

[DISCUSSION DRAFT]

117TH CONGRESS
1ST SESSION

H. R. _____

To provide relief for Federal and private student loan borrowers during the COVID–19 pandemic, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. DEAN introduced the following bill; which was referred to the Committee on _____

A BILL

To provide relief for Federal and private student loan borrowers during the COVID–19 pandemic, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Emergency Relief for
5 Student Borrowers Act of 2021”.

1 **SEC. 2. PAYMENTS FOR FEDERAL STUDENT LOAN BOR-**
2 **ROWERS AS A RESULT OF A NATIONAL EMER-**
3 **GENCY.**

4 (a) IN GENERAL.—Part G of title IV of the Higher
5 Education Act of 1965 (20 U.S.C. 1088 et seq.) is amend-
6 ed by inserting after section 493D the following:

7 **“SEC. 493E. PAYMENTS FOR STUDENT LOAN BORROWERS**
8 **DURING THE COVID-19 NATIONAL EMER-**
9 **GENCY.**

10 “(a) DEFINITIONS.—In this section:

11 “(1) CORONAVIRUS.—The term ‘coronavirus’
12 has the meaning given the term in section 506 of the
13 Coronavirus Preparedness and Response Supple-
14 mental Appropriations Act, 2020 (Public Law 116–
15 123).

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

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

21 “(B) income contingent repayment author-
22 ized under section 455(e) for loans made under
23 part D.

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

1 “(A) a wage garnishment authorized under
2 section 488A of this Act or section 3720D of
3 title 31, United States Code;

4 “(B) a reduction of tax refund by amount
5 of debt authorized under section 3720A of title
6 31, United States Code;

7 “(C) a reduction of any other Federal ben-
8 efit payment by administrative offset authorized
9 under section 3716 of title 31, United States
10 Code (including a benefit payment due to an in-
11 dividual under the Social Security Act or any
12 other provision described in subsection
13 (c)(3)(A)(i) of such section); and

14 “(D) any other involuntary collection activ-
15 ity.

16 “(4) COVID–19 EMERGENCY PERIOD.—For
17 purposes of this Act, the term ‘COVID–19 emer-
18 gency period’ means the period that begins upon the
19 date of the enactment of this Act and ends upon the
20 date of the termination by the Federal Emergency
21 Management Administration of the emergency de-
22 clared on March 13, 2020, by the President under
23 the Robert T. Stafford Disaster Relief and Emer-
24 gency Assistance Act (42 U.S.C. 4121 et seq.) relat-

1 ing to the Coronavirus Disease 2019 (COVID–19)
2 pandemic.

3 “(b) COVID–19 NATIONAL EMERGENCY STUDENT
4 LOAN REPAYMENT ASSISTANCE.—

5 “(1) AUTHORITY.—Effective on the date of the
6 enactment of this section, during the COVID–19
7 emergency period and the 6-month period imme-
8 diately following, the Secretary of Education shall
9 for each borrower of a loan made, insured, or guar-
10 anteed under part B, D, or E, pay the total amount
11 due for such month on the loan, based on the pay-
12 ment plan selected by the borrower or the borrower’s
13 loan status.

14 “(2) NO CAPITALIZATION OF INTEREST.—With
15 respect to any loan in repayment during the
16 COVID–19 national emergency period and the 6-
17 month period immediately following, interest due on
18 loans made, insured, or guaranteed under part B, D,
19 or E during such period shall not be capitalized at
20 any time during the COVID–19 national emergency
21 period and the 6-month period immediately fol-
22 lowing.

23 “(3) APPLICABILITY OF PAYMENTS.—Any pay-
24 ment made by the Secretary of Education under this
25 section shall be considered by the Secretary of Edu-

1 cation, or by a lender with respect to a loan made,
2 insured, or guaranteed under part B—

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

7 “(B) in the case of a borrower enrolled in
8 an income-driven repayment plan, as a quali-
9 fying payment for the purpose of calculating eli-
10 gibility for loan forgiveness for the borrower in
11 accordance with section 493C(b)(7) or section
12 455(d)(1)(D), as the case may be; and

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

16 “(4) REPORTING TO CONSUMER REPORTING
17 AGENCIES.—During the period in which the Sec-
18 retary of Education is making payments on a loan
19 under paragraph (1), the Secretary shall ensure
20 that, for the purpose of reporting information about
21 the loan to a consumer reporting agency, any pay-
22 ment made by the Secretary is treated as if it were
23 a regularly scheduled payment made by a borrower.

24 “(5) NOTICE OF PAYMENTS AND PROGRAM.—
25 Not later than 15 days following the date of enact-

1 ment of this section, and monthly thereafter during
2 the COVID–19 national emergency period and the
3 6-month period immediately following, the Secretary
4 of Education shall provide a notice to all borrowers
5 of loans made, insured, or guaranteed under part B,
6 D, or E—

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

9 “(B) providing borrowers with an easily
10 accessible method to opt out of the benefits pro-
11 vided under this section; and

12 “(C) notifying the borrower that the pro-
13 gram under this section is a temporary program
14 and will end 6 months after the COVID–19 na-
15 tional emergency period ends.

16 “(6) SUSPENSION OF INVOLUNTARY COLLEC-
17 TION.—During the COVID–19 national emergency
18 period and the 6-month period immediately fol-
19 lowing, the Secretary of Education, or other holder
20 of a loan made, insured, or guaranteed under part
21 B, D, or E, shall immediately take action to halt all
22 involuntary collection related to the loan.

23 “(7) MANDATORY FORBEARANCE.—During the
24 period in which the Secretary of Education is mak-
25 ing payments on a loan under paragraph (1), the

1 Secretary, or a lender or guaranty agency for a loan
2 made under part B, shall grant the borrower for-
3 bearance as follows:

4 “(A) A temporary cessation of all pay-
5 ments on the loan other than the payments of
6 interest and principal on the loan that are made
7 under paragraph (1).

8 “(B) For borrowers who are delinquent
9 but who are not yet in default before the date
10 on which the Secretary begins making payments
11 under paragraph (1), the retroactive application
12 of forbearance to address any delinquency.”.

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

17 **SEC. 3. PAYMENTS FOR PRIVATE EDUCATION LOAN BOR-**
18 **ROWERS AS A RESULT OF THE COVID-19 NA-**
19 **TIONAL EMERGENCY.**

20 Section 140 of the Truth in Lending Act (15 U.S.C.
21 1650) is amended by adding at the end the following new
22 subsection:

23 “(h) COVID-19 NATIONAL EMERGENCY PRIVATE
24 EDUCATION LOAN REPAYMENT ASSISTANCE.—

1 “(1) AUTHORITY.—Effective on the date of the
2 enactment of this section, for the duration of the
3 COVID–19 emergency period and the 6-month pe-
4 riod immediately following, the Secretary of the
5 Treasury shall, for each borrower of a private edu-
6 cation loan, pay the total amount due for such
7 month on the loan, based on the payment plan se-
8 lected by the borrower or the borrower’s loan status.

9 “(2) NO CAPITALIZATION OF INTEREST.—With
10 respect to any loan in repayment during the
11 COVID–19 national emergency period and the 6-
12 month period immediately following, interest due on
13 a private education loan during such period shall not
14 be capitalized at any time during the COVID–19 na-
15 tional emergency period and the 6-month period im-
16 mediately following.

17 “(3) REPORTING TO CONSUMER REPORTING
18 AGENCIES.—During the period in which the Sec-
19 retary of the Treasury is making payments on a
20 loan under paragraph (1), the Secretary shall ensure
21 that, for the purpose of reporting information about
22 the loan to a consumer reporting agency, any pay-
23 ment made by the Secretary is treated as if it were
24 a regularly scheduled payment made by a borrower.

1 “(4) NOTICE OF PAYMENTS AND PROGRAM.—
2 Not later than 15 days following the date of enact-
3 ment of this subsection, and monthly thereafter dur-
4 ing the COVID–19 national emergency period and
5 the 6-month period immediately following, the Sec-
6 retary of the Treasury shall provide a notice to all
7 borrowers of private education loans—

8 “(A) informing borrowers of the actions
9 taken under this subsection;

10 “(B) providing borrowers with an easily
11 accessible method to opt out of the benefits pro-
12 vided under this subsection; and

13 “(C) notifying the borrower that the pro-
14 gram under this subsection is a temporary pro-
15 gram and will end 6 months after the COVID–
16 19 national emergency period ends.

17 “(5) SUSPENSION OF INVOLUNTARY COLLEC-
18 TION.—During the COVID–19 national emergency
19 period and the 6-month period immediately fol-
20 lowing, the holder of a private education loan shall
21 immediately take action to halt all involuntary col-
22 lection related to the loan.

23 “(6) MANDATORY FORBEARANCE.—During the
24 period in which the Secretary of the Treasury is
25 making payments on a loan under paragraph (1),

1 the servicer of such loan shall grant the borrower
2 forbearance as follows:

3 “(A) A temporary cessation of all pay-
4 ments on the loan other than the payments of
5 interest and principal on the loan that are made
6 under paragraph (1).

7 “(B) For borrowers who are delinquent
8 but who are not yet in default before the date
9 on which the Secretary begins making payments
10 under paragraph (1), the retroactive application
11 of forbearance to address any delinquency.

12 “(7) DATA TO IMPLEMENT.—Holders and
13 servicers of private education loans shall report, to
14 the satisfaction of the Secretary of the Treasury, the
15 information necessary to calculate the amount to be
16 paid under this section.

17 “(8) COVID–19 EMERGENCY PERIOD DE-
18 FINED.—In this subsection, the term ‘COVID–19
19 emergency period’ means the period that begins
20 upon the date of the enactment of this Act and ends
21 upon the date of the termination by the Federal
22 Emergency Management Administration of the
23 emergency declared on March 13, 2020, by the
24 President under the Robert T. Stafford Disaster Re-
25 lief and Emergency Assistance Act (42 U.S.C. 4121

1 et seq.) relating to the Coronavirus Disease 2019
2 (COVID–19) pandemic.”.

3 **SEC. 4. MINIMUM RELIEF FOR FEDERAL AND PRIVATE STU-**
4 **DENT LOAN BORROWERS AS A RESULT OF**
5 **THE COVID–19 NATIONAL EMERGENCY.**

6 (a) MINIMUM STUDENT LOAN RELIEF AS A RESULT
7 OF THE COVID–19 NATIONAL EMERGENCY.—Not later
8 than 270 days after the last day of the COVID–19 emer-
9 gency period, the Secretaries concerned shall jointly carry
10 out a program under which a qualified borrower, with re-
11 spect to the covered loans and private education of loans
12 of such qualified borrower, shall receive in accordance with
13 subsection (c) an amount equal to the lesser of the fol-
14 lowing:

- 15 (1) The total amount of each covered loan and
16 each private education loan of the borrower; or
17 (2) \$10,000.

18 (b) NOTIFICATION OF BORROWERS.—Not later than
19 270 days after the last day of the COVID–19 emergency
20 period, the Secretaries concerned shall notify each quali-
21 fied borrower of—

- 22 (1) the requirements to provide loan relief to
23 such borrower under this section; and
24 (2) the opportunity for such borrower to make
25 an election under subsection (c)(1) with respect to

1 the application of such loan relief to the covered
2 loans and private education loans of such borrower.

3 (c) DISTRIBUTION OF FUNDING.—

4 (1) ELECTION BY BORROWER.—Not later than
5 45 days after a notice is sent under subsection (b),
6 a qualified borrower may elect to apply the amount
7 determined with respect to such borrower under sub-
8 section (a) to—

9 (A) any covered loan of the borrower;

10 (B) any private education loan of the bor-
11 rower; and

12 (C) any combination of the loans described
13 in subparagraphs (A) and (B).

14 (2) AUTOMATIC PAYMENT.—

15 (A) IN GENERAL.—In the case of a quali-
16 fied borrower who does not make an election
17 under paragraph (1) before the date described
18 in such paragraph, the Secretaries concerned
19 shall apply the amount determined with respect
20 to such borrower under subsection (a) in order
21 of the covered loan or private education loan of
22 the qualified borrower with the highest interest
23 rate.

24 (B) EQUAL INTEREST RATES.—In case of
25 two or more covered loans or private education

1 loans described in subparagraph (A) with equal
2 interest rates, the Secretaries concerned shall
3 apply the amount determined with respect to
4 such borrower under subsection (a) first to the
5 loan with the highest principal.

6 (d) DATA TO IMPLEMENT.—

7 (1) SECRETARY OF EDUCATION.—Contractors
8 of the Secretary of Education and lenders and guar-
9 anty agencies holding loans made, insured, or guar-
10 anteed under part B shall report, to the satisfaction
11 of the Secretary of Education, the information nec-
12 essary to calculate the amount to be applied under
13 subsection (a).

14 (2) SECRETARY OF TREASURY.—Holders and
15 servicers of private education loans shall report, to
16 the satisfaction of the Secretary of the Treasury, the
17 information necessary to calculate the amount to be
18 applied under subsection (a).

19 (e) MEMORANDUM OF UNDERSTANDING.—The Sec-
20 retaries concerned shall enter into a memorandum of un-
21 derstanding to carry out this section.

22 (f) DEFINITIONS.—In this section:

23 (1) COVERED LOAN.—The term “covered loan”
24 means—

1 (A) a loan made, insured, or guaranteed
2 under part B of title IV of the Higher Edu-
3 cation Act of 1965 (20 U.S.C. 1071 et seq.);

4 (B) a loan made under part D of title IV
5 of the Higher Education Act of 1965 (20
6 U.S.C. 1087a et seq.); and

7 (C) a Federal Perkins Loan made pursu-
8 ant to part E of title IV of the Higher Edu-
9 cation Act of 1965 (20 U.S.C. 1087aa et seq.).

10 (2) COVID–19 EMERGENCY PERIOD.—For pur-
11 poses of this Act, the term “COVID–19 emergency
12 period” means the period that begins upon the date
13 of the enactment of this Act and ends upon the date
14 of the termination by the Federal Emergency Man-
15 agement Administration of the emergency declared
16 on March 13, 2020, by the President under the Rob-
17 ert T. Stafford Disaster Relief and Emergency As-
18 sistance Act (42 U.S.C. 4121 et seq.) relating to the
19 Coronavirus Disease 2019 (COVID–19) pandemic.

20 (3) PRIVATE EDUCATION LOAN.—The term
21 “private education loan” has the meaning given the
22 term in section 140 of the Truth in Lending Act (15
23 U.S.C. 1650).

1 (4) QUALIFIED BORROWER.—The term “quali-
2 fied borrower” means a borrower of a covered loan
3 or a private education loan.

4 (5) SECRETARIES CONCERNED.—The term
5 “Secretaries concerned” means—

6 (A) the Secretary of Education, with re-
7 spect to covered loans and borrowers of such
8 covered loans; and

9 (B) the Secretary of the Treasury, with re-
10 spect to private education loans and borrowers
11 of such private education loans.

12 **SEC. 5. INCOME SHARE AGREEMENTS.**

13 (a) IN GENERAL.—An individual who entered into an
14 income share agreement to pay for education expenses of
15 the individual shall not be required to make payments
16 under such income share agreement for the duration of
17 the COVID–19 emergency period and the 6-month period
18 immediately following.

19 (b) COVID–19 EMERGENCY PERIOD.—In this sec-
20 tion, the term “COVID–19 emergency period” means the
21 period that begins upon the date of the enactment of this
22 Act and ends upon the date of the termination by the Fed-
23 eral Emergency Management Administration of the emer-
24 gency declared on March 13, 2020, by the President under
25 the Robert T. Stafford Disaster Relief and Emergency As-

1 sistance Act (42 U.S.C. 4121 et seq.) relating to the
2 Coronavirus Disease 2019 (COVID–19) pandemic.

3 **SEC. 6. EXCLUSION FROM GROSS INCOME.**

4 (a) **IN GENERAL.**—Part III of subchapter B of chap-
5 ter 1 of the Internal Revenue Code of 1986 is amended
6 by inserting after section 139H the following new section:

7 **“SEC. 139I. STUDENT LOAN PAYMENTS RESULTING FROM**
8 **THE COVID–19 NATIONAL EMERGENCY.**

9 “Gross income shall not include any payment made
10 on behalf of the taxpayer under section 493E(b)(1) of the
11 Higher Education Act of 1965, section 140(h) of the
12 Truth in Lending Act, or section 4 of the Emergency Re-
13 lief for Student Borrowers Act of 2021.”.

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

“Sec. 139I. Student loan payments resulting from the COVID–19 national
emergency.”.

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