

110TH CONGRESS  
1ST SESSION

# H. R. 2661

To make careers in public service more feasible for students with high educational debt.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 11, 2007

Mr. SARBANES introduced the following bill; which was referred to the Committee on Education and Labor

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## A BILL

To make careers in public service more feasible for students with high educational debt.

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 “Education for Public  
5 Service Act of 2007”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) The Nation benefits greatly from the con-  
9 tributions of persons who obtain higher education,  
10 including graduate and professional degrees, and

1 then devote much of their careers to public service.  
2 High educational debt is an impediment that dis-  
3 courages borrowers from pursuing low-paying public  
4 service employment.

5 (2) In 1993, Congress created the income-con-  
6 tingent loan repayment option to help high-debt bor-  
7 rowers to have lower-paying public service careers.

8 (3) This plan has not yet succeeded in removing  
9 the barriers to public service created by high edu-  
10 cational debt. The principal problem is that bor-  
11 rowers who elect this option do not receive debt for-  
12 giveness until they have been paying for 25 years.  
13 Graduates are unable to contemplate such a long pe-  
14 riod of repayment before their educational debts are  
15 forgiven. Many of them expect to be helping to pay  
16 for their children's education within that period.

17 (4) The goal of income-contingent repayment  
18 can be better achieved by reducing the option's pe-  
19 riod after which loans are forgiven for borrowers  
20 who have made ten years of monthly repayments on  
21 their loans while serving in full time jobs in govern-  
22 mental or non-profit agencies.

23 (5) Some borrowers are discouraged from using  
24 the income-contingent repayment option because it  
25 includes a severe "marriage penalty." It attributes

1 the incomes of both spouses to each borrower  
2 spouse, so that when a borrower marries, the  
3 amount of repayment due under the option is vastly  
4 increased. The option can be made more equitable  
5 by attributing only half of the income of a couple to  
6 each spouse.

7 (6) Making adjustments to the income-contingent  
8 repayment option will improve access to higher  
9 education opportunities and will enable more grad-  
10 uates to work in public service.

11 **SEC. 3. IMPROVEMENTS IN THE INCOME-CONTINGENT RE-**  
12 **PAYMENT OPTION.**

13 (a) FORGIVENESS FOR PUBLIC SERVICE.—Section  
14 455(e) of the Higher Education Act of 1965 (20 U.S.C.  
15 1087e(e)) is amended by adding at the end the following:

16 “(7) REPAYMENT PLAN FOR PUBLIC SECTOR  
17 EMPLOYEES.—

18 “(A) IN GENERAL.—The Secretary shall  
19 forgive the balance due on any loan made under  
20 this part or section 428C(b)(5) for a bor-  
21 rower—

22 “(i) who has made 120 payments on  
23 such loan pursuant to income contingent  
24 repayment; and

1           “(ii) who was employed for the ten-  
2           year period during which the borrower  
3           made the 120 payments described in clause  
4           (i), in a public sector job.

5           “(B) PUBLIC SECTOR JOB.—In this para-  
6           graph, the term ‘public sector job’ means a full-  
7           time job in which the employer is a Federal,  
8           State, or local government agency or intergov-  
9           ernmental authority, or an organization that is  
10          described in section 501(c)(3) of the Internal  
11          Revenue Code of 1986 and exempt from tax-  
12          ation under section 501(a) of such Act.

13          “(8) RETURN TO STANDARD REPAYMENT.—A  
14          borrower who is repaying a loan made under this  
15          part or section 428C(b)(5) may choose, at any time,  
16          to terminate repayment pursuant to income contin-  
17          gent repayment and repay such loan under the  
18          standard repayment plan.”.

19          (b) TREATMENT OF MARRIED BORROWER’S IN-  
20          COME.—Section 455(e)(2) of the Higher Education Act of  
21          1965 (20 U.S.C. 1087e(e)(2)) is amended by striking the  
22          phrase “on the adjusted gross income of the borrower and  
23          the borrower’s spouse” and inserting the phrase “on half

- 1 of the total of the adjusted gross income of the borrower
- 2 and the adjusted gross income of the borrower's spouse".

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