To amend the Higher Education Act of 1965 to halt collection of certain student loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. PRESSLEY introduced the following bill; which was referred to the Committee on ____________________

A BILL

To amend the Higher Education Act of 1965 to halt collection of certain student loans, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Student Debt Emergency Relief Act”.

SEC. 2. PAYMENTS FOR STUDENT LOAN BORROWERS AS A RESULT OF A NATIONAL EMERGENCY.

(a) Payments for Student Loan Borrowers During a National Emergency.—
(1) IN GENERAL.—Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.) is amended by inserting after section 493D the following:

“SEC. 493E. PAYMENTS FOR STUDENT LOAN BORROWERS DURING A NATIONAL EMERGENCY.

“(a) DEFINITIONS.—In this section:

“(1) CORONAVIRUS.—The term ‘coronavirus’ has the meaning given the term in section 506 of the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (Public Law 116–123).

“(2) INCOME-DRIVEN REPAYMENT.—The term ‘income-driven repayment’ means—

“(A) income-based repayment authorized under section 493C for loans made, insured, or guaranteed under part B or part D; or

“(B) income contingent repayment authorized under section 455(e) for loans made under part D.

“(3) INVOLUNTARY COLLECTION.—The term ‘involuntary collection’ means—

“(A) a wage garnishment authorized under section 488A of this Act or section 3720D of title 31, United States Code;
“(B) a reduction of tax refund by amount of debt authorized under section 3720A of title 31, United States Code;

“(C) a reduction of any other Federal benefit payment by administrative offset authorized under section 3716 of title 31, United States Code (including a benefit payment due to an individual under the Social Security Act or any other provision described in subsection (c)(3)(A)(i) of such section); and

“(D) any other involuntary collection activity.

“(4) NATIONAL EMERGENCY.—The term ‘national emergency’ means—

“(A) a public health emergency related to the coronavirus that is declared by the Secretary of Health and Human Services pursuant to section 319 of the Public Health Service Act (42 U.S.C. 247d); or

“(B) a national emergency related to the coronavirus declared by the President under the National Emergencies Act (50 U.S.C. 1601 et seq.).

“(b) NATIONAL EMERGENCY STUDENT LOAN REPAYMENT ASSISTANCE.—
“(1) Authority.—Upon the declaration of a national emergency, the Secretary shall for each borrower of a loan made, insured, or guaranteed under part B, D, or E, pay the total amount due for such month on the loan, based on the payment plan selected by the borrower or the borrower’s loan status.

“(2) No Capitalization of Interest.—With respect to any loan during a national emergency period, interest due on loans made, insured, or guaranteed under part B, D, or E during such period shall not be capitalized at any time during or after the national emergency.

“(3) Applicability of Payments.—Any payment made by the Secretary under this section shall be considered by the Secretary, or by a lender with respect to a loan made, insured, or guaranteed under part B—

“(A) as a qualifying payment under the public service loan forgiveness program under section 455(m), if the borrower would otherwise qualify under such section;

“(B) in the case of a borrower enrolled in an income-driven repayment plan, as a qualifying payment for the purpose of calculating eligibility for loan forgiveness for the borrower in
accordance with section 493C(b)(7) or section 455(d)(1)(D), as the case may be; and

“(C) in the case of a borrower in default,
as an on-time monthly payment for purposes of
loan rehabilitation pursuant to section 428F(a).

“(4) REPORTING TO CONSUMER REPORTING AGENCIES.—During the period in which the Secre-
etary is making payments on a loan under para-
graph (1), the Secretary shall ensure that, for the
purpose of reporting information about the loan to
a consumer reporting agency, any payment made by
the Secretary is treated as if it were a regularly
scheduled payment made by a borrower.

“(5) NOTICE OF PAYMENTS AND PROGRAM.—Not later than 15 days following the date of enact-
ment of the Student Debt Emergency Relief Act,
and monthly thereafter during the period of a na-
tional emergency, the Secretary shall provide a no-
tice to all borrowers of loans made, insured, or guar-
anteed under part B, D, or E—

“(A) informing borrowers of the actions
taken under this section;

“(B) providing borrowers with an easily
accessible method to opt out of the benefits pro-
vided under this section; and
“(C) notifying the borrower that the program under this section is a temporary program and will end after the national emergency ends.

“(6) SUSPENSION OF INVOLUNTARY COLLECTION.—In the event of a national emergency, the Secretary, or other holder of a loan made, insured, or guaranteed under part B, D, or E, shall immediately take action to halt all involuntary collection related to the loan.

“(7) MANDATORY FORBEARANCE.—During the period in which the Secretary is making payments on a loan under paragraph (1), the Secretary, or a lender or guaranty agency for a loan made under part B, shall grant the borrower forbearance, in the form of a temporary cessation of all payments on the loan other than the payments of interest and principal on the loan that are made under that paragraph. In the case of a borrower who is delinquent but who is not yet in default prior to the time when the Secretary begins making payments under paragraph (1), the Secretary, or a lender or guaranty agency for a loan made under part B, shall grant the borrower forbearance retroactively to address any such delinquency.
“(c) Waiver of Interest During National Emergency.—Notwithstanding any other provision of law, the Secretary shall pay any interest that would otherwise be charged or accrue during a national emergency on any loan made, insured, or guaranteed under part B, D, or E.

“(d) Termination and Transition Period.—Secretary shall make payments on a loan under subsection (b)(1) until the Secretary is authorized by Congress to cease making such payments and to terminate the program. Upon the termination of the authority of the Secretary to make payments on a loan under subsection (b)(1), the Secretary shall carry out a program to provide for a transition period of 90 days, beginning on the day the termination of the authority of the Secretary to make payments on a loan under subsection (b)(1), during which—

“(1) the Secretary shall provide not less than 3 notices to borrowers indicating when the borrower’s normal payment obligations will resume; and

“(2) any missed payments by a borrower under part B, D, or E shall not—

“(A) result in fees or penalties; or
“(B) be reported to any consumer reporting agency or otherwise impact the borrower’s credit history.

“(e) Implementation in FFEL Entities.—To facilitate implementation of this section—

“(1) lenders and guaranty agencies holding loans made, insured, or guaranteed under part B shall report, to the satisfaction of the Secretary, information to verify at the borrower level the amount of payments made under this section; and

“(2) the Secretary shall have the authority to establish a payment schedule for purposes of this section for loans made, insured, or guaranteed under part B and not held by the Secretary.

“(f) Waivers.—In carrying out this section, the Secretary may waive the application of—

“(1) subchapter I of chapter 35 of title 44, United States Code;

“(2) the master calendar requirements under section 482;

“(3) negotiated rulemaking under section 492; and

“(4) the requirement to publish the notices related to the system of records of the agency before implementation required under paragraphs (4) and...
(11) of section 552a(e) of title 5, United States Code (commonly known as the ‘Privacy Act of 1974’), except that the notices shall be published not later than 180 days after the date of enactment of the Student Debt Emergency Relief Act.

“(g) AUTHORIZATION OF MANDATORY FUNDING FOR IMPLEMENTATION.—

“(1) IN GENERAL.—There are authorized to be appropriated, and there are appropriated, from amounts in the Treasury not already appropriated—

“(A) $50,000,000 for fiscal year 2020 for the costs associated with implementation and coordination required of this section; and

“(B) such sums as are necessary to provide the payments and interest cancellation provided under this section.

“(2) AVAILABILITY.—Amounts made available under paragraph (1) shall—

“(A) be in addition to any other amounts available to carry out this section; and

“(B) remain available until expended.”.

(2) FFEL AMENDMENT.—Section 428(c)(8) of the Higher Education Act of 1965 (20 U.S.C. 1078(c)(8)) is amended by striking “and for which” and all that follows through “this subsection”.


(b) Minimum Relief for Student Loan Borrowers as a Result of a National Emergency.—

Part G of title IV the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.), as amended by subsection (a), is further amended by inserting after section 493E the following:

“SEC. 493F. Minimum Relief for Student Loan Borrowers as a Result of a National Emergency.

“(a) Minimum Student Loan Relief as a Result of a National Emergency.—Not later than 90 days after termination of the authority of the Secretary to make payments on a loan under section 493(E)(b)(1), the Secretary shall, for each borrower of a loan made under part B, D, or E, apply to the total outstanding balance due on all such loans of the borrower, an amount equal to the lesser of—

“(1) the difference between $30,000 and the total amount of payments made by the Secretary under section 493E(b) on such loans of the borrower during the period of time when the Secretary was authorized to make payments on a loan under section 493E(b)(1); or
“(2) the total amount of outstanding principal and interest due on such loans of the borrower, as of the date of the calculation under this subsection.

“(b) DATA TO IMPLEMENT.—Contractors of the Secretary and lenders and guaranty agencies holding loans made, insured, or guaranteed under part B shall report, to the satisfaction of the Secretary, the information necessary to calculate the amount to be applied under subsection (a).”.

SEC. 3. EXCLUSION FROM GROSS INCOME.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 139H the following new section:

“SEC. 139I. STUDENT LOAN PAYMENTS RESULTING FROM A NATIONAL EMERGENCY.

“Gross income shall not include any payment made on behalf of the taxpayer under section 493E(b)(1) or 493F of the Higher Education Act of 1965.”.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 139H the following new item:

“Sec. 139I. Student loan payments resulting from a national emergency.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.