AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE
OFFERED BY MS. STEFANIK OF NEW YORK

In section 4303—

(1) in paragraph (5)(C), strike “and” at the end;

(2) in paragraph (6), strike the period at the end and insert “; and”; and

(3) add at the end the following:

(7) by adding at the end the following:

“(11) SUNSET.—The Secretary shall not have the authority to cancel under this subsection the obligation to repay the balance of principal and interest due on the eligible Federal Direct Loans made under this part to a new borrower on or after July 1, 2020.”.

Insert after section 4635 the following:

SEC. 4636. STATE WORKFORCE INCENTIVE PROGRAM.

Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.), as amended by the preceding sections, is amended further by adding at the end the following:
SEC. 493J. STATE WORKFORCE INCENTIVE PROGRAM.

(a) PURPOSE.—The purpose of this section is to support the workforce in State-determined high-need or public-service occupations, and to encourage individuals to pursue and maintain employment in such occupations through annual incentive payments towards their eligible Federal loans.

(b) ALLOTMENT AND ALLOCATIONS OF CREDITS FOR REDUCING FEDERAL LOAN DEBT.—

(1) IN GENERAL.—From the amount appropriated under subsection (e), the Secretary shall annually allot, in accordance with paragraph (2), loan repayment credits to each State with an approved State implementation plan, which may be allocated to eligible borrowers in such State for the purpose of reducing the amount owed on the eligible Federal loans of such borrowers.

(2) ALLOTMENT OF LOAN REPAYMENT CREDITS TO STATES.—

(A) IN GENERAL.—Each State with an approved State implementation plan shall receive an allotment of loan repayment credits on July 1 of each year, as follows:

(i) 0.50 of the amount appropriated under subsection (e) shall be allotted on the basis of the relative population of the
State, compared to the total population in all States with an approved State implementation plan.

“(ii) 0.25 of the amount appropriated under subsection (e) shall be allotted on the basis of the relative amount of individuals in poverty in the State, compared to the total amount of individuals in poverty in all States with an approved State implementation plan.

“(iii) 0.25 of the amount appropriated under subsection (e) shall be allotted on the basis of the relative excess number of individuals in poverty in the State, compared to total excess number of individuals in poverty in all States with an approved State implementation plan.

“(B) Definitions.—For purposes of this paragraph:

“(i) Individuals in poverty.—The term ‘individuals in poverty’ means the number of individuals who are living below 100 percent of the poverty line.

“(ii) Excess number.—The term ‘excess number’, when used with respect to
the excess number of individuals in poverty in a State, means the number that represents the number of individuals in poverty in the State in excess of 8 percent of the total number of individuals in the State for whom the poverty status is determined.

“(C) Carryover of Loan Repayment Credits.—Any loan repayment credits allotted to a State and not obligated to a borrower during the award year during which such credits were allotted shall—

“(i) be retained by the State during the period covered by the State plan; and

“(ii) may be allocated by the State to a borrower at any point during such period.

“(3) Mandatory Funds for Fiscal Year 2021.—For fiscal year 2021, there shall be available to the Secretary, from funds not otherwise appropriated, funds to be obligated to States receiving an allotment under this section for administrative costs under this section not to exceed $50,000,000.

“(c) State Implementation Plan.—
“(1) In general.—To be eligible for an allotment of loan repayment credits under this section, a State shall submit to the Secretary a State implementation plan every 5 years.

“(2) Contents.—Each State implementation plan shall cover a period of 5 award years include the following:

“(A) The State entity responsible for administering the program under this section.

“(B) A description of how the State will identify the workforce and public service needs (as defined by the State) to be addressed through the program, including descriptions of how the State—

“(i) will use State, regional, or local labor market data to determine workforce needs;

“(ii) will consider particular occupations that support the economic development of rural and underserved communities (which may include farmers), as determined by the State;

“(iii) will determine the occupations for which borrowers shall be eligible to receive loan repayment credits;
“(iv) will determine the amount of loan repayment credits to be annually allocated to borrowers in each occupation determined under clause (iii); and

“(v) will project the total amount of loan repayment credits to be awarded annually to borrowers eligible for such credits, and use this projection to ensure the State has been allotted sufficient loan repayment credits to meet the State’s obligations under clauses (iii) and (iv).

“(C) A description of how the State will administer the program under this section, including descriptions of—

“(i) how the State will promote such program, and publicly announce to the general public in the State the list of eligible occupations and the annual amount of loan repayment credits to be awarded for such occupations during the period covered by the plan;

“(ii) the borrower-friendly application process for borrowers to apply to the State for loan repayment credits;
“(iii) the process the State will use to verify the State-determined eligibility factors of each applicant and how such application will be seamlessly submitted under subsection (d)(1)(C) to the Secretary for Federal verification of the State’s determination of the amount of loan repayment credits to be allocated; and

“(iv) how the State will determine if the State has sufficient loan repayment credits to add occupations to the list of eligible occupations or increase the amount of loan repayment credits to be awarded to borrowers in eligible occupations, and how the State will inform the general public in the State of such changes.

“(D) An assurance that following the public release of the State determined eligible occupations and loan repayment credit amounts, such occupations and credit amounts will not be reduced or become unavailable for allocation to borrowers eligible for such credits in the State for the period covered by the plan.

“(E) An assurance that the State will comply with subsection (d)(2)(C) to use non-Fed-
eral funds to provide the full State-determined
amount of loan repayment credits in accordance
with such subsection.

“(F) An assurance that no borrower will
receive more than $10,000 in loan repayment
credits for an award year.

“(3) PLAN APPROVAL.—The Secretary shall ap-
prove a plan submitted under this section that meets
the requirements of paragraph (2).

“(d) BORROWER APPLICATION PROCESS.—

“(1) STATE REQUIREMENTS.— Each State re-
ceiving an allotment of loan repayment credits under
this section shall—

“(A) upon receipt of approval of the
State’s plan under subsection (c)(3), carry out
the announcement and promotion requirements
described in subsection (c)(2)(C)(i);

“(B) require each borrower seeking such
credits to submit an application to the State at
such time, in such manner, and containing such
information as may be required by such State;
and

“(C) upon State verification of eligibility of
a borrower for an allocation of loan repayment
credits (including employment in an eligible oc-
cupation and the application requirements under subparagraph (B)), the State shall submit to the Secretary—

“(i) the application of the borrower; and

“(ii) a determination of the number of such credits that should be allocated to the borrower.

“(2) SECRETARY APPROVAL.—

“(A) FULL AMOUNT.—

“(i) IN GENERAL.—Subject to subparagraphs (B) and (C), upon a determination that a borrower meets the requirements of clause (ii), the Secretary shall cancel an amount equal to the amount of credits allocated to the borrower under paragraph (1)(C)(ii) of the outstanding balance of principal or interest on the eligible Federal loans of such borrower.

“(ii) BORROWER REQUIREMENTS.—A borrower meets the requirements of this clause if the borrower—

“(I) has entered repayment on any eligible Federal loan and such
loans are less than 90 days delinquent;

“(II) whose total number of loan repayment credits under this section has resulted in the cancellation of less than $50,000 on the borrower’s eligible Federal loans; and

“(III) earned an adjusted gross income of less than $120,000 during the prior calendar year.

“(B) PARTIAL AMOUNT.—

“(i) IN GENERAL.—In the case of a borrower whose allocation amount under subparagraph (A) would result in the borrower receiving greater than a total of $50,000 in loan repayment credits under the program under this section, the Secretary shall cancel an amount described in clause (ii) of the outstanding balance on the eligible Federal loans of the borrower.

“(ii) AMOUNT.—The amount described in this clause is an amount that would result in the borrower receiving a total of $50,000 in loan cancellation under this section.
“(C) INSUFFICIENT CREDITS.—In the case of a State that does not have a sufficient allotment of loan repayment credits to allocate the number of credits to a borrower in an amount determined under paragraph (1)(C)(ii) for such borrower, the Secretary shall, with respect to the outstanding balance of the borrower’s eligible Federal loans—

“(i) cancel an amount equal to the amount of such credits that are remaining in the State’s allotment; and

“(ii) notify the State of its obligation to use non-Federal funds to cancel an amount equal to the difference between the allocation amount determined for the borrower and the amount cancelled under clause (i).

“(e) FUNDING.—There are authorized to be appropriated, and there are appropriated to carry out this section (in addition to any other amounts appropriated to carry out this section and out of any money in the Treasury not otherwise appropriated)—

“(1) for each of the first and second award years that begin on or after the date of enactment of the State Workforce Incentive Act, an amount
equal to 0.01 of the loans made under part D and first disbursed during the preceding award year;

“(2) for each of the third and fourth award years that begin after the date of enactment of the State Workforce Incentive Act, an amount equal to 0.02 of the loans made under part D and first disbursed during the preceding award year;

“(3) for each of the fifth and sixth award years that begin after the date of enactment of the State Workforce Incentive Act, an amount equal to 0.03 of the loans made under part D and first disbursed during the preceding award year; and

“(4) for seventh award year that begins after the date of enactment of the State Workforce Incentive Act and each succeeding award year, an amount equal to 0.04 of the loans made under part D and first disbursed during the preceding award year.

“(f) DEFINITIONS.—In this section:

“(1) LOAN REPAYMENT CREDIT.—The term ‘loan repayment credit’ means a credit for the outstanding balance of principal or interest on eligible Federal loans that shall be cancelled on such loans, at the rate of 1 credit equals $1 of such principal or interest.
“(2) ELIGIBLE FEDERAL LOAN.—The term ‘eligible Federal loan’ means a loan made under part D, other than—

“(A) a Federal Direct PLUS Loan made on behalf of a dependent student; or

“(B) a Federal Consolidation Loan, if the proceeds of such loan were used to discharge the liability on a loan described in subparagraph (A).”.

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