibility for assistance
7 under this title; and

8 “(K) the policy does not impose satisfac-
9 tory progress limitations on need-based institu-
10 tional aid that are more stringent than the
11 standard applied under this subsection without
12 demonstrating to the Secretary the effectiveness
13 of such limitations on improving student per-
14 sistence in, and completion of, postsecondary
15 study.

16 “(3) REGAINING ELIGIBILITY.—

17 “(A) STUDENTS WHO REMAIN IN
18 SCHOOL.—Whenever a student fails to meet the
19 eligibility requirements of subsection (a)(2) as a
20 result of the application of this subsection and,
21 subsequent to that failure, the student has aca-
22 demic standing for any grading period con-
23 sistent with the requirements for staying on
24 track to graduate within 150 percent of the
25 published length of the educational program, as

1 determined by the institution, the student shall
2 again be eligible under subsection (a)(2) for a
3 grant, loan, or work assistance under this title,
4 as long as the student maintains satisfactory
5 academic progress under paragraph (2) begin-
6 ning on and after the date that the student re-
7 gains eligibility.

8 “(B) STUDENTS WHO LEAVE SCHOOL.—

9 “(i) IN GENERAL.—If a student has
10 not been enrolled in any institution of
11 higher education for the immediately pre-
12 ceding 2 years, any previous failure to
13 meet the eligibility requirements of sub-
14 section (a)(2) shall not be used in any de-
15 termination of eligibility of such student
16 under such subsection. Such student shall,
17 on the date of enrollment subsequent to
18 such 2-year period, have the student’s eli-
19 gibility for a grant, loan, or work assist-
20 ance under this title reset and be deemed
21 as meeting the requirements described in
22 paragraph (2). Beginning on and after
23 such date, the student’s satisfactory aca-
24 demic progress shall be determined in ac-
25 cordance with paragraph (2)(E)(ii).

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

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

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

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

1 “(II) a notification that, if the
2 student has remained enrolled, or re-
3 sumed enrollment, at an institution of
4 higher education, the student may be
5 eligible for a grant, loan, or work as-
6 sistance under this title subject to the
7 requirements of subparagraph (A);

8 “(III) information on how many
9 semesters of eligibility for a grant,
10 loan, or work assistance under this
11 title to which the student still has ac-
12 cess; and

13 “(IV) a notification that the stu-
14 dent should ask any prospective eligi-
15 ble institution how many of the stu-
16 dent’s previously completed credits the
17 student would be able to transfer; and

18 “(ii) submit an annual report to Con-
19 gress on the outcomes of students who
20 have received a reset of eligibility pursuant
21 to this paragraph, including—

22 “(I) the number of students who
23 reenroll in an eligible institution after
24 such reset, disaggregated by race or

1 ethnicity, sex, age, socioeconomic sta-
2 tus, and disability status;

3 “(II) the 250 eligible institutions
4 with the highest numbers of enrolled
5 students receiving grant, loan, or
6 work assistance under this title after
7 such a reset;

8 “(III) the 250 eligible institu-
9 tions with the highest share of en-
10 rolled students receiving grant, loan,
11 or work assistance under this title
12 after such a reset; and

13 “(IV) the average completion
14 rate and time to completion for stu-
15 dents who reenroll in an eligible insti-
16 tution after such reset, disaggregated
17 by institution.

18 “(4) EVALUATION OF ACADEMIC PROGRESS.—

19 “(A) IN GENERAL.—An institution that
20 determines that a student is not making satis-
21 factory academic progress under its policy may
22 disburse funds provided through student finan-
23 cial assistance programs under this title (in-
24 cluding work-study programs under subtitle C)

1 to the student in accordance with subpara-
2 graphs (B), (C), and (D).

3 “(B) PAYMENT PERIOD FOLLOWING NOT
4 MAKING SATISFACTORY ACADEMIC PROGRESS.—
5 For the payment period following the payment
6 period in which a student did not make satis-
7 factory academic progress, the institution shall
8 place the student on financial aid warning and
9 disburse funds under this title to the student.

10 “(C) PAYMENT PERIOD FOLLOWING FI-
11 NANCIAL AID WARNING.—For the payment pe-
12 riod following a payment period during which a
13 student was on financial aid warning, the insti-
14 tution may place the student on financial aid
15 probation, and disburse funds under this title to
16 the student if—

17 “(i) the institution evaluates the stu-
18 dent’s progress and determines that stu-
19 dent did not make satisfactory academic
20 progress during the payment period the
21 student was on financial aid warning;

22 “(ii) the student appeals the deter-
23 mination; and

24 “(iii)(I) the institution determines
25 that the student should be able to meet the

1 institution's satisfactory academic progress
2 standards by the end of the subsequent
3 payment period; or

4 “(II) the institution develops an aca-
5 demic plan for the student that, if fol-
6 lowed, will ensure that the student is able
7 to meet the institution's satisfactory aca-
8 demic progress standards by a specific
9 point in time.

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

20 “(E) FREQUENCY OF ACADEMIC PROGRESS
21 EVALUATION AND COMMUNICATION.—

22 “(i) IN GENERAL.—Subject to clause
23 (ii), for the purpose of determining wheth-
24 er presently enrolled students are main-
25 taining satisfactory progress, each institu-

1 tion of higher education that enrolls stu-
2 dents who receive any grant, loan, or work
3 assistance under this title shall review the
4 progress of such students at the end of
5 each payment period.

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

16 “(iii) FINANCIAL AID WARNING.—At
17 the end of each payment period (or, in the
18 case of an institution described in clause
19 (ii), at the end of each semester or equiva-
20 lent period), each institution shall send a
21 financial aid warning to presently enrolled
22 students that do not meet the grade point
23 average requirement described in para-
24 graph (2), or its equivalent or academic
25 standing consistent with the requirements

1 for graduation, as determined by the insti-
2 tution, that informs the students of their
3 risk of being determined to not be main-
4 taining satisfactory progress and therefore
5 losing eligibility for grant, loan, or work
6 assistance under this title and provides in-
7 formation on—

8 “(I) the specific criteria of the in-
9 stitution’s academic requirements that
10 the student is not meeting and the
11 specific improvements needed to meet
12 the requirements; and

13 “(II) how to meet with the stu-
14 dent’s academic advisor to get the
15 academic support the student needs.

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

22 “(A) to such students before the students
23 begin classes at the institution through a de-
24 tailed communication that may be separate
25 from a financial aid offer; and

1 “(B) on the financial aid webpage of the
2 website of the institution.

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

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

6 “(i) to support institutions of higher
7 education in carrying out paragraph (5);
8 and

9 “(ii) which shall be available as re-
10 sources for institutions of higher edu-
11 cation; and

12 “(B) shall not require the use of such
13 practices and templates by institutions of high-
14 er education.”.

15 **SEC. 106. FEDERAL PELL GRANTS FOR GRADUATE STU-**
16 **DENTS.**

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

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

24 (2) in subsection (d)—

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

3 “(1) IN GENERAL.—The period during which a
4 student may receive Federal Pell Grants shall be the
5 period required for the completion of the first under-
6 graduate baccalaureate course of study being pur-
7 sued by that student at the institution at which the
8 student is in attendance except that—

9 “(A) any 1-year period during which the
10 student is enrolled in a noncredit or remedial
11 course of study as defined in paragraph (2)
12 shall not be counted for the purpose of this
13 paragraph; and

14 “(B) the period during which a student
15 may receive Federal Pell Grants shall also in-
16 clude the period required for the completion of
17 the first postbaccalaureate course of study in a
18 case in which—

19 “(i) the student received a Federal
20 Pell Grant during the period required for
21 the completion of the student’s first under-
22 graduate baccalaureate course of study for
23 at least 1 but fewer than 18 semesters, or
24 the equivalent of at least 1 but fewer than

1 18 semesters, as determined under para-
2 graph (5);

3 “(ii) the student would otherwise be
4 eligible for a Federal Pell Grant, but for
5 the completion of such baccalaureate
6 course of study; and

7 “(iii) the period during which the stu-
8 dent receives Federal Pell Grants does not
9 exceed the student’s duration limits under
10 paragraph (5).”; and

11 (B) in paragraph (2), by striking “or cer-
12 tificate” and inserting “, certificate, or first
13 postbaccalaureate degree”.

14 **TITLE II—AMENDMENTS TO**
15 **TERMS AND CONDITIONS OF**
16 **LOANS AND REPAYMENT**
17 **PLANS**

18 **PART A—DIRECT LOANS**

19 **SEC. 201. SUBSIDIZED LOANS FOR GRADUATE AND PROFES-**
20 **SIONAL STUDENTS.**

21 Section 455(a)(3) of the Higher Education Act of
22 1965 (20 U.S.C. 1087e(a)(3)) is amended—

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

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

2 “(C) AUTHORITY TO MAKE INTEREST SUB-
3 SIDIZED LOANS TO GRADUATE AND PROFES-
4 SIONAL STUDENTS.—For any period of instruc-
5 tion at an institution of higher education (as
6 defined in section 101 or section 102(a)(1)(C),
7 except that a graduate medical school, nursing
8 school, or a veterinary school, located outside
9 the United States that does not meet the re-
10 quirements of section 101(a)(4) shall be ex-
11 cluded) beginning on or after July 1, 2024, a
12 graduate or professional student shall be eligi-
13 ble to receive a Federal Direct Stafford loan
14 under this part.”.

15 **SEC. 202. REPEAL OF ORIGINATION FEES.**

16 Section 455(c)(2) of the Higher Education Act of
17 1965 (20 U.S.C. 1087e(c)(2)) is amended—

18 (1) by striking “and” at the end of subpara-
19 graph (D); and

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

21 “(E) by substituting ‘0.0 percent’ for ‘4.0
22 percent’ with respect to loans for which the first
23 disbursement of principal is made on or after
24 July 1, 2024.”.

1 **SEC. 203. PREPAYMENT AMOUNTS.**

2 Section 455(d) of the Higher Education Act of 1965
3 (20 U.S.C. 1087e(d)) is amended by adding at the end
4 the following:

5 “(6) APPLICATION OF PREPAYMENT
6 AMOUNTS.—

7 “(A) REQUIREMENT FOR ELIGIBLE BOR-
8 ROWERS.—

9 “(i) IN GENERAL.—Notwithstanding
10 any other provision of this subsection or
11 any other provision of law—

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

1 with the highest applicable rate of in-
2 terest among such loans; and

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

20 “(ii) ELIGIBLE BORROWER DE-
21 FINED.—For purposes of this paragraph,
22 the term ‘eligible borrower’ means a bor-
23 rower with no outstanding balance of fees,
24 including collection costs and authorized

1 late charges, due on any loan made under
2 this part or part B.

3 “(B) REQUIREMENT FOR OTHER BOR-
4 ROWERS.—A prepayment amount (as described
5 in subparagraph (A)(i)) made by a borrower
6 who is not an eligible borrower to a holder shall
7 be applied first toward the borrower’s out-
8 standing balance of fees, including collection
9 costs and authorized late charges, due on any
10 loan made under this part or part B held by
11 such holder.”.

12 **PART B—AUTOMATIC ENROLLMENT IN INCOME-**
13 **DRIVEN REPAYMENT FOR CERTAIN BORROWERS**
14 **SEC. 211. NOTIFICATION AND AUTOMATIC ENROLLMENT**
15 **PROCEDURES FOR BORROWERS WHO ARE**
16 **DELINQUENT ON 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 “(9) NOTIFICATION AND AUTOMATIC ENROLL-
21 MENT PROCEDURES FOR BORROWERS WHO ARE DE-
22 LINQUENT ON LOANS.—

23 “(A) AUTHORITY TO OBTAIN INCOME IN-
24 FORMATION.—The Secretary shall establish and

1 implement, with respect to any borrower de-
2 scribed in subparagraph (B), procedures to—

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

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 de-
17 termine the income and family size of the
18 borrower (and the borrower’s spouse, if ap-
19 plicable); and

20 “(iii) provide the borrower with an op-
21 portunity to update the return information
22 so disclosed before the determination of the
23 income and family size of the borrower for
24 purposes of this paragraph.

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

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

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

21 “(iii) The amount of monthly pay-
22 ments for the covered and noncovered
23 loans under each repayment plan identified
24 under clause (ii), based on information
25 available to the Secretary, including, if the

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

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

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

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

1 to the Secretary, which documentation
2 the Secretary may use to determine
3 an appropriate repayment schedule;
4 and

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

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

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

23 “(II) in the case of such a bor-
24 rower whose existing repayment plan
25 for the covered loans of the borrower

1 is not an income-driven repayment
2 plan, the monthly payments under
3 such existing repayment plan are
4 higher than such monthly payments
5 would be under an income-driven re-
6 payment plan.

7 “(vii) Instructions on updating the in-
8 formation of the borrower obtained under
9 subparagraph (A).

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

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

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

1 plan that requires the lowest monthly
2 payment amount for each covered loan
3 of the borrower, compared to any
4 other such plan for which the bor-
5 rower is eligible; or

6 “(bb) if more than one income-
7 driven repayment plan would offer the
8 borrower the same lowest monthly
9 payment amount, provide the bor-
10 rower with the income-driven repay-
11 ment plan that has the most favorable
12 terms for the borrower;

13 “(II) if the plan selected under
14 subclause (I) is not the income-driven
15 repayment plan that would have the
16 lowest monthly payment amount if the
17 borrower were eligible for such plan
18 for the borrower’s covered loans and
19 noncovered loans, notify the borrower
20 of the actions, if any, the borrower
21 may take to become eligible for such
22 income-driven repayment plan; and

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

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

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

9 **SEC. 212. NOTIFICATION AND AUTOMATIC ENROLLMENT**
10 **PROCEDURES FOR BORROWERS WHO ARE**
11 **REHABILITATING DEFAULTED LOANS.**

12 Section 455(d) of the Higher Education Act of 1965
13 (20 U.S.C. 1087e(d)), as amended by this Act, is further
14 amended by adding at the end the following:

15 “(10) NOTIFICATION AND AUTOMATIC ENROLL-
16 MENT PROCEDURES FOR BORROWERS WHO ARE RE-
17 HABILITATING DEFAULTED LOANS.—

18 “(A) AUTHORITY TO OBTAIN INCOME IN-
19 FORMATION.—The Secretary shall establish and
20 implement, with respect to any borrower who is
21 rehabilitating a covered loan pursuant to sec-
22 tion 428F(a), procedures to—

23 “(i) use return information of the bor-
24 rower (and the borrower’s spouse, if appli-
25 cable) disclosed section 6103(l)(13) of the

1 Internal Revenue Code of 1986, pursuant
2 to approval provided under section 494, to
3 obtain such information as is reasonably
4 necessary regarding the income and family
5 size of the borrower (and the borrower's
6 spouse, if applicable);

7 “(ii) allow the borrower (or the spouse
8 of the borrower), at any time, to opt out
9 of disclosure under such section
10 6103(l)(13) and instead provide such infor-
11 mation as the Secretary may require to ob-
12 tain such information; and

13 “(iii) provide the borrower with an op-
14 portunity to update the return information
15 so disclosed before the determination of in-
16 come and family size of the borrower (and
17 the borrower's spouse, if applicable) for
18 purposes of this paragraph.

19 “(B) BORROWER NOTIFICATION.—Not
20 later than 30 days after a borrower makes the
21 6th payment required on such covered loan for
22 the loan rehabilitation described in subpara-
23 graph (A), the Secretary shall notify the bor-
24 rower of the process under subparagraph (C)
25 with respect to such loan.

1 “(C) SECRETARY’S SELECTION OF PLAN.—
2 With respect to each borrower who has made
3 the 9th payment required on such covered loan
4 for the loan rehabilitation described in subpara-
5 graph (A), the Secretary shall, as soon as prac-
6 ticable after such payment, carry out the proce-
7 dures described in clauses (i) and (ii) of para-
8 graph (9)(C) with respect to such loan.”.

9 **SEC. 213. COVERED LOAN, INCOME-DRIVEN REPAYMENT**
10 **PLAN, AND NON-COVERED LOAN DEFINED.**

11 Section 455(d) of the Higher Education Act of 1965
12 (20 U.S.C. 1087e(d)), as amended by this Act, is further
13 amended by adding at the end the following:

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

15 “(A) COVERED LOAN.—The term ‘covered
16 loan’ means—

17 “(i) a loan made under this part;

18 “(ii) a loan purchased under section
19 459A; or

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

24 “(B) INCOME-DRIVEN REPAYMENT
25 PLAN.—The term ‘income-driven repayment

1 plan’ means a repayment plan described in sub-
2 paragraph (D) or (E) of paragraph (1).

3 “(C) NONCOVERED LOAN.—The term
4 ‘noncovered loan’ means a loan made, insured,
5 or guaranteed under this title that is not a cov-
6 ered loan.”.

7 **SEC. 214. AUTOMATIC RECERTIFICATION OF INCOME FOR**
8 **INCOME-DRIVEN REPAYMENT PLANS.**

9 (a) INCOME-CONTINGENT REPAYMENT PLANS.—Sec-
10 tion 455(e)(8)(A) of the Higher Education Act of 1965
11 (20 U.S.C. 1087e(e)(8)(A)) is amended—

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

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

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

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

17 “(iii) in the case of a borrower who
18 has selected to repay a loan made under
19 this part pursuant to an income contingent
20 repayment plan that defines discretionary
21 income in such a manner that the borrower
22 would have a calculated monthly payment
23 equal to \$0, not require the borrower to
24 provide the Secretary the information de-
25 scribed in clause (i) or (ii), and ensure that

1 the borrower will have a calculated month-
2 ly payment of \$0; and”.

3 (b) **INCOME-BASED REPAYMENT PLANS.**—Section
4 493C(c)(2)(B) of the Higher Education Act of 1965 (20
5 U.S.C. 1098e(c)(2)(B)) is amended by striking “any loan
6 made under part D (other than an excepted PLUS loan
7 or excepted consolidation loan)” and inserting “any cov-
8 ered loan (as defined in section 455(d)(11))”.

9 **SEC. 215. PROCEDURE AND REQUIREMENT FOR REQUEST-**
10 **ING TAX RETURN INFORMATION FROM THE**
11 **IRS.**

12 Section 494(a) of the Higher Education Act of 1965
13 (20 U.S.C. 1098h(a)) is amended—

14 (1) in paragraph (2)—

15 (A) in subparagraph (A), in the matter
16 preceding clause (i), by striking “a loan under
17 part D” and inserting “a covered loan (as de-
18 fined in section 455(d)(11))”; and

19 (B) in subparagraph (B), by striking “a
20 loan under part D” and inserting “a covered
21 loan (as defined in section 455(d)(11))”; and

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

23 “(4) **LOAN DELINQUENCY AND REHABILITA-**
24 **TION.**—

1 “(A) BORROWERS DELINQUENT ON
2 LOANS.—In the case of an individual who is a
3 borrower of a covered loan and who is at least
4 31 days delinquent on such loan, the Secretary,
5 with respect to such individual and any spouse
6 of such individual, shall—

7 “(i) provide to such individuals the
8 notification described in paragraph
9 (1)(A)(i); and

10 “(ii) require, as a condition of eligi-
11 bility for the notification and automatic en-
12 rollment procedures under section
13 455(d)(9), that such individuals—

14 “(I) affirmatively approve the
15 disclosure described in paragraph
16 (1)(A)(i) and agree that such approval
17 shall serve as an ongoing approval of
18 such disclosure until the date on
19 which the individual elects to opt out
20 of such disclosure under section
21 455(d)(9)(A)(ii); or

22 “(II) provide such information as
23 the Secretary may require to carry
24 out the procedures under section

1 455(d)(9) with respect to such indi-
2 vidual.

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

9 “(i) provide to such individuals the
10 notification described in paragraph
11 (1)(A)(i); and

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

15 “(I) affirmatively approve the
16 disclosure described in paragraph
17 (1)(A)(i) and agree that such approval
18 shall serve as an ongoing approval of
19 such disclosure until the date on
20 which the individual elects to opt out
21 of such disclosure under section
22 455(d)(10)(A)(ii); or

23 “(II) provide such information as
24 the Secretary may require to carry
25 out the procedures under section

1 455(d)(10) with respect to such indi-
2 vidual.

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

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

8 **SEC. 221. AMENDMENTS TO TERMS AND CONDITIONS OF**
9 **PUBLIC SERVICE LOAN FORGIVENESS.**

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

14 (1) in subparagraph (A)—

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

17 (B) by striking “or” at the end of clause
18 (iii);

19 (C) in clause (iv), by striking “and” and
20 inserting “or”; and

21 (D) by adding at the end the following:

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

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

4 “(II) rehabilitation training pro-
5 gram deferment under section
6 427(a)(2)(C)(i)(II),
7 428(b)(1)(M)(i)(II), or
8 455(f)(2)(A)(ii);

9 “(III) military service deferment
10 under section 428(b)(1)(M)(iii) or
11 455(f)(2)(C);

12 “(IV) unemployment deferment
13 under section 427(a)(2)(C)(ii),
14 428(b)(1)(M)(ii), 428B(d)(1)(A)(i), or
15 455(f)(2)(B);

16 “(V) deferment due to an eco-
17 nomic hardship described in section
18 427(a)(2)(C)(iii), section
19 428(b)(1)(M)(iv), section
20 428B(d)(1)(A)(i), section 435(o), or
21 section 455(f)(2)(D);

22 “(VI) Peace Corps service
23 deferment under section
24 682.210(b)(2)(ii) or 682.210(k) of
25 title 34, Code of Federal Regulations

1 (or successor regulations), as made
2 applicable to Direct Loan borrowers
3 under section 685.204(j) of such title
4 34;

5 “(VII) has been in post-active-
6 duty student deferment under section
7 493D;

8 “(VIII) AmeriCorps forbearance
9 under section 428(c)(3)(A)(i)(III);

10 “(IX) National Guard Duty for-
11 bearance under section
12 682.211(h)(2)(iii) or 685.205(a)(7) of
13 title 34, Code of Federal Regulations
14 (or successor regulations);

15 “(X) Department of Defense stu-
16 dent loan repayment program forbear-
17 ance under section
18 428(c)(3)(A)(i)(IV);

19 “(XI) Administrative forbearance
20 or mandatory administrative forbear-
21 ance under section 428(c)(3)(D) or
22 428H(e)(7); or

23 “(XII) Student loan debt burden
24 forbearance under section
25 428(c)(3)(A)(i)(II); and”;

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

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

11 (c) TREATMENT OF REFINANCED LOANS; ON-LINE
12 PORTAL; DATABASE OF PUBLIC SERVICE JOBS.—Section
13 455(m) of such Act (20 U.S.C. 1087e(m)) is further
14 amended—

15 (1) by redesignating paragraphs (3) and (4) as
16 paragraphs (6) and (7), respectively; and

17 (2) by inserting after paragraph (2) the fol-
18 lowing:

19 “(3) TREATMENT OF LOANS REFINANCED
20 UNDER SECTIONS 460A.—In the case of an eligible
21 refinanced Federal Direct Loan under section 460A,
22 any monthly payment pursuant to any repayment
23 plan listed in paragraph (1)(A) (including a period
24 of deferment or forbearance described in paragraph
25 (1)(A)(v)) made on a loan, for which the liability has

1 been discharged by such refinanced loan and without
2 regard to whether such loan is an eligible Federal
3 Direct Loan, shall be treated as a monthly payment
4 under paragraph (1)(A) on the portion of such refi-
5 nanced loan that is attributable to such discharged
6 loan.

7 “(4) ON-LINE PORTAL.—

8 “(A) BORROWERS.—The Secretary shall
9 ensure that borrowers have access to an on-line
10 portal that provides each borrower who signs on
11 to such portal with the following:

12 “(i) Instructions on how to access the
13 database under paragraph (5) so that the
14 borrower can determine whether the bor-
15 rower is employed in a public service job.

16 “(ii) An identification of the loans of
17 the borrower that are eligible Federal Di-
18 rect Loans.

19 “(iii) With respect to each such eligi-
20 ble Federal Direct Loan, the number of
21 monthly payments on such loan that qual-
22 ify as a monthly payment under paragraph
23 (1)(A), and the estimated number of
24 monthly payments under paragraph (1)(A)
25 remaining on such loan before the bor-

1 rower may be eligible for loan cancellation
2 under this subsection.

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

10 “(v) Instructions for the submission of
11 any forms associated with such loan can-
12 cellation, and an ability for the borrower to
13 use the portal to electronically sign and
14 submit such forms.

15 “(vi) In the case of a borrower who
16 disputes a determination of the Secretary
17 relating to the entitlement of the borrower
18 to loan cancellation under paragraph (2)—

19 “(I) an ability for the borrower
20 to file a claim with the Secretary to
21 dispute such determination through
22 the portal; and

23 “(II) in the case of such a claim
24 that has been filed, the status of such
25 claim, for which updates shall be pro-

1 vided not fewer than once every 90
2 days.

3 “(B) EMPLOYERS.—The Secretary shall
4 ensure that an employer of a borrower has the
5 option to electronically sign and submit any
6 forms associated with loan cancellation under
7 this subsection.

8 “(C) INFORMATION.—The Secretary shall
9 ensure that any information provided through
10 the on-line portal described in this paragraph is
11 up-to-date information.

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

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

17 “(B) PUBLIC AVAILABILITY.—The data-
18 base established under subparagraph (A) shall
19 be made available on a publicly accessible
20 website of the Department in an easily search-
21 able format.”.

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

1 (1) by inserting before the period at the end the
2 following: “(including any Federal Direct Stafford
3 Loan, Federal Direct PLUS Loan, Federal Direct
4 Unsubsidized Stafford Loan, or Federal Direct Con-
5 solidation Loan refinanced under section 460A)”;

6 (2) by striking “The term” and inserting the
7 following:

8 “(i) IN GENERAL.—The term”; and

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

10 “(ii) TREATMENT OF CERTAIN CON-
11 SOLIDATION LOAN PAYMENTS.—In the
12 case of an eligible Federal Direct Loan
13 that is a Federal Direct Consolidation
14 Loan made on or after the date of enact-
15 ment of the LOAN Act, any monthly pay-
16 ment pursuant to any repayment plan list-
17 ed in paragraph (1)(A) (including a period
18 of deferment or forbearance described in
19 paragraph (1)(A)(v)) made on a loan, for
20 which the liability has been discharged by
21 the proceeds of such Federal Direct Con-
22 solidation Loan and without regard to
23 whether the loan is an eligible Federal Di-
24 rect Loan, shall be treated as a monthly
25 payment under paragraph (1)(A) on the

1 portion of such Federal Direct Consolida-
2 tion Loan that is attributable to such dis-
3 charged loan, except that in a case of a
4 borrower who previously received a Federal
5 Direct Consolidation Loan, any monthly
6 payment made on a loan for which the li-
7 ability has been discharged by such pre-
8 vious consolidation loan shall not be treat-
9 ed as a monthly payment on a portion of
10 the subsequent Federal Direct Consolida-
11 tion Loan made on or after such date of
12 enactment.”.

13 (e) TREATMENT OF DOUBLE BENEFITS.—Section
14 455(m) of such Act is further amended in paragraph (7)
15 (as so redesignated by subsection (c)) by striking “both
16 this subsection and section 428J, 428K, 428L, or 460”
17 and inserting “both this subsection and section 428K or
18 428L”.

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

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

22 (1) in section 428J(g)(2) (20 U.S.C. 1078–
23 10(g)(2))—

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

1 (B) by striking subparagraph (B); and
2 (C) by redesignating subparagraph (C) as
3 subparagraph (B); and
4 (2) in section 460(g)(2) (20 U.S.C.
5 1087j(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).

11 **TITLE III—INTEREST** 12 **CAPITALIZATION**

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

14 (a) **FEDERAL PLUS LOANS.**—Section 428B(d)(2) of
15 the Higher Education Act of 1965 (20 U.S.C. 1078–
16 2(d)(2)) is amended to read as follows:

17 “(2) **NO CAPITALIZATION OF INTEREST.**—Inter-
18 est on loans made under this section for which pay-
19 ments of principal are deferred pursuant to para-
20 graph (1) shall be paid by the borrower and shall
21 not be capitalized.”.

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

1 (c) DEFAULT REDUCTION PROGRAM.—Section
2 428F(a)(1)(E) of such Act of 1965 (20 U.S.C. 1078–
3 6(a)(1)(E)) is amended to read as follows:

4 “(E) DUTIES UPON ASSIGNMENT.—With
5 respect to a loan assigned under subparagraph
6 (A)(ii)—

7 “(i) the guaranty agency shall add to
8 the principal and interest outstanding at
9 the time of the assignment of such loan an
10 amount equal to the amount described in
11 subparagraph (D)(i)(II)(aa);

12 “(ii) the Secretary shall pay the guar-
13 anty agency, for deposit in the agency’s
14 Operating Fund established pursuant to
15 section 422B, an amount equal to the
16 amount added to the principal and interest
17 outstanding at the time of the assignment
18 in accordance with clause (i);

19 “(iii) for a loan assigned on or after
20 the date of enactment of the LOAN Act,
21 the interest outstanding at the time of the
22 assignment of such loan, and any interest
23 accruing after such time, shall not be cap-
24 italized; and

1 “(iv) beginning on the date of enact-
2 ment of LOAN Act, interest shall only ac-
3 crue on the percentage of such a loan that
4 is equal to—

5 “(I) the amount of the out-
6 standing principal on the original loan
7 on the date it was assigned; divided
8 by

9 “(II) the total amount of such
10 assigned loan, including interest out-
11 standing at the time of the assign-
12 ment of such loan and the amount
13 added by the guaranty agency in ac-
14 cordance with clause (i), on the date
15 such loan was assigned.”.

16 (d) LOAN LIMITS FOR UNSUBSIDIZED STAFFORD
17 LOANS.—Section 428H(d)(5) of the Higher Education
18 Act of 1965 (20 U.S.C. 1078–8(d)(5)) is amended by in-
19 serting “before the date of enactment of the LOAN Act”
20 after “Interest capitalized”.

21 (e) UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE
22 INCOME BORROWERS.—Section 428H(e)(2) of the Higher
23 Education Act of 1965 (20 U.S.C. 1078–8(e)(2)) is
24 amended—

1 (1) in the header, by striking “CAPITALIZA-
2 TION” and inserting “NO CAPITALIZATION”;

3 (2) in subparagraph (A), in the matter before
4 clause (i), by striking “, if agreed upon by the bor-
5 rower and the lender” and all that follows through
6 clause (ii)(IV) and inserting “be paid by the bor-
7 rower and shall not be capitalized.”;

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

9 (4) by redesignating subparagraph (C) as sub-
10 paragraph (B).

11 (f) INCOME CONTINGENT REPAYMENT.—Section
12 455(e)(5) of the Higher Education Act of 1965 (20 U.S.C.
13 1087e(e)(5)) is amended by striking the last sentence and
14 inserting “No interest may be capitalized on such loan on
15 or after the date of the enactment of the LOAN Act, and
16 the Secretary shall promulgate regulations with respect to
17 the treatment of accrued interest that is not capitalized”.

18 (g) DEFERMENT AND FORBEARANCE.—

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

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

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

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

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

5 (2) APPLICATION OF AMENDMENT.—The
6 amendments made by paragraph (1) shall apply to
7 any deferment or forbearance period in effect on the
8 date of enactment of this Act, or any deferment or
9 forbearance period beginning on or after such date
10 of enactment.

11 (h) INCOME-BASED REPAYMENT PROGRAM.—Section
12 493C(b)(3) of the Higher Education Act of 1965 (20
13 U.S.C. 1098e(b)(3)) is amended to read as follows:

14 “(3) on subsidized loans, any interest due and
15 not paid under paragraph (2) shall be paid by the
16 Secretary for a period of not more than 3 years
17 after the date of the borrower’s election under para-
18 graph (1), except that such period shall not include
19 any period during which the borrower is in
20 deferment due to an economic hardship described in
21 section 435(o);”.

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

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

7 “(A) the amount of the outstanding prin-
8 cipal on the original loan on the date it was re-
9 issued; divided by

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

12 **SEC. 302. ELIMINATION OF DISCLOSURE REQUIREMENTS**
13 **RELATING TO CAPITALIZATION.**

14 (a) INSURANCE PROGRAM AGREEMENTS TO QUAL-
15 IFY LOANS FOR INTEREST SUBSIDIES.—Section
16 428(b)(1)(Y) of the Higher Education Act of 1965 (20
17 U.S.C. 1078(b)(1)(Y)) is amended—

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

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

22 (3) by striking clause (iii).

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

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

3 (2) by striking clauses (iii) and (iv) and insert-
4 ing the following:

5 “(iii) the lender shall contact the bor-
6 rower not less often than once every 180
7 days during the period of forbearance to
8 inform the borrower of—

9 “(I) the amount of unpaid prin-
10 cipal and the amount of interest that
11 has accrued since the last statement
12 of such amounts provided to the bor-
13 rower by the lender;

14 “(II) the fact that interest will
15 accrue on the loan for the period of
16 forbearance;

17 “(III) the responsibility of the
18 borrower to pay the interest that has
19 accrued; and

20 “(IV) the borrower’s option to
21 discontinue the forbearance at any
22 time; and”.

23 (c) REQUIRED DISCLOSURE BEFORE DISBURSE-
24 MENT.—Section 433(a) of the Higher Education Act of
25 1965 (20 U.S.C. 1083(a)) is amended—

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

3 “(6) for loans made under section 428H or to
4 a student borrower under section 428B, an expla-
5 nation that the borrower has the option to pay the
6 interest that accrues on the loan while the borrower
7 is a student at an institution of higher education;”;
8 and

9 (2) in paragraph (7)—

10 (A) in subparagraph (A), by inserting
11 “and” after the semicolon;

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

13 (C) by redesignating subparagraph (C) as
14 subparagraph (B).

15 (d) **REQUIRED DISCLOSURE BEFORE REPAYMENT.**—

16 Section 433(b)(3) of the Higher Education Act of 1965
17 (20 U.S.C. 1083(b)(3)) is amended by striking “(includ-
18 ing, if applicable, the estimated amount of interest to be
19 capitalized)”.

20 (e) **SPECIAL DISCLOSURE RULES ON PLUS LOANS**

21 **AND UNSUBSIDIZED LOANS.**—Section 433(d) of the High-
22 er Education Act of 1965 (20 U.S.C. 1083(d)) is amend-
23 ed—

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

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

3 (B) by striking “borrower of—” and in-
4 serting “borrower of paying the interest as the
5 interest accrues.”; and

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

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

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

17 (h) INFORMATION TO BE PROVIDED DURING EN-
18 TRANCE COUNSELING FOR BORROWERS.—Section
19 485(l)(2)(C) of the Higher Education Act of 1965 (20
20 U.S.C. 1092(l)(2)) is amended by striking “and is capital-
21 ized”.

1 **TITLE IV—INTEREST RATES**

2 **SEC. 401. INTEREST RATE PROVISIONS FOR NEW FEDERAL**
3 **STUDENT LOANS ON OR AFTER JULY 1, 2024.**

4 Section 455(b) of the Higher Education Act of 1965
5 (20 U.S.C. 1087e(b)) is amended—

6 (1) in paragraph (8)—

7 (A) in the paragraph heading, by inserting
8 “, AND BEFORE JULY 1, 2024” before the period;
9 and

10 (B) by inserting “and before July 1,
11 2024,” after “July 1, 2013,” each place it ap-
12 pears;

13 (2) by redesignating paragraphs (9) and (10)
14 as paragraphs (10) and (11), respectively; and

15 (3) by inserting after paragraph (8) the fol-
16 lowing new paragraph:

17 “(9) INTEREST RATE PROVISIONS FOR NEW
18 LOANS ON OR AFTER JULY 1, 2024.—

19 “(A) RATE FOR FDSL, FDUSL, AND PLUS
20 LOANS.—Notwithstanding the preceding para-
21 graphs of this subsection, for Federal Direct
22 Stafford Loans, Federal Direct Unsubsidized
23 Stafford Loans, and Federal Direct PLUS
24 Loans, for which the first disbursement is made
25 on or after July 1, 2024, the applicable rate of

1 interest shall, for loans disbursed during any
2 12-month period beginning on July 1 and end-
3 ing on June 30, be determined on the preceding
4 June 1 and be equal to the lesser of—

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

8 “(ii) 5.0 percent.

9 “(B) CONSOLIDATION LOANS.—Notwith-
10 standing the preceding paragraphs of this sub-
11 section, any Federal Direct Consolidation Loan
12 for which the application is received on or after
13 July 1, 2024, shall—

14 “(i) bear interest at an annual rate on
15 the unpaid principal balance of the loan
16 that is equal to the lesser of—

17 “(I) the weighted average of the
18 interest rates on the loans consoli-
19 dated, rounded to the nearest higher
20 one-eighth of one percent; or

21 “(II) 5.0 percent; and

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

1 “(I) the amount of the sum of
2 the unpaid principal on the loans con-
3 solidated; divided by

4 “(II) the total amount of such
5 Federal Direct Consolidation Loan.

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

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

18 **SEC. 402. REFINANCING FFEL AND FEDERAL DIRECT**
19 **LOANS.**

20 Part D of title IV of the Higher Education Act of
21 1965 (20 U.S.C. 1087a et seq.) is amended by adding at
22 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, 2024,
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 (e).

9 “(e) 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, 2024; 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.”.

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

24 Part D of title IV of the Higher Education Act of
25 1965 (20 U.S.C. 1087a et seq.), as amended by section

1 402, is further amended by adding at the end the fol-
2 lowing:

3 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**
4 **PROGRAM.**

5 “(a) DEFINITIONS.—In this section:

6 “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—

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

11 “(A) was disbursed to the borrower before
12 July 1, 2024; and

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

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

22 “(3) PRIVATE EDUCATIONAL LENDER.—The
23 term ‘private educational lender’ has the meaning
24 given the term in section 140(a) of the Truth in
25 Lending Act (15 U.S.C. 1650(a)).

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

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

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

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

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

16 “(b) PROGRAM AUTHORIZED.—

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

24 “(A) The loan issued under this program
25 shall be in an amount equal to the sum of the

1 unpaid principal, accrued unpaid interest, and
2 late charges of the private education loan.

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

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

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

22 “(E) The interest rate for each loan made
23 by the Secretary under this section shall be the
24 rate provided under subsection (c).

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

6 “(A) to ensure eligibility only for borrowers
7 in good standing;

8 “(B) to minimize inequities between Fed-
9 eral Direct Refinanced Private Loans and other
10 Federal student loans;

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

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

18 “(c) INTEREST RATE.—

19 “(1) IN GENERAL.—The interest rate for a
20 Federal Direct Refinanced Private Loan is a rate
21 equal to the interest rate determined under section
22 455(b)(9)(A) for the date on which the refinanced
23 private loan is made.

24 “(2) FIXED RATE.—The interest rate deter-
25 mined under this subsection for a Federal Direct

1 Refinanced Private Loan shall be fixed for the pe-
2 riod of the loan.

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

8 “(A) the amount of the unpaid principal of
9 the original loan comprising the Refinanced
10 Private Loan on the date such original loan was
11 refinanced; divided by

12 “(B) the total amount of such Refinanced
13 Private Loan.

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

21 “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-
22 PAYMENT.—A Federal Direct Refinanced Private Loan, or
23 any Federal Direct Consolidation Loan to the extent such
24 loan was used to repay a Federal Direct Refinanced Pri-
25 vate Loan, shall not be eligible for any loan repayment

1 or loan forgiveness program under section 428K, 428L,
2 or 460 or for the loan cancellation repayment plan for
3 public service employees under section 455(m).

4 “(f) PRIVATE EDUCATIONAL LENDER REPORTING
5 REQUIREMENT.—

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

13 “(A) the Secretary;

14 “(B) the Secretary of the Treasury;

15 “(C) the Director of the Consumer Finan-
16 cial Protection Bureau;

17 “(D) the Committee on Education and
18 Labor of the House of Representatives;

19 “(E) the Committee on Financial Services
20 of the House of Representatives;

21 “(F) the Senate Committee on Health,
22 Education, Labor, and Pensions; and

23 “(G) the Senate Committee on Banking,
24 Housing, and Urban Affairs.

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

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

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

11 “(C) The average interest rate on the out-
12 standing private education loan debt held by the
13 lender.

14 “(D) The proportion of private education
15 loan borrowers who are in default on a loan
16 held by the lender.

17 “(E) The proportion of the outstanding
18 private education loan volume held by the lend-
19 er that is in default.

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

23 “(G) The proportions of outstanding pri-
24 vate education loan volume that is 30, 60, and
25 90 days delinquent.

1 “(g) NOTIFICATION TO BORROWERS.—The Sec-
2 retary, in coordination with the Secretary of the Treasury
3 and the Director of the Consumer Financial Protection
4 Bureau, shall undertake a campaign to alert borrowers
5 about the availability of private student loan refinancing
6 under this section.”.