

## S 4551

ISA Student Protection Act of 2022

**Congress:** 117 (2021–2023, Ended)

**Chamber:** Senate

**Policy Area:** Finance and Financial Sector

**Introduced:** Jul 19, 2022

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

**Latest Action:** Read twice and referred to the Committee on Finance. (Jul 19, 2022)

**Official Text:** <https://www.congress.gov/bill/117th-congress/senate-bill/4551>

### Sponsor

**Name:** Sen. Young, Todd [R-IN]

**Party:** Republican • **State:** IN • **Chamber:** Senate

### Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Coons, Christopher A. [D-DE]	D · DE		Jul 19, 2022
Sen. Rubio, Marco [R-FL]	R · FL		Jul 19, 2022
Sen. Warner, Mark R. [D-VA]	D · VA		Jul 19, 2022

### Committee Activity

Committee	Chamber	Activity	Date
Finance Committee	Senate	Referred To	Jul 19, 2022

### Subjects & Policy Tags

**Policy Area:**

Finance and Financial Sector

### Related Bills

*No related bills are listed.*

## ISA Student Protection Act of 2022

This bill sets forth consumer protections and other requirements for educational income share agreements (ISAs). In an educational ISA, a provider credits or advances funding for a recipient's postsecondary education or other training; in turn, the recipient agrees to pay the provider a percentage of the recipient's future earnings over a set period of time. (The Department of Education currently considers educational ISAs as private education loans for the purposes of preferred lender arrangement disclosures.)

Under the bill, the recipient is only obligated to pay back the provider if the recipient earns over a certain amount. The recipient's obligation to pay ends at the specified time even if the recipient does not pay back the full amount of the funding. Further, payments are limited to 20% of the recipient's income. Recipients earning under a certain threshold are exempt from payments.

If a recipient files for bankruptcy, ISAs are not subject to the same undue hardship standard typical of student loan discharges, therefore making these agreements easier to discharge. The bill also applies current consumer loan protections to these agreements. A provider must make certain disclosures to the recipient before entering into an ISA, including how payments are calculated, the length of the agreement, and how these agreements compare to student loan options.

The bill establishes the tax treatment of ISAs, including by exempting from taxable income the amounts received under an ISA.

## Actions Timeline

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- **Jul 19, 2022:** Introduced in Senate
- **Jul 19, 2022:** Read twice and referred to the Committee on Finance.