

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 9609
OFFERED BY MR. WALBERG OF MICHIGAN

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Less Bureaucracy,
3 Better Student Aid Act”.

4 SEC. 2. TRANSFER OF DEPARTMENT OF EDUCATION FUNC-
5 TIONS RELATING TO FEDERAL STUDENT AID.

6 (a) IN GENERAL.—There are transferred, in accord-
7 ance with the applicable effective dates in subsection (b),
8 to the Department of the Treasury—

9 (1) functions of the Secretary of Education (in-
10 cluding the performance-based organization estab-
11 lished pursuant to section 141 of the Higher Edu-
12 cation Act of 1965 (20 U.S.C. 1018) and all related
13 functions of any officer or employee of the Depart-
14 ment of Education) related to the servicing and vol-
15 untary and involuntary collections of defaulted Fed-
16 eral student loan debt, including certification of
17 debt, due process, borrower notification, disputes,
18 bankruptcy, rehabilitation, consolidation, com-

1 promise, repayment agreements, and credit report-
2 ing;

3 (2) functions of the Secretary of Education (in-
4 cluding the performance-based organization estab-
5 lished pursuant to section 141 of the Higher Edu-
6 cation Act of 1965 (20 U.S.C. 1018) and all related
7 functions of any officer or employee of the Depart-
8 ment of Education) related to the servicing of non-
9 defaulted Federal student loan debt, including bor-
10 rower notification, processing of payments, repay-
11 ment plan administration, consolidation, disputes,
12 and credit reporting; and

13 (3) all functions of the Secretary of Education
14 (including the performance-based organization estab-
15 lished pursuant to section 141 of the Higher Edu-
16 cation Act of 1965 (20 U.S.C. 1018) and all related
17 functions of any officer or employee of the Depart-
18 ment of Education) that remain after the transfer of
19 functions required under paragraphs (1) and (2)
20 with respect to each of the following:

21 (A) Administrative Provisions for Delivery
22 of Student Financial Assistance under part D
23 of title I of the Higher Education Act of 1965
24 (20 U.S.C. 1018 et seq.).

1 (B) Lender and Institution Requirements
2 Relating to Education Loans under part E of
3 such title (20 U.S.C. 1019 et seq.).

4 (C) Federal Pell Grants under subpart 1
5 of part A of title IV of the Higher Education
6 Act of 1965 (20 U.S.C. 1070a et seq.).

7 (D) Federal Supplemental Educational Op-
8 portunity Grants under subpart 3 of such part
9 A (20 U.S.C. 1070b et seq.).

10 (E) Federal Family Education Loan pro-
11 gram under part B of title IV of the Higher
12 Education Act of 1965 (20 U.S.C. 1071 et
13 seq.).

14 (F) Federal Work-study programs under
15 part C of such title (20 U.S.C. 1087–51 et
16 seq.).

17 (G) William D. Ford Federal Direct Loan
18 program under part D of such title (20 U.S.C.
19 1087a et seq.).

20 (H) Federal Perkins Loans under part E
21 of such title (20 U.S.C. 1087aa et seq.).

22 (I) Need Analysis under part F of such
23 title (20 U.S.C. 1087kk et. seq.).

1 (J) General Provisions Relating to Student
2 Assistance programs under part G of such title
3 (20 U.S.C. 1088 et. seq.).

4 (K) Eligibility and Certification Procedures
5 under subpart 3 of part H of such title (20
6 U.S.C. 1099c et seq.).

7 (L) Health Education Assistance Loan
8 program as provided in part A of title VII of
9 the Public Health Service Act (42 U.S.C. 292
10 et seq.).

11 (b) EFFECTIVE DATES.—

12 (1) EFFECTIVE DATES DETERMINED.—The
13 Secretary of Education and the Secretary of the
14 Treasury shall jointly determine effective dates for
15 the transfers required under subsection (a), in ac-
16 cordance with paragraph (2) of this subsection.

17 (2) APPLICABLE EFFECTIVE DATES.—The
18 transfers required under subsection (a) shall take ef-
19 fect as follows:

20 (A) PARAGRAPH (1).—With respect to the
21 transfers required under paragraph (1) of sub-
22 section (a), on the effective date determined in
23 accordance with paragraph (1) that is on or
24 after the date of enactment of this Act.

1 (B) PARAGRAPH (2).—With respect to the
2 transfers required under paragraph (2) of sub-
3 section (a), on the effective date determined in
4 accordance with paragraph (1) that is on or
5 after the effective date described in subpara-
6 graph (A).

7 (C) PARAGRAPH (3).—With respect to the
8 transfers required under paragraph (3) of sub-
9 section (a), on the effective date determined in
10 accordance with paragraph (1) that is on or
11 after the effective date described in subpara-
12 graph (B).

13 **SEC. 3. EXERCISE OF AUTHORITIES.**

14 Except as otherwise provided by law, the Secretary
15 of the Treasury may, for purposes of performing a func-
16 tion transferred under this Act, exercise all authorities
17 under any other provision of law that were available with
18 respect to the performance of that function to the Sec-
19 retary of Education immediately before the effective date
20 of the transfer of the function under this Act.

21 **SEC. 4. TRANSFER AND ALLOCATIONS OF APPROPRIA-**
22 **TIONS AND PERSONNEL.**

23 Except as otherwise provided in this Act, the per-
24 sonnel employed in connection with, and the assets, liabil-
25 ities, contracts, property, records, and unexpended bal-

ances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred under this Act, subject to section 1531 of title 31, United States Code, shall be transferred to the Secretary of the Treasury. Unexpended funds transferred pursuant to this section shall be used only for the purposes for which the funds were originally authorized and appropriated.

SEC. 5. AUTHORITY OF DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET WITH RESPECT TO FUNCTIONS TRANSFERRED.

(a) PERSONNEL DETERMINATIONS.—The Director of the Office of Management and Budget shall ensure that this Act does not result in a net increase in full-time equivalent employees at the Federal agencies impacted by this Act, based on the number of such employees at such agencies on the date of enactment of this Act.

(b) FUNCTION DETERMINATIONS.—If necessary, the Director of the Office of Management and Budget shall make any determination of the functions that are transferred under this Act.

(c) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determina-

1 tions as may be necessary with regard to the functions
2 transferred by this Act, and to make such additional inci-
3 dental dispositions of personnel, assets, liabilities, grants,
4 contracts, property, records, and unexpended balances of
5 appropriations, authorizations, allocations, and other
6 funds held, used, arising from, available to, or to be made
7 available in connection with such functions, as may be nec-
8 essary to carry out the provisions of this Act. The Director
9 shall provide for the termination of the affairs of all enti-
10 ties terminated by this Act and for such further measures
11 and dispositions as may be necessary to effectuate the pur-
12 poses of this Act.

13 (d) CERTIFICATION OF COMPLIANCE.—On each of
14 the effective dates under section 3(b), the Director of the
15 Office of Management and Budget shall certify compliance
16 with the provisions of this Act that take effect on such
17 date, including the requirement under subsection (a) as
18 applicable on such date, to the Committee on Education
19 and Workforce of the House of Representatives and the
20 Committee on Health, Education, Labor, and Pensions of
21 the Senate.

22 **SEC. 6. DELEGATION AND ASSIGNMENT.**

23 Except as otherwise expressly prohibited by law or
24 otherwise provided in this Act, the Secretary of the Treas-
25 ury may delegate any of the functions so transferred to

1 such officers and employees of the Department of the
2 Treasury as the Secretary may designate, and may au-
3 thorize successive redelegations of such functions as may
4 be necessary or appropriate. No delegation of functions
5 under this section or under any other provision of this Act
6 shall relieve the Secretary of the Treasury of responsibility
7 for the administration of the function.

8 **SEC. 7. REFERENCES.**

9 With regard to functions transferred under section 2,
10 a reference in any other Federal law, Executive order,
11 rule, regulation, or delegation of authority, or any docu-
12 ment of or relating to—

13 (1) the Secretary of Education shall be deemed
14 to refer to the Secretary of the Treasury; and

15 (2) the Department of Education shall be
16 deemed to refer to the Department of the Treasury.

17 **SEC. 8. SAVINGS PROVISIONS.**

18 (a) **LEGAL DOCUMENTS.**—All orders, determinations,
19 rules, regulations, permits, grants, loans, contracts, agree-
20 ments, certificates, licenses, and privileges—

21 (1) that have been issued, made, granted, or al-
22 lowed to become effective by the President, any Fed-
23 eral agency or official thereof, or by a court of com-
24 petent jurisdiction, in the performance of any func-
25 tion that is transferred by this Act, and

1 (2) that are in effect on the effective date of
2 such transfer (or become effective after such date
3 pursuant to their terms as in effect on such effective
4 date),

5 shall continue in effect according to their terms until
6 modified, terminated, superseded, set aside, or revoked in
7 accordance with law by the President, the Secretary of the
8 Treasury, any other authorized official, a court of com-
9 petent jurisdiction, or operation of law.

10 (b) PROCEEDINGS.—This Act shall not affect any
11 proceedings or any application for any benefits, service,
12 license, permit, certificate, or financial assistance pending
13 on the date of the enactment of this Act before the De-
14 partment of Education (with respect to functions trans-
15 ferred by this Act). Such proceedings and applications
16 shall continue, orders shall be issued in such proceedings,
17 appeals shall be taken therefrom, and payments shall be
18 made pursuant to such orders, as if this Act had not been
19 enacted, and orders issued in any such proceeding shall
20 continue in effect until modified, terminated, superseded,
21 or revoked by a duly authorized official, by a court of com-
22 petent jurisdiction, or by operation of law. Nothing in this
23 subsection shall be considered to prohibit the discontinu-
24 ance or modification of any such proceeding under the
25 same terms and conditions and to the same extent that

1 such proceeding could have been discontinued or modified
2 if this Act had not been enacted.

3 (c) SUITS.—Except as provided in subsection (e)—

4 (1) this Act shall not affect suits commenced
5 before the date of enactment of this Act; and

6 (2) in all such suits, proceeding shall be had,
7 appeals taken, and judgments rendered in the same
8 manner and with the same effect as if this Act had
9 not been enacted.

10 (d) NONABATEMENT OF ACTIONS.—No suit, action,
11 or other proceeding commenced by or against the Depart-
12 ment of Education (with respect to the functions trans-
13 ferred by this Act), or by or against any individual in the
14 official capacity of such individual as an officer or em-
15 ployee of the Department of Education (with regard to
16 functions transferred by this Act), shall abate by reason
17 of the enactment of this Act.

18 (e) CONTINUANCE OF SUITS.—If, before the date on
19 which a transfer of a function under this Act takes effect,
20 the Secretary of Education or any officer or employee of
21 the Department of Education in the official capacity as
22 such an officer or employee is party to a suit relating to
23 the function, then such suit shall be continued and the
24 Secretary of the Treasury, or other appropriate official of

1 the Department of the Treasury, shall be substituted or
2 added as a party.

3 (f) ADMINISTRATIVE PROCEDURE AND JUDICIAL RE-
4 VIEW.—Except as otherwise provided by this Act, any
5 statutory requirements relating to notice, hearings, action
6 upon the record, or administrative or judicial review that
7 apply to any function transferred by this Act shall apply
8 to the exercise of such function by the Secretary of the
9 Treasury, or other officers of the Department of the
10 Treasury to which such function is transferred by this Act.

11 **SEC. 9. TERMINATING EXEMPTION FROM DEBT COLLEC-**
12 **TION IMPROVEMENT ACT.**

13 (a) TERMINATION OF AUTHORITY TO EXEMPT STU-
14 DENT LOANS FROM THE DEBT COLLECTION IMPROVE-
15 MENT ACT.—Beginning on the effective date of the trans-
16 fers required under paragraph (1) of section 2(a) (as de-
17 termined in accordance with section 2(b)), delinquent or
18 defaulted Federal student loan debt may not be subject
19 to an exemption under paragraph (2)(B) of section
20 3711(g) of title 31, United States Code, from the require-
21 ment under paragraph (1) of such section.

22 (b) DEFINITIONS.—In this Act:

23 (1) DELINQUENT OR DEFAULTED.—The term
24 “delinquent or defaulted”, when used with respect to
25 student loan debt, means debt that is considered de-

1 linquent or in default in accordance with the Higher
2 Education Act of 1965 (20 U.S.C. 1001 et seq.).

3 (2) STUDENT LOAN DEBT.—The term “student
4 loan debt” means any debt under part B, D, or E
5 of title IV of the Higher Education Act of 1965 (20
6 U.S.C. 1070 et seq.), or any debt that arises from
7 a Health Education Assistance Loan as provided in
8 part A of title VII of the Public Health Service Act
9 (42 U.S.C. 292 et seq.), that is assigned to or other-
10 wise held by the Secretary of Education.

11 **SEC. 10. TRANSITION.**

12 The Secretary of the Treasury is authorized to use,
13 for such period of time as may reasonably be needed to
14 facilitate the orderly implementation of this Act—

15 (1) the services of officers, employees, and other
16 personnel of the Department of Education with re-
17 gard to functions transferred under this Act;

18 (2) assets of the Department of Education with
19 regard to such functions; and

20 (3) funds appropriated to such functions.

21 **SEC. 11. DEFINITION OF FUNCTION.**

22 For purposes of this Act, the term “function” in-
23 cludes any duty, obligation, power, authority, responsi-
24 bility, right, privilege, activity, or program.

