

109TH CONGRESS
1ST SESSION

H. R. 2815

To amend the Internal Revenue Code of 1986 to expand and enhance the HOPE and Lifetime Learning Credits, and to amend the Higher Education Act of 1965 to provide loan forgiveness opportunities for public service employees.

IN THE HOUSE OF REPRESENTATIVES

JUNE 8, 2005

Mr. MENENDEZ introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, 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

A BILL

To amend the Internal Revenue Code of 1986 to expand and enhance the HOPE and Lifetime Learning Credits, and to amend the Higher Education Act of 1965 to provide loan forgiveness opportunities for public service employees.

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 “College Access and
5 Affordability Act”.

1 **SEC. 2. EXPANSION OF HOPE AND LIFETIME LEARNING**
2 **CREDITS.**

3 (a) INCREASE IN PER STUDENT LIMITATION FOR
4 HOPE SCHOLARSHIP CREDIT.—

5 (1) IN GENERAL.—Subparagraph (B) of section
6 25A(b)(1) of the Internal Revenue Code of 1986 is
7 amended by striking “the applicable limit” and in-
8 serting “\$4,000”.

9 (2) INFLATION ADJUSTMENT.—Paragraph (1)
10 of section 25A(h) of such Code is amended by redesi-
11 gnating subparagraph (B) as subparagraph (C) and
12 by inserting after subparagraph (A) the following
13 new subparagraph:

14 “(B) \$4,000 AMOUNT.—In the case of a
15 taxable year beginning after 2005, the \$4,000
16 amount contained in subsection (b)(1)(B) shall
17 be increased by an amount equal to—

18 “(i) such dollar amount, multiplied by
19 “(ii) the cost-of-living adjustment de-
20 termined under section 1(f)(3) for the cal-
21 endar year in which the taxable year be-
22 gins, determined by substituting ‘calendar
23 year 2004’ for ‘calendar year 1992’ in sub-
24 paragraph (B) thereof.”.

1 (3) CONFORMING AMENDMENT.—Subsection (b)
2 of section 25A of such Code is amended by striking
3 paragraph (4).

4 (b) INCREASE IN GROSS INCOME LIMITATION .—

5 (1) IN GENERAL.—Clause (ii) of section
6 25A(d)(2)(A) of such Code is amended by striking
7 “\$40,000 (\$80,000” and inserting “\$58,000 (twice
8 such amount”.

9 (2) INFLATION ADJUSTMENT.—Subparagraph
10 (A) of section 25A(h)(2) of such Code is amended
11 to read as follows:

12 “(A) IN GENERAL.—In the case of a tax-
13 able year beginning after 2005, the \$58,000
14 amount in subsection (d)(2) shall be increased
15 by an amount equal to—

16 “(i) such dollar amount, multiplied by

17 “(ii) the cost-of-living adjustment de-
18 termined under section 1(f)(3) for the cal-
19 endar year in which the taxable year be-
20 gins, determined by substituting ‘calendar
21 year 2004’ for ‘calendar year 1992’ in sub-
22 paragraph (B) thereof.”.

23 (c) HOPE SCHOLARSHIP CREDIT AVAILABLE FOR 4
24 YEARS.—Paragraph (2) of section 25A(b) of such Code

1 is amended by striking “2” each place it appears in sub-
2 paragraphs (A) and (C) and inserting “4”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2004.

6 **SEC. 3. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**
7 **PLOYEES.**

8 Section 428K (20 U.S.C. 1078–11) is amended to
9 read as follows:

10 **“SEC. 428K. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**
11 **PLOYEES.**

12 “(a) PURPOSES.—The purposes of this section are—

13 “(1) to reduce the burden of student debt, par-
14 ticularly for Americans who dedicate their careers to
15 meeting certain urgent national needs; and

16 “(2) to attract more excellent individuals into
17 important public service careers.

18 “(b) LOAN FORGIVENESS.—

19 “(1) IN GENERAL.—The Secretary shall assume
20 the obligation to repay, pursuant to subsection (c),
21 a loan made under section 428 or 428H, a Federal
22 Direct Stafford Loan or Federal Direct Unsub-
23 sidized Stafford Loan, a Federal Direct Consolida-
24 tion Loan, or a Federal Perkins Loan for any new

1 borrower after the date of enactment of the Higher
2 Education Amendments of 1998, who—

3 “(A) is employed full time in a qualified
4 public service position described in paragraph
5 (2); and

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

8 “(2) QUALIFIED PUBLIC SERVICE POSITIONS.—
9 For purposes of this section, an individual shall be
10 treated as employed in a qualified public service po-
11 sition if the individual is any of the following:

12 “(A) HIGHLY QUALIFIED TEACHERS OF
13 MATHEMATICS, SCIENCE, AND BILINGUAL AND
14 SPECIAL EDUCATION AND IN LOW-INCOME COM-
15 MUNITIES.—An individual who—

16 “(i) is highly qualified as such term is
17 defined in section 9101 of the Elementary
18 and Secondary Education Act of 1965; and

19 “(ii)(I) has obtained employment as a
20 teacher for service in a public or nonprofit
21 private elementary or secondary school
22 which is in the school district of a local
23 educational agency which is eligible in such
24 year for assistance pursuant to title I of
25 the Elementary and Secondary Education

1 Act of 1965, and which for the purpose of
2 this paragraph and for that year has been
3 determined by the Secretary (pursuant to
4 regulations and after consultation with the
5 State educational agency of the State in
6 which the school is located) to be a school
7 in which the enrollment of children counted
8 under section 1113(a)(5) of the Elemen-
9 tary and Secondary Education Act of 1965
10 exceeds 40 percent of the total enrollment
11 of that school; or

12 “(II) has obtained employment as a
13 full-time teacher of mathematics, science,
14 or bilingual or special education.

15 “(B) FIRST RESPONDERS IN LOW-INCOME
16 COMMUNITIES.—An individual who, as deter-
17 mined by the Secretary of Education by regula-
18 tion—

19 “(i) has obtained employment as a
20 firefighter, police officer, or emergency
21 medical technician; and

22 “(ii) serves a low-income community.

23 “(C) NURSES IN LOW INCOME COMMU-
24 NITIES.—An individual who is an eligible nurse
25 and has obtained employment—

1 “(i)(I) in a clinical setting; or

2 “(II) as a member of the nursing fac-
3 ulty at an accredited school of nursing (as
4 those terms are defined in section 801 of
5 the Public Health Service Act (42 U.S.C.
6 296)); and

7 “(ii) serves a low-income or needy
8 community.

9 “(D) CHILD WELFARE WORKERS.—An in-
10 dividual who—

11 “(i) has completed a degree in social
12 work or related field with a focus on serv-
13 ing children and families (as determined in
14 accordance with regulations prescribed by
15 the Secretary); and

16 “(ii) has obtained employment in pub-
17 lic or private child welfare services.

18 “(c) LOAN REPAYMENT.—

19 “(1) IN GENERAL.—The Secretary shall assume
20 the obligation to repay a total of not more than
21 \$20,000 of principal and interest as follows:

22 “(A) after each of the first or second years
23 of service by an individual in a qualified public
24 service position, 15 percent of the total amount
25 of principal and interest of the loans described

1 in subsection (b)(1) to such individual that are
2 outstanding immediately preceding such first
3 year of such service;

4 “(B) after each of the third or fourth years
5 of such service, 20 percent of such total
6 amount; and

7 “(C) after the fifth year of such service, 30
8 percent of such total amount.

9 “(2) TREATMENT OF CONSOLIDATION LOANS.—

10 A loan amount for a loan made under section 428C
11 or for a Federal Direct Consolidation Loan may be
12 a qualified loan amount for the purposes of this sub-
13 section only to the extent that such loan amount was
14 used to repay a loan described in subsection (b)(1)
15 for a borrower who meets the requirements of sub-
16 section (b), as determined in accordance with regula-
17 tions prescribed by the Secretary.

18 “(3) CONSTRUCTION.—Nothing in this section
19 shall be construed to authorize the refunding of any
20 repayment of a loan made under section 428 or
21 428H, a Federal Direct Stafford Loan or Federal
22 Direct Unsubsidized Stafford Loan, a Federal Direct
23 Loan, or a Federal Perkins Loan.

24 “(4) INTEREST.—If a portion of a loan is re-
25 paid by the Secretary under this section for any

1 year, the proportionate amount of interest on such
2 loan that accrues for such year shall be repaid by
3 the Secretary.

4 “(5) INELIGIBILITY OF NATIONAL SERVICE
5 AWARD RECIPIENTS.—No student borrower may, for
6 the same service, receive a benefit under both this
7 section and subtitle D of title I of the National and
8 Community Service Act of 1990 (42 U.S.C. 12601
9 et seq.).

10 “(6) INELIGIBILITY FOR DOUBLE BENEFITS.—
11 No borrower may receive a reduction of loan obliga-
12 tions under both this section and section 428J or
13 460.

14 “(7) CONTINUED ELIGIBILITY OF TEACHERS.—
15 Any teacher who performs service in a school that—

16 “(A) meets the requirements of subsection
17 (b)(2)(A)(ii)(I) in any year during such service;
18 and

19 “(B) in a subsequent year fails to meet the
20 requirements of such subsection, may continue
21 to teach in such school and shall be eligible for
22 loan forgiveness pursuant to subsection (b).

23 “(d) REPAYMENT TO ELIGIBLE LENDERS AND
24 HOLDERS.—The Secretary shall pay to each eligi-
25 ble lender or holder for each fiscal year an amount equal to the

1 aggregate amount of the lender's or holder's loans that
2 are subject to repayment pursuant to this section for such
3 year.

4 “(e) APPLICATION FOR REPAYMENT.—

5 “(1) IN GENERAL.—Each eligible individual de-
6 siring loan repayment under this section shall sub-
7 mit a complete and accurate application to the Sec-
8 retary at such time, in such manner, and containing
9 such information as the Secretary may require.

10 “(2) CONDITIONS.—An eligible individual may
11 apply for loan repayment under this section after
12 completing each of the consecutive years of quali-
13 fying service described in subsection (c)(1). The bor-
14 rower may elect to receive forbearance while engaged
15 in qualifying service described in subsection (c)(1)
16 unless the borrower is in deferment while so en-
17 gaged.

18 “(f) REGULATIONS.—The Secretary is authorized to
19 prescribe such regulations as may be necessary to carry
20 out the provisions of this section.

21 “(g) DEFINITIONS.—In this section:

22 “(1) CHILD WELFARE SERVICES.—The term
23 ‘child welfare services’ has the meaning given the
24 term in section 425 of the Social Security Act.

1 “(2) DEGREE.—The term ‘degree’ means an as-
2 sociate’s or bachelor’s degree awarded by an institu-
3 tion of higher education.

4 “(3) ELIGIBLE NURSE.—The term ‘eligible
5 nurse’ means a nurse who meets all of the following:

6 “(A) The nurse graduated from—

7 “(i) an accredited school of nursing
8 (as those terms are defined in section 801
9 of the Public Health Service Act (42
10 U.S.C. 296));

11 “(ii) a nursing center; or

12 “(iii) an academic health center that
13 provides nurse training.

14 “(B) The nurse holds a valid and unre-
15 stricted license to practice nursing in the State
16 in which the nurse practices in a clinical set-
17 ting.

18 “(C) The nurse holds 1 or more of the fol-
19 lowing:

20 “(i) A graduate degree in nursing, or
21 an equivalent degree.

22 “(ii) A nursing degree from a colle-
23 giate school of nursing (as defined in sec-
24 tion 801 of the Public Health Service Act
25 (42 U.S.C. 296)).

1 “(iii) A nursing degree from an asso-
2 ciate degree school of nursing (as defined
3 in section 801 of the Public Health Service
4 Act (42 U.S.C. 296)).

5 “(iv) A nursing degree from a diploma
6 school of nursing (as defined in section
7 801 of the Public Health Service Act (42
8 U.S.C. 296)).

9 “(4) LOW-INCOME COMMUNITY.—In this sub-
10 section, the term ‘low-income community’ means a
11 community in which 70 percent of households earn
12 less than 85 percent of the State median household
13 income.

14 “(5) YEAR.—The term ‘year’, where applied to
15 service as a teacher (or service as a member of an
16 accredited school of nursing (as those terms are de-
17 fined in section 801 of the Public Health Service Act
18 (42 U.S.C. 296))), means an academic year as de-
19 fined by the Secretary.”.

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