

116TH CONGRESS  
1ST SESSION

# H. R. 4851

To amend the Higher Education Act of 1965 to carry out a State workforce incentive program.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 23, 2019

Ms. STEFANIK (for herself and Mr. KELLER) introduced the following bill;  
which was referred to the Committee on Education and Labor

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## A BILL

To amend the Higher Education Act of 1965 to carry out  
a State workforce incentive program.

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 “State Workforce Incen-  
5 tive Act”.

6 **SEC. 2. STATE WORKFORCE INCENTIVE PROGRAM.**

7 Part G of title IV of the Higher Education Act of  
8 1965 (20 U.S.C. 1088 et seq.) is amended by adding at  
9 the end the following:

1 **“SEC. 493E. STATE WORKFORCE INCENTIVE PROGRAM.**

2       “(a) PURPOSE.—The purpose of this section is to  
3 support the workforce in State-determined high-need or  
4 public-service occupations, and to encourage individuals to  
5 pursue and maintain employment in such occupations  
6 through annual incentive payments towards their eligible  
7 Federal loans.

8       “(b) ALLOTMENT AND ALLOCATIONS OF CREDITS  
9 FOR REDUCING FEDERAL LOAN DEBT.—

10           “(1) IN GENERAL.—From the amount appro-  
11 priated under subsection (e), the Secretary shall an-  
12 nually allot, in accordance with paragraph (2), loan  
13 repayment credits to each State with an approved  
14 State implementation plan, which may be allocated  
15 to eligible borrowers in such State for the purpose  
16 of reducing the amount owed on the eligible Federal  
17 loans of such borrowers.

18           “(2) ALLOTMENT OF LOAN REPAYMENT CRED-  
19 ITS TO STATES.—

20           “(A) IN GENERAL.—Each State with an  
21 approved State implementation plan shall re-  
22 ceive an allotment of loan repayment credits on  
23 July 1 of each year, as follows:

24           “(i) 0.50 of the amount appropriated  
25 under subsection (e) shall be allotted on  
26 the basis of the relative population of the

1 State, compared to the total population in  
2 all States with an approved State imple-  
3 mentation plan.

4 “(ii) 0.25 of the amount appropriated  
5 under subsection (e) shall be allotted on  
6 the basis of the relative amount of individ-  
7 uals in poverty in the State, compared to  
8 the total amount of individuals in poverty  
9 in all States with an approved State imple-  
10 mentation plan.

11 “(iii) 0.25 of the amount appropriated  
12 under subsection (e) shall be allotted on  
13 the basis of the relative excess number of  
14 individuals in poverty in the State, com-  
15 pared to total excess number of individuals  
16 in poverty in all States with an approved  
17 State implementation plan.

18 “(B) DEFINITIONS.—For purposes of this  
19 paragraph:

20 “(i) INDIVIDUALS IN POVERTY.—The  
21 term ‘individuals in poverty’ means the  
22 number of individuals who are living below  
23 100 percent of the poverty line.

24 “(ii) EXCESS NUMBER.—The term  
25 ‘excess number’, when used with respect to

1 the excess number of individuals in poverty  
2 in a State, means the number that rep-  
3 represents the number of individuals in pov-  
4 erty in the State in excess of 8 percent of  
5 the total number of individuals in the  
6 State for whom the poverty status is deter-  
7 mined.

8 “(C) CARRYOVER OF LOAN REPAYMENT  
9 CREDITS.—Any loan repayment credits allotted  
10 to a State and not obligated to a borrower dur-  
11 ing the award year during which such credits  
12 were allotted shall—

13 “(i) be retained by the State during  
14 the period covered by the State plan; and

15 “(ii) may be allocated by the State to  
16 a borrower at any point during such pe-  
17 riod.

18 “(3) MANDATORY FUNDS FOR FISCAL YEAR  
19 2021.—For fiscal year 2021, there shall be available  
20 to the Secretary, from funds not otherwise appro-  
21 priated, funds to be obligated to States receiving an  
22 allotment under this section for administrative costs  
23 under this section not to exceed \$50,000,000.

24 “(c) STATE IMPLEMENTATION PLAN.—

1           “(1) IN GENERAL.—To be eligible for an allot-  
2           ment of loan repayment credits under this section,  
3           a State shall submit to the Secretary a State imple-  
4           mentation plan every 5 years.

5           “(2) CONTENTS.—Each State implementation  
6           plan shall cover a period of 5 award years and in-  
7           clude the following:

8                   “(A) The State entity responsible for ad-  
9                   ministering the program under this section.

10                   “(B) A description of how the State will  
11                   identify the workforce and public service needs  
12                   (as defined by the State) to be addressed  
13                   through the program, including descriptions of  
14                   how the State—

15                           “(i) will use State, regional, or local  
16                           labor market data to determine workforce  
17                           needs;

18                           “(ii) will consider particular occupa-  
19                           tions that support the economic develop-  
20                           ment of rural and underserved commu-  
21                           nities (which may include farmers), as de-  
22                           termined by the State;

23                           “(iii) will determine the occupations  
24                           for which borrowers shall be eligible to re-  
25                           ceive loan repayment credits;

1           “(iv) will determine the amount of  
2           loan repayment credits to be annually allo-  
3           cated to borrowers in each occupation de-  
4           termined under clause (iii); and

5           “(v) will project the total amount of  
6           loan repayment credits to be awarded an-  
7           nually to borrowers eligible for such cred-  
8           its, and use this projection to ensure the  
9           State has been allotted sufficient loan re-  
10          payment credits to meet the State’s obliga-  
11          tions under clauses (iii) and (iv).

12          “(C) A description of how the State will  
13          administer the program under this section, in-  
14          cluding descriptions of—

15               “(i) how the State will promote such  
16               program, and publicly announce to the  
17               general public in the State the list of eligi-  
18               ble occupations and the annual amount of  
19               loan repayment credits to be awarded for  
20               such occupations during the period covered  
21               by the plan;

22               “(ii) the borrower-friendly application  
23               process for borrowers to apply to the State  
24               for loan repayment credits;

1           “(iii) the process the State will use to  
2           verify the State-determined eligibility fac-  
3           tors of each applicant and how such appli-  
4           cation will be seamlessly submitted under  
5           subsection (d)(1)(C) to the Secretary for  
6           Federal verification of the State’s deter-  
7           mination of the amount of loan repayment  
8           credits to be allocated; and

9           “(iv) how the State will determine if  
10          the State has sufficient loan repayment  
11          credits to add occupations to the list of eli-  
12          gible occupations or increase the amount of  
13          loan repayment credits to be awarded to  
14          borrowers in eligible occupations, and how  
15          the State will inform the general public in  
16          the State of such changes.

17          “(D) An assurance that following the pub-  
18          lic release of the State determined eligible occu-  
19          pations and loan repayment credit amounts,  
20          such occupations and credit amounts will not be  
21          reduced or become unavailable for allocation to  
22          borrowers eligible for such credits in the State  
23          for the period covered by the plan.

24          “(E) An assurance that the State will com-  
25          ply with subsection (d)(2)(C) to use non-Fed-

1           eral funds to provide the full State-determined  
2           amount of loan repayment credits in accordance  
3           with such subsection.

4           “(F) An assurance that no borrower will  
5           receive more than \$10,000 in loan repayment  
6           credits for an award year.

7           “(3) PLAN APPROVAL.—The Secretary shall ap-  
8           prove a plan submitted under this section that meets  
9           the requirements of paragraph (2).

10          “(d) BORROWER APPLICATION PROCESS.—

11           “(1) STATE REQUIREMENTS.—Each State re-  
12           ceiving an allotment of loan repayment credits under  
13           this section shall—

14           “(A) upon receipt of approval of the  
15           State’s plan under subsection (c)(3), carry out  
16           the announcement and promotion requirements  
17           described in subsection (c)(2)(C)(i);

18           “(B) require each borrower seeking such  
19           credits to submit an application to the State at  
20           such time, in such manner, and containing such  
21           information as may be required by such State;  
22           and

23           “(C) upon State verification of eligibility of  
24           a borrower for an allocation of loan repayment  
25           credits (including employment in an eligible oc-



1           cupation and the application requirements  
2           under subparagraph (B)), the State shall sub-  
3           mit to the Secretary—

4                   “(i) the application of the borrower;

5                   and

6                   “(ii) a determination of the number of  
7                   such credits that should be allocated to the  
8                   borrower.

9           “(2) SECRETARY APPROVAL.—

10                   “(A) FULL AMOUNT.—

11                   “(i) IN GENERAL.—Subject to sub-  
12                   paragraphs (B) and (C), upon a deter-  
13                   mination that a borrower meets the re-  
14                   quirements of clause (ii), the Secretary  
15                   shall cancel an amount equal to the  
16                   amount of credits allocated to the borrower  
17                   under paragraph (1)(C)(ii) of the out-  
18                   standing balance of principal or interest on  
19                   the eligible Federal loans of such borrower.

20                   “(ii) BORROWER REQUIREMENTS.—A  
21                   borrower meets the requirements of this  
22                   clause if the borrower—

23                           “(I) has entered repayment on  
24                           any eligible Federal loan and such

1 loans are less than 90 days delin-  
2 quent;

3 “(II) whose total number of loan  
4 repayment credits under this section  
5 has resulted in the cancellation of less  
6 than \$50,000 on the borrower’s eligi-  
7 ble Federal loans; and

8 “(III) earned an adjusted gross  
9 income of less than \$120,000 during  
10 the prior calendar year.

11 “(B) PARTIAL AMOUNT.—

12 “(i) IN GENERAL.—In the case of a  
13 borrower whose allocation amount under  
14 subparagraph (A) would result in the bor-  
15 rower receiving greater than a total of  
16 \$50,000 in loan repayment credits under  
17 the program under this section, the Sec-  
18 retary shall cancel an amount described in  
19 clause (ii) of the outstanding balance on  
20 the eligible Federal loans of the borrower.

21 “(ii) AMOUNT.—The amount de-  
22 scribed in this clause is an amount that  
23 would result in the borrower receiving a  
24 total of \$50,000 in loan cancellation under  
25 this section.

1           “(C) INSUFFICIENT CREDITS.—In the case  
2 of a State that does not have a sufficient allot-  
3 ment of loan repayment credits to allocate the  
4 number of credits to a borrower in an amount  
5 determined under paragraph (1)(C)(ii) for such  
6 borrower, the Secretary shall, with respect to  
7 the outstanding balance of the borrower’s eligi-  
8 ble Federal loans—

9                   “(i) cancel an amount equal to the  
10 amount of such credits that are remaining  
11 in the State’s allotment; and

12                   “(ii) notify the State of its obligation  
13 to use non-Federal funds to cancel an  
14 amount equal to the difference between the  
15 allocation amount determined for the bor-  
16 rower and the amount cancelled under  
17 clause (i).

18           “(e) FUNDING.—There are authorized to be appro-  
19 priated, and there are appropriated to carry out this sec-  
20 tion (in addition to any other amounts appropriated to  
21 carry out this section and out of any money in the Treas-  
22 ury not otherwise appropriated)—

23                   “(1) for each of the first and second award  
24 years that begin on or after the date of enactment  
25 of the State Workforce Incentive Act, an amount

1 equal to 0.01 of the loans made under part D and  
2 first disbursed during the preceding award year;

3 “(2) for each of the third and fourth award  
4 years that begin after the date of enactment of the  
5 State Workforce Incentive Act, an amount equal to  
6 0.02 of the loans made under part D and first dis-  
7 bursed during the preceding award year;

8 “(3) for each of the fifth and sixth award years  
9 that begin after the date of enactment of the State  
10 Workforce Incentive Act, an amount equal to 0.03 of  
11 the loans made under part D and first disbursed  
12 during the preceding award year; and

13 “(4) for the seventh award year that begins  
14 after the date of enactment of the State Workforce  
15 Incentive Act and each succeeding award year, an  
16 amount equal to 0.04 of the loans made under part  
17 D and first disbursed during the preceding award  
18 year.

19 “(f) DEFINITIONS.—In this section:

20 “(1) LOAN REPAYMENT CREDIT.—The term  
21 ‘loan repayment credit’ means a credit for the out-  
22 standing balance of principal or interest on eligible  
23 Federal loans that shall be cancelled on such loans,  
24 at the rate of 1 credit equals \$1 of such principal  
25 or interest.

1           “(2) ELIGIBLE FEDERAL LOAN.—The term ‘eli-  
2           gible Federal loan’ means a loan made under part  
3           D, other than—

4                   “(A) a Federal Direct PLUS Loan made  
5                   on behalf of a dependent student; or

6                   “(B) a Federal Consolidation Loan, if the  
7                   proceeds of such loan were used to discharge  
8                   the liability on a loan described in subpara-  
9                   graph (A).”.

10 **SEC. 3. SUNSET OF PUBLIC SERVICE LOAN FORGIVENESS.**

11           Section 455(m) of the Higher Education Act of 1965  
12 (20 U.S.C. 1087e(m)) is amended by adding at the end  
13 the following:

14                   “(5) SUNSET.—The Secretary shall not have  
15                   the authority to cancel under this subsection the ob-  
16                   ligation to repay the balance of principal and inter-  
17                   est due on the eligible Federal Direct Loans made  
18                   under this part to a new borrower on or after July  
19                   1, 2020.”.

○