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## HR 5487

Student Loan Fairness Act

**Congress:** 114 (2015–2017, Ended)

**Chamber:** House

**Policy Area:** Education

**Introduced:** Jun 15, 2016

**Current Status:** Referred to the Subcommittee on Higher Education and Workforce Training.

**Latest Action:** Referred to the Subcommittee on Higher Education and Workforce Training. (Sep 19, 2016)

**Official Text:** <https://www.congress.gov/bill/114th-congress/house-bill/5487>

### Sponsor

**Name:** Rep. Bass, Karen [D-CA-37]

**Party:** Democratic • **State:** CA • **Chamber:** House

### Cosponsors

*No cosponsors are listed for this bill.*

### Committee Activity

Committee	Chamber	Activity	Date
Education and Workforce Committee	House	Referred to	Sep 19, 2016
Financial Services Committee	House	Referred To	Jun 15, 2016
Ways and Means Committee	House	Referred To	Jun 15, 2016

### Subjects & Policy Tags

**Policy Area:**

Education

### Related Bills

*No related bills are listed.*

## **Student Loan Fairness Act**

This bill amends title IV (Student Assistance) of the Higher Education Act of 1965 (HEA) to establish a 10/10 Loan Repayment Plan that allows borrowers of Federal Family Education Loans (FFELs) and Direct Loans (DLs) to limit their monthly payments on such loans to one-twelfth of 10% of the amount by which their adjusted gross incomes and that of their spouses (if applicable) exceed 150% of the federal poverty level.

Additionally, it establishes a 10/10 Loan Forgiveness Program that provides FFEL and DL forgiveness to borrowers who, after the date that is 10 years before this bill's enactment, have made 120 monthly payments under the 10/10 Loan Repayment Plan or under another repayment plan that required them to make payments at least as large as those they would have made under the 10/10 Loan Repayment Plan.

It credits the months during which an individual is in deferment due to an economic hardship as months for which payment was made for purposes of the 10/10 Loan Forgiveness Program.

The bill caps the amount of loan forgiveness that the program will provide to individuals who become new borrowers after this bill's enactment.

It caps the interest rate on new DLs at 3.4%.

It amends the public service employee loan forgiveness program to forgive the DLs of participants who have made 60 (currently, 120) monthly payments on such loans pursuant to specified repayment plans.

The bill includes primary care physicians in medically underserved areas in the public service employee loan forgiveness program.

Certain borrowers may consolidate their private education loans as Direct Consolidation Loans, provided the private loans were made on or before this bill's enactment.

The bill limits such borrowers to those who: (1) were students eligible for unsubsidized Stafford loans or PLUS loans under the FFEL or DL programs for their enrollment at an institution of higher education, or would have been had they been enrolled on at least a half-time basis; (2) borrowed at least one private education loan for such enrollment; and (3) have an average adjusted gross income that does not exceed their total education debt.

It caps the interest rate on those Direct Consolidation Loans at 3.4%.

Borrowers must apply for such loans within one year of this bill's enactment.

It amends the Truth in Lending Act to direct the Consumer Financial Protection Bureau to issue regulations that require private education lenders to sell private education loans to the Department of Education (ED) for consolidation as Direct Consolidation Loans.

It sets forth the data to be used in determining the price paid for such loans.

ED must pay the interest that accrues on unsubsidized FFELs and DLs that are deferred due to a student borrower's lack of full-time employment.

ED must pay the interest that accrues on Federal Consolidation Loans that are in deferment due to a borrower's lack of full-time employment, provided the application for such a loan is received on or after this bill's enactment.

ED must pay the interest that accrues on FFELs and DLs that are subject to income-based repayment provisions and are in deferment due to a borrower's lack of full-time employment.

The bill limits these interest-free deferment periods to those occurring on or after this bill's enactment and covering no more than three years of full-time unemployment.

It excludes from a borrower's gross income for income tax purposes the principal and interest on FFELs and DLs that is forgiven pursuant to income-based repayment plans.

### **Actions Timeline**

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- **Sep 19, 2016:** Referred to the Subcommittee on Higher Education and Workforce Training.
- **Jun 15, 2016:** Introduced in House
- **Jun 15, 2016:** Referred to the Committee on Education and the Workforce, and in addition to the Committees on Financial Services, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.