

103^D CONGRESS
1ST SESSION

S. 240

To accelerate implementation of loan forgiveness incentives for student borrowers who perform certain full-time, low-paid national community service.

IN THE SENATE OF THE UNITED STATES

JANUARY 27 (legislative day, JANUARY 5), 1993

Mr. BUMPERS introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

A BILL

To accelerate implementation of loan forgiveness incentives for student borrowers who perform certain full-time, low-paid national community service.

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 “National Service Im-
5 plementation Act of 1993”.

1 **SEC. 2. INAPPLICABILITY OF DEMONSTRATION PROGRAM**
2 **LOAN FORGIVENESS TO INDIVIDUALS PER-**
3 **FORMING NATIONAL COMMUNITY SERVICE.**

4 Section 428J of the Higher Education Act of 1965
5 (hereafter in this Act referred to as the “Act”) (20 U.S.C.
6 1078–10) is amended—

7 (1) in the heading for subsection (b), by strik-
8 ing “DEMONSTRATION PROGRAM” and inserting
9 “PROGRAM AUTHORIZED”;

10 (2) in the heading for paragraph (1) of sub-
11 section (b), by striking “IN GENERAL” and inserting
12 “DEMONSTRATION PROGRAM”;

13 (3) in subsection (b)—

14 (A) in clause (ii) of subparagraph (A), by
15 inserting “or” after the semicolon at the end
16 thereof;

17 (B) by striking subparagraph (B); and

18 (C) by redesignating subparagraph (C) as
19 subparagraph (B); and

20 (4) in subsection (g)—

21 (A) in paragraph (1), by striking “pro-
22 gram” and inserting “programs”;

23 (B) in paragraph (3)—

24 (i) in subparagraph (A), by striking
25 “program” and inserting “programs”;

1 (ii) in subparagraph (C), by striking
2 “program” and inserting “programs”;

3 (iii) in subparagraph (D), by striking
4 “program” each place such term appears
5 and inserting “programs”; and

6 (iv) in subparagraph (E), by striking
7 “program” each place such term appears
8 and inserting “programs”; and

9 (C) in paragraph (5) of subsection (g)—

10 (i) by striking “to carry out this sec-
11 tion”; and

12 (ii) by inserting “to carry out the
13 demonstration program described in sub-
14 section (b)(2)” after “succeeding fiscal
15 years”.

16 **SEC. 3. LOAN FORGIVENESS ENTITLEMENT PROGRAM.**

17 Subsection (b) of section 428J of the Act (20 U.S.C.
18 1078–10(b)) is further amended—

19 (1) by redesignating paragraph (2) as para-
20 graph (3); and

21 (2) by inserting after paragraph (1) the follow-
22 ing new paragraph:

23 “(2) ENTITLEMENT PROGRAM.—(A) The Sec-
24 retary, in consultation with the Secretary of Health
25 and Human Services, shall assume the obligation to

1 repay, and repay, a loan made, insured or guaran-
2 teed under this part (excluding loans made under
3 sections 428A, 428B, or 428C) for any borrower
4 having an application approved under subsection (e)
5 who agrees in writing to volunteer for service under
6 the Peace Corps Act or under the Domestic Volun-
7 teer Service Act of 1973, or to perform comparable
8 service as a full-time employee of an organization
9 which is exempt from taxation under section
10 501(c)(3) of the Internal Revenue Code of 1986, if
11 the borrower does not receive compensation which
12 exceeds the greater of—

13 “(i) the minimum wage rate described in
14 section 6 of the Fair Labor Standards Act of
15 1938; or

16 “(ii) an amount equal to 100 percent of
17 the poverty line for a family of two (as defined
18 in section 673(2) of the Community Services
19 Block Grant Act.

20 “(B) ENTITLEMENT PROVISIONS.—Each bor-
21 rower described in subparagraph (A) having an ap-
22 plication approved under subsection (e) shall be enti-
23 tled to receive loan repayment in accordance with
24 the provisions of this section. Each such borrower
25 shall be deemed to have a contractual right, as

1 against the United States, to receive from the Sec-
2 retary such loan repayment.”.

3 **SEC. 4. NUMBER OF LOANS WHICH MAY BE FORGIVEN;**
4 **LOAN REPAYMENT.**

5 Subsection (c) of section 428J of the Act (20 U.S.C.
6 1078–10(c)) is amended—

7 (1) in the heading for paragraph (1), by strik-
8 ing “IN GENERAL” and inserting “DEMONSTRATION
9 PROGRAM”;

10 (2) in the matter preceding subparagraph (A)
11 of paragraph (1), by striking “The Secretary” and
12 inserting “In the case of individuals described in
13 subparagraphs (A) and (B) of subsection (b)(1), the
14 Secretary”;

15 (3) in subparagraph (A) of paragraph (1), by
16 striking “subsection (a)” and inserting “subsection
17 (b)(1)”;

18 (4) by redesignating paragraphs (2), (3), and
19 (4) as paragraphs (3), (4), and (5), respectively; and

20 (5) by inserting after paragraph (1) the follow-
21 ing new paragraph:

22 “(1) ENTITLEMENT PROGRAM.—In the case of
23 individuals described in subsection (b)(2)(A), the
24 Secretary shall assume the obligation to repay—

1 “(A) 15 percent of the total amount of
2 Stafford loans incurred by the student borrower
3 for the first academic year in which such bor-
4 rower meets the requirements described in sub-
5 section (b)(2)(A);

6 “(B) 20 percent of such total amount for
7 such second academic year;

8 “(C) 25 percent of such total amount for
9 such third academic year; and

10 “(D) 30 percent of such total amount for
11 such fourth academic year.”.

12 **SEC. 5. LOAN CANCELLATION APPLICABILITY FOR PER-**
13 **KINS LOAN BORROWERS WHO PERFORM NA-**
14 **TIONAL SERVICE.**

15 Section 465(a)(2) of the Act (20 U.S.C.
16 1087ee(a)(2)) is amended—

17 (1) by striking “or” at the end of subparagraph
18 (H);

19 (2) by striking the period at the end of sub-
20 paragraph (I) and inserting “; or”; and

21 (3) by adding at the end the following new sub-
22 paragraph:

23 “(J) as a full-time volunteer under the
24 Peace Corps Act or under the Domestic Volun-
25 teer Service Act of 1973, or for comparable

1 service as a full-time employee of an organiza-
2 tion which is exempt from taxation under sec-
3 tion 501(c)(3) of the Internal Revenue Code of
4 1986, if the borrower does not receive com-
5 pensation which exceeds the greater of—

6 “(i) the minimum wage rate described
7 in section 6 of the Fair Labor Standards
8 Act of 1938; or

9 “(ii) an amount equal to 100 percent
10 of the poverty line for a family of two (as
11 defined in section 673(2) of the Commu-
12 nity Service Block Grant Act).”.

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