

ANIMAS HIGH SCHOOL MODEL SENATE

Committee: Health, Education, Labor & Pensions

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Bill No:

Submission Date: 11/11/2016

Title of Bill: Income Cap on Student Loan Pay Back

BE IT ENACTED BY THE ANIMAS HIGH SCHOOL MODEL CONGRESS

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2 Preamble: Whereas the government does not counter in the fact that one may have other
3 payments, rent or mortgage, a family, car payments, insurance, etc., so since the government
4 does not retract a reasonable percentage from recipients income, and since many graduates are
5 finding it difficult to make their minimum monthly student loan payments, and as a global
6 recession, it's been difficult, especially for young people to find a good/ high paying job so in
7 some cases students are making to low of income, out of a job or go back to school, being said
8 they don't have a source of enough or any income, which the student loan continues to add
9 interest rate to their rapidly growing college debt,

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11 SECTION 1: Create a percentage restriction on monthly income by--

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Sub-SECTION A: Noting the students monthly income and calculating a
13 reasonable percentage to retrieve from paycheck, so the loan
14 recipient is still financially stable.

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16 SECTION 2: Allow the student loaner a deferment or forbearance by--

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Sub-SECTION A: If the loaner runs into a problem repaying their loan, they are
18 able to talk to the lender to negotiate a deferment or
19 forbearance, during a deferment the government pays the
20 interest on subsidized Stafford loans, Federal Perkins loans,
21 and on the portion of consolidation loans.

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(A) Qualifications for deferment when income is unsubstantial,
23 out of a job or go back to school determined by a monthly
24 budget tracking template.

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26 Sub-SECTION B: Extended repayment, income-contingent repayment, or

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income based repayment-- extended repayment applies for
28 stafford, PLUS, and Federal Consolidation loans which reduces
29 student loan monthly payback.

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31 SECTION 3: Lower the amount students can borrow, so they aren't digging deeper into our
32 overall debt.

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34 SECTION 4: Prevent the government to exceed the 150 percent of the poverty line by--

35 Sub-SECTION A: Reevaluating the loan recipient’s income after 5 years so they
36 recalculate a reasonable income cap, pending on if they found a
37 higher or lower income paying job, then decide to limit or raise
38 the monthly payments to a certain percentage of a borrower’s
39 discretionary income.

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41 SECTION 5: Reevaluation will include looking at the student’s income based off of--

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43 Sub-SECTION A: Single income between \$1 - \$16,000 will not have any
44 payments until they are earning more. Single income between
45 \$16,000- \$18,550 will have a fixed 3% interest rate. A
46 combined income between \$18,550 - \$37,650 will have a fixed
47 5% interest rate. Single income between \$18,550 - \$37,650 will
48 have a fixed 4% interest rate. A combined income between
49 \$37,650 - \$91,150 will have a fixed 8% interest rate. Single
50 income between \$37,650 - \$91,150 will have a fixed 6%
51 interest rate. A combined income between \$91,150 - \$190,150
52 will have a fixed 10% interest rate. Single income between
53 \$91,150 - \$190,150 will have a fixed 8% interest rate.

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55 SECTION 6: This bill shall go into effect 245 days after passage.

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