117TH CONGRESS
2D SESSION

H. R. __________

To streamline and improve the Federal student loan program to protect
borrowers and taxpayers, prohibit the Secretary of Education from exer-
cising regulatory overreach and abusing its authorities granted by Con-
gress, and extend Federal Pell Grant eligibility to certain short-term
workforce development programs.

IN THE HOUSE OF REPRESENTATIVES

Ms. Foxx (for herself, Ms. Stefanik, and Mr. Banks) introduced the fol-
lowing bill; which was referred to the Committee on

A BILL

To streamline and improve the Federal student loan program
to protect borrowers and taxpayers, prohibit the Sec-
retary of Education from exercising regulatory overreach
and abusing its authorities granted by Congress, and
extend Federal Pell Grant eligibility to certain short-
term workforce development programs.

1  Be it enacted by the Senate and House of Representa-
2  tives of the United States of America in Congress assembled,
SEC. 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Responsible Education Assistance through Loan Reforms Act” or the “REAL Reforms Act”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. References.

TITLE I—LIMITS ON SECRETARIAL AUTHORITY

Sec. 101. Limitation on authority of Secretary to propose or issue regulations and executive actions.

TITLE II—LOAN REFORMS

PART A—CURRENT BORROWERS

Sec. 201. Income-contingent and income-based repayment plans.

PART B—LOAN REHABILITATION AND LOAN LIMITS

Sec. 211. Loan rehabilitation.
Sec. 212. Loan limits.

PART C—REPAYMENT TERMS AND CONDITIONS FOR LOANS MADE ON OR AFTER JULY 1, 2023

Sec. 221. Repayment terms for Federal Direct Consolidation Loans.
Sec. 222. Repayment incentives.
Sec. 223. Repayment plans.
Sec. 224. Public service loan forgiveness.
Sec. 225. Income-based repayment plan.
Sec. 226. Deferment on loans made on or after July 1, 2023.

PART D—ELIMINATION OF INTEREST CAPITALIZATION

Sec. 231. Elimination of interest capitalization.

TITLE III—WORKFORCE PELL GRANTS

Sec. 301. Data collection and dissemination related to Workforce Pell.
Sec. 302. Program eligibility for Workforce Pell grants.
Sec. 304. Workforce Pell Grants.
Sec. 305. Accrediting agency determination of eligibility requirements for the Workforce Pell Grants program.
SEC. 2. REFERENCES.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

TITLE I—LIMTS ON SECRETARIAL AUTHORITY

SEC. 101. LIMITATION ON AUTHORITY OF SECRETARY TO PROPOSE OR ISSUE REGULATIONS AND EXECUTIVE ACTIONS.

Part G of title IV (20 U.S.C. 1088 et seq.) is amended by inserting after section 492 the following:

“SEC. 492A. LIMITATION ON AUTHORITY OF THE SECRETARY TO PROPOSE OR ISSUE REGULATIONS AND EXECUTIVE ACTIONS.

“(a) DRAFT REGULATIONS.—Beginning after the date of enactment of this section, a draft regulation implementing this title (as described in section 492(b)(1)) that is determined by the Secretary to be economically significant shall be subject to the following requirements (regardless of whether negotiated rulemaking occurs):

“(1) The Secretary shall determine whether the draft regulation, if implemented, would result in an
increase in a subsidy cost resulting from a loan modification.

“(2) If the Secretary determines under paragraph (1) that the draft regulation would result in an increase in a subsidy cost resulting from a loan modification, then the Secretary may take no further action with respect to such regulation.

“(b) PROPOSED OR FINAL REGULATIONS AND EXECUTIVE ACTIONS.—Beginning after the date of enactment of this section, the Secretary may not issue a proposed rule, final regulation, or executive action implementing this title if the Secretary determines that the rule, regulation, or executive action—

“(1) is economically significant; and

“(2) would result in an increase in a subsidy cost resulting from a loan modification.

“(c) RELATIONSHIP TO OTHER REQUIREMENTS.—The analyses required under subsections (a) and (b) shall be in addition to any other cost analysis required under law for a regulation implementing this title, including any cost analysis that may be required pursuant to Executive Order 12866 (58 Fed. Reg. 51735; relating to regulatory planning and review), Executive Order 13563 (76 Fed. Reg. 3821; relating to improving regulation and regulatory review), or any related or successor orders.
“(d) DEFINITION.—In this section, the term ‘economically significant’, when used with respect to a draft, proposed, or final regulation or executive action, means that the regulation or executive action is likely, as determined by the Secretary—

“(1) to have an annual effect on the economy of $100,000,000 or more; or

“(2) adversely to affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities.”.

TITLE II—LOAN REFORMS

PART A—CURRENT BORROWERS

SEC. 201. INCOME-CONTINGENT AND INCOME-BASED REPAYMENT PLANS.

(a) INCOME-CONTINGENT REPAYMENT.—

(1) EXCESSIVE INTEREST CAP.—Section 455(e) (20 U.S.C. 1087e(e)) is amended by adding at the end the following:

“(9) EXCESSIVE INTEREST CAP.—The Secretary shall cancel any outstanding balance due on all loans made under this part (other than an excepted PLUS Loan or an excepted Consolidation
Loan as such terms are defined in section 493C) to a borrower—

“(A) for whom an income contingent repayment plan under this subsection is in effect, without regard to the period of time for which such plan has been so in effect for such borrower;

“(B) who, in the absence of this paragraph, would not yet be eligible for loan cancellation under such plan; and

“(C) who has repaid, pursuant to paragraph (7)—

“(i)(I) subject to subclause (II), an amount on such loans that is equal to the total amount of principal and interest that the borrower would have repaid under a standard repayment plan under section 455(d)(1)(A), based on a 10-year repayment period, when the borrower entered repayment on such loans; or

“(II) in the case of a Federal Direct Consolidation Loan, an amount on such loan that is equal to the total amount of principal and interest that the borrower would have repaid under the repayment
schedule established for such loan under section 428C(e)(2) on the date on which such loan was made; and

“(ii) an amount equal to the amount of any unpaid interest that has accrued, but was not included in the calculation of the total amount principal and interest that would have been repaid under the standard repayment plan or schedule described in clause (i)—

“(I) during any deferment period described in clause (i) or (ii) of section 455(f)(2)(A); and

“(II) during any forbearance period while serving in a medical or dental internship or residency program as described in section 428(e)(3)(A)(i); and”.

(2) EXCESSIVE INTEREST CAP FOR DISTRESSED BORROWERS.—Section 455(e) (20 U.S.C. 1087e(e)) is further amended by adding at the end the following:

“(10) EXCESSIVE INTEREST CAP FOR DISTRESSED BORROWERS.—
“(A) IN GENERAL.—The Secretary shall cancel the balance of interest due (in accordance with subparagraph (B)) on any loan made under this part (other than an excepted PLUS or excepted consolidation loan (as defined in section 493C)) to a borrower—

“(i)(I) who has been in repayment for not less than a 10-year period on such loan; or

“(II) in the case of a Federal Direct Consolidation Loan, who has been in repayment on such loan for not less than the repayment period under the repayment schedule established for such loan under section 428C(c)(2) on the date on which such loan was made; and

“(ii) whose first monthly payment on such loan pursuant to paragraph (7) that is not less than the full amount due on such loan for such month, after the date of enactment of the REAL Reforms Act, is insufficient to cover the interest that has accrued on such loan for such month, and results in higher balance of principal and interest on such loan.
“(B) AMOUNT OF INTEREST CANCELLATION.—The Secretary shall cancel the obligation to repay the balance of interest due on such loan as of the time of the payment described in subparagraph (A)(ii) on such loan.”.

(b) INCOME-BASED REPAYMENT.—

(1) EXCESSIVE INTEREST CAP.—Section 493C(b)(7)(B) (20 U.S.C. 1098e(b)(7)(B)) is amended—

(A) by redesignating clauses (i) through (v) as subclauses (I) through (V), respectively, and moving the margins accordingly;

(B) by striking the following:

“(B) for a period”; and inserting the following:

“(B)(i) for a period”;

(C) by inserting “or” at the end of clause (i)(V), as so redesignated; and

(D) by adding at the end the following:

“(ii) in the absence of this clause, would not yet be eligible for loan cancellation or repayment under this paragraph, and has repaid, pursuant to clause (i)—

“(I)(aa) subject to item (bb), an amount on such loans that is equal to
the total amount of principal and interest that the borrower would have repaid under a standard repayment plan under section 428(b)(9)(A)(i) or section 455(d)(1)(A), based on a 10-year repayment period, when the borrower entered repayment on such loans; or

“(bb) in the case of a Federal Direct Consolidation Loan or a loan made under section 428C, an amount on such loan that is equal to the total amount of principal and interest that the borrower would have repaid under the repayment schedule established for such loan under section 428C(c)(2) on the date on which such loan was made; and

“(II) an amount equal to the amount of any unpaid interest that has accrued, but was not included in the calculation of the total amount principal and interest that would have been repaid under the standard repay-
ment plan or schedule described in subclause (I)—

“(aa) during any deferment period described in section 427(a)(2)(C)(i) or 428(b)(1)(M)(i), or clause (i) or (ii) of section 455(f)(2)(A); and

“(bb) during any forbearance period while serving in a medical or dental internship or residency program as described in section 428(c)(3)(A)(i)(I);”.

(2) Clarification of repayment of part B loans.—Section 493C(b) (20 U.S.C. 1098e(b)) is further amended—

(A) by striking “and” at end of paragraph (8);

(B) by striking the period at the end of paragraph (9); and

(C) by adding the end the following:

“(10) in repaying under clause (ii) of paragraph (7)(B) the outstanding balance of principal and interest due on a loan made under part B to a borrower who meets the requirements of such clause (ii), or in repaying under subsection (g) the balance
of interest due on a loan made under part B to a borrower who meets the requirements of such subsection (g), the Secretary shall—

“(A) enter into an agreement with the holder of such loan (or, if the holder acts as an eligible lender trustee for the beneficial owner of the loan, the beneficial owner of the loan) for the purpose of assuming the repayment obligations of the borrower in accordance with subparagraph (B), except that the Secretary shall not assign to the United States the right to such loan;

“(B)(i) in the case of a repayment under paragraph (7)(B)(ii), assume the obligation of the borrower to repay the holder of such loan (or, if the holder acts as an eligible lender trustee for the beneficial owner of the loan, the beneficial owner of the loan) the total amount of principal and interest remaining to be repaid on such loan (after taking into account the amounts repaid by the borrower under paragraph (7)(B)(ii) and the Secretary under subsection (g), if applicable) according to the terms and conditions, including the repayment schedule, that were in effect with respect to such loan;
loan on the day before the Secretary assumes such obligation; or

“(ii) in the case of a repayment under subsection (g), assume the obligation of the borrower to repay the holder of such loan (or, if the holder acts as an eligible lender trustee for the beneficial owner of the loan, the beneficial owner of the loan) the balance of interest due on such loan as of the time of the payment described in subsection (g)(1)(B) on such loan according to the terms and conditions, including the repayment schedule, that were in effect with respect to such loan on the day before the Secretary assumes such obligation; and

“(C) ensure that the holder of such loan (or, if the holder acts as an eligible lender trustee for the beneficial owner of the loan, the beneficial owner of the loan) shall, upon entering into an agreement described in subparagraph (A) with respect to a loan of a borrower, reports to consumer reporting agencies that—

“(i) in the case of a repayment under paragraph (7)(B)(ii), the borrower’s liability on such loan has been discharged; and
“(ii) in the case of a repayment under subsection (g), the borrower’s liability has been discharged with respect to the balance of the interest due on such loan as of the time of the payment described in subsection (g)(1)(B) on such loan.”.

(3) Rules of Construction.—Section 493C (20 U.S.C. 1098e) is amended by adding at the end the following:

“(f) Rules of Construction.—Nothing in subsection (b)(10) shall be construed to authorize the Secretary to—

“(1) revoke the rights to a special allowance under section 438 of the holder (or, if the holder acts as an eligible lender trustee for the beneficial owner of the loan, the beneficial owner of the loan) of the loans being repaid by the Secretary under subsection (b)(10);

“(2) prepay such loan ahead of repayment schedule with respect to such loans described in subparagraph (B) of subsection (b)(10); or

“(3) use any authority or take any actions beyond what is authorized explicitly in subsection (b)(10).”.
(4) **EXCESSIVE INTEREST CAP FOR DISTRESSED BORROWERS.**—Section 493C (20 U.S.C. 1098e) is further amended by adding at the end the following:

“(g) EXCESSIVE INTEREST CAP FOR DISTRESSED BORROWERS.—

“(1) **IN GENERAL.**—The Secretary shall repay or cancel the balance of interest due (in accordance with paragraph (2)) on any loan made under part B or D (other than an excepted PLUS or excepted consolidation loan) to a borrower—

“(A)(i) who has been in repayment for not less than a 10-year period on such loan; or

“(ii) in the case of a Federal Direct Consolidation Loan or a consolidation loan under section 428C, who has been in repayment on such loan for not less than the repayment period under the repayment schedule established for such loan under section 428C(e)(2) on the date on which such loan was made; and

“(B) whose first monthly payment on such loan pursuant to subsection (b)(7) that is not less than the full amount due on such loan for such month, after the date of enactment of the REAL Reforms Act, is insufficient to cover the interest that has accrued on such loan for such
month, and results in higher balance of principal and interest on such loan.

“(2) AMOUNT OF INTEREST REPAYMENT OR CANCELLATION.—The Secretary shall repay or cancel the obligation to repay the balance of interest due on such loan as of the time of the payment described in paragraph (1)(B) on such loan.”.

PART B—LOAN REHABILITATION AND LOAN LIMITS

SEC. 211. LOAN REHABILITATION.

(a) IN GENERAL.—Section 428F(a)(5) (20 U.S.C. 1078–6) is amended by striking “one time” and inserting “two times”.

(b) APPLICATION OF AMENDMENT.—The amendment made by this section shall apply to any borrower of a loan made, insured, or guaranteed under title IV of the Higher Education Act of 1965 before, on, or after the date of enactment of this Act.

SEC. 212. LOAN LIMITS.

(a) GRADUATE AND PROFESSIONAL STUDENTS.—

(1) AGGREGATE AND ANNUAL LIMITS.—Section 455(a) (20 U.S.C. 1087e(a)) is amended—

(A) in paragraph (3)—

(i) in subparagraph (A)(ii), by inserting before the period at the end the fol-
lowing: “, except that for any period of instruction beginning on or after July 1, 2023, and subject to subparagraph (D), such maximum annual amount may not exceed $25,000”; and

(ii) by adding at the end the following:

“(C) AGGREGATE LIMITS.—Subject to subparagraph (D), for any period of instruction beginning on or after July 1, 2023, the maximum aggregate amount of loans under this part that a graduate or professional student may borrow for enrollment in a program of graduate or professional education shall be $100,000.

“(D) EXCEPTION FOR CERTAIN STUDENTS.—The annual and aggregate limits described in subparagraphs (A)(ii) and (C) for any period of instruction beginning on or after July 1, 2023, shall not apply to any student enrolled in a program of study as of June 30, 2023, or any loans made under this part to (or on behalf of) such student, during the period required for the completion of such program.”; and
(2) **Termination of Authority to Make Federal Direct PLUS Loans to Graduate and Professional Students.**—Section 455(a) (20 U.S.C. 1087e(a)) is further amended by adding at the end the following:

“(4) **Termination of Authority to Make Federal Direct PLUS Loans to Graduate and Professional Students.**—

“(A) **In General.**—Notwithstanding any provision of this part or part B, and except as otherwise provided in subparagraph (B), for any period of instruction beginning on or after July 1, 2023, a graduate or professional student shall not be eligible to receive a Federal Direct PLUS Loan under this part for enrollment in a program of graduate or professional education.

“(B) **Exception for Certain Students.**—This paragraph shall not apply to any student enrolled in a program of study at an eligible institution as of June 30, 2023, or any loans made under this part to (or on behalf of) such student, during the period required for the completion of such program.”.
(b) **Institutionally Determined Limits.**—Section 455(a) (20 U.S.C. 1087e(a)) is further amended by adding at the end the following:

“(5) **Institutionally Determined Limits.**—

“(A) In general.—Notwithstanding any other provision of this subsection, an eligible institution (at the discretion of a financial aid administrator at the institution) may prorate or limit the amount of a loan any student (other than a student described in subparagraph (D)) who is enrolled in a program of study for a period of instruction beginning on or after July 1, 2023, at that institution, may borrow under this part for an academic year—

“(i) if the institution can reasonably demonstrate that student debt levels are or would be excessive for such program, based on—

“(I) the most recently available data from the Bureau of Labor Statistics for the average starting salary in the region in which the institution is located for typical occupations pursued by graduates of such program; or
“(II) the most recently available data from the College Scorecard (or successor website) on—

“(aa) the median earnings of students who complete such program; and

“(bb) the median debt owed, and the repayment rate, on loans made under this part, of such students;

“(ii) in a case in which the student is enrolled on a less than full-time basis or the student is enrolled for less than the period of enrollment to which the annual loan limit applies under this subsection, based on the student’s enrollment status;

“(iii) based on the credential level (such as a degree, certificate, or other recognized educational credential) that the student would attain upon completion of such program; or

“(iv) based on the year of the program for which the student is seeking such loan.
“(B) APPLICATION TO ALL STUDENTS.—
Any proration or limiting of loan amounts 
under subparagraph (A) shall be applied in the 
same manner to all students enrolled in the in-
stitution or program of study.

“(C) INCREASES FOR INDIVIDUAL STU-
DENTS.—Upon the request of a student whose 
loan amount for an academic year has been 
prorated or limited under subparagraph (A), an 
eligible institution (at the discretion of the fi-
nancial aid administrator at the institution) 
may increase such loan amount to an amount 
not exceeding the annual loan amount applica-
able to such student under this paragraph for 
such academic year if such student dem-
onstrates special circumstances or exceptional 
need.

“(D) EXCEPTION FOR CERTAIN STU-
DENTS.—This paragraph shall not apply to any 
student enrolled in a program of study at an el-
igible institution as of June 30, 2023, or any 
loans made under this part to (or on behalf of) 
such student, during the period required for the 
completion of such program.”.
PART C—REPAYMENT TERMS AND CONDITIONS
FOR LOANS MADE ON OR AFTER JULY 1, 2023

SEC. 221. REPAYMENT TERMS FOR FEDERAL DIRECT CON-
SOLIDATION LOANS.

Section 428C(c) (20 U.S.C. 1078–3(c)) is amended—

(1) in paragraph (2)(A), in the first sentence of
subparagraph (A), by inserting “, including income-
based repayment schedules under section 460A, in
the case of Federal Direct Consolidation Loans
made on or after July 1, 2023” after “income-based
repayment schedules”; and

(2) in paragraph (3)—

(A) in subparagraph (A), by inserting “or
an income-based repayment schedule under sec-
tion 460A” after “section 493C”; and

(B) in subparagraph (C), by inserting “or
an income-based repayment schedule under sec-
tion 460A” after “section 493C”.

SEC. 222. REPAYMENT INCENTIVES.

(a) AMENDMENT.—Section 455(b)(9)(C) (20 U.S.C.
1087e(b)(9)(C)) is amended by inserting “(which in the
case of a loan for which the first disbursement of principal
is made on or after July 1, 2023, may not exceed than
0.25 percentage points)” after “interest rate reduction”.

(b) APPLICATION OF AMENDMENT.—The amendment
made by this section shall not apply to any borrower who
is a student enrolled in a program of study at an institution of higher education (as defined in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)) as of June 30, 2023, or any loans made under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) to (or on behalf of) such student, during the period required for the completion of such program.

SEC. 223. REPAYMENT PLANS.

Section 455(d) (20 U.S.C. 1087e(d)) is amended by adding at the end the following:

“(6) REPAYMENT PLANS FOR LOANS MADE ON OR AFTER JULY 1, 2023.—

“(A) DESIGN AND SELECTION.—Notwithstanding paragraph (1) and except as provided in subparagraph (E), the Secretary shall offer a borrower of a loan made under this part on or after July 1, 2023, two plans for repayment of such loan, including principal and interest on the loan. The borrower shall be entitled to accelerate, without penalty, repayment on such loans. The borrower may choose—

“(i) a standard repayment plan with a fixed monthly repayment amount paid over a fixed period of time, not to exceed 10 years; or
“(ii) an income-based repayment plan under section 460A.

“(B) SELECTION BY SECRETARY.—If such borrower does not select a repayment plan described in subparagraph (A), the Secretary shall provide the borrower with the repayment plan described in subparagraph (A)(i).

“(C) CHANGES IN SELECTION.—

“(i) IN GENERAL.—Subject to clause (ii), a borrower may change the borrower’s selection of a repayment plan under subparagraph (A), or the Secretary’s selection of a plan for the borrower under subparagraph (B), as the case may be, under such terms and conditions as may be established by the Secretary, except that the Secretary may not establish any terms or conditions with respect to whether a borrower may change the borrower’s repayment plan. Nothing in this subsection shall prohibit the Secretary from encouraging struggling borrowers from enrolling in the income-based repayment plan under section 460A.

“(ii) SAME REPAYMENT PLAN REQUIRED.—All loans made under this part
on or after July 1, 2023, to a borrower shall be repaid under the same repayment plan under subparagraph (A), except that the borrower may repay an excepted PLUS loan or an excepted consolidation loan (as such terms are defined in section 493C(a))) separately from other loans made under this part to the borrower.

“(D) REPAYMENT AFTER DEFAULT.—The Secretary may require a borrower who has defaulted on a loan made under this part on or after July 1, 2023, to—

“(i) pay all reasonable collection costs associated with such loan; and

“(ii) repay the loan pursuant to the income-based repayment plan under section 460A.

“(E) EXCEPTION FOR CERTAIN BORROWERS.—This paragraph shall not apply to any borrower who is student who is enrolled in a program of study at an institution of higher education as of June 30, 2023, or any loans made to (or on behalf of) such borrower, during the period required for the completion of such program.
“(F) Rule of construction.—Nothing in this paragraph shall be construed to authorize, with respect to a borrower of loans made under this part on or after July 1, 2023—

“(i) eligibility for a repayment plan that is not described in clause (i) or (ii) of subparagraph (A); or

“(ii) the Secretary to—

“(I) carry out a repayment plan that is not described in such clause (i) or (ii); or

“(II) modify a repayment plan that is described in such clause (i) or (ii).”.

SEC. 224. PUBLIC SERVICE LOAN FORGIVENESS.

(a) Amendment.—Section 455(m)(3)(A) (20 U.S.C. 1087e(m)(3)(A)) is amended by inserting before the period at the end the following: “that was made before July 1, 2023”.

(b) Application of Amendment.—The amendment made by this section shall not apply to any borrower who is a student enrolled in a program of study at an institution of higher education (as defined in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)) as of June 30, 2023, or any loans made under part D of title
IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) to (or on behalf of) such student, during the period required for the completion of such program.

SEC. 225. INCOME-BASED REPAYMENT PLAN.

(a) Establishment of new IBR.—Part D of title IV (20 U.S.C. 1087e et seq.) is further amended by adding at the end the following:

“SEC. 460A. INCOME-BASED REPAYMENT PROGRAM.

“(a) In General.—Notwithstanding any other provision of this Act, the Secretary shall carry out a program under which—

“(1) a borrower (other than a borrower described in section 455(d)(6)(E)) of a loan made under this part on or after July 1, 2023, may elect to have the borrower’s aggregate monthly payment for all such loans (other than an excepted PLUS Loan or excepted Consolidation Loan) made to the borrower—

“(A) not to exceed the result obtained by dividing by 12, 15 percent of the result obtained by calculating, on at least an annual basis, the amount by which—

“(i) the adjusted gross income of the borrower or, if the borrower is married and files a Federal income tax return jointly
with or separately from the borrower’s spouse, the adjusted gross income of the borrower and the borrower’s spouse; exceeds

“(ii) 150 percent of the poverty line applicable to the borrower’s family size as determined under section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)); and

“(B) not to be less than $25;

“(2) the Secretary shall apply the borrower’s monthly payment under this section first toward interest due on such a loan, next toward any fees due on the loan, and then toward the principal of the loan;

“(3) any principal due and not paid under paragraph (2) shall be deferred;

“(4) the amount of time the borrower makes monthly payments under paragraph (1) may exceed 10 years;

“(5) the Secretary shall cancel any outstanding balance due on all loans made on or after July 1, 2023, under this part (other than an excepted PLUS Loan or an excepted Consolidation Loan) to the borrower—
“(A) who, at any time, elected to participate in income-based repayment under paragraph (1);

“(B) whose final monthly payment for such loans prior to the loan cancellation under this paragraph was made under such income-based repayment; and

“(C) who has repaid, pursuant to income-based repayment under paragraph (1), a standard repayment plan under section 455(d)(6)(A)(i), or a combination, or in the case of consolidation loans, a repayment schedule described in clause (i)(II)—

“(i)(I) except as otherwise provided in subclause (II), an amount on such loans that is equal to the total amount of principal and interest that the borrower would have repaid under a standard repayment plan under section 455(d)(6)(A)(i), based on a 10-year repayment period, when the borrower entered repayment on such loans; or

“(II) in the case of a Federal Direct Consolidation Loan, an amount on such loan that is equal to the total amount of
principal and interest that the borrower
would have repaid under the repayment
schedule established for such loan under
section 428C(c)(2) on the date on which
such loan was made; and

“(ii) an amount equal to the amount
of any unpaid interest that has accrued,
but was not included in the calculation of
the total amount principal and interest
that would have been repaid under the
standard repayment plan or schedule de-
scribed in clause (i), during any period of
deferment under subparagraph (A), (B), or
(F) of section 460B(b)(1); and

“(6) a borrower who is repaying a loan made
under this part pursuant to income-based repayment
under paragraph (1) may elect, at any time, to ter-
minate repayment pursuant to such income-based
repayment and repay such loan under the standard
repayment plan.

“(b) ELIGIBILITY DETERMINATIONS.—The Secretary
shall establish and implement with respect to any borrower
who chooses to repay a loan made under this part pursu-
ant to income-based repayment under this section proce-
dures to—
“(1) use return information disclosed under section 6103(l)(13) of the Internal Revenue Code of 1986, pursuant to approval provided under section 494, to determine the repayment obligation of the borrower without further action by the borrower;

“(2) allow the borrower (or the spouse of the borrower), at any time, to opt out of disclosure under such section 6103(l)(13) and instead provide such information as the Secretary may require to determine the repayment obligation of the borrower (or withdraw from the repayment plan under this subsection); and

“(3) provide the borrower with an opportunity to update the return information so disclosed before the determination of the repayment obligation of the borrower.

“(c) NOTIFICATION TO BORROWERS.—The Secretary shall establish procedures under which a borrower of a loan made under this part who chooses to repay such loan pursuant to income-based repayment under this section is notified of the terms and conditions of such plan, including notification that if a borrower considers that special circumstances, such as a loss of employment by the borrower or the borrower’s spouse, warrant an adjustment in the borrower’s loan repayment as determined using the
borrower’s Federal tax return information, or the alternative documentation described in subsection (b)(2), the borrower may contact the Secretary, who shall determine whether such adjustment is appropriate, in accordance with criteria established by the Secretary.

“(d) REDUCED PAYMENT PERIODS.—

“(1) IN GENERAL.—The Secretary shall authorize borrowers meeting the criteria under paragraph (2) to make monthly payments of $5 for a period not in excess of 3 years, except that—

“(A) for purposes of paragraph (2)(A), the Secretary may authorize reduced payments in 6-month increments, beginning on the date the borrower provides to the Secretary the evidence described in paragraph (2)(A)(i); and

“(B) for purposes of paragraph (2)(B), the Secretary may authorize reduced payments in 3-month increments, beginning on the date the borrower provides to the Secretary the evidence described in paragraph (2)(B)(i).

“(2) ELIGIBILITY DETERMINATIONS.—The Secretary shall authorize borrowers to make reduced payments under this subsection in the following circumstances:
“(A) In a case of borrower who is seeking and unable to find full-time employment, as demonstrated by providing to the Secretary—

“(i) evidence of the borrower’s eligibility for unemployment benefits to the Secretary; or

“(ii) the borrower recertifies the reason for the $5 monthly payment under this subparagraph.

“(B) The Secretary determines that, due to high medical expenses, the $25 monthly payment the borrower would otherwise make would be an extreme economic hardship to the borrower, if—

“(i) the borrower documents the reason why the $25 minimum payment is an extreme economic hardship; and

“(ii) the borrower recertifies the reason for the $5 minimum payment on a three-month basis.

“(3) DEFINITION.—For purpose of this subsection, the term ‘full-time employment’ means employment that will provide not less than 30 hours of work a week and is expected to continue for a period of not less than 3 months.
“(e) DEFINITIONS.—In this section:

“(1) ADJUSTED GROSS INCOME.—The term ‘adjusted gross income’ has the meaning given the term in section 62 of the Internal Revenue Code of 1986.

“(2) EXCEPTED CONSOLIDATION LOAN.—The term ‘excepted Consolidation Loan’ means a Federal Direct Consolidation Loan, if the proceeds of such loan were used to discharge the liability on—

“(A) an excepted PLUS loan; or

“(B) a Federal Direct Consolidation loan, if the proceeds of such loan were used to discharge the liability on an excepted PLUS loan.

“(3) EXCEPTED PLUS LOAN.—The term ‘excepted PLUS Loan’ has the meaning given the term in section 493C.”.

(b) PROCEDURE AND REQUIREMENTS FOR REQUESTING TAX RETURN INFORMATION FROM THE IRS.—Section 494(a) (20 U.S.C. 1098h(a)) is amended by adding at the end the following:

“(4) INCOME-BASED REPAYMENT FOR LOANS MADE ON OR AFTER JULY 1, 2023.—

“(A) NEW APPLICANTS.—In the case of any written or electronic application by an individual for an income-based repayment plan under section 460A for a loan made under part
D on after July 1, 2023, the Secretary, with re-
spect to such individual and any spouse of such
individual, shall—

“(i) provide to such individuals the
notification described in paragraph
(1)(A)(i);

“(ii) require, as a condition of eligi-
bility for such repayment plan, that such
individuals—

“(I) affirmatively approve the
disclosures described in subclauses (I)
and (II) of paragraph (1)(A)(i), to the
extent applicable, and agree that such
approval shall serve as an ongoing ap-
proval of such disclosures until the
date on which the individual elects to
opt out of such disclosures under sec-
tion 465(b)(2); or

“(II) provide such information as
the Secretary may require to confirm
the eligibility of such individual for
such repayment plan.

“(B) RECERTIFICATIONS.—With respect to
the first written or electronic recertification
(after the date of the enactment of the REAL
Reforms Act) of an individual’s income or family size for purposes of an income-based repayment plan under section 460A (entered into before the date of the enactment of the REAL Reforms Act) for a loan under part D, the Secretary, with respect to such individual and any spouse of such individual, shall meet the requirements of clauses (i) and (ii) of subparagraph (A) with respect to such recertification.”.

SEC. 226. DEFERMENT ON LOANS MADE ON OR AFTER JULY 1, 2023.

(a) IN GENERAL.—Part D of title IV (20 U.S.C. 1087e et seq.) is further amended by adding at the end the following:

“SEC. 460B. DEFERMENT ON LOANS MADE ON OR AFTER JULY 1, 2023.

“(a) EFFECT ON PRINCIPAL AND INTEREST.—

“(1) IN GENERAL.—A borrower (other than a borrower described in section 455(d)(6)(E)) of a loan made under this part on or after July 1, 2023—

“(A) who meets the requirements described in subsection (b) shall be eligible for a deferment on such loan during which installments of principal need not be paid and, as
specified in paragraph (2), interest shall not ac-
crue, or shall accrue and be paid by the bor-
rower; and

“(B) may not be eligible for a deferment or
forbearance under section 455(f) or any other
provision of this Act (other than forbearance
under section 455(l), forbearance under section
685.205(a) of title 34, Code of Federal Regula-
tions (or successor regulations), or deferment
under section 493D).

“(2) EFFECT ON INTEREST.—

“(A) NO ACCRUAL OF INTEREST ON SUB-
sidized Loans.—With respect to a deferment
period described in subparagraphs (A) through
(D) of subsection (b)(1), interest—

“(i) shall not accrue, in the case of

a—

“(I) Federal Direct Stafford
Loan; or

“(II) a Federal Direct Consolida-
tion Loan that consolidated only Fed-
eral Direct Stafford Loans, or a com-
bination of such loans and Federal
Stafford Loans for which the student
borrower received an interest subsidy under section 428; or

“(ii) shall accrue or be paid by the borrower, in the case of a Federal Direct PLUS Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct Consolidation Loan not described in clause (i)(II); and

“(B) INTEREST ACCRUAL ON ALL LOANS.—With respect to a deferment period described in subparagraph (E) or (F) of subsection (b)(1), or paragraph (2), (3)(A), or (4), interest shall accrue or be paid by the borrower, in the case of any loan made under this part.

“(C) NO ACCRUAL OF INTEREST ON ANY LOAN.—With respect to a deferment period described in paragraph (3)(B) or paragraph (5), interest shall not accrue, in the case of any loan made under this part.

“(b) ELIGIBILITY.—Any borrower described in subsection (a) shall be eligible for a deferment on a loan made under this part on or after July 1, 2023—

“(1) during any period during which the borrower—
“(A) is carrying at least one-half the normal full-time work load for the course of study that the borrower is pursuing, as determined by the eligible institution the borrower is attending;

“(B) is pursuing a course of study pursuant to—

“(i) an eligible graduate fellowship program in accordance with subsection (g);

or

“(ii) an eligible rehabilitation training program for individuals with disabilities in accordance with subsection (i);

“(C) is serving on active duty during a war or other military operation or national emergency, and for the 180-day period following the demobilization date for such service;

“(D) is performing qualifying National Guard duty during a war or other military operation or national emergency, and for the 180-day period following the demobilization date for such service;

“(E) is a member of the National Guard who is not eligible for a post-active duty deferment under section 493D and is engaged
in active State duty for a period of more than 30 consecutive days beginning—

“(i) the day after 6 months after the date the student ceases to carry at least one-half the normal full-time academic workload (as determined by the institution); or

“(ii) the day after the borrower ceases enrollment on at least a half-time basis, for a loan in repayment; or

“(F) is serving in a medical or dental internship or residency program, the successful completion of which is required to begin professional practice or service, or is serving in a medical or dental internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers post-graduate training;

“(2) during a period sufficient to enable the borrower to resume honoring the agreement to repay the outstanding balance of principal and interest on the loan after default, if—

“(A) the borrower signs a new agreement to repay such outstanding balance;
“(B) the deferment period is limited to 120 days; and

“(C) such deferment is not granted for consecutive periods;

“(3) during a period of administrative deferment—

“(A) described in paragraphs (1) through (4) of subsection (j); or

“(B) described in subsection (j)(5);

“(4) in the case of a borrower of an excepted PLUS Loan or an excepted Consolidation Loan, during a period described in subsection (k); or

“(5) during a period in which such borrower is receiving treatment for cancer (in this paragraph referred to as the ‘treatment period’), and the 6-month period after such treatment period (in this paragraph referred to as the ‘post-treatment period’), except that, notwithstanding subsection (a), interest shall not accrue during any such treatment period or post-treatment period.

“(c) LENGTH OF DEFERMENT.—A deferment granted by the Secretary—

“(1) under subparagraph (F) of subsection (b)(1) shall be renewable at 12 month intervals; and
“(2) under subparagraph (F) of subsection (b)(1) shall equal the length of time remaining in the borrower’s medical or dental internship or residency program.

“(d) REQUEST AND DOCUMENTATION.—The Secretary shall determine the eligibility of a borrower for a deferment under paragraphs (1), (2), or (4) of subsection (b), based on—

“(1) the receipt of a request for a deferment from the borrower, and documentation of the borrower’s eligibility for the deferment;

“(2) receipt of a completed loan application that documents the borrower’s eligibility for a deferment;

“(3) receipt of a student status information documenting that the borrower is enrolled on at least a half-time basis; or

“(4) the Secretary’s confirmation of the borrower’s half-time enrollment status, if the confirmation is requested by the institution of higher education.

“(e) NOTIFICATION.—The Secretary shall—

“(1) notify a borrower of a loan made under this part—
“(A) the granting of a deferment under this subsection on such loan; and

“(B) the option of the borrower to continue making payments on the outstanding balance of principal and interest on such loan in accordance with subsection (f);

“(2) at the time the Secretary grants a deferment to a borrower of a loan made under this part, and not less frequently than once every 180 days during the period of such deferment, provide information to the borrower to assist the borrower in understanding—

“(A) the effect of granting a deferment on the total amount to be paid under the income-based repayment plan under 460A;

“(B) interest shall not accrue, or shall accrue or be paid by the borrower, as specified in subsection (a)(2);

“(C) the amount of unpaid principal and the amount of interest that has accrued since the last statement of such amounts provided to the borrower; and

“(D) the borrower’s option to discontinue the deferment at any time.
“(f) Payments by Borrowers Authorized.—A borrower may make payments on the outstanding balance of principal and interest on a loan made under this part during any period of deferment granted under this subsection.

“(g) Graduate Fellowship Deferment.—

“(1) In General.—A borrower of a loan under this part is eligible for a deferment under subsection (b)(1)(B)(i) during any period for which an authorized official of the borrower’s graduate fellowship program certifies that the borrower meets the requirements of paragraph (2) and is pursuing a course of study pursuant to an eligible graduate fellowship program.

“(2) Borrower Requirements.—A borrower meets the requirements of this subparagraph if the borrower—

“(A) holds at least a baccalaureate degree conferred by an institution of higher education;

“(B) has been accepted or recommended by an institution of higher education for acceptance on a full-time basis into an eligible graduate fellowship program; and
“(C) is not serving in a medical internship
or residency program, except for a residency
program in dentistry.

“(h) TREATMENT OF STUDY OUTSIDE THE UNITED
STATES.—

“(1) IN GENERAL.—The Secretary shall treat,
in the same manner as required under section
428(b)(4), any course of study at a foreign uni-
versity that is accepted for the completion of a recog-
nized international fellowship program by the admin-
istrator of such a program as an eligible graduate
fellowship program.

“(2) REQUESTS FOR DEFERMENT.—Requests
for deferment of repayment of loans under this sub-
section by students engaged in graduate or post-
graduate fellowship-supported study (such as pursu-
ant to a Fulbright grant) outside the United States
shall be approved until completion of the period of
the fellowship, in the same manner as required
under section 428(b)(4).

“(i) REHABILITATION TRAINING PROGRAM
DEFERMENT.—A borrower of a loan under this part is
eligible for a deferment under subsection (b)(1)(B)(ii) dur-
ing any period for which an authorized official of the bor-
rower’s rehabilitation training program certifies that the
borrower is pursuing an eligible rehabilitation training program for individuals with disabilities.

“(j) ADMINISTRATIVE DEFERMENTS.—The Secretary may grant a deferment to a borrower without requiring a request and documentation from the borrower under subsection (d) for—

“(1) a period during which the borrower was delinquent at the time a deferment is granted, including a period for which scheduled payments of principal and interest were overdue at the time such deferment is granted;

“(2) a period during which the borrower was granted a deferment under this subsection but for which the Secretary determines the borrower should not have qualified;

“(3) a period necessary for the Secretary to determine the borrower’s eligibility for the cancellation of the obligation of the borrower to repay the loan under section 437;

“(4) a period during which the Secretary has authorized deferment due to a national military mobilization or other local or national emergency; or

“(5) a period not to exceed 60 days, during which interest shall accrue but not be capitalized, if the Secretary reasonably determines that a suspen-
sion of collection activity is warranted to enable the
Secretary to process supporting documentation relat-
ing to a borrower’s request—

“(A) for a deferment under this sub-
section;

“(B) for a change in repayment plan under
section 455(d)(6); or

“(C) to consolidate loans under this part.

“(k) DEFERMENTS FOR EXCEPTED PLUS LOANS OR
EXCEPTED CONSOLIDATION LOANS.—

“(1) IN GENERAL.—A qualified borrower shall
be eligible for deferments under paragraphs (3)
through (5).

“(2) QUALIFIED BORROWER DEFINED.—In this
subsection, the term ‘qualified borrower’ means a
borrower of an excepted PLUS Loan or an excepted
consolidation loan.

“(3) ECONOMIC HARDSHIP DEFERMENT.—

“(A) IN GENERAL.—A qualified borrower
shall be eligible for a deferment during periods,
not to exceed 3 years in total, during which the
qualified borrower experiences an economic
hardship described in subparagraph (B).
“(B) Economic hardship.—An economic hardship described in this clause is a period during which the qualified borrower—

“(i) is receiving payment under a means-tested benefit program;

“(ii) is employed full-time and the monthly gross income of the qualified borrower does not exceed the greater of—

“(I) the minimum wage rate described in section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206); or

“(II) an amount equal to 150 percent of the poverty line; or

“(iii) demonstrates that the sum of the qualified borrower’s monthly payments on the qualified borrower’s excepted PLUS Loan or an excepted consolidation loan is not less than 20 percent of the qualified borrower’s monthly gross income.

“(C) Eligibility.—To be eligible to receive a deferment under this subparagraph, a qualified borrower shall submit to the Secretary—
“(i) for the first period of deferment under this subparagraph, evidence showing the monthly gross income of the qualified borrower; and

“(ii) for a subsequent period of deferment that begins less than one year after the end of a period of deferment granted under this subparagraph—

“(I) evidence showing the monthly gross income of the qualified borrower; or

“(II) the qualified borrower’s most recently filed Federal income tax return, if such a return was filed in either of the two tax years preceding the year in which the qualified borrower requests the subsequent period of deferment.

“(4) UNEMPLOYMENT DEFERMENT.—

“(A) IN GENERAL.—A qualified borrower shall be eligible for a deferment for periods during which the qualified borrower is seeking, and is unable to find, full-time employment.

“(B) ELIGIBILITY.—To be eligible to receive an deferment under this subparagraph, a
qualified borrower shall submit to the Secretary—

“(i) evidence of the qualified borrower’s eligibility for unemployment benefits; or

“(ii) for requests submitted after the initial request, written confirmation, or an equivalent as approved by the Secretary, that the qualified borrower has made at least six diligent attempts during the preceding six-month period to secure full-time employment.

“(C) TERMS OF DEFERMENT.—The following terms shall apply to a deferment under this subparagraph:

“(i) INITIAL PERIOD.—The first deferment granted to a qualified borrower under this subparagraph may be for a period of unemployment beginning not more than 6 months before the date on which the Secretary receives the qualified borrower’s request for deferment and may be granted for a period of up to 6 months after that date.
“(ii) RENEWALS.—Deferments under this subparagraph shall be renewable at 6-month intervals beginning after the expiration of the first period of deferment under clause (i). To be eligible to renew a deferment under this subparagraph, a qualified borrower shall submit to the Secretary the information described in subparagraph (B)(i).

“(iii) AGGREGATE LIMIT.—The period of all deferments granted to a borrower under this subparagraph may not exceed 3 years in aggregate.

“(5) HEALTH DEFERMENT.—

“(A) IN GENERAL.—A qualified borrower shall be eligible for a deferment during periods in which the qualified borrower is unable to make scheduled loan payments due to high medical expenses, as determined by the Secretary.

“(B) ELIGIBILITY.—To be eligible to receive a deferment under this subparagraph, a qualified borrower shall—

“(i) submit to the Secretary documentation demonstrating that making
scheduled loan payments would be an extreme economic hardship to the borrower due to high medical expenses, as determined by the Secretary; and

“(ii) resubmit such documentation to the Secretary not less frequently than once every 3 months.

“(l) Prohibitions.—

“(1) Prohibition on fees.—No administrative fee or other fee may be charged to the borrower in connection with the granting of a deferment under this subsection.

“(2) Prohibition on adverse credit reporting.—No adverse information relating to a borrower may be reported to a consumer reporting agency solely because of the granting of a deferment under this subsection.

“(3) Limitation on authority.—The Secretary shall not, through regulation or otherwise, authorize additional deferment options or periods of deferment other than the deferment options and periods of deferment authorized under this subsection.

“(m) Definitions.—In this section:

“(1) Eligible graduate fellowship program.—The term ‘eligible graduate fellowship pro-
gram’, when used with respect to a course of study pursued by the borrower of a loan under this part, means a fellowship program that—

“(A) provides sufficient financial support to graduate fellows to allow for full-time study for at least six months;

“(B) requires a written statement from each applicant explaining the applicant’s objectives before the award of that financial support;

“(C) requires a graduate fellow to submit periodic reports, projects, or evidence of the fellow’s progress; and

“(D) in the case of a course of study at an institution of higher education outside the United States described in section 102, accepts the course of study for completion of the fellowship program.

“(2) ELIGIBLE REHABILITATION TRAINING PROGRAM FOR INDIVIDUALS WITH DISABILITIES.—The term ‘eligible rehabilitation training program for individuals with disabilities’, when used with respect a course of study pursued by the borrower of a loan under this part, means a program that—
“(A) is necessary to assist an individual
with a disability in preparing for, securing, re-
taining, or regaining employment;

“(B) is licensed, approved, certified, or
otherwise recognized as providing rehabilitation
training to disabled individuals by—

“(i) a State agency with responsibility
for vocational rehabilitation programs,
drug abuse treatment programs, mental
health services programs, or alcohol abuse
treatment programs; or

“(ii) the Secretary of Veterans Af-
fairs; and

“(C) provides or will provide the borrower
with rehabilitation services under a written plan
that—

“(i) is individualized to meet the bor-
rower’s needs;

“(ii) specifies the date on which the
services to the borrower are expected to
end; and

“(iii) requires a commitment of time
and effort from the borrower that prevents
the borrower from being employed at least
30 hours per week, either because of the
number of hours that must be devoted to rehabilitation or because of the nature of the rehabilitation.

“(3) EXCEPTED PLUS LOAN; EXCEPTED CONSOLIDATION LOAN.—The terms ‘excepted PLUS loan’ and ‘excepted consolidation loan’ have the meanings given such terms in section 460A.

“(4) FAMILY SIZE.—The term ‘family size’ means the number that is determined by counting—

“(A) the borrower;

“(B) the borrower’s spouse;

“(C) the borrower’s children, including unborn children who are expected to be born during the period covered by the deferment, if the children receive more than half their support from the borrower; and

“(D) another individual if, at the time the borrower requests a deferment under this section, the individual—

“(i) lives with the borrower;

“(ii) receives more than half of the individual’s support (which may include money, gifts, loans, housing, food, clothes, car, medical and dental care, and payment of college costs) from the borrower; and
“(iii) is expected to receive such sup-
port from the borrower during the relevant
period of deferment.

“(5) FULL-TIME.—The term ‘full-time’, when
used with respect to employment, means employment
for not less than 30 hours per week that is expected
to continue for not less than three months.

“(6) MEANS-TESTED BENEFIT PROGRAM.—The
term ‘means-tested benefit program’ means—

“(A) a State public assistance program
under which eligibility for the program’s bene-
fits, or the amount of such benefits, are deter-
mined on the basis of income or resources of
the individual or family seeking the benefit; or

“(B) a mandatory spending program of the
Federal Government, other than a program
under this title, under which eligibility for the
program’s benefits, or the amount of such bene-
fits, are determined on the basis of income or
resources of the individual or family seeking the
benefit, and may include such programs as

“(i) the supplemental security income
program under title XVI of the Social Se-
curity Act (42 U.S.C. 1381 et seq.);
“(ii) the supplemental nutrition assistance program under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.);

“(iii) the program of block grants for States for temporary assistance for needy families established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

“(iv) the special supplemental nutrition program for women, infants, and children established by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786);

and

“(v) other programs identified by the Secretary.

“(7) MONTHLY GROSS INCOME.—The term ‘monthly gross income’, when used with respect to a borrower, means—

“(A) the gross amount of income received by the borrower from employment and other sources for the most recent month; or

“(B) one-twelvth of the borrower’s adjusted gross income, as recorded on the borrower’s most recently filed Federal income tax return.
“(8) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to impact a borrower’s eligibility to receive the benefit of section 455(o).”.

(b) CONFORMING AMENDMENT.—Section 493D(a) (20 U.S.C. 1098f(a)) is amended by inserting “, or section 460B” after “464(e)(2)(A)(ii)”.

PART D—ELIMINATION OF INTEREST CAPITALIZATION

SEC. 231. ELIMINATION OF INTEREST CAPITALIZATION.

(a) FEDERAL PLUS LOANS.—Section 428B(d)(2) (20 U.S.C. 1078–2(d)(2)) is amended to read as follows:

“(2) NO CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are deferred pursuant to paragraph (1) shall be paid monthly or quarterly, if agreed upon by the borrower and the lender.”.

(b) FEDERAL CONSOLIDATION LOANS DEFERRALS.—Section 428C(b)(4)(C)(ii)(III) (20 U.S.C. 1078–3(b)(4)(C)(III)) is amended by striking “or capitalized,”.

(c) LOAN LIMITS FOR UNSUBSIDIZED STAFFORD LOANS.—Section 428H(d)(5) (20 U.S.C. 1078–8(d)(5)) is amended by inserting “before the date of enactment of the REAL Reforms Act” after “Interest capitalized”.

(e) FEDERAL plus loans.—Section 428B(d)(2) (20 U.S.C. 1078–2(d)(2)) is amended to read as follows:

“(2) NO CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are deferred pursuant to paragraph (1) shall be paid monthly or quarterly, if agreed upon by the borrower and the lender.”.
(d) Unsubsidized Stafford Loans for Middle Income Borrowers.—Section 428H(e)(2) (20 U.S.C. 1078-8(e)(2)) is amended—

(1) in subparagraph (A), in the matter before clause (i), by striking “, if agreed upon by the borrower and the lender” and all that follows through clause (ii)(IV) and inserting “be paid monthly or quarterly, if agreed upon by the borrower and the lender.”;

(2) by striking subparagraph (B); and

(3) by redesignating subparagraph (C) as subparagraph (B).

(e) Income Contingent Repayment.—Section 455(e)(5) (20 U.S.C. 1087e(e)(5)) is amended by striking the last sentence and inserting “No interest may be capitalized on such loan on or after the date of the enactment of the REAL Reforms Act, and the Secretary shall promulgate regulations with respect to the treatment of accrued interest that is not capitalized”.

(f) Effect of Deferment on Principal and Interest.—Section 455(f)(1)(B) (20 U.S.C. 1087e(f)(1)(B)) is amended by striking “capitalized or”.

(g) Income-Based Repayment Program.—Section 493C(b)(3)(B) (20 U.S.C. 1098e(b)(3)(B)) is amended by inserting “shall accrue but not” before “be capitalized”.
TITLE III—WORKFORCE PELL GRANTS

SEC. 301. DATA COLLECTION AND DISSEMINATION RELATED TO WORKFORCE PELL.

Section 131 (20 U.S.C. 1015) is amended by adding at the end the following:

“(i) Data Collection and Dissemination Related to Workforce Pell.—

“(1) Appeal of Earnings Information.—

The Secretary may establish an appeals process to permit eligible programs for purposes of the Workforce Pell Grants program under section 401(k) to submit alternate earnings data to comply with section 481(b)(3)(F), provided that such data are statistically rigorous, accurate, comparable, and representative of students who receive a Workforce Pell Grant and complete the eligible program.

“(2) Dissemination of Information.—The Secretary shall collect, verify, and make publicly available the information required under subparagraph (E) of subsection (b)(3) of section 481 on the College Scorecard or any similar successor website.

“(3) Exceptions.—Notwithstanding any other provision of this subsection, if disclosure of any data under paragraph (2) is prohibited under State or
Federal privacy laws or regulations, the Secretary shall take such steps as the Secretary determines necessary to make publicly available such data in accordance with such laws and regulations.”.

SEC. 302. PROGRAM ELIGIBILITY FOR WORKFORCE PELL GRANTS.

Section 481(b) (20 U.S.C. 1088(b)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2) the following:

“(3) A program is an eligible program for purposes of the Workforce Pell Grants program under section 401(k) only if—

“(A) it is at least 150 clock hours of instruction, but not more than 600 clock hours of instruction, or an equivalent number of credit hours, offered during a minimum of 8 weeks, but not more than 15 weeks;

“(B) it is determined by an accrediting agency or association recognized by the Secretary pursuant to section 496(a) to—

“(i) provide an education aligned with the requirements of in-demand industry sectors or occupations, as defined in sec-
section 3 of the Workforce Innovation and Opportunity Act;

“(ii) meet the hiring requirements of potential employers in the sectors or occupations described in clause (i); and

“(iii) have been offered by an institution for not less than 1 year prior to a determination by such agency or association under this subparagraph;

“(iv) have a completion rate (based on the methodology of such agency or association) of at least 70 percent;

“(v) have a job placement rate (based on the methodology of such agency or association) of at least 70 percent; and

“(C) the increase in median earnings of students who receive Federal financial aid under this title and who complete the program is an amount that is equal to or greater than the published tuition and fees of such program, as determined by calculating the difference between—

“(i) the median earnings of such students at the time of initial enrollment in the program; and
“(ii) the median earnings of such students two years after completing such program.”.

SEC. 304. WORKFORCE PELL GRANTS.

(a) AWARD YEAR 2023–2024.—Section 401 (20 U.S.C. 1070a) is amended by adding at the end the following:

“(k) WORKFORCE PELL GRANTS PROGRAM.—

“(1) IN GENERAL.—For the award year beginning on July 1, 2023, the Secretary shall award grants (referred to as a ‘Workforce Pell Grants’) to eligible students under paragraph (2) in accordance with this subsection.

“(2) ELIGIBLE STUDENTS.—For award year 2023–2024, to be eligible to receive a Workforce Pell Grant under this subsection for any period of enrollment, a student shall meet the eligibility requirements for a Federal Pell Grant under this section, except that the student—

“(A) shall be enrolled, or accepted for enrollment, in an eligible program described in section 481(b)(3); and

“(B) may not have received a postbaccalaureate degree.
“(3) TERMS AND CONDITIONS OF AWARDS.—

The Secretary shall award Workforce Pell Grants under this subsection in the same manner and with the same terms and conditions as the Secretary awards Federal Pell Grants under subsection (b), except that a student who is eligible for a grant equal to less than the amount of the minimum Federal Pell Grant because the eligible workforce development program in which the student is enrolled or accepted for enrollment is less than an academic year (in hours of instruction or weeks of duration) may still be eligible for a Workforce Pell Grant.

“(4) PREVENTION OF DOUBLE BENEFITS.—No eligible student described in paragraph (2) may, for the same period of enrollment, receive both a grant under this subsection and a Federal Pell Grant under subsection (b).”.

(b) SUBSEQUENT AWARD YEARS.—

(1) IN GENERAL.—Section 401 (20 U.S.C. 1070a), as amended by section 703 of the FAFSA Simplification Act (title VII of division FF of Public Law 116–260), is amended by adding at the end the following:

“(k) WORKFORCE PELL GRANTS PROGRAM.—
“(1) IN GENERAL.—For the award year beginning on July 1, 2024, and each subsequent award year, the Secretary shall award grants (referred to as a ‘Workforce Pell Grants’) to eligible students under paragraph (2) in accordance with this subsection.

“(2) ELIGIBLE STUDENTS.—For award year 2024–2025 and each succeeding award year, to be eligible to receive a Workforce Pell Grant under this subsection for any period of enrollment, a student shall meet the eligibility requirements for a Federal Pell Grant under this section, except that the student—

“(A) shall be enrolled, or accepted for enrollment, in an eligible program described in section 481(b)(3); and

“(B) may not have received a postbaccalaureate degree.

“(3) TERMS AND CONDITIONS OF AWARDS.—The Secretary shall award Workforce Pell Grants under this subsection in the same manner and with the same terms and conditions as the Secretary awards Federal Pell Grants under subsection (b), except that a student who is eligible for a grant equal to less than the amount of the minimum Federal
Pell Grant because the eligible workforce development program in which the student is enrolled or accepted for enrollment is less than an academic year (in hours of instruction or weeks of duration) may still be eligible for a Workforce Pell Grant.

“(4) PREVENTION OF DOUBLE BENEFITS.—No eligible student described in paragraph (2) may, for the same period of enrollment, receive both a grant under this subsection and a Federal Pell Grant under subsection (b).”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in section 703 of the FAFSA Simplification Act (title VII of division FF of Public Law 116–260; 134 Stat. 3191) and in accordance with section 701(b) of such Act.

SEC. 305. ACCREDITING AGENCY DETERMINATION OF ELIGIBILITY REQUIREMENTS FOR THE WORKFORCE PELL GRANTS PROGRAM.

(a) IN GENERAL.—Section 496(a)(4) (20 U.S.C. 1099b(a)(4)) is amended—

(1) in subparagraph (A), by striking “and” at the end;

(2) in subparagraph (B)(ii), by inserting “and” at the end; and
(3) by adding at the end the following:

“(C) if such agency or association has or seeks to include within its scope of recognition the evaluation of the quality of institutions offering an eligible program for purposes of the Workforce Pell Grants program (in accordance with section 481(b)(3)), such agency or association shall, in addition to meeting the other requirements of this subpart, demonstrate to the Secretary that, with respect to such eligible programs—

“(i) the agency’s or association’s standards include a process for determining if the institution has the capability to effectively offer such an eligible program; and

“(ii) the agency or association requires a demonstration that the program—

“(I) satisfies the requirements of sub-paragraph (B) of section 481(b)(3); and

“(II) provides academic content, an amount of instructional time, and competencies to satisfy any applicable educational requirement so that a student who completes the program and seeks employment is qualified to practice or find em-
ployment in the sectors or occupations that
the program prepares students to enter.”.

(b) ADDITIONAL NACIQI REVIEW MEETINGS.—For
the purpose of preparing for the implementation of the
Workforce Pell Grant program under section 401(k) of the
Higher Education Act of 1965 (as added by section 304),
in addition to the meetings required under section
114(d)(1) of the Higher Education Act of 1965 (20
U.S.C. 1011c(d)(1)), the National Advisory Committee on
Institutional Quality and Integrity (as established by such
section 114) shall, through 2025, hold meetings to evalu-
ate the additions to the scope of recognition of accrediting
agencies and associations with respect to an eligible pro-
gram for purposes of the Workforce Pell Grants program
(in accordance with section 481(b)(3) of the Higher Edu-
cation Act of 1965, as added by section 302).