

#15

passed
voice
vote

**AMENDMENT TO H.R. 6
OFFERED BY MR. GRAHAM**

(loan cancellation)

**(Page & line nos. refer to Amendment in the Nature of a
Substitute)**

Page IV-B-52, after line 2, insert the following new section (and redesignate the succeeding sections accordingly):

1 **SEC. 427. CANCELLATION OF LOANS FOR CERTAIN PUBLIC**
2 **SERVICE.**

3 (a) **GUARANTEED LOANS.**—Section 437 is further
4 amended—

5 (1) in the section heading, by striking out the
6 period at the end thereof and inserting in lieu there-
7 of a semicolon and “**LOAN FORGIVENESS FOR**
8 **TEACHING**”;

9 (2) by amending the heading for subsection (c)
10 to read as follows: “**DISCHARGE RELATED TO**
11 **SCHOOL CLOSURE OR FALSE CERTIFICATION.**—”;
12 and

13 (3) by adding at the end thereof the following
14 new subsection:

15 “(e) **CANCELLATION OF LOANS FOR TEACHING.**—

16 “(1) **FUNCTIONS OF SECRETARY.**—The Sec-
17 retary shall discharge the liability of a borrower of

1 a loan made under section 428, 428II, or 428C (to
2 the extent that a loan made under section 428C re-
3 pays a loan made under section 428 or 428II) on or
4 after the date of enactment of the Higher Education
5 Amendments of 1998, to students by repaying the
6 amount owed on the loan, to the extent specified in
7 paragraph (3), for service described in paragraph
8 (2). A loan may not be repaid by the Secretary
9 under this subsection if the loan was obtained to
10 cover the cost of instruction for the first or second
11 year of undergraduate education, and loans may not
12 be repaid to cover such costs for more than two aca-
13 demic years, or three academic years in the case of
14 a program of instruction normally requiring five
15 years. The Secretary shall, by regulation, provide for
16 excluding from repayment that portion of any con-
17 solidation loan representing such indebtedness.

18 “(2) QUALIFYING SERVICE.—A loan shall be
19 discharged under paragraph (1) for service by the
20 borrower as a full-time teacher for each complete
21 academic year of service after completion of the
22 third academic year of service in a public or other
23 nonprofit private elementary or secondary school
24 which is in the school district of a local educational
25 agency which is eligible in such year for assistance

1 pursuant to title I of the Elementary and Secondary
2 Education Act of 1965, and which for the purpose
3 of this paragraph and for that year has been deter-
4 mined by the State educational agency of the State
5 in which the school is located to be a school in which
6 the enrollment of children counted under section
7 1124(c) of the Elementary and Secondary Education
8 Act of 1965 exceeds 30 percent of the total enroll-
9 ment of that school.

10 “(3) RATE OF DISCHARGE.—(A) Loans shall be
11 discharged under paragraph (2) at the rate of—

12 “(i) 30 percent for the first or second com-
13 plete academic year of service as described in
14 paragraph (2) (after completion of three years
15 of service); and

16 “(ii) 40 percent for the third complete year
17 of such service.

18 “(B) The total amount that may be discharged
19 under this subsection for any borrower shall not ex-
20 ceed \$17,750.

21 “(C) If a portion of a loan is discharged under
22 subparagraph (A) for any year, the entire amount of
23 interest on that loan that accrues for that year shall
24 also be discharged by the Secretary.

1 “(D) Nothing in this section shall be construed
2 to authorize refunding of any repayment of a loan.

3 “(4) LIMITATION ON SECONDARY SCHOOL
4 TEACHER ELIGIBILITY.—A borrowers may not re-
5 ceive assistance under this part by virtue of teaching
6 in a secondary school unless such borrower majored
7 in the subject area in which they are teaching.

8 “(5) RULE OF CONSTRUCTION.—The amount of
9 a loan, and interest on a loan, that is canceled under
10 this subsection shall not be considered income for
11 purposes of the Internal Revenue Code of 1986.

12 “(6) PREVENTION OF DOUBLE BENEFITS.—No
13 borrower may, for the same service, receive a benefit
14 under both this subsection and subtitle D of title I
15 of the National and Community Service Act of 1990
16 (42 U.S.C. 12571 et seq.).

17 “(7) METHOD OF PAYMENT.—The Secretary
18 shall specify in regulations the manner in which
19 lenders shall be reimbursed for loans made under
20 this part, or portions thereof, that are discharged
21 under this subsection.

22 “(8) LIST.—If the list of schools in which a
23 teacher may perform service pursuant to paragraph
24 (2) is not available before May 1 of any year, the
25 Secretary may use the list for the year preceding the

1 year for which the determination is made to make
2 such service determination.

3 “(8) CONTINUING ELIGIBILITY.—Any teacher
4 who performs service in a school which—

5 “(A) meets the requirements of paragraph
6 (2) in any year during such service; and

7 “(B) in a subsequent year fails to meet the
8 requirements of such subsection,

9 may continue to teach in such school and shall be
10 eligible for loan cancellation pursuant to paragraph
11 (1) with respect to such subsequent years.”.

Page IV-D-7, after line 3, insert the following new
section (and redesignate the succeeding sections accord-
ingly):

12 **SEC. 441. CANCELLATION OF LOANS FOR CERTAIN PUBLIC**
13 **SERVICE.**

14 Part D of title IV is amended by inserting after sec-
15 tion 458 (20 U.S.C. 1087h) the following new section:

16 **“SEC. 459. CANCELLATION OF LOANS FOR CERTAIN PUBLIC**
17 **SERVICE.**

18 “(a) CANCELLATION OF PERCENTAGE OF DEBT
19 BASED ON YEARS OF QUALIFYING SERVICE.—

20 “(1) IN GENERAL.—The percent specified in
21 paragraph (3) of the total amount of any loan made

1 under this part after the date of enactment of the
2 Higher Education Amendments of 1998 shall be
3 canceled for each complete year of service after such
4 date by the borrower under circumstances described
5 in paragraph (2). A loan may not be canceled by the
6 Secretary under this section if the loan was obtained
7 to cover the cost of instruction for the first or sec-
8 ond year of undergraduate education, and loans may
9 not be repaid to cover such costs for more than two
10 academic years, or three academic years in the case
11 of a program of instruction normally requiring five
12 years. The Secretary shall, by regulation, provide for
13 excluding from cancellation that portion of any con-
14 solidation loan representing such indebtedness.

15 “(2) QUALIFYING SERVICE.—Loans shall be
16 canceled under paragraph (1) for service by the bor-
17 rower as a full-time teacher for each complete aca-
18 demic year of service after completion of the third
19 academic year of service in a public or other non-
20 profit private elementary or secondary school which
21 is in the school district of a local educational agency
22 which is eligible in such year for assistance pursuant
23 to title I of the Elementary and Secondary Edu-
24 cation Act of 1965, and which for the purpose of
25 this paragraph and for that year has been deter-

1 mined by the State educational agency of the State
2 in which the school is located to be a school in which
3 the enrollment of children counted under section
4 1124(c) of the Elementary and Secondary Education
5 Act of 1965 exceeds 30 percent of the total enroll-
6 ment of that school.

7 “(3) PERCENTAGE OF CANCELLATION.—(A)

8 The percent of a loan which shall be canceled under
9 paragraph (1) of this subsection is at the rate of—

10 “(i) 30 percent for the first or second year
11 of such service (after completion of three years
12 of service);

13 “(ii) 40 percent for the third year of such
14 service.

15 “(B) The total amount that may be canceled
16 under this subsection for any borrower shall not ex-
17 ceed \$17,750.

18 “(C) If a portion of a loan is canceled under
19 this subsection for any year, the entire amount of in-
20 terest on such loan which accrues for such year shall
21 be canceled.

22 “(D) Nothing in this section shall be construed
23 to authorize refunding of any repayment of a loan.

24 “(4) LIMITATION ON SECONDARY SCHOOL
25 TEACHER ELIGIBILITY.—A borrowers may not re-

1 receive assistance under this part by virtue of teaching
 2 in a secondary school unless such borrower majored
 3 in the subject area in which they are teaching.

4 “(5) DEFINITION.—For the purpose of this sec-
 5 tion, the term “year” where applied to service as a
 6 teacher means an academic year as defined by the
 7 Secretary.

8 “(6) TREATMENT OF CANCELED AMOUNTS.—
 9 The amount of a loan, and interest on a loan, which
 10 is canceled under this section shall not be considered
 11 income for purposes of the Internal Revenue Code of
 12 1986.

13 “(7) PREVENTION OF DOUBLE BENEFITS.—No
 14 borrower may, for the same volunteer service, receive
 15 a benefit under both this section and subtitle D of
 16 title I of the National and Community Service Act
 17 of 1990 (42 U.S.C. 12571 et seq.).

18 “(b) SPECIAL RULES.—

19 “(1) LIST.—If the list of schools in which a
 20 teacher may perform service pursuant to subsection
 21 (a)(2)(A) is not available before May 1 of any year,
 22 the Secretary may use the list for the year preceding
 23 the year for which the determination is made to
 24 make such service determination.

1 “(2) CONTINUING ELIGIBILITY.—Any teacher
2 who performs service in a school which—

3 “(A) meets the requirements of subsection
4 (a)(2)(A) in any year during such service; and

5 “(B) in a subsequent year fails to meet the
6 requirements of such subsection,

7 may continue to teach in such school and shall be
8 eligible for loan cancellation pursuant to subsection
9 (a)(1) with respect to such subsequent years.”.

Page IV-E-11, strike lines 6 through 9 and insert
the following:

10 (2) OFFSET TO FUND LOAN CANCELLATION.—

11 Any funds in the Perkins Revolving Loan Fund on
12 the date of enactment of this Act shall be available
13 to the Secretary of Education to carry out section
14 437(e) of the Higher Education Act of 1965 (20
15 U.S.C. 1087(e)) as amended by this Act.