

Law Student Division Legislative Summary

Legislation: S.359- Student Debt Relief Act of 2007 (Income Contingent Repayment)

Author: Kennedy (D-MA)

Co-Sponsors:

Durbin (D-IL); Levin (D-MI); Lieberman (I-CT); Mikulski (D-MD); Obama (D-IL); Schumer (D-NY); Smith (R-OR); Stabenow (D-MI)

Status: Referred to Committee on Finance.

Companion House Legislation: TBA

What It Does:

- Directs the Secretary of Education to forgive the balance due on direct loans and direct consolidation loans by individuals who have been public sector employees for 10 years and have made 120 income contingent payments
- Defines public sector employment as a full-time job in emergency management, government, public safety, law enforcement, public health, education, social work in a public child or family service agency, or public interest legal services (including prosecutors and public defenders)
- Includes deferral periods in the computation of the maximum period an income contingent repayment plan may be in effect for a non-defaulting borrower
- Caps direct loan payments at 15% of the amount a borrower's adjusted gross income exceeds 150% of the poverty line and requires the Secretary of Education to cancel such loans after 25 years
- Establishes a tax credit for student loan interest payments
- Avoids the appropriations process inherent in other federal loan assistance programs