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(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

**H. R.**

To streamline and improve the Federal student loan repayment system to protect borrowers and taxpayers.

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IN THE HOUSE OF REPRESENTATIVES

Mr. OWENS (for himself, Mrs. McCLAIN, and Ms. FOXX) introduced the following bill; which was referred to the Committee on

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**A BILL**

To streamline and improve the Federal student loan repayment system to protect borrowers and taxpayers.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Federal Assistance to Initiate Repayment Act” or the  
6 “FAIR Act”.

7 (b) TABLE OF CONTENTS.—The table of contents for  
8 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. References.
- Sec. 3. Return to repayment requirements.
- Sec. 4. Repayment plans.
- Sec. 5. Income-driven repayment assistance plan.
- Sec. 6. Deferment on loans made on or after July 1, 2024.
- Sec. 7. Loan rehabilitation.
- Sec. 8. Limitation on authority of Secretary to propose or issue regulations and executive actions.

1 **SEC. 2. REFERENCES.**

2       Except as otherwise expressly provided, whenever in  
3 this Act an amendment or repeal is expressed in terms  
4 of an amendment to, or repeal of, a section or other provi-  
5 sion, the reference shall be considered to be made to a  
6 section or other provision of the Higher Education Act of  
7 1965 (20 U.S.C. 1001 et seq.).

8 **SEC. 3. RETURN TO REPAYMENT REQUIREMENTS.**

9       (a) BORROWER NOTIFICATION.—

10           (1) NOTICE TO FEDERAL STUDENT LOAN BOR-  
11 ROWERS WHO RECEIVED TEMPORARY RELIEF.—  
12       During the period beginning on the date of the en-  
13 actment of this Act and ending on August 31, 2023,  
14 the Secretary of Education shall provide, through 2  
15 or more methods of communication (including postal  
16 mail, telephone, and electronic communication), a  
17 total of not fewer than 12 notices to each borrower  
18 of any loan made, insured, or guaranteed under title  
19 IV of the Higher Education Act of 1965 (20 U.S.C.  
20 1070 et seq.) indicating—

1 (A) the date on which such borrower is re-  
2 quired to make monthly payments on such a  
3 loan pursuant to section 271 of the Fiscal Re-  
4 sponsibility Act (Public Law 118–5);

5 (B) indicating the borrower’s options for  
6 repayment, including that such borrower may  
7 be eligible to enroll, or may be automatically en-  
8 rolled, as applicable, in an income driven repay-  
9 ment assistance plan under section 494A of the  
10 Higher Education Act of 1965 (as added by  
11 section 5 of this Act), including a brief descrip-  
12 tion of the plan and its associated benefits; and

13 (C) the options available to such a bor-  
14 rower who is in default, including—

15 (i) the option to consolidate or reha-  
16 bilitate the loans under section 428F(a)(5)  
17 (as amended by section 7 of this Act); and

18 (ii) a brief description of the benefits  
19 and consequences of each option.

20 (2) ADDITIONAL NOTIFICATION.—

21 (A) IN GENERAL.—During the period de-  
22 scribed in paragraph (1), and in addition to the  
23 notices required under such subsection, the Sec-  
24 retary of Education shall provide the informa-

1           tion described in subparagraph (B) to each at-  
2           risk borrower.

3           (B) AT-RISK BORROWER OUTREACH.—In  
4           carrying out subparagraph (A), the Secretary of  
5           Education shall provide, in the manner de-  
6           scribed in paragraph (1), a total of not fewer  
7           than 6 notices to each at-risk borrower indi-  
8           cating—

9                   (i) the information described in sub-  
10                  paragraphs (A) through (C) of paragraph  
11                  (1); and

12                  (ii) information specific to such bor-  
13                  rower detailing—

14                       (I) why such borrower is receiv-  
15                       ing the notice; and

16                       (II) the steps such borrower may  
17                       take to avoid delinquency and default.

18           (3) RETURN TO REPAYMENT PORTAL.—Not  
19           later than 30 days after the date of the enactment  
20           of this Act, the Secretary of Education shall—

21                   (A) publish, on a publicly accessible  
22                   website of the Department, an electronic re-  
23                   source portal; and

24                   (B) through the use of such portal—

1 (i) disclose, in an easily searchable  
2 format, the date or dates upon which the  
3 Secretary carried out the borrower notifi-  
4 cations required under paragraphs (1) and  
5 (2);

6 (ii) disclose copies of any final con-  
7 tract modifications (as such term is de-  
8 fined in section 2.101 of title 48, Code of  
9 Federal Regulations) the Secretary pro-  
10 vided to Federal student loan servicers  
11 under contract during the period beginning  
12 March 1, 2020 and ending September 30,  
13 2024, except that proprietary or confiden-  
14 tial information related to such contracts  
15 or contract modifications, including source  
16 selection information (as such term is de-  
17 fined in section 2.101 of title 48, Code of  
18 Federal Regulations) and any information  
19 treated as confidential by such a loan  
20 servicer and obtained by the Secretary for  
21 purposes of such a final contract modifica-  
22 tion, shall be deemed confidential and ex-  
23 empt from disclosure under this clause and  
24 section 552 of title 5, United States Code,  
25 relating to freedom of information;

1 (iii) provide template examples of the  
2 language the Secretary used to carry out  
3 the borrower notifications required under  
4 paragraphs (1) and (2); and

5 (iv) provide examples of social media  
6 posts for public stakeholders who wish to  
7 amplify the Secretary's communications  
8 and provide borrowers with accurate infor-  
9 mation.

10 (4) AT-RISK BORROWER DEFINED.—In this  
11 subsection, the term “at-risk borrower” means a  
12 borrower of a loan described in paragraph (1) that  
13 is held by the Secretary of Education who, with re-  
14 spect to any such loan—

15 (A) on or after March 1, 2020, was as-  
16 signed a new student loan servicer;

17 (B) on or after March 1, 2020, entered re-  
18 payment for the first time;

19 (C) on or after March 1, 2020, was in de-  
20 fault;

21 (D) during the 2-year period preceding  
22 March 1, 2020, missed a payment or payments  
23 for a period of not less than 60 days;

24 (E) submitted an application for one-time  
25 student debt cancellation (as described by the

1 Department of Education in the Federal Reg-  
2 ister on October 12, 2022 (87 Fed. Reg. 61513  
3 et seq.)); or

4 (F) received a refund from the Department  
5 of Education for any payment made during the  
6 period beginning on March 1, 2020, and ending  
7 on August 31, 2023, that, pursuant to a waiver  
8 or modification described by the Department of  
9 Education in the Federal Register on October  
10 12, 2022 (87 Fed. Reg. 61513 et seq.), was not  
11 required.

12 (b) FEDERAL PREEMPTION.—Section 456 (20 U.S.C.  
13 1087f) is amended by adding at the end the following:

14 “(c) FEDERAL PREEMPTION.—

15 “(1) IN GENERAL.—Covered activities shall not  
16 be subject to any law or other requirement of any  
17 State or political subdivision of a State with respect  
18 to—

19 “(A) disclosure requirements;

20 “(B) requirements or restrictions on the  
21 content, time, quantity, or frequency of commu-  
22 nications with borrowers, endorsers, or ref-  
23 erences with respect to such loans; or

1           “(C) any other requirement relating to the  
2           servicing or collection of a loan made under this  
3           title.

4           “(2) COVERED ACTIVITIES DEFINED.—In this  
5           subsection, the term ‘covered activities’ means any  
6           of the following activities, as carried out by a quali-  
7           fied entity:

8           “(A) Origination of a loan made under this  
9           title.

10          “(B) Servicing of a loan made under this  
11          title.

12          “(C) Collection of a loan made under this  
13          title.

14          “(D) Any other activity related to the ac-  
15          tivities described in subparagraphs (A) through  
16          (C).”.

17          (e) PROCUREMENT FLEXIBILITY.—Section 142 (20  
18          U.S.C. 1018a) is amended—

19                 (1) by redesignating subsection (l) as subsection  
20                 (m); and

21                 (2) by inserting after subsection (k) the fol-  
22                 lowing:

23                 “(1) GUIDANCE TO STUDENT LOAN SERVICERS.—

24                         “(1) IN GENERAL.—In notifying a student loan  
25                         servicer of a final contract modification (as such



1 term is defined in section 2.101 of title 48, Code of  
2 Federal Regulations) that instructs such loan  
3 servicer to perform a function that is new or dif-  
4 ferent from a function such servicer performs pursu-  
5 ant to an existing contract, the PBO shall, not later  
6 than 30 days before such contract change takes ef-  
7 fect, provide such servicers with written guidance in  
8 the form of—

9 “(A) a change order (as such term is de-  
10 fined in section 2.101 of title 48, Code of Fed-  
11 eral Regulations);

12 “(B) a dear colleague letter; or

13 “(C) an electronic announcement.

14 “(2) NON-BINDING DIRECTIVES.—A student  
15 loan servicer that is notified of a final contract  
16 modification described in paragraph (1) and receives  
17 guidance in a form other than a form described in  
18 paragraph (1) (including through emails or phone  
19 calls) shall not be subject to such contract modifica-  
20 tion.”.

21 (d) REQUIREMENTS RELATING TO ANNUAL BO-  
22 NUSES OF PERFORMANCE-BASED ORGANIZATION OFFI-  
23 CERS.—Section 141 (20 U.S.C. 1018) is amended—

24 (1) in subsection (c)(4)—

1 (A) in subparagraph (A), by striking  
2 “and” at the end;

3 (B) in subparagraph (B), by striking the  
4 period at the end and inserting “; and”; and

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

6 “(C) that the Department has carried out  
7 the borrower notifications required under sec-  
8 tion 3(a) of the FAIR Act.”;

9 (2) by amending subsection (d)(5)(B) to read  
10 as follows:

11 “(B) BONUS.—

12 “(i) IN GENERAL.—In addition, sub-  
13 ject to clause (ii), the Chief Operating Of-  
14 ficer may receive a bonus in an amount  
15 that does not exceed 50 percent of such  
16 annual rate of basic pay, based upon the  
17 Secretary’s evaluation of the Chief Oper-  
18 ating Officer’s performance in relation to  
19 the goals set forth in the performance  
20 agreement described in paragraph (4).

21 “(ii) EXCEPTION.—In the case of a  
22 year in which the Department does not  
23 carry out the activities required under sec-  
24 tion 3(a) of the FAIR Act or comply with  
25 the requirements of sections 142(l) or

1           456(c), the Chief Operating Officer may  
2           not receive a bonus described in clause  
3           (i).”; and

4           (3) by amending subsection (e)(3)(B) to read as  
5 follows:

6           “(B) BONUS.—

7                   “(i) IN GENERAL.—In addition, sub-  
8           ject to clause (ii), a senior manager may  
9           receive a bonus in an amount such that the  
10          manager’s total annual compensation does  
11          not exceed 125 percent of the maximum  
12          rate of basic pay for the Senior Executive  
13          Service, including any applicable locality-  
14          based comparability payment, based upon  
15          the Chief Operating Officer’s evaluation of  
16          the manager’s performance in relation to  
17          the goals set forth in the performance  
18          agreement described in paragraph (2).

19                   “(ii) EXCEPTION.—In the case of a  
20          year in which the Department does not  
21          carry out the activities required under sec-  
22          tion 3(a) of the FAIR Act or comply with  
23          the requirements of sections 142(l) or  
24          456(c), the senior manager may not re-  
25          ceive a bonus described in clause (i).”.

1 **SEC. 4. REPAYMENT PLANS.**

2 (a) DIRECT LOANS.—Section 455(d) (20 U.S.C.  
3 1087e(d)) is amended by adding at the end the following:

4 “(6) REPAYMENT PLANS FOR LOANS IN REPAY-  
5 MENT ON OR AFTER JULY 1, 2023.—

6 “(A) DESIGN AND SELECTION.—Notwith-  
7 standing paragraph (1), and subject to sub-  
8 paragraph (E), beginning on July 1, 2023, the  
9 Secretary shall offer a borrower of a loan made  
10 under this part two plans for repayment of such  
11 loan, including principal and interest on the  
12 loan. The borrower shall be entitled to accel-  
13 erate, without penalty, repayment on such  
14 loans. The borrower may choose—

15 “(i) a standard repayment plan with a  
16 fixed monthly repayment amount paid over  
17 a fixed period of time, not to exceed 10  
18 years; or

19 “(ii) an income-driven repayment as-  
20 sistance plan under section 494A.

21 “(B) SELECTION BY SECRETARY.—If such  
22 borrower does not select a repayment plan de-  
23 scribed in subparagraph (A), the Secretary shall  
24 provide the borrower with the repayment plan  
25 described in subparagraph (A)(i).

26 “(C) CHANGES IN SELECTION.—

1           “(i) IN GENERAL.—Subject to clause  
2           (ii), a borrower may change the borrower’s  
3           selection of a repayment plan under sub-  
4           paragraph (A), or the Secretary’s selection  
5           of a plan for the borrower under subpara-  
6           graph (B), as the case may be. Nothing in  
7           this subsection shall prohibit the Secretary  
8           from encouraging distressed borrowers  
9           from enrolling in the income-driven repay-  
10          ment assistance plan under section 494A.

11          “(ii) SAME REPAYMENT PLAN RE-  
12          QUIRED.—All loans made under this part  
13          on or after July 1, 2023, to a borrower  
14          shall be repaid under the same repayment  
15          plan under subparagraph (A), except that  
16          the borrower may repay an excepted PLUS  
17          loan or an excepted consolidation loan (as  
18          such terms are defined in section 494A)  
19          separately from other loans made under  
20          this part to the borrower.

21          “(D) REPAYMENT AFTER DEFAULT.—The  
22          Secretary may require a borrower who has de-  
23          faulted on a loan made under this part to—

24                 “(i) pay all reasonable collection costs  
25                 associated with such loan; and

1 “(ii) repay the loan pursuant to the  
2 income-driven repayment assistance plan  
3 under section 494A.

4 “(E) RULES FOR EXISTING BORROWERS.—

5 “(i) EXISTING BORROWERS IN STAND-  
6 ARD OR GRADUATED PLANS.—A borrower  
7 who, as of the day before the date of en-  
8 actment of FAIR Act, was repaying a loan  
9 made under this part pursuant to a plan  
10 described in subparagraph (A), (B), or (C)  
11 of paragraph (1) may—

12 “(I) continue to repay such loan  
13 pursuant to such plan; or

14 “(II) choose to repay such loan  
15 pursuant to a plan described in clause  
16 (i) or (ii) of subparagraph (A).

17 “(ii) OTHER EXISTING BORROWERS.—

18 With respect to a borrower who, as of the  
19 day before the date of enactment of FAIR  
20 Act, was repaying a loan made under this  
21 part pursuant to a plan described in sub-  
22 paragraph (D) or (E) of paragraph (1),  
23 the Secretary shall, pursuant to section  
24 494A(b), enroll such borrower into the in-

1           come-driven repayment assistance plan  
2           under section 494A.

3           “(F) PROHIBITION.—Except as provided  
4           in subparagraph (E), the Secretary may not—

5                   “(i) authorize a borrower of a loan  
6                   made under this part to repay such loan  
7                   pursuant to a repayment plan that is not  
8                   described in clause (i) or (ii) of subpara-  
9                   graph (A); or

10                   “(ii) carry out or modify a repayment  
11                   plan that is not described in such clause (i)  
12                   or (ii).”.

13       (b) FFEL LOANS.—Section 428(b)(9) is amended—

14           (1) in subparagraph (A)—

15                   (A) in clause (iv), by striking “and” at the  
16                   end;

17                   (B) in clause (v), by striking the period at  
18                   the end and inserting “; and”;

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

20                           “(vi) for any borrower repaying, on or  
21                           after July 1, 2023, a loan made, insured,  
22                           or guaranteed under this part—

23                                   “(I) in the case of a borrower  
24                                   who, as of the day before the date of  
25                                   enactment of FAIR Act, was repaying

1           such loan pursuant to a plan de-  
2           scribed in clause (i), (ii), (iii), or (iv),  
3           continuing to repay such loan pursu-  
4           ant to such plan; or

5                   “(II)(aa) an income-driven repay-  
6           ment assistance plan under section  
7           494A; or

8                   “(bb) the standard repayment  
9           plan described in clause (i).”;

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

11                   “(C) REPAYMENT PLANS FOR LOANS IN  
12           REPAYMENT ON OR AFTER JULY 1, 2023.—

13                   “(i) CHANGES IN SELECTION.—In the  
14           case of any borrower not described in sub-  
15           paragraph (A)(vi)(I), the borrower may  
16           change the borrower’s selection of a repay-  
17           ment plan under subparagraph (A)(vi)(II).  
18           Nothing in this subsection shall prohibit  
19           the lender from encouraging distressed  
20           borrowers from enrolling in the income-  
21           driven repayment assistance plan under  
22           section 494A.

23                   “(ii) TREATMENT OF CERTAIN BOR-  
24           ROWERS.—With respect to a borrower who,  
25           as of the day before the date of enactment



1 of the FAIR Act was repaying a loan  
2 made, insured, or guaranteed under this  
3 part pursuant to a plan described in sub-  
4 paragraph (A)(v), the Secretary shall, pur-  
5 suant to section 494A(b), enroll such bor-  
6 rower into an income-driven repayment as-  
7 sistance plan under section 494A.

8 “(iii) REPAYMENT AFTER DEFAULT.—  
9 The Secretary may require a borrower who  
10 has defaulted on a loan made, insured, or  
11 guaranteed under this part to—

12 “(I) pay all reasonable collection  
13 costs associated with such loan; and

14 “(II) repay the loan pursuant to  
15 the income-driven repayment assist-  
16 ance plan under section 494A.

17 “(iv) PROHIBITION.—The Secretary  
18 may not—

19 “(I) authorize a borrower of a  
20 loan made, insured, or guaranteed  
21 under this part to repay such loan  
22 pursuant to a repayment plan that is  
23 not described in subparagraph (A)(vi);  
24 or

1                   “(II) carry out or modify a re-  
2                   payment plan that is not described in  
3                   subparagraph (A)(vi).”.

4           (c) FEDERAL DIRECT CONSOLIDATION LOANS.—Sec-  
5   tion 428C (20 U.S.C. 1078–3) is amended—

6           (1) in subsection (a)(3)(B)(i)(V)(aa), by strik-  
7           ing “or income-based repayment” and inserting “,  
8           income-based repayment, or income-driven repay-  
9           ment assistance under section 494A”; and

10          (2) in subsection (c)—

11           (A) in paragraph (2)(A)—

12           (i) in the first sentence, by inserting  
13           “, or a schedule for income-driven repay-  
14           ment assistance under section 494A,” after  
15           “schedules”; and

16           (ii) in the second sentence, by insert-  
17           ing “or by the terms of repayment pursu-  
18           ant to income-driven repayment assistance  
19           under section 494A,” after “subsection  
20           (b)(5)”; and

21           (B) in paragraph (3)—

22           (i) in subparagraph (A), by inserting  
23           “or an income-driven repayment assistance  
24           schedule under section 494A” after “sec-  
25           tion 493C”; and

1 (ii) in subparagraph (C), by inserting  
2 “or an income-based repayment assistance  
3 schedule under section 494A” after “sec-  
4 tion 493C”.

5 (d) REPAYMENT INCENTIVES.—

6 (1) AMENDMENT.—Section 455(b)(9)(C) (20  
7 U.S.C. 1087e(b)(9)(C)) is amended by inserting  
8 “(which in the case of a loan for which the first dis-  
9 bursement of principal is made on or after July 1,  
10 2023, may not exceed than 0.25 percentage points)”  
11 after “interest rate reduction”.

12 (2) APPLICATION OF AMENDMENT.—The  
13 amendment made by this section shall not apply to  
14 any borrower who is a student enrolled in a program  
15 of study at an institution of higher education (as de-  
16 fined in section 102 of the Higher Education Act of  
17 1965 (20 U.S.C. 1002)) as of June 30, 2023, or any  
18 loans made under part D of title IV of the Higher  
19 Education Act of 1965 (20 U.S.C. 1087a et seq.) to  
20 (or on behalf of) such student, during the period re-  
21 quired for the completion of such program.

22 (e) OTHER CONFORMING AMENDMENTS.—

23 (1) DEPARTMENTAL PUBLICATION OF DESCRIP-  
24 TIONS OF ASSISTANCE PROGRAMS.—The third sen-  
25 tence of section 485(d)(1) is amended—

1 (A) by striking “income-sensitive and in-  
2 come-based repayment plans for loans made, in-  
3 sured or guaranteed under part B” and insert-  
4 ing “income-sensitive repayment plans and an  
5 income-driven repayment plan under section  
6 494A for loans made, insured or guaranteed  
7 under part B”; and

8 (B) by striking “and income-contingent”  
9 and all that follows through “under part D”  
10 and inserting “and an income-driven repayment  
11 assistance plan under section 494A for loans  
12 made under part D”.

13 (2) PSLF.—Section 455(m)(1)(A) (20 U.S.C.  
14 1087e(m)(1)(A)) is amended—

15 (A) by striking “or” at the end of clause  
16 (iii);

17 (B) in clause (iv), by striking “and” and  
18 inserting “or”; and

19 (C) by inserting at the end the following:

20 “(v) payments under an income-driven  
21 repayment assistance plan under section  
22 494A; and”.

1 **SEC. 5. INCOME-DRIVEN REPAYMENT ASSISTANCE PLAN.**

2 (a) ESTABLISHMENT OF NEW PLAN.—Part G of title  
3 IV (20 U.S.C. 1088 et seq.) is amended by adding at the  
4 end the following:

5 **“SEC. 494A. INCOME-DRIVEN REPAYMENT ASSISTANCE**  
6 **PROGRAM.**

7 “(a) IN GENERAL.—Notwithstanding any other pro-  
8 vision of this Act, the Secretary shall carry out a program  
9 under which—

10 “(1) a borrower of any loan made, insured, or  
11 guaranteed under part B or D (other than an ex-  
12 cepted PLUS loan or excepted consolidation loan),  
13 may elect to have the borrower’s aggregate monthly  
14 payment for all such loans not exceed the applicable  
15 monthly payment for the borrower, except that a  
16 borrower may not be precluded from repaying an  
17 amount that exceeds such applicable monthly pay-  
18 ment for any month;

19 “(2) the Secretary shall apply the borrower’s  
20 monthly payment under this section first toward in-  
21 terest due on such a loan, next toward any fees due  
22 on the loan, and then toward the principal of the  
23 loan;

24 “(3) any principal due and not paid under  
25 paragraph (2) shall be deferred;

1           “(4) the amount of time the borrower makes  
2           monthly payments under paragraph (1) may exceed  
3           10 years;

4           “(5) the Secretary provides the repayment as-  
5           sistance for distressed borrowers described in sub-  
6           section (c);

7           “(6) the Secretary shall repay or cancel any  
8           outstanding balance of principal and interest due on  
9           all loans made under part B or D (other than ex-  
10          cepted PLUS loans or excepted consolidation loans)  
11          to a borrower—

12                   “(A) who, at any time, elected to partici-  
13                   pate in income-driven repayment assistance  
14                   under paragraph (1);

15                   “(B) whose final monthly payment for  
16                   such loans prior to the loan cancellation under  
17                   this paragraph was made under such income-  
18                   driven repayment assistance; and

19                   “(C) who has repaid on such loans (pursu-  
20                   ant to income-driven repayment assistance  
21                   under paragraph (1), a standard repayment  
22                   plan under section 428(b)(9)(A)(i) or  
23                   455(d)(6)(A)(i), or a combination of any such  
24                   plan or any of the repayment plans listed in  
25                   clauses (i) through (iv) of section

1           493C(b)(7)(B), or in the case of a consolidation  
2           loan, pursuant to a repayment schedule de-  
3           scribed clause (i)(II) of this subparagraph) an  
4           amount that is equal to—

5                   “(i)(I) the total amount of principal  
6                   and interest that the borrower would have  
7                   repaid under a standard repayment plan  
8                   under section 428(b)(9)(A)(i), or para-  
9                   graph (1)(A) or (6)(A)(i) of section  
10                  455(d), based on a 10-year repayment pe-  
11                  riod, when the borrower entered repayment  
12                  on such loans; or

13                   “(II) in the case of a Federal Direct  
14                   Consolidation Loan or loans made under  
15                   section 428C, the total amount of principal  
16                   and interest that the borrower would have  
17                   repaid under the repayment schedule es-  
18                   tablished for the loan under section  
19                   428C(c)(2) on the date on which such loan  
20                   was made; plus

21                   “(ii) an amount equal to the amount  
22                   of any unpaid interest that has accrued,  
23                   but was not included in the calculation of  
24                   the total amount of principal and interest  
25                   that would have been repaid under the

1 standard repayment plan or schedule de-  
2 scribed in clause (i)—

3 “(I) during any deferment period  
4 described in clause (i) or (ii) of sec-  
5 tion 455(f)(2)(A) or during any period  
6 of deferment under subparagraph (A)  
7 or (B) of section 460A(b)(1); and

8 “(II) during any forbearance pe-  
9 riod while serving in a medical or den-  
10 tal internship or residency program as  
11 described in section 428(c)(3)(A)(i)(I)  
12 or subparagraph (F) of section  
13 460A(b)(1);

14 “(7) in repaying under paragraph (6) the out-  
15 standing balance of principal and interest due on a  
16 loan made under part B to a borrower who meets  
17 the requirements of paragraph (6), the Secretary  
18 shall—

19 “(A) enter into an agreement with the  
20 holder of such loan (or, if the holder acts as an  
21 eligible lender trustee for the beneficial owner  
22 of the loan, the beneficial owner of the loan) for  
23 the purpose of assuming the repayment obliga-  
24 tions of the borrower in accordance with sub-  
25 paragraph (B), except that the Secretary shall



1 not assign to the United States the right to  
2 such loan;

3 “(B) assume the obligation of the borrower  
4 to repay the holder of such loan (or, if the hold-  
5 er acts as an eligible lender trustee for the ben-  
6 efiticial owner of the loan, the beneficial owner of  
7 the loan) the total amount of principal and in-  
8 terest remaining to be repaid on such loan  
9 (after taking into account the amounts repaid  
10 by the borrower pursuant to paragraph (6) and  
11 the Secretary under subsection (e), if applica-  
12 ble) according to the terms and conditions, in-  
13 cluding the repayment schedule, that were in ef-  
14 fect with respect to such loan on the day before  
15 the Secretary assumes such obligation; and

16 “(C) ensure that the holder of such loan  
17 (or, if the holder acts as an eligible lender  
18 trustee for the beneficial owner of the loan, the  
19 beneficial owner of the loan) shall, upon enter-  
20 ing into an agreement described in subpara-  
21 graph (A) with respect to a loan of a borrower,  
22 reports to consumer reporting agencies that the  
23 borrower’s liability on such loan has been dis-  
24 charged;

1           “(8) a borrower who is repaying a loan pursu-  
2           ant to income-driven repayment under paragraph (1)  
3           may elect, at any time, to terminate repayment pur-  
4           suant to such income-driven repayment assistance  
5           and repay such loan under the standard repayment  
6           plan under section 455(d)(6)(A)(i);

7           “(9) in the case of a borrower who, as of the  
8           date before the date of enactment of the FAIR Act,  
9           was repaying any loan made, insured, or guaranteed  
10          under part B or D (other than an excepted PLUS  
11          loan or excepted consolidation loan) pursuant to an  
12          income-based repayment plan described in section  
13          493C or an income-contingent repayment plan de-  
14          scribed in section 455(d)(1)(D), which has a term or  
15          condition (including a term or condition related to  
16          loan forgiveness or cancellation, required monthly  
17          payments, or interest subsidies) that is more favor-  
18          able for such borrower than a similar term or condi-  
19          tion under the income-driven repayment assistance  
20          plan under paragraph (1), the Secretary shall apply  
21          the more favorable term or condition to the income-  
22          driven repayment assistance plan under paragraph  
23          (1) pursuant to which the borrower is repaying such  
24          loan, in lieu of the similar, less favorable term or  
25          condition; and

1           “(10) the special allowance payment to a lender  
2           calculated under section 438, when calculated for a  
3           loan in repayment under this section, shall be cal-  
4           culated on the principal balance of the loan and on  
5           any accrued interest unpaid by the borrower in ac-  
6           cordance with this section.

7           “(b) ELIGIBILITY DETERMINATIONS AND NOTIFICA-  
8           TION REQUIREMENT.—The Secretary shall establish and  
9           implement with respect to any borrower who is (or will  
10          be) repaying a loan pursuant to income-driven repayment  
11          assistance under this section, procedures to—

12           “(1) enroll into such income-driven repayment  
13          assistance plan, any borrower who, as of the date be-  
14          fore the date of enactment of the FAIR Act, was re-  
15          paying a loan pursuant to an income-based repay-  
16          ment plan described in section 493C or an income-  
17          contingent repayment plan described in section  
18          455(d)(1)(D), without further action from the bor-  
19          rower, other than any action related to compliance  
20          with the recertification requirements applicable to  
21          the borrower under section 494(a)(4)(B);

22           “(2) notify the borrower of the terms and con-  
23          ditions of such plan;

24           “(3) use return information disclosed under sec-  
25          tion 6103(l)(13) of the Internal Revenue Code of

1 1986, pursuant to approval provided under section  
2 494, to determine the repayment obligation of the  
3 borrower without further action by the borrower;

4 “(4) allow the borrower (or the spouse of the  
5 borrower), at any time, to opt out of disclosure  
6 under such section 6103(l)(13) and instead provide  
7 such information as the Secretary may require to de-  
8 termine the repayment obligation of the borrower (or  
9 withdraw from the repayment plan under this sec-  
10 tion); and

11 “(5) provide the borrower with an opportunity  
12 to update the return information so disclosed before  
13 the determination of the repayment obligation of the  
14 borrower.

15 “(c) REPAYMENT ASSISTANCE FOR DISTRESSED  
16 BORROWERS.—

17 “(1) EXCESSIVE INTEREST.—For each month  
18 for which a borrower’s aggregate monthly payment  
19 under this section is insufficient to pay the total  
20 amount of interest that accrues on a loan for the  
21 month, the amount of interest accrued and not paid  
22 for the month shall be subtracted from the total  
23 amount of interest due on such loan for the month.

24 “(2) REPAYMENT CREDIT.—For each month  
25 for which a borrower’s aggregate monthly payment

1           under this section repays an amount due on an indi-  
2           vidual loan that is less than twice the total amount  
3           of interest that accrues on such loan for the month,  
4           the amount of the total principal due on such loan  
5           shall be reduced by an amount equal to half of the  
6           monthly payment under this section on such loan for  
7           the month.

8           “(3) APPLICATION TO BORROWERS WITH CER-  
9           TAIN ADJUSTED GROSS INCOMES.—With respect to  
10          any borrower whose adjusted gross income exceeds  
11          300 percent of the poverty line applicable to the bor-  
12          rower’s family size as determined under section  
13          673(2) of the Community Services Block Grant Act  
14          (42 U.S.C. 9902(2)), paragraph (1) or (2) may only  
15          apply to such borrower for any month in which the  
16          borrower’s aggregate monthly payment under this  
17          section is equal to or greater than the amount ob-  
18          tained by applying subsection (e)(2) by substituting  
19          ‘15 percent’ for ‘10 percent’ with respect to such  
20          borrower.

21          “(d) PROHIBITION.—In carrying out the require-  
22          ments of subsection (a)(7), the Secretary may not—

23                 “(1) revoke the rights to a special allowance  
24                 under section 438 of the holder (or, if the holder  
25                 acts as an eligible lender trustee for the beneficial

1 owner of the loan, the beneficial owner of the loan)  
2 of the loans being repaid by the Secretary under  
3 subsection (a)(7);

4 “(2) prepay any such loan ahead of the loan’s  
5 repayment schedule referenced in subsection  
6 (a)(7)(B); or

7 “(3) use any authority or take any actions be-  
8 yond what is authorized explicitly in subsection  
9 (a)(7).

10 “(e) DEFINITIONS.—In this section:

11 “(1) ADJUSTED GROSS INCOME.—The term ‘ad-  
12 justed gross income’ has the meaning given the term  
13 in section 62 of the Internal Revenue Code of 1986.

14 “(2) APPLICABLE MONTHLY PAYMENT.—The  
15 term ‘applicable monthly payment’ means, when  
16 used with respect to a borrower, the amount ob-  
17 tained by dividing by 12, 10 percent of the result ob-  
18 tained by calculating, on at least an annual basis,  
19 the amount by which—

20 “(A) the adjusted gross income of the bor-  
21 rower or, if the borrower is married and files a  
22 Federal income tax return jointly with or sepa-  
23 rately from the borrower’s spouse, the adjusted  
24 gross income of the borrower and the bor-  
25 rower’s spouse; exceeds

1           “(B) 150 percent of the poverty line appli-  
2           cable to the borrower’s family size as deter-  
3           mined under section 673(2) of the Community  
4           Services Block Grant Act (42 U.S.C. 9902(2)).

5           “(3) EXCEPTED CONSOLIDATION LOAN.—The  
6           term ‘excepted Consolidation Loan’ means a Federal  
7           Direct Consolidation Loan, if the proceeds of such  
8           loan were used to the discharge the liability on—

9                   “(A) an excepted PLUS loan; or

10                   “(B) a Federal Direct Consolidation loan,  
11           if the proceeds of such loan were used to dis-  
12           charge the liability on an excepted PLUS loan.

13           “(4) EXCEPTED PLUS LOAN.—The term ‘ex-  
14           cepted PLUS Loan’ has the meaning given the term  
15           in section 493C.”.

16           (b) PROCEDURE AND REQUIREMENTS FOR REQUEST-  
17           ING TAX RETURN INFORMATION FROM THE IRS.—Sec-  
18           tion 494(a) (20 U.S.C. 1098h(a)) is amended by adding  
19           at the end the following:

20                   “(4) INCOME-DRIVEN REPAYMENT ASSISTANCE  
21           FOR LOANS IN REPAYMENT ON OR AFTER JULY 1,  
22           2023.—

23                   “(A) NEW APPLICANTS.—In the case of  
24           any written or electronic application by an indi-  
25           vidual for an income-driven repayment plan

1 under section 494A for a loan made under part  
2 B or D, the Secretary, with respect to such in-  
3 dividual and any spouse of such individual,  
4 shall—

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

8 “(ii) require, as a condition of eligi-  
9 bility for such repayment plan, that such  
10 individuals—

11 “(I) affirmatively approve the  
12 disclosures described in subclauses (I)  
13 and (II) of paragraph (1)(A)(i), to the  
14 extent applicable, and agree that such  
15 approval shall serve as an ongoing ap-  
16 proval of such disclosures until the  
17 date on which the individual elects to  
18 opt out of such disclosures under sec-  
19 tion 494A(b)(3); or

20 “(II) provide such information as  
21 the Secretary may require to confirm  
22 the eligibility of such individual for  
23 such repayment plan.

24 “(B) RECERTIFICATIONS.—In the case of  
25 an individual whom the Secretary enrolls, pur-



1           suant to section 494A(b)(1), in an income-driv-  
2           en repayment assistance plan under section  
3           494A, the Secretary shall meet the require-  
4           ments of clauses (i) and (ii) of subparagraph  
5           (A), with respect to such individual and any  
6           spouse of such individual, for the first written  
7           or electronic recertification of such individual’s  
8           income or family size for purposes of such in-  
9           come-driven repayment assistance plan.”.

10 **SEC. 6. DEFERMENT ON LOANS MADE ON OR AFTER JULY**  
11 **1, 2024.**

12           (a) IN GENERAL.—Part D of title IV (20 U.S.C.  
13 1087e et seq.) is amended by adding at the end the fol-  
14 lowing:

15 **“SEC. 460A. DEFERMENT ON LOANS MADE ON OR AFTER**  
16 **JULY 1, 2024.**

17           “(a) EFFECT ON PRINCIPAL AND INTEREST.—

18                   “(1) IN GENERAL.—

19                           “(A) REQUIREMENTS FOR BORROWERS.—

20                                   Subject to subparagraph (B), a borrower of a  
21                                   loan made under this part on or after July 1,  
22                                   2024—

23   “(i) who meets the requirements de-  
24   scribed in subsection (b) shall be eligible  
25   for a deferment on such loan during which

1 installments of principal need not be paid  
2 and, as specified in paragraph (2), interest  
3 shall not accrue, or shall accrue and be  
4 paid by the borrower; and

5 “(ii) may not be eligible for a  
6 deferment or forbearance under section  
7 455(f) or any other provision of this Act  
8 (other than a forbearance under section  
9 455(l), a forbearance under section  
10 685.205(a) of title 34, Code of Federal  
11 Regulations (or successor regulations), or a  
12 deferment under section 493D).

13 “(B) EXCEPTIONS FOR BORROWERS EN-  
14 ROLLED IN CERTAIN PROGRAMS OF STUDY.—  
15 Any borrower who is student who is enrolled in  
16 a program of study at an institution of higher  
17 education as of June 30, 2024, or any loans  
18 made to (or on behalf of) such borrower, during  
19 the period required for the completion of such  
20 program) shall not be subject to this section

21 “(2) EFFECT ON INTEREST.—

22 “(A) NO ACCRUAL OF INTEREST ON SUB-  
23 SIDIZED LOANS.—With respect to a deferment  
24 period described in subparagraphs (A) through  
25 (D) of subsection (b)(1), or (b)(6) interest—

1 “(i) shall not accrue, in the case of

2 a—

3 “(I) Federal Direct Stafford  
4 Loan; or

5 “(II) a Federal Direct Consolida-  
6 tion Loan that consolidated only Fed-  
7 eral Direct Stafford Loans, or a com-  
8 bination of such loans and Federal  
9 Stafford Loans for which the student  
10 borrower received an interest subsidy  
11 under section 428; or

12 “(ii) shall accrue or be paid by the  
13 borrower, in the case of a Federal Direct  
14 PLUS Loan, a Federal Direct Unsub-  
15 sidized Stafford Loan, or a Federal Direct  
16 Consolidation Loan not described in clause  
17 (i)(II).

18 “(B) INTEREST ACCRUAL ON ALL  
19 LOANS.—With respect to a deferment period de-  
20 scribed in subparagraph (E) or (F) of sub-  
21 section (b)(1), or paragraph (2), (3)(A), or (4),  
22 interest shall accrue or be paid by the borrower,  
23 in the case of any loan made under this part.

24 “(C) NO ACCRUAL OF INTEREST ON ANY  
25 LOAN.—With respect to a deferment period de-

1           scribed in paragraph (3)(B) or paragraph (5),  
2           interest shall not accrue, in the case of any loan  
3           made under this part.

4           “(b) ELIGIBILITY.—Any borrower described in sub-  
5 section (a) shall be eligible for a deferment on a loan made  
6 under this part on or after July 1, 2024—

7           “(1) during any period during which the bor-  
8           rower—

9           “(A) is carrying at least one-half the nor-  
10           mal full-time work load for the course of study  
11           that the borrower is pursuing, as determined by  
12           the eligible institution the borrower is attend-  
13           ing;

14           “(B) is pursuing a course of study pursu-  
15           ant to—

16           “(i) an eligible graduate fellowship  
17           program in accordance with subsection (g);  
18           or

19           “(ii) an eligible rehabilitation training  
20           program for individuals with disabilities in  
21           accordance with subsection (i);

22           “(C) is serving on active duty during a war  
23           or other military operation or national emer-  
24           gency, and for the 180-day period following the  
25           demobilization date for such service;

1           “(D) is performing qualifying National  
2           Guard duty during a war or other military op-  
3           eration or national emergency, and for the 180-  
4           day period following the demobilization date for  
5           such service;

6           “(E) is a member of the National Guard  
7           who is not eligible for a post-active duty  
8           deferment under section 493D and is engaged  
9           in active State duty for a period of more than  
10          30 consecutive days beginning—

11           “(i) the day after 6 months after the  
12           date the student ceases to carry at least  
13           one-half the normal full-time academic  
14           workload (as determined by the institu-  
15           tion); or

16           “(ii) the day after the borrower ceases  
17           enrollment on at least a half-time basis, for  
18           a loan in repayment; or

19           “(F) is serving in a medical or dental in-  
20           ternship or residency program, the successful  
21           completion of which is required to begin profes-  
22           sional practice or service, or is serving in a  
23           medical or dental internship or residency pro-  
24           gram leading to a degree or certificate awarded  
25           by an institution of higher education, a hos-

1           pital, or a health care facility that offers post-  
2           graduate training;

3           “(2) during a period sufficient to enable the  
4           borrower to resume honoring the agreement to repay  
5           the outstanding balance of principal and interest on  
6           the loan after default, if—

7                   “(A) the borrower signs a new agreement  
8                   to repay such outstanding balance;

9                   “(B) the deferment period is limited to  
10                  120 days; and

11                  “(C) such deferment is not granted for  
12                  consecutive periods;

13           “(3) during a period of administrative  
14           deferment—

15                   “(A) described in paragraphs (1) through  
16                   (4) of subsection (j); or

17                   “(B) described in subsection (j)(5);

18           “(4) in the case of a borrower of an excepted  
19           PLUS Loan or an excepted Consolidation Loan,  
20           during a period described in subsection (k);

21           “(5) during a period in which such borrower is  
22           receiving treatment for cancer (in this paragraph re-  
23           ferred to as the ‘treatment period’), and the 6-  
24           month period after such treatment period (in this  
25           paragraph referred to as the ‘post-treatment pe-

1       riod’), except that, notwithstanding subsection (a),  
2       interest shall not accrue during any such treatment  
3       period or post-treatment period; or

4               “(6) during a period, not to exceed an aggregate  
5       of 180 days, in which the borrower—

6                       “(A) is the spouse of a member of the  
7       Armed Forces serving on active duty; and

8                       “(B) has experienced a loss of employment  
9       as a result of relocation to accommodate a permanent  
10      change in duty station of such member.

11      “(c) LENGTH OF DEFERMENT.—A deferment granted  
12      by the Secretary under subparagraph (F) of subsection  
13      (b)(1) shall—

14                       “(1) be renewable at 12 month intervals; and

15                       “(2) equal the length of time remaining in the  
16      borrower’s medical or dental internship or residency  
17      program.

18      “(d) REQUEST AND DOCUMENTATION.—The Secretary  
19      shall determine the eligibility of a borrower for a  
20      deferment—

21                       “(1) under paragraph (1), (2), or (4) of subsection  
22      (b), based on—

23                       “(A) the receipt of a request for a  
24      deferment from the borrower, and documenta-

1           tion of the borrower’s eligibility for the  
2           deferment;

3           “(B) receipt of a completed loan applica-  
4           tion that documents the borrower’s eligibility  
5           for a deferment;

6           “(C) receipt of a student status informa-  
7           tion documenting that the borrower is enrolled  
8           on at least a half-time basis; or

9           “(D) the Secretary’s confirmation of the  
10          borrower’s half-time enrollment status, if the  
11          confirmation is requested by the institution of  
12          higher education; and

13          “(2) under paragraph (6) based on—

14               “(A)(i) evidence that the borrower is the  
15               spouse of a member of the Armed Forces serv-  
16               ing on active duty;

17               “(ii) evidence that a military permanent  
18               change of station order was issued to such  
19               member; and

20               “(iii)(I) evidence that the borrower is eligi-  
21               ble for unemployment benefits due to a loss of  
22               employment resulting from relocation to accom-  
23               modate such permanent change in duty station;  
24               or



1           “(II) a written certification, or an equiva-  
2           lent as approved by the Secretary, that the bor-  
3           rower is registered with a public or private em-  
4           ployment agency due to a loss of employment  
5           resulting from relocation to accommodate such  
6           permanent change in duty station; or

7           “(B) such other documentation as the Sec-  
8           retary determines appropriate.

9           “(e) NOTIFICATION.—The Secretary shall—

10           “(1) notify a borrower of a loan made under  
11           this part—

12           “(A) the granting of a deferment under  
13           this subsection on such loan; and

14           “(B) the option of the borrower to con-  
15           tinue making payments on the outstanding bal-  
16           ance of principal and interest on such loan in  
17           accordance with subsection (f);

18           “(2) at the time the Secretary grants a  
19           deferment to a borrower of a loan made under this  
20           part, and not less frequently than once every 180  
21           days during the period of such deferment, provide  
22           information to the borrower to assist the borrower in  
23           understanding—

1           “(A) the effect of granting a deferment on  
2           the total amount to be paid under the income-  
3           driven repayment plan under 494A;

4           “(B) interest shall not accrue, or shall ac-  
5           crue or be paid by the borrower, as specified in  
6           subsection (a)(2);

7           “(C) the amount of unpaid principal and  
8           the amount of interest that has accrued since  
9           the last statement of such amounts provided to  
10          the borrower; and

11          “(D) the borrower’s option to discontinue  
12          the deferment at any time.

13          “(f) PAYMENTS BY BORROWERS AUTHORIZED.—A  
14          borrower may make payments on the outstanding balance  
15          of principal and interest on a loan made under this part  
16          during any period of deferment granted under this sub-  
17          section.

18          “(g) GRADUATE FELLOWSHIP DEFERMENT.—

19                 “(1) IN GENERAL.—A borrower of a loan under  
20                 this part is eligible for a deferment under subsection  
21                 (b)(1)(B)(i) during any period for which an author-  
22                 ized official of the borrower’s graduate fellowship  
23                 program certifies that the borrower meets the re-  
24                 quirements of paragraph (2) and is pursuing a

1 course of study pursuant to an eligible graduate fel-  
2 lowship program.

3 “(2) BORROWER REQUIREMENTS.—A borrower  
4 meets the requirements of this subparagraph if the  
5 borrower—

6 “(A) holds at least a baccalaureate degree  
7 conferred by an institution of higher education;

8 “(B) has been accepted or recommended  
9 by an institution of higher education for accept-  
10 ance on a full-time basis into an eligible grad-  
11 uate fellowship program; and

12 “(C) is not serving in a medical internship  
13 or residency program, except for a residency  
14 program in dentistry.

15 “(h) TREATMENT OF STUDY OUTSIDE THE UNITED  
16 STATES.—

17 “(1) IN GENERAL.—The Secretary shall treat,  
18 in the same manner as required under section  
19 428(b)(4), any course of study at a foreign univer-  
20 sity that is accepted for the completion of a recog-  
21 nized international fellowship program by the admin-  
22 istrator of such a program as an eligible graduate  
23 fellowship program.

24 “(2) REQUESTS FOR DEFERMENT.—Requests  
25 for deferment of repayment of loans under this sub-

1 section by students engaged in graduate or post-  
2 graduate fellowship-supported study (such as pursu-  
3 ant to a Fulbright grant) outside the United States  
4 shall be approved until completion of the period of  
5 the fellowship, in the same manner as required  
6 under section 428(b)(4).

7 “(i) REHABILITATION TRAINING PROGRAM  
8 DEFERMENT.—A borrower of a loan under this part is  
9 eligible for a deferment under subsection (b)(1)(B)(ii) dur-  
10 ing any period for which an authorized official of the bor-  
11 rower’s rehabilitation training program certifies that the  
12 borrower is pursuing an eligible rehabilitation training  
13 program for individuals with disabilities.

14 “(j) ADMINISTRATIVE DEFERMENTS.—The Secretary  
15 may grant a deferment to a borrower without requiring  
16 a request and documentation from the borrower under  
17 subsection (d) for—

18 “(1) a period during which the borrower was  
19 delinquent at the time a deferment is granted, in-  
20 cluding a period for which scheduled payments of  
21 principal and interest were overdue at the time such  
22 deferment is granted;

23 “(2) a period during which the borrower was  
24 granted a deferment under this subsection but for

1       which the Secretary determines the borrower should  
2       not have qualified;

3           “(3) a period necessary for the Secretary to de-  
4       termine the borrower’s eligibility for the cancellation  
5       of the obligation of the borrower to repay the loan  
6       under section 437;

7           “(4) a period during which the Secretary has  
8       authorized deferment due to a national military mo-  
9       bilization or other local or national emergency; or

10          “(5) a period not to exceed 60 days, during  
11       which interest shall accrue but not be capitalized, if  
12       the Secretary reasonably determines that a suspen-  
13       sion of collection activity is warranted to enable the  
14       Secretary to process supporting documentation relat-  
15       ing to a borrower’s request—

16           “(A) for a deferment under this sub-  
17       section;

18           “(B) for a change in repayment plan under  
19       section 455(d)(6); or

20           “(C) to consolidate loans under this part.

21       “(k) DEFERMENTS FOR EXCEPTED PLUS LOANS OR  
22       EXCEPTED CONSOLIDATION LOANS.—

23           “(1) IN GENERAL.—A qualified borrower shall  
24       be eligible for deferments under paragraphs (3)  
25       through (5).

1           “(2) QUALIFIED BORROWER DEFINED.—In this  
2 subsection, the term ‘qualified borrower’ means a  
3 borrower of an excepted PLUS Loan or an excepted  
4 consolidation loan.

5           “(3) ECONOMIC HARDSHIP DEFERMENT.—

6           “(A) IN GENERAL.—A qualified borrower  
7 shall be eligible for a deferment during periods,  
8 not to exceed 3 years in total, during which the  
9 qualified borrower experiences an economic  
10 hardship described in subparagraph (B).

11           “(B) ECONOMIC HARDSHIP.—An economic  
12 hardship described in this clause is a period  
13 during which the qualified borrower—

14           “(i) is receiving payment under a  
15 means-tested benefit program;

16           “(ii) is employed full-time and the  
17 monthly gross income of the qualified bor-  
18 rower does not exceed the greater of—

19           “(I) the minimum wage rate de-  
20 scribed in section 6 of the Fair Labor  
21 Standards Act of 1938 (29 U.S.C.  
22 206); or

23           “(II) an amount equal to 150  
24 percent of the poverty line; or

1           “(iii) demonstrates that the sum of  
2           the qualified borrower’s monthly payments  
3           on the qualified borrower’s excepted PLUS  
4           Loan or an excepted consolidation loan is  
5           not less than 20 percent of the qualified  
6           borrower’s monthly gross income.

7           “(C) ELIGIBILITY.—To be eligible to re-  
8           ceive a deferment under this subparagraph, a  
9           qualified borrower shall submit to the Sec-  
10          retary—

11           “(i) for the first period of deferment  
12          under this subparagraph, evidence showing  
13          the monthly gross income of the qualified  
14          borrower; and

15           “(ii) for a subsequent period of  
16          deferment that begins less than one year  
17          after the end of a period of deferment  
18          granted under this subparagraph—

19           “(I) evidence showing the month-  
20          ly gross income of the qualified bor-  
21          rower; or

22           “(II) the qualified borrower’s  
23          most recently filed Federal income tax  
24          return, if such a return was filed in  
25          either of the two tax years preceding

1 the year in which the qualified bor-  
2 rower requests the subsequent period  
3 of deferment.

4 “(4) UNEMPLOYMENT DEFERMENT.—

5 “(A) IN GENERAL.—A qualified borrower  
6 shall be eligible for a deferment for periods dur-  
7 ing which the qualified borrower is seeking, and  
8 is unable to find, full-time employment.

9 “(B) ELIGIBILITY.—To be eligible to re-  
10 ceive an deferment under this subparagraph, a  
11 qualified borrower shall submit to the Sec-  
12 retary—

13 “(i) evidence of the qualified bor-  
14 rower’s eligibility for unemployment bene-  
15 fits; or

16 “(ii) for requests submitted after the  
17 initial request, written confirmation, or an  
18 equivalent as approved by the Secretary,  
19 that the qualified borrower has made at  
20 least six diligent attempts during the pre-  
21 ceding six-month period to secure full-time  
22 employment.

23 “(C) TERMS OF DEFERMENT.—The fol-  
24 lowing terms shall apply to a deferment under  
25 this subparagraph:



1           “(i) INITIAL PERIOD.—The first  
2           deferment granted to a qualified borrower  
3           under this subparagraph may be for a pe-  
4           riod of unemployment beginning not more  
5           than 6 months before the date on which  
6           the Secretary receives the qualified bor-  
7           rower’s request for deferment and may be  
8           granted for a period of up to 6 months  
9           after that date.

10           “(ii) RENEWALS.—Deferments under  
11           this subparagraph shall be renewable at 6-  
12           month intervals beginning after the expira-  
13           tion of the first period of deferment under  
14           clause (i). To be eligible to renew a  
15           deferment under this subparagraph, a  
16           qualified borrower shall submit to the Sec-  
17           retary the information described in sub-  
18           paragraph (B)(i).

19           “(iii) AGGREGATE LIMIT.—The period  
20           of all deferments granted to a borrower  
21           under this subparagraph may not exceed 3  
22           years in aggregate.

23           “(5) HEALTH DEFERMENT.—

24           “(A) IN GENERAL.—A qualified borrower  
25           shall be eligible for a deferment during periods

1 in which the qualified borrower is unable to  
2 make scheduled loan payments due to high  
3 medical expenses, as determined by the Sec-  
4 retary.

5 “(B) ELIGIBILITY.—To be eligible to re-  
6 ceive a deferment under this subparagraph, a  
7 qualified borrower shall—

8 “(i) submit to the Secretary docu-  
9 mentation demonstrating that making  
10 scheduled loan payments would be an ex-  
11 treme economic hardship to the borrower  
12 due to high medical expenses, as deter-  
13 mined by the Secretary; and

14 “(ii) resubmit such documentation to  
15 the Secretary not less frequently than once  
16 every 3 months.

17 “(1) PROHIBITIONS.—

18 “(1) PROHIBITION ON FEES.—No administra-  
19 tive fee or other fee may be charged to the borrower  
20 in connection with the granting of a deferment  
21 under this section.

22 “(2) PROHIBITION ON ADVERSE CREDIT RE-  
23 PORTING.—No adverse information relating to a bor-  
24 rower may be reported to a consumer reporting

1 agency solely because of the granting of a deferment  
2 under this section.

3 “(3) LIMITATION ON AUTHORITY.—The Sec-  
4 retary shall not, through regulation or otherwise, au-  
5 thorize additional deferment options or periods of  
6 deferment other than the deferment options and pe-  
7 riods of deferment authorized under this section.

8 “(m) DEFINITIONS.—In this section:

9 “(1) ELIGIBLE GRADUATE FELLOWSHIP PRO-  
10 GRAM.—The term ‘eligible graduate fellowship pro-  
11 gram’, when used with respect to a course of study  
12 pursued by the borrower of a loan under this part,  
13 means a fellowship program that—

14 “(A) provides sufficient financial support  
15 to graduate fellows to allow for full-time study  
16 for at least six months;

17 “(B) requires a written statement from  
18 each applicant explaining the applicant’s objec-  
19 tives before the award of that financial support;

20 “(C) requires a graduate fellow to submit  
21 periodic reports, projects, or evidence of the fel-  
22 low’s progress; and

23 “(D) in the case of a course of study at an  
24 institution of higher education outside the  
25 United States described in section 102, accepts

1           the course of study for completion of the fellow-  
2           ship program.

3           “(2) ELIGIBLE REHABILITATION TRAINING  
4           PROGRAM FOR INDIVIDUALS WITH DISABILITIES.—

5           The term ‘eligible rehabilitation training program  
6           for individuals with disabilities’, when used with re-  
7           spect a course of study pursued by the borrower of  
8           a loan under this part, means a program that—

9                   “(A) is necessary to assist an individual  
10                   with a disability in preparing for, securing, re-  
11                   taining, or regaining employment;

12                   “(B) is licensed, approved, certified, or  
13                   otherwise recognized as providing rehabilitation  
14                   training to disabled individuals by—

15                           “(i) a State agency with responsibility  
16                           for vocational rehabilitation programs,  
17                           drug abuse treatment programs, mental  
18                           health services programs, or alcohol abuse  
19                           treatment programs; or

20                           “(ii) the Secretary of Veterans Af-  
21                           fairs; and

22                   “(C) provides or will provide the borrower  
23                   with rehabilitation services under a written plan  
24                   that—

1                   “(i) is individualized to meet the bor-  
2                   rower’s needs;

3                   “(ii) specifies the date on which the  
4                   services to the borrower are expected to  
5                   end; and

6                   “(iii) requires a commitment of time  
7                   and effort from the borrower that prevents  
8                   the borrower from being employed at least  
9                   30 hours per week, either because of the  
10                  number of hours that must be devoted to  
11                  rehabilitation or because of the nature of  
12                  the rehabilitation.

13                  “(3) EXCEPTED PLUS LOAN; EXCEPTED CON-  
14                  SOLIDATION LOAN.—The terms ‘excepted PLUS  
15                  loan’ and ‘excepted consolidation loan’ have the  
16                  meanings given such terms in section 494A.

17                  “(4) FAMILY SIZE.—The term ‘family size’  
18                  means the number that is determined by counting—

19                         “(A) the borrower;

20                         “(B) the borrower’s spouse;

21                         “(C) the borrower’s children, including un-  
22                         born children who are expected to be born dur-  
23                         ing the period covered by the deferment, if the  
24                         children receive more than half their support  
25                         from the borrower; and

1           “(D) another individual if, at the time the  
2 borrower requests a deferment under this sec-  
3 tion, the individual—

4                   “(i) lives with the borrower;

5                   “(ii) receives more than half of the in-  
6 dividual’s support (which may include  
7 money, gifts, loans, housing, food, clothes,  
8 car, medical and dental care, and payment  
9 of college costs) from the borrower; and

10                   “(iii) is expected to receive such sup-  
11 port from the borrower during the relevant  
12 period of deferment.

13           “(5) FULL-TIME.—The term ‘full-time’, when  
14 used with respect to employment, means employment  
15 for not less than 30 hours per week that is expected  
16 to continue for not less than three months.

17           “(6) MEANS-TESTED BENEFIT PROGRAM.—The  
18 term ‘means-tested benefit program’ means—

19                   “(A) a State public assistance program  
20 under which eligibility for the program’s bene-  
21 fits, or the amount of such benefits, are deter-  
22 mined on the basis of income or resources of  
23 the individual or family seeking the benefit; or

24                   “(B) a mandatory spending program of the  
25 Federal Government, other than a program

1 under this title, under which eligibility for the  
2 program’s benefits, or the amount of such bene-  
3 fits, are determined on the basis of income or  
4 resources of the individual or family seeking the  
5 benefit, and may include such programs as—

6 “(i) the supplemental security income  
7 program under title XVI of the Social Se-  
8 curity Act (42 U.S.C. 1381 et seq.);

9 “(ii) the supplemental nutrition assist-  
10 ance program under the Food and Nutri-  
11 tion Act of 2008 (7 U.S.C. 2011 et seq.);

12 “(iii) the program of block grants for  
13 States for temporary assistance for needy  
14 families established under part A of title  
15 IV of the Social Security Act (42 U.S.C.  
16 601 et seq.);

17 “(iv) the special supplemental nutri-  
18 tion program for women, infants, and chil-  
19 dren established by section 17 of the Child  
20 Nutrition Act of 1966 (42 U.S.C. 1786);  
21 and

22 “(v) other programs identified by the  
23 Secretary.

1           “(7) MONTHLY GROSS INCOME.—The term  
2           ‘monthly gross income’, when used with respect to a  
3           borrower, means—

4                   “(A) the gross amount of income received  
5                   by the borrower from employment and other  
6                   sources for the most recent month; or

7                   “(B) one-twelfth of the borrower’s adjusted  
8                   gross income, as recorded on the borrower’s  
9                   most recently filed Federal income tax return.

10           “(8) RULE OF CONSTRUCTION.—Nothing in  
11           this section shall be construed to impact a bor-  
12           rower’s eligibility to receive the benefit of section  
13           455(o).”.

14           (b) CONFORMING AMENDMENT.—Section 493D(a)  
15           (20 U.S.C. 1098f(a)) is amended by inserting “, or section  
16           460A” after “464(c)(2)(A)(iii)”.

17   **SEC. 7. LOAN REHABILITATION.**

18           (a) IN GENERAL.—Section 428F(a)(5) (20 U.S.C.  
19           1078–6) is amended by striking “one time” and inserting  
20           “two times”.

21           (b) APPLICATION OF AMENDMENT.—The amendment  
22           made by this section shall apply to any borrower of a loan  
23           made, insured, or guaranteed under title IV of the Higher  
24           Education Act of 1965 before, on, or after the date of  
25           enactment of this Act.



1 **SEC. 8. LIMITATION ON AUTHORITY OF SECRETARY TO**  
2 **PROPOSE OR ISSUE REGULATIONS AND EX-**  
3 **ECUTIVE ACTIONS.**

4 (a) IN GENERAL.—Part G of title IV (20 U.S.C.  
5 1088 et seq.) is amended by inserting after section 492  
6 the following:

7 **“SEC. 492A. LIMITATION ON AUTHORITY OF THE SEC-**  
8 **RETARY TO PROPOSE OR ISSUE REGULA-**  
9 **TIONS AND EXECUTIVE ACTIONS.**

10 “(a) DRAFT REGULATIONS.—Beginning after the  
11 date of enactment of this section, a draft regulation imple-  
12 menting this title (as described in section 492(b)(1)) that  
13 is determined by the Secretary to be economically signifi-  
14 cant shall be subject to the following requirements (re-  
15 gardless of whether negotiated rulemaking occurs):

16 “(1) The Secretary shall determine whether the  
17 draft regulation, if implemented, would result in an  
18 increase in a subsidy cost.

19 “(2) If the Secretary determines under para-  
20 graph (1) that the draft regulation would result in  
21 an increase in a subsidy cost, then the Secretary  
22 may take no further action with respect to such reg-  
23 ulation.

24 “(b) PROPOSED OR FINAL REGULATIONS AND EXEC-  
25 UTIVE ACTIONS.—Beginning after the date of enactment  
26 of this section, the Secretary may not issue a proposed

1 rule, final regulation, or executive action implementing  
2 this title if the Secretary determines that the rule, regula-  
3 tion, or executive action—

4 “(1) is economically significant; and

5 “(2) would result in an increase in a subsidy  
6 cost.

7 “(c) RELATIONSHIP TO OTHER REQUIREMENTS.—

8 The analyses required under subsections (a) and (b) shall  
9 be in addition to any other cost analysis required under  
10 law for a regulation implementing this title, including any  
11 cost analysis that may be required pursuant to Executive  
12 Order 12866 (58 Fed. Reg. 51735; relating to regulatory  
13 planning and review), Executive Order 13563 (76 Fed.  
14 Reg. 3821; relating to improving regulation and regu-  
15 latory review), or any related or successor orders.

16 “(d) DEFINITION.—In this section, the term ‘eco-  
17 nomically significant’, when used with respect to a draft,  
18 proposed, or final regulation or executive action, means  
19 that the regulation or executive action is likely, as deter-  
20 mined by the Secretary—

21 “(1) to have an annual effect on the economy  
22 of \$100,000,000 or more; or

23 “(2) adversely to affect in a material way the  
24 economy, a sector of the economy, productivity, com-  
25 petition, jobs, the environment, public health or safe-

1       ty, or State, local, or tribal governments or commu-  
2       nities.”.

3       (b) PROHIBITION ON CERTAIN FINAL RULE.—Ex-  
4       cept as expressly authorized by an Act of Congress, the  
5       Secretary may not implement, administer, or enforce a  
6       final rule that is substantially similar to the proposed rule  
7       on “Improving Income-Driven Repayment for the William  
8       D. Ford Federal Direct Loan Program” published by the  
9       Department of Education in the Federal Register on Jan-  
10      uary 11, 2023 (88 Fed. Reg. 1894 et seq.).