Streamlining Income-driven, Manageable Payments on Loans for Education (SIMPLE) Act

Introduced by: Congresswoman Suzanne Bonamici

The Problem: Unaffordable and Complicated Loan Repayment Options

The cost of a college education is out of reach for too many people. As students take out higher loans to finance their education, the number and percentage of defaulted borrowers continues to grow, with more than one million borrowers defaulting on their student loans each year. Defaults disproportionately affect the most vulnerable borrowers – those with low-incomes and those who are saddled with up to $10,000 in debt and without a degree to show for it.

For the thousands of people who default on their student loans every day, the consequences are severe and include loss of access to federal student aid, withholding of tax refunds and social security benefits, and wage garnishments. Credit reporting agencies also gain access to loan default records, preventing defaulted borrowers from taking out loans for homes and cars. Defaulting on student loans can create long-term financial damage that is difficult for many borrowers to overcome.

The Solution: Streamlined Repayment Options Through Income-Driven Repayment

Congress must simplify the borrowing process for students and streamline the process of enrolling in affordable IDR plans while working to address the underlying college affordability crisis. The *Streamlining Income-driven, Manageable Payments on Loans for Education (SIMPLE) Act* is meaningful legislation that would provide existing student loan borrowers with a stronger safety net to confidently repay their loans and, where possible, connect to opportunities for debt relief.

The *SIMPLE Act* prioritizes and protects vulnerable borrowers and makes student loans more affordable by:

- Automatically verifying totally and permanently disabled borrowers' continued eligibility for a loan discharge during the three-year monitoring period, protecting these borrowers from delinquency and default;
- Requiring ED to send personalized notices to borrowers in immediate danger of defaulting that show the lower monthly payments available to them under IDR plans, and automatically enroll borrowers who continue to progress toward default in IDR plans to help avert default;
- Automatically enrolling defaulted borrowers in an IDR plan upon completion of loan rehabilitation; and
- Eliminating annual paperwork requirements for borrowers currently enrolled in IDR plans.