

S 2612

Dynamic Repayment Act of 2014

Congress: 113 (2013–2015, Ended)

Chamber: Senate

Policy Area: Education

Introduced: Jul 16, 2014

Current Status: Read twice and referred to the Committee on Finance.

Latest Action: Read twice and referred to the Committee on Finance. (Jul 16, 2014)

Official Text: <https://www.congress.gov/bill/113th-congress/senate-bill/2612>

Sponsor

Name: Sen. Warner, Mark R. [D-VA]

Party: Democratic • State: VA • Chamber: Senate

Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Rubio, Marco [R-FL]	R · FL		Jul 16, 2014

Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Jul 16, 2014

Subjects & Policy Tags

Policy Area:

Education

Related Bills

Bill	Relationship	Last Action
113 HR 1716	Related bill	Jul 8, 2013: Referred to the Subcommittee on Higher Education and Workforce Training.

Dynamic Repayment Act of 2014 - Amends title IV (Student Assistance) of the Higher Education Act of 1965 (HEA) to make students ineligible to receive William D. Ford Federal Direct Loans (DLs) on or after July 1, 2015.

Makes certain exceptions for student borrowers who have an outstanding balance on their DLs or Federal Family Education Loans (FFELs) as of that date and who later apply for a Direct Unsubsidized, PLUS, or Consolidation Loan.

Establishes an Income Dependent Education Assistance (IDEA) Loan program, effective July 1, 2015, making federal funds available for loans to student borrowers who: (1) have no outstanding balance due on a DL or FFEL, or (2) consolidate such loans into an IDEA Consolidation Loan.

Sets forth the formulae for determining the interest rates on IDEA Loans, which are capped at 8.25% for undergraduate students and 9.25% for graduate or professional students.

Blocks the accrual of interest on IDEA Loans for active duty military personnel.

Makes an IDEA Loan eligible for loan forgiveness after: (1) 20 years of payments if the borrower begins repayment with an outstanding balance that does not equal or exceed the maximum aggregate amount of Direct Unsubsidized Loans that an undergraduate student borrower would have been eligible to borrow but for this Act; and (2) 30 years if the borrower begins repayment with an outstanding balance equal to or greater than that amount.

Allows student borrowers to consolidate FFELs, DLs, and Perkins Loans into IDEA Consolidation Loans that bear interest at an annual rate that equals the weighted average of the interest rates on the loans consolidated.

Establishes the IDEA Loan Repayment program under which: (1) the Secretary of the Treasury provides the Secretary of Education with the tax information needed to determine each borrower's income-based repayment obligation; and (2) those obligations are withheld from the borrower's wages.

Allows borrowers to opt-out of the withholding process and make payments on a monthly basis.

Sets the annual repayment obligation for borrowers at an amount equal to 10% of the excess of their taxable income over the sum of: (1) an exemption amount equal to \$10,000, adjusted for inflation; and (2) the lesser of \$3,000 or specified income other than wages, salaries, tips, and other employee compensation.

Sets the income-based repayment obligation of individuals who are not required to file a federal tax return at zero.

Allows borrowers to prepay all or part of an IDEA Loan without penalty.

Penalizes borrowers who fail to pay their full repayment amount for a taxable year.

Makes specified FFEL and DL loan repayment or forgiveness programs applicable to IDEA Loans.

Amends the Social Security Act to require the Secretary of Health and Human Services (HHS) to provide the Secretary of Education with information in the National Directory of New Hires regarding IDEA Loan borrowers for the purpose of improving the collection of such loans.

Amends the Internal Revenue Code to require the Secretary of the Treasury to disclose borrowers' tax return information to the Department of Education for purposes of the IDEA Loan Repayment program.

Excludes IDEA Loan forgiveness from a borrower's gross income for income tax purposes.

Actions Timeline

- **Jul 16, 2014:** Introduced in Senate
- **Jul 16, 2014:** Read twice and referred to the Committee on Finance.