

116TH CONGRESS
1ST SESSION

S. _____

To amend the Higher Education Act of 1965 to automatically discharge the loans of certain veteran borrowers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. REED (for himself and Mr. ISAKSON) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Higher Education Act of 1965 to automatically discharge the loans of certain veteran borrowers, and for other purposes.

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. AUTOMATIC LOAN DISCHARGE FOR CERTAIN**
4 **VETERAN BORROWERS.**

5 Section 437(a) of the Higher Education Act of 1965
6 (20 U.S.C. 1087(a)) is amended—

7 (1) by striking paragraph (2) and inserting the
8 following:

9 “(2) **DISABILITY DETERMINATIONS.**—With re-
10 spect to a borrower who has been identified under

1 clause (i) or (ii) of paragraph (3)(A), the Secretary
2 shall—

3 “(A) consider such borrower permanently
4 and totally disabled for the purpose of dis-
5 charging the loans of such borrower under this
6 subsection;

7 “(B) discharge the loans of such borrower
8 under this subsection, without any further ac-
9 tion by the borrower (except that this subpara-
10 graph shall not apply to a borrower who opts
11 out of such discharge under subparagraph (C));

12 “(C) in a case of a borrower who lives in
13 a State that may impose a tax liability (as de-
14 scribed in paragraph (4)) for such a loan dis-
15 charge—

16 “(i) notify the borrower of the pos-
17 sible tax liability; and

18 “(ii) provide an opportunity to opt-out
19 of such loan discharge; and

20 “(D) notify such borrower of potential
21 Federal tax implications of such loan discharge
22 under this subsection.”; and

23 (2) by adding at the end the following:

24 “(3) MATCHING PROGRAM.—

1 “(A) IN GENERAL.—Not less than twice
2 per year, the Secretary of Education and the
3 Secretary of Veterans Affairs shall carry out a
4 computer matching program under which the
5 Secretary of Education identifies a borrower—

6 “(i) who has been assigned a rating of
7 total disability by the Secretary of Vet-
8 erans Affairs for a service-connected dis-
9 ability (as defined in section 101 of title
10 38, United States Code); or

11 “(ii) who has been determined by the
12 Secretary of Veterans Affairs to be unem-
13 ployable due to a service-connected condi-
14 tion.

15 “(B) MINOR DISCREPANCIES.—With re-
16 spect to each borrower who would have been
17 identified under clause (i) or (ii) of subpara-
18 graph (A) but for a minor discrepancy between
19 the information of the borrower maintained by
20 the Secretary of Education and the Secretary of
21 Veterans Affairs (such as a name discrepancy
22 post marriage, a missing hyphen, a transposed
23 number or letter, or other typo), the Secretary
24 of Education and the Secretary of Veterans Af-

