

108TH CONGRESS  
1ST SESSION

# H. R. 2678

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

JULY 9, 2003

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 2003”.

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 secondary school in which  
11 the borrower is employed; and

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

20 “(B) has a State certification (which may  
21 include certification obtained through alter-  
22 native means) or a State license to teach, and  
23 has not failed to comply with State or local ac-  
24 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 (c)(2)(A) is  
11 not available before May 1 of any year, the Secretary may  
12 use the list for the year preceding the year for which the  
13 determination 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 secondary school in which  
15 the borrower is employed; and

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

24 “(B) has a State certification (which may  
25 include certification obtained through alter-

1 native means) or a State license to teach, and  
2 has not failed to comply with State or local ac-  
3 countability standards; and

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

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

12 “(c) QUALIFIED LOANS AMOUNT.—

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

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

24 “(A) in the case of teaching in a school  
25 that qualifies under section 465(a)(2)(A) for

1 loan cancellation for Perkins loan recipients  
2 who teach in such schools, 25 percent for the  
3 first or second year of such service, and 50 per-  
4 cent for the third year of such service; or

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

10 “(3) TREATMENT OF CONSOLIDATION LOANS.—

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

20 “(4) TREATMENT OF YEARS OF SERVICE FOR

21 CONTINUING EDUCATION LOANS.—For purposes of  
22 paragraph (2), the year of service is determined on  
23 the basis of the academic year that the borrower  
24 began the service as a full-time teacher, except that  
25 in the case of a borrower who incurs a loan obliga-

1       tion for continuing education expenses while teach-  
2       ing, the year of service is determined on the basis  
3       of the academic year following the academic year for  
4       which the loan obligation was incurred.

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

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

11      “(f) LIST.—If the list of schools in which a teacher  
12      may perform service pursuant to subsection (c)(2)(A) is  
13      not available before May 1 of any year, the Secretary may  
14      use the list for the year preceding the year for which the  
15      determination is made to make such service determination.

16      “(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

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

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

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

23      may continue to teach in such school and shall be  
24      eligible for loan forgiveness pursuant to subsection

25      (b).

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

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

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

13       **SEC. 3. NO INCOME TAX BY REASON OF LOAN FORGIVE-**  
14                               **NESS.**

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

18               “(4) LOAN FORGIVENESS FOR TEACHERS.—In  
19               the case of an individual, gross income does not in-  
20               clude any amount which (but for this paragraph)  
21               would be includible in gross income by reason of the  
22               discharge (in whole or in part) of any loan if such  
23               discharge was pursuant to section 428J, 428K, 460,  
24               or 460A of the Higher Education Act of 1965 (20

1 U.S.C. 1078–10), as in effect on the date of the en-  
2 actment of this paragraph.”

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