

119TH CONGRESS
1ST SESSION

S. 1220

To amend the Higher Education Act of 1965 to provide for a Savings Opportunity and Affordable Repayment plan as an income contingent repayment plan.

IN THE SENATE OF THE UNITED STATES

APRIL 1 (legislative day, MARCH 31), 2025

Mr. MERKLEY (for himself, Mr. KAINE, Mr. SCHUMER, Ms. HIRONO, Mr. BLUMENTHAL, Ms. WARREN, Mr. WELCH, Mrs. GILLIBRAND, Mr. PADILLA, Mr. BOOKER, Ms. SMITH, Mr. SANDERS, Mr. WYDEN, Mr. KIM, and Mr. MARKEY) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 to provide for a Savings Opportunity and Affordable Repayment plan as an income contingent repayment plan.

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 “Savings Opportunity
5 and Affordable Repayment Act”.

1 **SEC. 2. SAVINGS OPPORTUNITY AND AFFORDABLE REPAY-**
2 **MENT PLAN.**

3 (a) AMENDMENTS TO THE HIGHER EDUCATION ACT
4 OF 1965.—The Higher Education Act of 1965 (20 U.S.C.
5 1001 et seq.) is amended—

6 (1) in section 428(b)(9)(A)—

7 (A) in clause (iv), by striking “and” after
8 the semicolon;

9 (B) in clause (v), by striking the period at
10 the end and inserting “; and”; and

11 (C) by adding at the end the following:

12 “(vi) beginning on the date that is
13 180 days after the date of enactment of
14 the Savings Opportunity and Affordable
15 Repayment Act, an income contingent re-
16 payment plan known as the ‘Savings Op-
17 portunity and Affordable Repayment plan’,
18 consistent with section 493E.”;

19 (2) in section 428C(c)(2)(A)—

20 (A) in the first sentence, by striking “or
21 income-based” and inserting “income-based, or
22 income contingent Savings Opportunity and Af-
23 fordable Repayment (consistent with section
24 493E)”; and

25 (B) in the second sentence, by striking “or
26 income-based” and inserting “income-based, or

1 income contingent Savings Opportunity and Af-
2 fordable Repayment”;

3 (3) in section 455(d)—

4 (A) in paragraph (1), by striking subpara-
5 graph (D) and inserting the following:

6 “(D) except as provided in paragraph (6),
7 an income contingent repayment plan—

8 “(i) with varying annual repayment
9 amounts based on the income of the bor-
10 rower, paid over an extended period of
11 time prescribed by the Secretary, not to
12 exceed 25 years, except that the plan de-
13 scribed in this clause shall not be available
14 to the borrower of a Federal Direct PLUS
15 loan made on behalf of a dependent stu-
16 dent; and

17 “(ii) which, beginning on the date
18 that is 180 days after the date of enact-
19 ment of the Savings Opportunity and Af-
20 fordable Repayment Act, shall include the
21 ‘Savings Opportunity and Affordable Re-
22 payment plan’, consistent with section
23 493E; and”;

24 (B) by adding at the end the following:

25 “(6) PHASE OUTS.—

1 “(A) PAYE REPAYMENT PLAN.—

2 “(i) IN GENERAL.—A borrower may
3 choose the Pay As You Earn Repayment
4 Plan, as described in section 685.209 of
5 title 34, Code of Federal Regulations (as
6 in effect on January 19, 2025), as an in-
7 come contingent repayment plan pursuant
8 to paragraph (1)(D)—

9 “(I) before the date that is 2
10 years after the date of enactment of
11 the Savings Opportunity and Afford-
12 able Repayment Act, only if the bor-
13 rower—

14 “(aa) has loans eligible for
15 repayment under such plan, as
16 described in such section as in ef-
17 fect on such date; and

18 “(bb) has a partial financial
19 hardship when the borrower ini-
20 tially enters such plan, as de-
21 scribed in such section as in ef-
22 fect on such date; and

23 “(II) on or after the date that is
24 2 years after the date of enactment of
25 the Savings Opportunity and Afford-

1 able Repayment Act, only if the bor-
 2 rower meets the conditions described
 3 in subclause (I) and was repaying a
 4 loan under such plan before such date
 5 that is 2 years after the date of enact-
 6 ment of the Savings Opportunity and
 7 Affordable Repayment Act.

8 “(ii) PROHIBITION AGAINST RE-EN-
 9 ROLLMENT.—Beginning on the date that is
 10 2 years after the date of enactment of the
 11 Savings Opportunity and Affordable Re-
 12 payment Act, a borrower who was repaying
 13 a loan under the Pay As You Earn Repay-
 14 ment Plan, as described in clause (i), and
 15 changes to a different repayment plan may
 16 not re-enroll in the Pay As You Earn Re-
 17 payment Plan.

18 “(B) INCOME CONTINGENT REPAYMENT
 19 PLAN.—

20 “(i) IN GENERAL.—A borrower may
 21 choose the ICR plan, as described in sec-
 22 tion 685.209 of title 34, Code of Federal
 23 Regulations (as in effect on January 19,
 24 2025), as an income contingent repayment
 25 plan pursuant to paragraph (1)(D)—

1 “(I) before the date that is 2
2 years after the date of enactment of
3 the Savings Opportunity and Afford-
4 able Repayment Act, only if the bor-
5 rower has loans eligible for repayment
6 under such plan, as described in such
7 section as in effect on such date, ex-
8 cept as provided in clause (iii); and

9 “(II) on or after the date that is
10 2 years after the date of enactment of
11 the Savings Opportunity and Afford-
12 able Repayment Act, only if the bor-
13 rower has loans eligible for repayment
14 under such plan, as described in such
15 section as in effect on such date, ex-
16 cept as provided in clause (iii), and
17 was repaying a loan under such plan
18 before such date that is 2 years after
19 the date of enactment of the Savings
20 Opportunity and Affordable Repay-
21 ment Act.

22 “(ii) PROHIBITION AGAINST RE-EN-
23 ROLLMENT.—Beginning on the date that is
24 2 years after the date of enactment of the
25 Savings Opportunity and Affordable Re-

1 payment Act, a borrower who was repaying
2 a loan under the ICR plan, as described in
3 clause (i), and changes to a different re-
4 payment plan may not re-enroll in the ICR
5 plan.

6 “(iii) ELIGIBLE LOANS FOR PURPOSES
7 OF ICR REPAYMENT.—In addition to the
8 loans eligible for repayment under the ICR
9 plan as described in section 685.209 of
10 title 34, Code of Federal Regulations (as
11 in effect on January 19, 2025), an eligible
12 loan for purposes of repayment under the
13 ICR plan may include—

14 “(I) a Federal Direct PLUS
15 Loan made on behalf of a dependent
16 student;

17 “(II) a Federal Direct Consolida-
18 tion Loan for which the proceeds were
19 used to discharge the liability on a
20 Federal Direct PLUS Loan or a loan
21 under section 428B made on behalf of
22 a dependent student;

23 “(III) a loan under section 428B
24 made on behalf of a dependent stu-
25 dent; or

1 “(IV) a loan under section 428C
 2 for which the proceeds were used to
 3 discharge the liability on a Federal
 4 Direct PLUS Loan or a loan under
 5 section 428B made on behalf of a de-
 6 pendent student.”; and

7 (4) by inserting after section 493D the fol-
 8 lowing:

9 **“SEC. 493E. SAVINGS OPPORTUNITY AND AFFORDABLE RE-
 10 PAYMENT PLAN.**

11 “(a) DEFINITIONS.—In this section:

12 “(1) ELIGIBLE LOAN.— The term ‘eligible loan’
 13 means a loan made, insured, or guaranteed under
 14 part B or D.

15 “(2) MONTHLY PAYMENT OBLIGATION.—

16 “(A) IN GENERAL.—The term ‘monthly
 17 payment obligation’, when used with respect to
 18 a borrower, means that for such borrower the
 19 monthly payment amount due on the total
 20 amount of eligible loans made to such borrower
 21 that is equal to, except as provided in subpara-
 22 graph (B)—

23 “(i) \$0 for the portion of the bor-
 24 rower’s, and the borrower’s spouse’s (if ap-
 25 plicable), adjusted gross income (as defined

1 in section 62 of the Internal Revenue Code
2 of 1986) that is less than or equal to 250
3 percent of the poverty line applicable to the
4 borrower's family size as determined under
5 section 673(2) of the Community Services
6 Block Grant Act (42 U.S.C. 9902(2)); plus

7 “(ii) 5 percent of the portion of the
8 borrower's, and the borrower's spouse's (if
9 applicable), adjusted gross income (as de-
10 fined in section 62 of the Internal Revenue
11 Code of 1986) that is greater than 250
12 percent of the poverty line applicable to the
13 borrower's family size as determined under
14 section 673(2) of the Community Services
15 Block Grant Act (42 U.S.C. 9902(2)), pro-
16 rated by the percentage that is the result
17 of dividing the borrower's original total
18 loan balance attributable to eligible loans
19 received for the borrower's undergraduate
20 study by the original total loan balance at-
21 tributable to all eligible loans, divided by
22 12; plus

23 “(iii) for loans not subject to clause
24 (ii), 10 percent of the portion of the bor-
25 rower's, and the borrower's spouse's (if ap-

1 plicable), adjusted gross income (as defined
2 in section 62 of the Internal Revenue Code
3 of 1986) that is greater than 250 percent
4 of the poverty line applicable to the bor-
5 rower’s family size as determined under
6 section 673(2) of the Community Services
7 Block Grant Act (42 U.S.C. 9902(2)), pro-
8 rated by the percentage that is the result
9 of dividing the borrower’s original total
10 loan balance minus the original total loan
11 balance of loans subject to clause (ii) by
12 the borrower’s original total loan balance
13 attributable to all eligible loans, divided by
14 12.

15 “(B) MINIMAL PAYMENT OBLIGATION.—If
16 the calculation of the monthly payment amount
17 due under subparagraph (A) for a borrower
18 is—

19 “(i) less than \$5, then the monthly
20 payment obligation for such borrower is
21 equal to \$0; and

22 “(ii) equal to or greater than \$5 but
23 less than \$10, then the monthly payment
24 obligation for such borrower is equal to
25 \$10.

1 “(b) SAVINGS OPPORTUNITY AND AFFORDABLE RE-
2 PAYMENT AUTHORIZED.—Notwithstanding any other pro-
3 vision of this Act, the Secretary shall carry out a Savings
4 Opportunity and Affordable Repayment plan program
5 that complies with the following:

6 “(1) A borrower of any eligible loan may elect
7 to have the borrower’s aggregate monthly payment
8 for all such loans not exceed the monthly payment
9 obligation of such borrower.

10 “(2) The holder of such eligible loan shall
11 apply—

12 “(A) 50 percent of the borrower’s monthly
13 payment under this subsection toward out-
14 standing principal; and

15 “(B) 50 percent of the borrower’s monthly
16 payment under this subsection—

17 “(i) first toward accrued charges and
18 collection costs on the loan;

19 “(ii) then toward outstanding interest;
20 and

21 “(iii) then toward outstanding prin-
22 cipal.

23 “(3) During all periods of repayment on all
24 loans being repaid under the Savings Opportunity
25 and Affordable Repayment plan, the Secretary shall

1 not charge the borrower's account any accrued inter-
2 est that is not covered by the borrower's monthly
3 payment obligation.

4 “(4) Any principal due and not paid under
5 paragraph (2) shall be deferred.

6 “(5) In the case of a borrower repaying under
7 the Savings Opportunity and Affordable Repayment
8 plan, the Secretary shall cancel the remaining bal-
9 ance due on all eligible loans for a borrower in the
10 case the borrower—

11 “(A) is repaying only eligible loans received
12 for undergraduate study, or a consolidation
13 loan that repaid only loans received for such
14 study, for which the borrower's attendance in
15 such undergraduate study was not more than 2
16 years, after the borrower has satisfied 120
17 monthly payments or the equivalent (as de-
18 scribed in paragraph (6)), over a period of at
19 least 10 years; and

20 “(B) is repaying at least one eligible loan
21 not described in subparagraph (A), after the
22 borrower has satisfied 180 monthly payments
23 or the equivalent (as described in paragraph
24 (6)), over a period of at least 15 years.

1 “(6) A monthly payment or the equivalent shall
2 be satisfied by any of the following:

3 “(A) A month in which the borrower—

4 “(i) makes a monthly payment that is
5 equal to not less than the monthly pay-
6 ment obligation of the borrower; or

7 “(ii) has a monthly payment obliga-
8 tion of \$0.

9 “(B) A month in which the borrower re-
10 ceives a deferment or forbearance of repayment
11 under any of the following:

12 “(i) A cancer treatment deferment
13 under section 455(f)(3).

14 “(ii) A rehabilitation training program
15 deferment.

16 “(iii) An unemployment deferment.

17 “(iv) An economic hardship
18 deferment, which includes volunteer service
19 in the Peace Corps as an economic hard-
20 ship condition.

21 “(v) A military service deferment.

22 “(vi) A post active-duty student
23 deferment.

24 “(vii) A national service forbearance.

1 “(viii) A national guard duty forbear-
2 ance.

3 “(ix) A Department of Defense Stu-
4 dent Loan Repayment forbearance.

5 “(x) An administrative forbearance
6 under a period—

7 “(I) during which the Secretary
8 has authorized forbearance due to a
9 national military mobilization or other
10 local or national emergency;

11 “(II) necessary for the Secretary
12 to collect and process documentation
13 supporting the borrower’s request for
14 a deferment, forbearance, change in
15 repayment plan, or consolidation loan;
16 or

17 “(III) determined necessary by
18 the Secretary.

19 “(xi) A bankruptcy forbearance if the
20 borrower made the required payments on a
21 confirmed bankruptcy plan.

22 “(C) A month in which the borrower re-
23 ceives a deferment or forbearance of repayment
24 not described in subparagraph (B), but for
25 which the borrower makes an additional pay-

1 ment equal to or greater than their monthly
2 payment obligation (including a monthly pay-
3 ment obligation of \$0), for a deferment or for-
4 bearance that ended within 3 years of the date
5 of such additional payment and occurred on or
6 after the date that is 180 days after the date
7 of enactment of the Savings Opportunity and
8 Affordable Repayment Act.

9 “(D) A month in which the borrower—

10 “(i) makes a payment pursuant to a
11 repayment plan under section 493C or sec-
12 tion 455(d)(1)(E), or another income con-
13 tinent repayment plan under section
14 455(d)(1)(D), or had a monthly payment
15 obligation under such a plan of \$0;

16 “(ii) makes a payment under the
17 standard repayment plan, as described in
18 section 428(b)(9)(A)(i); or

19 “(iii) makes a payment under a repay-
20 ment plan with payments that are as least
21 as much as they would have been under
22 the standard repayment plan, as described
23 in section 428(b)(9)(A)(i).

24 “(7) A borrower who is repaying an eligible
25 loan pursuant to this section may elect, at any time,

1 to terminate repayment pursuant to this section and
2 repay such loan under any other repayment plan for
3 which the borrower is eligible.

4 “(8) A borrower who is repaying an eligible
5 loan pursuant to this section may—

6 “(A) pay in multiple installments that
7 equal the full scheduled monthly payment obli-
8 gation of such borrower; or

9 “(B) pay a lump sum or monthly payment
10 amount that is equal to or greater than the full
11 scheduled monthly payment obligation of such
12 borrower in advance of the borrower’s scheduled
13 payment due date for a period of months not to
14 exceed the period from the Secretary’s receipt
15 of the payment until the borrower’s next annual
16 repayment plan recertification date.

17 “(c) ELIGIBILITY DETERMINATIONS.—

18 “(1) IN GENERAL.—The Secretary shall estab-
19 lish procedures for annually determining the bor-
20 rower’s eligibility for repayment under this section,
21 including verification of a borrower’s annual income
22 and the annual amount due on the total amount of
23 eligible loans, and such other procedures as are nec-
24 essary to effectively implement repayment under this
25 section.

1 “(2) PROCEDURES FOR ELIGIBILITY.—The Sec-
2 retary shall—

3 “(A) consider, but is not limited to, the
4 procedures established in accordance with sec-
5 tion 455(e)(1); and

6 “(B) carry out, with respect to borrowers
7 of any eligible loan, procedures for repayment
8 plans that are equivalent to the procedures car-
9 ried out under section 455(e)(8) with respect to
10 other income contingent repayment plans.

11 “(3) FAILURE TO TIMELY CERTIFY INFORMA-
12 TION.—If the Secretary requires information from
13 the borrower to recalculate the borrower’s monthly
14 payment obligation under this section, and the bor-
15 rower does not provide the necessary documentation
16 to the Secretary by the time the Secretary requires
17 such documentation, the Secretary shall remove the
18 borrower from the Savings Opportunity and Afford-
19 able Repayment plan under this section and place
20 the borrower on an alternative repayment plan
21 under which the borrower’s required monthly pay-
22 ment is the amount the borrower would have paid on
23 a 10-year standard repayment plan based on the
24 current eligible loan balances and interest rates on

1 the eligible loans at the time the borrower is re-
2 moved from the plan under this section.

3 “(4) PROCEDURES.—

4 “(A) APPROVAL FOR THE DISCLOSURE OF
5 TAX INFORMATION.—A borrower shall provide
6 approval for the disclosure of applicable tax in-
7 formation to the Secretary to initially enter re-
8 payment, or recertify the borrower’s intent to
9 repay, under this section either as part of the
10 process of completing a Direct Loan Master
11 Promissory Note or a Direct Consolidation
12 Loan Application and Promissory Note in ac-
13 cordance with sections 455(e)(8) and
14 493C(e)(2) or on an application form approved
15 by the Secretary.

16 “(B) FAILURE TO PROVIDE APPROVAL.—If
17 a borrower does not provide approval for the
18 disclosure of applicable tax information pursu-
19 ant to subparagraph (A), the borrower shall
20 provide documentation of the borrower’s income
21 and family size to the Secretary.

22 “(C) INABILITY TO OBTAIN INFORMATION
23 FROM THE IRS.—If the Secretary has received
24 approval for disclosure of applicable tax infor-
25 mation pursuant to subparagraph (A), but can-

1 not obtain the borrower's income and family
2 size from the Internal Revenue Service, the bor-
3 rower and, if applicable, the borrower's spouse,
4 shall provide documentation of income and fam-
5 ily size to the Secretary.

6 “(D) CALCULATION OF PAYMENT
7 AMOUNT.—After the Secretary obtains suffi-
8 cient information to calculate the borrower's
9 monthly payment obligation, the Secretary
10 shall—

11 “(i) calculate the borrower's monthly
12 payment obligation; and

13 “(ii) establish the 12-month period
14 during which the borrower will be obligated
15 to make payments in the amount of the
16 monthly payment obligation.

17 “(E) REPAYMENT DISCLOSURE.—The Sec-
18 retary shall send to each borrower a repayment
19 disclosure that—

20 “(i) specifies the borrower's calculated
21 monthly payment obligation;

22 “(ii) explains how the payment was
23 calculated;

1 “(iii) informs the borrower of the
2 terms and conditions of repayment under
3 this section; and

4 “(iv) informs the borrower of how to
5 contact the Secretary if the calculated
6 monthly payment obligation amount is not
7 reflective of the borrower’s current income
8 or family size.

9 “(F) REQUEST FOR RECALCULATION.—

10 “(i) IN GENERAL.—If a borrower be-
11 lieves that the calculated monthly payment
12 obligation amount is not reflective of the
13 borrower’s current income or family size,
14 the borrower may request that the Sec-
15 retary recalculate the monthly payment ob-
16 ligation amount.

17 “(ii) ALTERNATIVE DOCUMENTA-
18 TION.—To support a request under clause
19 (i), the borrower shall submit alternative
20 documentation of income or family size not
21 based on tax information to account for
22 circumstances such as a decrease in in-
23 come since the borrower last filed a tax re-
24 turn, the borrower’s separation from a
25 spouse with whom the borrower had pre-

1 viously filed a joint tax return, the birth or
2 impending birth of a child, or other com-
3 parable circumstances.

4 “(G) FORBEARANCE.—If a borrower pro-
5 vides alternative documentation under subpara-
6 graph (F) or if the Secretary receives docu-
7 mentation from the borrower or the borrower’s
8 spouse under subparagraph (C), the Secretary
9 shall grant forbearance to provide time for the
10 Secretary to recalculate the borrower’s monthly
11 payment obligation based on the documenta-
12 tion.

13 “(H) 3 MONTHLY PAYMENTS REMAIN-
14 ING.—Once a borrower has 3 monthly pay-
15 ments remaining under a 12-month period spec-
16 ified under subparagraph (D), the Secretary
17 shall follow the procedures described in sub-
18 paragraphs (C) through (G).

19 “(I) RESETTING OF 12-MONTH PERIOD.—
20 At any point during a 12-month period speci-
21 fied under subparagraph (D), a borrower may
22 request that the Secretary recalculate the bor-
23 rower’s monthly payment obligation earlier than
24 would have otherwise been the case to account
25 for a change in the borrower’s circumstances,

1 such as a loss of income or employment or di-
2 vorce. In such a case, the 12-month period
3 specified under subparagraph (D) shall be reset
4 based on the borrower's new information.

5 “(J) TRACKING FORGIVENESS.—The Sec-
6 retary shall track a borrower's progress toward
7 eligibility for loan cancellation under subsection
8 (b)(5) and cancel loans that meet the criteria
9 under such subsection without the need for an
10 application or documentation from the bor-
11 rower.

12 “(d) MARRIED BORROWERS.—

13 “(1) CALCULATION BASED SOLELY ON BOR-
14 ROWER'S INFORMATION.—In the case of a married
15 borrower, the Secretary shall calculate the amount
16 of the borrower's monthly payment obligation under
17 this section solely on the basis of the borrower's eli-
18 gible loan debt and adjusted gross income (as de-
19 fined in section 62 of the Internal Revenue Code of
20 1986) if—

21 “(A) the borrower files a separate Federal
22 income tax return; or

23 “(B) the borrower files a joint Federal in-
24 come tax return and certifies that the borrower
25 is currently separated from the borrower's

1 spouse or is currently unable to reasonably ac-
2 cess the spouse's income.

3 “(2) CALCULATION INCLUDING SPOUSE'S IN-
4 FORMATION.—In the case of a married borrower not
5 described in subparagraph (A) or (B), the Secretary
6 shall—

7 “(A) include the spouse's income in the
8 calculation of the borrower's monthly payment
9 obligation under this section; and

10 “(B) if the spouse has eligible loan debt,
11 adjust the borrower's monthly payment obliga-
12 tion under this section by—

13 “(i) dividing the outstanding principal
14 and interest balance of the borrower's eli-
15 gible loans by the couple's combined out-
16 standing principal and interest balance on
17 eligible loans; and

18 “(ii) multiplying the borrower's pay-
19 ment amount as calculated under sub-
20 section (a)(5) by the percentage deter-
21 mined under clause (i).”; and

22 (5) in section 494(a)(2)(A)—

23 (A) in the matter preceding clause (i), by
24 inserting “or a Savings Opportunity and Af-

1 fordable Repayment plan for a loan under part
2 B” after “part D”; and

3 (B) in clause (ii)(I), by inserting “or sec-
4 tion 493E(c)(2)(B)” after “section
5 493C(c)(2)(B)”.

○