The SIMPLE Act

Streamlining Income-driven, Manageable Payments on Loans for Education
(H.R. 5962)
Summary

Legislation to improve repayment options for student loan borrowers
and reduce student loan defaults

More than eight million people are in default on their student loans. This population continues to grow in overall number and as a share of all borrowers.

The consequences of defaulting on student loans can include loss of access to federal student aid, withholding of tax refunds and Social Security benefits, and wage garnishment. Loan defaults are also registered with credit reporting agencies, so defaulters may have trouble borrowing for a home or a car or renting an apartment.

Many of these struggling borrowers have relatively little debt. In fact, most borrow less than $10,000, and defaults are most prevalent among people who borrow less than $5,000. But part-time work, low wages, and competing expenses, like housing and child care, make managing loan payments of any amount difficult. Fortunately, there are several income-driven repayment plans that make it possible for borrowers to pay only what they can afford. **Borrowers in income-driven repayment plans are much less likely than other borrowers to be behind on their payments or enter default.**

The process of enrolling in an income-driven plan, however, is complex and challenging for at-risk borrowers. And after enrolling in a plan, borrowers must meet strict deadlines to keep their income information current to qualify for affordable payments each year.

The SIMPLE Act delivers the law's protections to those who need them most. This measure uses the information borrowers already have on file at the Internal Revenue Service to eliminate the obstacles to enrolling in an affordable repayment plan and lets borrowers benefit from lower monthly payments. The bill will help vulnerable borrowers and reduce defaults by:

- automatically enrolling new student loan borrowers who are severely delinquent in income-driven repayment plans that provide lower monthly payments.
- automating the annual process to recertify borrowers' income so they can continue to pay based on income and are not surprised by sudden higher payments that can precipitate default.

Supporters: *The Institute for College Access and Success (TICAS); Third Way; the National Association of Student Financial Aid Administrators (NASFAA); the American Federation of Teachers (AFT); the National Association for the Advancement of Colored People (NAACP); the National Education Association (NEA); the Pennsylvania Higher Education Assistance Agency (PHEAA); the Pennsylvania Association of Student Financial Aid Administrators (PASFAA); Young Invincibles; the Center for Responsible Lending (CRL); the National Consumer Law Center (NCLC), on behalf of its low-income clients; the National Council of La Raza (NCLR); Access Group; AFL-CIO; the American Association of University Women (AAUW); the Association of Community College Trustees (ACCT); the National Association for College Admission Counseling (NACAC); The Education Trust; the Service Employees International Union (SEIU); the Higher Education Loan Coalition (HELC); the Western Association of Student Financial Aid Administrators (WASFAA); Veterans Education Success (VES); the Association of Public and Land-grant Universities (APLU)*