

106TH CONGRESS  
2D SESSION

# H. R. 5319

To expand the teacher loan forgiveness programs under the guaranteed and direct student loan programs, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2000

Mr. INSLEE introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To expand the teacher loan forgiveness programs under the guaranteed and direct student loan programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Teachers For Tomor-  
5 row Act of 2000”.

1 **SEC. 2. REVISION OF TEACHER LOAN FORGIVENESS PRO-**  
2 **GRAMS.**

3 (a) GUARANTEED STUDENT LOANS.—Part B of title  
4 IV of the Higher Education Act of 1965 is amended by—

5 (1) redesignating section 428K (20 U.S.C.  
6 1078–11) as section 428L; and

7 (2) by inserting after section 428J the following  
8 new section:

9 **“SEC. 428K. EXPANDED LOAN FORGIVENESS FOR TEACH-**  
10 **ERS.**

11 “(a) PURPOSE.—It is the purpose of this section to  
12 expand, subject to the availability of appropriations there-  
13 for, the eligibility of individuals to qualify for loan forgive-  
14 ness for teachers beyond that available under section  
15 428J, in order to provide additional incentives for such  
16 individuals to enter and continue in the teaching profes-  
17 sion.

18 “(b) PROGRAM AUTHORIZED.—

19 “(1) IN GENERAL.—From the sums appro-  
20 priated pursuant to subsection (i), the Secretary  
21 shall carry out a program, through the holder of the  
22 loan, of assuming the obligation to repay a qualified  
23 loan amount for a loan made under section 428 or  
24 428H, in accordance with subsection (c), for any  
25 new borrower on or after October 1, 1998, who is

1 not eligible for loan forgiveness under section 428J,  
2 but who—

3 “(A) is employed as a full-time teacher—

4 “(i) in a public elementary or sec-  
5 ondary school

6 “(ii) if employed as a secondary school  
7 teacher, is teaching a subject area that is  
8 relevant to the borrower’s academic major  
9 as certified by the chief administrative offi-  
10 cer of the public or nonprofit private sec-  
11 ondary school in which the borrower is em-  
12 ployed; and

13 “(iii) if employed as an elementary  
14 school teacher, has demonstrated, as cer-  
15 tified by the chief administrative officer of  
16 the public or nonprofit private elementary  
17 school in which the borrower is employed,  
18 knowledge and teaching skills in reading,  
19 writing, mathematics, and other areas of  
20 the elementary school curriculum;

21 “(B) has a State certification (which may  
22 include certification obtained through alter-  
23 native means) or a State license to teach, and  
24 has not failed to comply with State or local ac-  
25 countability standards; and

1           “(C) is not in default on a loan for which  
2           the borrower seeks forgiveness.

3           “(2) SELECTION OF RECIPIENTS.—The Sec-  
4           retary shall by regulations, establish a formula that  
5           ensures fairness and equality for applicants in the  
6           selection of borrowers for loan repayment under this  
7           section, based on the amount available pursuant to  
8           subsection (i).

9           “(c) QUALIFIED LOANS AMOUNT.—

10           “(1) IN GENERAL.—The Secretary shall repay  
11           not more than the percentage specified in paragraph  
12           (2) of the loan obligation on a loan made under sec-  
13           tion 428 or 428H that is outstanding after the com-  
14           pletion of each complete school year of teaching de-  
15           scribed in subsection (b)(1). No borrower may re-  
16           ceive a reduction of loan obligations under both this  
17           section and section 460.

18           “(2) PERCENTAGE ELIGIBLE.—The percent of  
19           the loan obligation which the Secretary shall repay  
20           under paragraph (1) of this subsection is—

21           “(A) in the case of teaching in a school  
22           that qualifies under section 465(a)(2)(A) for  
23           loan cancellation for Perkins loan recipients  
24           who teach in such schools, 25 percent for the

1 first or second year of such service, and 50 per-  
2 cent for the third year of such service; or

3 “(B) in the case of any other public ele-  
4 mentary or secondary school, 15 percent for the  
5 first or second year of such service, 20 percent  
6 for the third or fourth year of such service, and  
7 30 percent for the fifth year of such service.

8 “(3) TREATMENT OF CONSOLIDATION LOANS.—

9 A loan amount for a loan made under section 428C  
10 may be a qualified loan amount for the purposes of  
11 this subsection only to the extent that such loan  
12 amount was used to repay a Federal Direct Stafford  
13 Loan, a Federal Direct Unsubsidized Stafford Loan,  
14 or a loan made under section 428 or 428H for a  
15 borrower who meets the requirements of subsection  
16 (b), as determined in accordance with regulations  
17 prescribed by the Secretary.

18 “(4) TREATMENT OF YEARS OF SERVICE FOR  
19 CONTINUING EDUCATION LOANS.—For purposes of  
20 paragraph (2), the year of service is determined on  
21 the basis of the academic year that the borrower  
22 began the service as a full-time teacher, except that  
23 in the case of a borrower who incurs a loan obliga-  
24 tion for continuing education expenses while teach-  
25 ing, the year of service is determined on the basis

1 of the academic year following the academic year for  
2 which the loan obligation was incurred.

3 “(d) REGULATIONS.—The Secretary is authorized to  
4 issue such regulations as may be necessary to carry out  
5 the provisions of this section.

6 “(e) CONSTRUCTION.—Nothing in this section shall  
7 be construed to authorize any refunding of any repayment  
8 of a loan.

9 “(f) LIST.—If the list of schools in which a teacher  
10 may perform service pursuant to subsection (b) is not  
11 available before May 1 of any year, the Secretary may use  
12 the list for the year preceding the year for which the deter-  
13 mination is made to make such service determination.

14 “(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

15 “(1) CONTINUED ELIGIBILITY.—Any teacher  
16 who performs service in a school that—

17 “(A) meets the requirements of subsection  
18 (b)(1)(A) in any year during such service; and

19 “(B) in a subsequent year fails to meet the  
20 requirements of such subsection,

21 may continue to teach in such school and shall be  
22 eligible for loan forgiveness pursuant to subsection  
23 (b).

24 “(2) PREVENTION OF DOUBLE BENEFITS.—No  
25 borrower may, for the same service, receive a benefit

1 under both this section and subtitle D of title I of  
2 the National and Community Service Act of 1990  
3 (42 U.S.C. 12571 et seq.).

4 “(h) DEFINITION.—For purposes of this section, the  
5 term ‘year’, where applied to service as a teacher, means  
6 an academic year as defined by the Secretary.

7 “(i) AUTHORIZATION OF APPROPRIATIONS.—There  
8 are authorized to be appropriated to carry out this section  
9 such sums as may be necessary for fiscal year 2002 and  
10 each of the 5 succeeding fiscal years.”.

11 (b) DIRECT STUDENT LOANS.—Part D of title IV of  
12 the Higher Education Act of 1965 is amended by inserting  
13 after section 460 the following new section:

14 **“SEC. 460A. EXPANDED LOAN FORGIVENESS FOR TEACH-**  
15 **ERS.**

16 “(a) PURPOSE.—It is the purpose of this section to  
17 expand, subject to the availability of appropriations there-  
18 for, the eligibility of individuals to qualify for loan forgive-  
19 ness for teachers beyond that available under section 460,  
20 in order to provide additional incentives for such individ-  
21 uals to enter and continue in the teaching profession.

22 “(b) PROGRAM AUTHORIZED.—

23 “(1) IN GENERAL.—From the sums appro-  
24 priated pursuant to subsection (i), the Secretary  
25 shall carry out canceling the obligation to repay a

1 qualified loan amount in accordance with subsection  
2 (c) for Federal Direct Stafford Loans and Federal  
3 Direct Unsubsidized Stafford Loans made under this  
4 part for any new borrower on or after October 1,  
5 1998, who is not eligible for loan forgiveness under  
6 section 460, but who—

7 “(A) is employed as a full-time teacher—

8 “(i) in a public elementary or sec-  
9 ondary school;

10 “(ii) if employed as a secondary school  
11 teacher, is teaching a subject area that is  
12 relevant to the borrower’s academic major  
13 as certified by the chief administrative offi-  
14 cer of the public or nonprofit private sec-  
15 ondary school in which the borrower is em-  
16 ployed; and

17 “(iii) if employed as an elementary  
18 school teacher, has demonstrated, as cer-  
19 tified by the chief administrative officer of  
20 the public or nonprofit private elementary  
21 school in which the borrower is employed,  
22 knowledge and teaching skills in reading,  
23 writing, mathematics, and other areas of  
24 the elementary school curriculum;

1           “(B) has a State certification (which may  
2           include certification obtained through alter-  
3           native means) or a State license to teach, and  
4           has not failed to comply with State or local ac-  
5           countability standards; and

6           “(C) is not in default on a loan for which  
7           the borrower seeks forgiveness.

8           “(2) SELECTION OF RECIPIENTS.—The Sec-  
9           retary shall by regulations, establish a formula that  
10          ensures fairness and equality for applicants in the  
11          selection of borrowers for loan repayment under this  
12          section, based on the amount available pursuant to  
13          subsection (i).

14          “(c) QUALIFIED LOANS AMOUNT.—

15                 “(1) IN GENERAL.—The Secretary shall cancel  
16                 not more than the percentage specified in paragraph  
17                 (2) of the loan obligation on a loan made under this  
18                 part that is outstanding after the completion of each  
19                 complete school year of teaching described in sub-  
20                 section (b)(1). No borrower may receive a reduction  
21                 of loan obligations under both this section and sec-  
22                 tion 428J.

23                 “(2) PERCENTAGE ELIGIBLE.—The percent of  
24                 the loan obligation which the Secretary shall cancel  
25                 under paragraph (1) of this subsection is—

1           “(A) in the case of teaching in a school  
2           that qualifies under section 465(a)(2)(A) for  
3           loan cancellation for Perkins loan recipients  
4           who teach in such schools, 25 percent for the  
5           first or second year of such service, and 50 per-  
6           cent for the third year of such service; or

7           “(B) in the case of any other public ele-  
8           mentary or secondary school, 15 percent for the  
9           first or second year of such service, 20 percent  
10          for the third or fourth year of such service, and  
11          30 percent for the fifth year of such service.

12          “(3) TREATMENT OF CONSOLIDATION LOANS.—  
13          A loan amount for a Federal Direct Consolidation  
14          Loan may be a qualified loan amount for the pur-  
15          poses of this subsection only to the extent that such  
16          loan amount was used to repay a Federal Direct  
17          Stafford Loan, a Federal Direct Unsubsidized Staf-  
18          ford Loan, or a loan made under section 428 or  
19          428H for a borrower who meets the requirements of  
20          subsection (b), as determined in accordance with  
21          regulations prescribed by the Secretary.

22          “(4) TREATMENT OF YEARS OF SERVICE FOR  
23          CONTINUING EDUCATION LOANS.—For purposes of  
24          paragraph (2), the year of service is determined on  
25          the basis of the academic year that the borrower

1 began the service as a full-time teacher, except that  
2 in the case of a borrower who incurs a loan obliga-  
3 tion for continuing education expenses while teach-  
4 ing, the year of service is determined on the basis  
5 of the academic year following the academic year for  
6 which the loan obligation was incurred.

7 “(d) REGULATIONS.—The Secretary is authorized to  
8 issue such regulations as may be necessary to carry out  
9 the provisions of this section.

10 “(e) CONSTRUCTION.—Nothing in this section shall  
11 be construed to authorize any refunding of any repayment  
12 of a loan.

13 “(f) LIST.—If the list of schools in which a teacher  
14 may perform service pursuant to subsection (b) is not  
15 available before May 1 of any year, the Secretary may use  
16 the list for the year preceding the year for which the deter-  
17 mination is made to make such service determination.

18 “(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

19 “(1) CONTINUED ELIGIBILITY.—Any teacher  
20 who performs service in a school that—

21 “(A) meets the requirements of subsection  
22 (b)(1)(A) in any year during such service; and

23 “(B) in a subsequent year fails to meet the  
24 requirements of such subsection,

1 may continue to teach in such school and shall be  
2 eligible for loan forgiveness pursuant to subsection  
3 (b).

4 “(2) PREVENTION OF DOUBLE BENEFITS.—No  
5 borrower may, for the same service, receive a benefit  
6 under both this section and subtitle D of title I of  
7 the National and Community Service Act of 1990  
8 (42 U.S.C. 12571 et seq.).

9 “(h) DEFINITION.—For purposes of this section, the  
10 term ‘year’, where applied to service as a teacher, means  
11 an academic year as defined by the Secretary.

12 “(i) AUTHORIZATION OF APPROPRIATIONS.—There  
13 are authorized to be appropriated to carry out this section  
14 such sums as may be necessary for fiscal year 2002 and  
15 each of the 5 succeeding fiscal years.”.

16 **SEC. 3. NO INCOME TAX BY REASON OF LOAN FORGIVE-**  
17 **NESS**

18 Subsection (f) of section 108 of the Internal Revenue  
19 Code of 1986 is amended by adding at the end the fol-  
20 lowing new paragraph:

21 “(4) LOAN FORGIVENESS FOR TEACHERS.—In  
22 the case of an individual, gross income does not in-  
23 clude any amount which (but for this paragraph)  
24 would be includible in gross income by reason of the  
25 discharge (in whole or in part) of any loan if such

1 discharge was pursuant to section 428J, 428K, 460,  
2 or 460A of the Higher Education Act of 1965 (20  
3 U.S.C. 1078–10), as in effect on the date of the en-  
4 actment of this paragraph.”

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