To provide relief for Federal and private student loan borrowers during the COVID–19 pandemic, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. DEAN introduced the following bill; which was referred to the Committee on

A BILL

To provide relief for Federal and private student loan borrowers during the COVID–19 pandemic, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Emergency Relief for Student Borrowers Act of 2021”.
SEC. 2. PAYMENTS FOR FEDERAL STUDENT LOAN BORROWERS AS A RESULT OF A NATIONAL EMERGENCY.

(a) In general.—Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.) is amended by inserting after section 493D the following:

“SEC. 493E. PAYMENTS FOR STUDENT LOAN BORROWERS DURING THE COVID–19 NATIONAL EMERGENCY.

“(a) Definitions.—In this section:

“(1) Coronavirus.—The term ‘coronavirus’ has the meaning given the term in section 506 of the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (Public Law 116–123).

“(2) Income-driven repayment.—The term ‘income-driven repayment’ means—

“(A) income-based repayment authorized under section 493C for loans made, insured, or guaranteed under part B or part D; or

“(B) income contingent repayment authorized under section 455(e) for loans made under part D.

“(3) Involuntary collection.—The term ‘involuntary collection’ means—
“(A) a wage garnishment authorized under section 488A of this Act or section 3720D of title 31, United States Code;

“(B) a reduction of tax refund by amount of debt authorized under section 3720A of title 31, United States Code;

“(C) a reduction of any other Federal benefit payment by administrative offset authorized under section 3716 of title 31, United States Code (including a benefit payment due to an individual under the Social Security Act or any other provision described in subsection (e)(3)(A)(i) of such section); and

“(D) any other involuntary collection activity.

“(4) COVID–19 EMERGENCY PERIOD.—For purposes of this Act, the term ‘COVID–19 emergency period’ means the period that begins upon the date of the enactment of this Act and ends upon the date of the termination by the Federal Emergency Management Administration of the emergency declared on March 13, 2020, by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 4121 et seq.) relat-
ing to the Coronavirus Disease 2019 (COVID–19) pandemic.

“(b) COVID–19 NATIONAL EMERGENCY STUDENT LOAN REPAYMENT ASSISTANCE.—

“(1) AUTHORITY.—Effective on the date of the enactment of this section, during the COVID–19 emergency period and the 6-month period immediately following, the Secretary of Education shall for each borrower of a loan made, insured, or guaranteed under part B, D, or E, pay the total amount due for such month on the loan, based on the payment plan selected by the borrower or the borrower’s loan status.

“(2) NO CAPITALIZATION OF INTEREST.—With respect to any loan in repayment during the COVID–19 national emergency period and the 6-month period immediately following, interest due on loans made, insured, or guaranteed under part B, D, or E during such period shall not be capitalized at any time during the COVID–19 national emergency period and the 6-month period immediately following.

“(3) APPLICABILITY OF PAYMENTS.—Any payment made by the Secretary of Education under this section shall be considered by the Secretary of Edu-
cation, or by a lender with respect to a loan made, insured, or guaranteed under part B—

“(A) as a qualifying payment under the public service loan forgiveness program under section 455(m), if the borrower would otherwise qualify under such section;

“(B) in the case of a borrower enrolled in an income-driven repayment plan, as a qualifying payment for the purpose of calculating eligibility for loan forgiveness for the borrower in accordance with section 493C(b)(7) or section 455(d)(1)(D), as the case may be; and

“(C) in the case of a borrower in default, as an on-time monthly payment for purposes of loan rehabilitation pursuant to section 428F(a).

“(4) REPORTING TO CONSUMER REPORTING AGENCIES.—During the period in which the Secretary of Education is making payments on a loan under paragraph (1), the Secretary shall ensure that, for the purpose of reporting information about the loan to a consumer reporting agency, any payment made by the Secretary is treated as if it were a regularly scheduled payment made by a borrower.

“(5) NOTICE OF PAYMENTS AND PROGRAM.—Not later than 15 days following the date of enact-
ment of this section, and monthly thereafter during
the COVID–19 national emergency period and the
6-month period immediately following, the Secretary
of Education shall provide a notice to all borrowers
of loans made, insured, or guaranteed under part B,
D, or E—

“(A) informing borrowers of the actions
taken under this section;

“(B) providing borrowers with an easily
accessible method to opt out of the benefits pro-
vided under this section; and

“(C) notifying the borrower that the pro-
gram under this section is a temporary program
and will end 6 months after the COVID–19 na-
tional emergency period ends.

“(6) SUSPENSION OF INVOLUNTARY COLLEC-
tion.—During the COVID–19 national emergency
period and the 6-month period immediately fol-
lowing, the Secretary of Education, or other holder
of a loan made, insured, or guaranteed under part
B, D, or E, shall immediately take action to halt all
involuntary collection related to the loan.

“(7) MANDATORY FORBEARANCE.—During the
period in which the Secretary of Education is mak-
ing payments on a loan under paragraph (1), the
Secretary, or a lender or guaranty agency for a loan made under part B, shall grant the borrower forbearance as follows:

“(A) A temporary cessation of all payments on the loan other than the payments of interest and principal on the loan that are made under paragraph (1).

“(B) For borrowers who are delinquent but who are not yet in default before the date on which the Secretary begins making payments under paragraph (1), the retroactive application of forbearance to address any delinquency.”.

(b) FFEL Amendment.—Section 428(c)(8) of the Higher Education Act of 1965 (20 U.S.C. 1078(c)(8)) is amended by striking “and for which” and all that follows through “this subsection”.

SEC. 3. PAYMENTS FOR PRIVATE EDUCATION LOAN BORROWERS AS A RESULT OF THE COVID–19 NATIONAL EMERGENCY.

Section 140 of the Truth in Lending Act (15 U.S.C. 1650) is amended by adding at the end the following new subsection:

“(h) COVID–19 National Emergency Private Education Loan Repayment Assistance.—
“(1) AUTHORITY.—Effective on the date of the enactment of this section, for the duration of the COVID–19 emergency period and the 6-month period immediately following, the Secretary of the Treasury shall, for each borrower of a private education loan, pay the total amount due for such month on the loan, based on the payment plan selected by the borrower or the borrower’s loan status.

“(2) NO CAPITALIZATION OF INTEREST.—With respect to any loan in repayment during the COVID–19 national emergency period and the 6-month period immediately following, interest due on a private education loan during such period shall not be capitalized at any time during the COVID–19 national emergency period and the 6-month period immediately following.

“(3) REPORTING TO CONSUMER REPORTING AGENCIES.—During the period in which the Secretary of the Treasury is making payments on a loan under paragraph (1), the Secretary shall ensure that, for the purpose of reporting information about the loan to a consumer reporting agency, any payment made by the Secretary is treated as if it were a regularly scheduled payment made by a borrower.
“(4) Notice of Payments and Program.—
Not later than 15 days following the date of enactment of this subsection, and monthly thereafter during the COVID–19 national emergency period and the 6-month period immediately following, the Secretary of the Treasury shall provide a notice to all borrowers of private education loans—

“(A) informing borrowers of the actions taken under this subsection;

“(B) providing borrowers with an easily accessible method to opt out of the benefits provided under this subsection; and

“(C) notifying the borrower that the program under this subsection is a temporary program and will end 6 months after the COVID–19 national emergency period ends.

“(5) Suspension of Involuntary Collection.—During the COVID–19 national emergency period and the 6-month period immediately following, the holder of a private education loan shall immediately take action to halt all involuntary collection related to the loan.

“(6) Mandatory Forbearance.—During the period in which the Secretary of the Treasury is making payments on a loan under paragraph (1),
the servicer of such loan shall grant the borrower
forbearance as follows:

“(A) A temporary cessation of all pay-
ments on the loan other than the payments of
interest and principal on the loan that are made
under paragraph (1).

“(B) For borrowers who are delinquent
but who are not yet in default before the date
on which the Secretary begins making payments
under paragraph (1), the retroactive application
of forbearance to address any delinquency.

“(7) DATA TO IMPLEMENT.—Holders and
servicers of private education loans shall report, to
the satisfaction of the Secretary of the Treasury, the
information necessary to calculate the amount to be
paid under this section.

“(8) COVID–19 EMERGENCY PERIOD DE-
defined.—In this subsection, the term ‘COVID–19
emergency period’ means the period that begins
upon the date of the enactment of this Act and ends
upon the date of the termination by the Federal
Emergency Management Administration of the
emergency declared on March 13, 2020, by the
President under the Robert T. Stafford Disaster Re-

Relief and Emergency Assistance Act (42 U.S.C. 4121
et seq.) relating to the Coronavirus Disease 2019 (COVID–19) pandemic.”.

SEC. 4. MINIMUM RELIEF FOR FEDERAL AND PRIVATE STUDENT LOAN BORROWERS AS A RESULT OF THE COVID–19 NATIONAL EMERGENCY.

(a) Minimum Student Loan Relief as a Result of the COVID–19 National Emergency.—Not later than 270 days after the last day of the COVID–19 emergency period, the Secretaries concerned shall jointly carry out a program under which a qualified borrower, with respect to the covered loans and private education of loans of such qualified borrower, shall receive in accordance with subsection (c) an amount equal to the lesser of the following:

(1) The total amount of each covered loan and each private education loan of the borrower; or

(2) $10,000.

(b) Notification of Borrowers.—Not later than 270 days after the last day of the COVID–19 emergency period, the Secretaries concerned shall notify each qualified borrower of—

(1) the requirements to provide loan relief to such borrower under this section; and

(2) the opportunity for such borrower to make an election under subsection (c)(1) with respect to
the application of such loan relief to the covered
loans and private education loans of such borrower.

(c) **Distribution of Funding.**

(1) **Election by Borrower.**—Not later than
45 days after a notice is sent under subsection (b),
a qualified borrower may elect to apply the amount
determined with respect to such borrower under sub-
section (a) to—

(A) any covered loan of the borrower;

(B) any private education loan of the bor-
rower; and

(C) any combination of the loans described
in subparagraphs (A) and (B).

(2) **Automatic Payment.**

(A) **In General.**—In the case of a quali-
fied borrower who does not make an election
under paragraph (1) before the date described
in such paragraph, the Secretaries concerned
shall apply the amount determined with respect
to such borrower under subsection (a) in order
of the covered loan or private education loan of
the qualified borrower with the highest interest
rate.

(B) **Equal Interest Rates.**—In case of
two or more covered loans or private education
loans described in subparagraph (A) with equal interest rates, the Secretaries concerned shall apply the amount determined with respect to such borrower under subsection (a) first to the loan with the highest principal.

(d) Data To Implement.—

(1) Secretary of Education.—Contractors of the Secretary of Education and lenders and guaranty agencies holding loans made, insured, or guaranteed under part B shall report, to the satisfaction of the Secretary of Education, the information necessary to calculate the amount to be applied under subsection (a).

(2) Secretary of Treasury.—Holders and servicers of private education loans shall report, to the satisfaction of the Secretary of the Treasury, the information necessary to calculate the amount to be applied under subsection (a).

(e) Memorandum of Understanding.—The Secretaries concerned shall enter into a memorandum of understanding to carry out this section.

(f) Definitions.—In this section:

(1) Covered Loan.—The term “covered loan” means—
(A) a loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.);

(B) a loan made under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.); and

(C) a Federal Perkins Loan made pursuant to part E of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087aa et seq.).

(2) COVID–19 EMERGENCY PERIOD.—For purposes of this Act, the term “COVID–19 emergency period” means the period that begins upon the date of the enactment of this Act and ends upon the date of the termination by the Federal Emergency Management Administration of the emergency declared on March 13, 2020, by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 4121 et seq.) relating to the Coronavirus Disease 2019 (COVID–19) pandemic.

(3) PRIVATE EDUCATION LOAN.—The term “private education loan” has the meaning given the term in section 140 of the Truth in Lending Act (15 U.S.C. 1650).
(4) Qualified borrower.—The term “qualified borrower” means a borrower of a covered loan or a private education loan.

(5) Secretaries concerned.—The term “Secretaries concerned” means—

(A) the Secretary of Education, with respect to covered loans and borrowers of such covered loans; and

(B) the Secretary of the Treasury, with respect to private education loans and borrowers of such private education loans.

SEC. 5. INCOME SHARE AGREEMENTS.

(a) In general.—An individual who entered into an income share agreement to pay for education expenses of the individual shall not be required to make payments under such income share agreement for the duration of the COVID–19 emergency period and the 6-month period immediately following.

(b) COVID–19 emergency period.—In this section, the term “COVID–19 emergency period” means the period that begins upon the date of the enactment of this Act and ends upon the date of the termination by the Federal Emergency Management Administration of the emergency declared on March 13, 2020, by the President under the Robert T. Stafford Disaster Relief and Emergency As-

SEC. 6. EXCLUSION FROM GROSS INCOME.

(a) In General.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 139H the following new section:

“SEC. 139I. STUDENT LOAN PAYMENTS RESULTING FROM THE COVID–19 NATIONAL EMERGENCY.

“Gross income shall not include any payment made on behalf of the taxpayer under section 493E(b)(1) of the Higher Education Act of 1965, section 140(h) of the Truth in Lending Act, or section 4 of the Emergency Relief for Student Borrowers Act of 2021.”.

(b) Clerical Amendment.—The table of sections for part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 139H the following new item:

“Sec. 139I. Student loan payments resulting from the COVID–19 national emergency.”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.