

Statutory Language:

SEC. 1117. REPORT ON INCOME CONTINGENT REPAYMENT THROUGH THE INCOME TAX WITHHOLDING SYSTEM.

(a) Report- Not later than one year after the date of enactment of this Act, the Secretary of Education and the Secretary of the Treasury shall conduct a study to determine the feasibility and benefits of developing a system through which a borrower who is repaying a loan through the income contingent repayment plan or the income-based repayment program may make payments on the loan using the income tax withholding system (referred to in this section as 'direct IDEA loans'). The goal of this program would be to--

- (1) streamline the repayment process and provide greater flexibility for borrowers electing to use the direct IDEA loan;
- (2) reduce the number of loan defaults by borrowers; and
- (3) reduce the redundancy in reporting information pertaining to income contingent repayment and income-based repayment to the Department of Education, institutions, and applicants.

(b) Evaluations- In conducting the study under subsection (a), the Secretary of Education and the Secretary of the Treasury shall evaluate--

- (1) the feasibility of implementing direct IDEA loans by the Department of Education and the Department of the Treasury;
- (2) any advantages or disadvantages of direct IDEA loans on borrowers and taxpayers;
- (3) the program structure necessary to administer direct IDEA loans; and
- (4) whether the repayment programs that implement income contingent and income-based repayment collected through revenue services, such as programs in England, Australia, and New Zealand, could be effective in collecting loan payments under the income contingent and income-based repayment options in the United States.

(c) Recommendations- Not later than one year after the date of enactment of this Act, the Secretary of Education and the Secretary of the Treasury shall provide a report on the study conducted under subsection (a) to Congress. The report shall include recommendations based on the factors examined in subsection (b) for implementing direct IDEA loans, including the necessary statutory changes needed to implement such repayment option.