

113TH CONGRESS
1ST SESSION

S. _____

To establish a Pay It Forward model for funding postsecondary education.

IN THE SENATE OF THE UNITED STATES

_____ introduced the following bill; which was read twice
and referred to the Committee on _____

A BILL

To establish a Pay It Forward model for funding
postsecondary education.

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. SHORT TITLE.**

4 This Act may be cited as the “Pay it Forward College
5 Affordability Act of 2013”.

6 **SEC. 2. FINDINGS; PURPOSE.**

7 (a) FINDINGS.—Congress finds the following:

8 (1) Postsecondary education has expanded op-
9 portunities for people in the United States to qualify
10 for high-quality jobs and entry into the middle class,
11 providing clear benefits to the Nation’s economy.

1 (2) Public investment by the States in higher
2 education has decreased significantly, especially in
3 the past 5 years before the date of enactment of this
4 Act, as a result of the 2008 fiscal collapse.

5 (3) With college costs rising beyond the reach
6 of many people in the United States, financial aid
7 programs are inadequate to reach all students with
8 financial need.

9 (4) The increasing unaffordability of a college
10 education has forced students to borrow more money
11 to pay for higher education, causing two-thirds of
12 college seniors to graduate with an average student
13 debt of \$26,600.

14 (5) High levels of student debt are damaging
15 not only to the individual student's ability to succeed
16 financially but also will have grave consequences for
17 the future economy of the United States.

18 (6) Congress must halt the decrease in State
19 support for education and, over time, must catalyze
20 increases in State funding for higher education.

21 (7) There is a need to encourage a new ap-
22 proach to financing the students' share of the cost
23 of higher education that will not result in graduates
24 who are overburdened with student debt.

1 (8) The Pay It Forward model presents a new
2 opportunity for financing and expanding higher edu-
3 cation, through the replacement of tuition and man-
4 datory fees with a post-graduation contribution pro-
5 gram that establishes the funding for access to high-
6 er education for the next generational cohort of stu-
7 dents.

8 (b) PURPOSE.—The purpose of this Act is to test and
9 encourage the development of Pay It Forward model fi-
10 nancing programs.

11 **SEC. 3. DEFINITIONS.**

12 In this Act:

13 (1) ANNUAL INCOME.—The term “annual in-
14 come” means an amount equal to the sum of—

15 (A) annual adjusted gross income, as de-
16 fined in section 62 of the Internal Revenue
17 Code of 1986; and

18 (B) any amount described under section
19 103 of the Internal Revenue Code of 1986.

20 (2) COST OF ATTENDANCE.—The term “cost of
21 attendance” has the meaning given the term in sec-
22 tion 472 of the Higher Education Act of 1965 (20
23 U.S.C. 1087l).

24 (3) INSTITUTION OF HIGHER EDUCATION.—

1 (A) INSTITUTION OF HIGHER EDU-
2 CATION.—The term “institution of higher edu-
3 cation” has the meaning given the term in sec-
4 tion 102 of the Higher Education Act of 1965
5 (20 U.S.C. 1002), except that for purposes of
6 this Act, an institution of higher education does
7 not include any program of postsecondary edu-
8 cation or training, including a degree or certifi-
9 cate program, that is designed to prepare stu-
10 dents for entry into a recognized occupation or
11 profession that requires licensing or other es-
12 tablished requirements as a pre-condition for
13 entry into such occupation or profession, un-
14 less—

15 (i) the successful completion of the
16 program fully qualifies a student, in the
17 State in which the institution offering the
18 program is located (and in any State in
19 which the institution indicates, through ad-
20 vertising or marketing activities or direct
21 contact with potential students, that a stu-
22 dent will be prepared to work in the occu-
23 pation or profession after successfully com-
24 pleting the program), to—

1 (I) take any examination re-
2 quired for entry into the recognized
3 occupation or profession in the State,
4 including satisfying all State or pro-
5 fessionally mandated programmatic
6 and specialized accreditation require-
7 ments, if any; and

8 (II) be certified or licensed or
9 meet any other academically related
10 pre-conditions that are required for
11 entry into the recognized occupation
12 or profession in the State;

13 (ii) the institution offering the pro-
14 gram provides timely placement for all of
15 the academically related pre-licensure re-
16 quirements for entry into the recognized
17 occupation or profession in the State, such
18 as clinical placements, internships, or ap-
19 prenticeships;

20 (iii) in the case of State licensing or
21 professionally mandated requirements for
22 entry into the recognized occupation or
23 profession in the State in which the insti-
24 tution offering the program is located (and
25 in any State in which the institution indi-

1 cates, through advertising or marketing ac-
2 tivities or direct contact with potential stu-
3 dents, that a student will be prepared to
4 work in the occupation or profession after
5 successfully completing the program) that
6 require specialized accreditation—

7 (I) the program meets that re-
8 quirement for specialized accreditation
9 through its accreditation or pre-ac-
10 creditation by an accrediting agency
11 or association recognized by the Sec-
12 retary of Education as a reliable au-
13 thority as to the quality or training
14 offered by the institution in that pro-
15 gram; and

16 (II) if the program is in a pre-ac-
17 credited, probation, or show cause sta-
18 tus by an accrediting agency or asso-
19 ciation described in subclause (I), and
20 the requirement for specialized accred-
21 itation is for full accreditation, the in-
22 stitution—

23 (aa) establishes, to the satis-
24 faction of the Secretary of Edu-
25 cation, that each student who en-

1 rolls before the program is fully
2 accredited attests of being ad-
3 vised that the program is in a
4 pre-accredited, probation, or
5 show cause status and of being
6 informed of the effect on the stu-
7 dent's eligibility for assistance
8 under this Act and on the stu-
9 dent's ability to satisfy State or
10 professionally mandated require-
11 ments for entry into the recog-
12 nized occupation or profession if
13 full accreditation is delayed, de-
14 nied, terminated, or withdrawn;
15 and

16 (bb) publicly and promi-
17 nently discloses in any adver-
18 tising, marketing, or recruitment
19 materials and activities for the
20 institution, the institution's pre-
21 accredited, probation, or show
22 cause status and the implications
23 of such status for prospective
24 students; and

25 (iv) the institution—

1 (I) discloses on the application to
2 enroll in the institution that its pro-
3 gram does not necessarily satisfy out-
4 of-State requirements, if applicable;
5 and

6 (II) upon receipt of an applica-
7 tion to enroll in the institution, noti-
8 fies the student, prior to enrollment, if
9 the program in which the student in-
10 tends to enroll does not satisfy the re-
11 quirements of the State in which the
12 student is a resident, if applicable.

13 (B) SCHOOL, DEPARTMENT, OR PRO-
14 GRAM.—The term “institution of higher edu-
15 cation” may include a particular school, depart-
16 ment, or program within an institution of high-
17 er education described in subparagraph (A).

18 (4) PAY IT FORWARD MODEL.—The term “Pay
19 It Forward model” means a system in which—

20 (A) the Secretary, a State, or an institu-
21 tion of higher education pays all or part of a
22 participating student’s cost of attendance, but
23 not less than an amount equal to the cost of
24 tuition and mandatory fees, for each such stu-
25 dent during some or all of the time that the

1 student is enrolled at an institution of higher
2 education in order to replace the student's need
3 to borrow under the Federal Direct Stafford
4 Loan and Federal Direct Unsubsidized Stafford
5 Loan Programs under part D of title IV of the
6 Higher Education Act of 1965 (20 U.S.C.
7 1087a et seq.); and

8 (B) such student signs a contract agreeing
9 to contribute to the Secretary, a State, or an
10 institution of higher education, as the case may
11 be, a certain percentage (not to exceed 5 per-
12 cent) of the student's annual income, for a
13 specified number of years upon graduation or
14 when the student ceases to be enrolled at such
15 institution of higher education, except that the
16 specified number of years for which the student
17 agrees to contribute according to such contract
18 shall not exceed 25 years, which shall be known
19 as the "Pay It Forward Contribution Plan".

20 (5) SECRETARY.—The term "Secretary" means
21 the Secretary of Education.

22 (6) TUITION AND MANDATORY FEES.—The
23 term "tuition and mandatory fees" means tuition
24 and fees normally assessed a student carrying the

1 same academic workload as determined by the insti-
2 tution of higher education.

3 **SEC. 4. INITIAL STUDIES.**

4 (a) IN GENERAL.—Not later than 180 days after the
5 date of enactment of this Act, the Secretary, in consulta-
6 tion with the Secretary of the Treasury—

7 (1) and the Director of the Consumer Financial
8 Protection Bureau, shall conduct a study on the fea-
9 sibility of, and options for, implementing the Pay It
10 Forward model, in a manner that is in the best in-
11 terests of students; and

12 (2) shall conduct a study—

13 (A) on whether the student loan servicer
14 payment program or the Internal Revenue Serv-
15 ice income tax withholding mechanism (such as
16 preauthorized automatic electronic funds trans-
17 fers) of collection for the Pay it Forward model
18 would work best;

19 (B) on how best to establish a participant's
20 agreement described under section 5(g)(3), or a
21 similar agreement made under another Pay It
22 Forward model, including what percentage of a
23 participant's income the participant should be
24 required to contribute and what is an appro-
25 priate time period for contribution;

1 (C) on how the rates of contribution under
2 the Pay It Forward model may differ—

3 (i) according to different income lev-
4 els; and

5 (ii) based on whether the student pur-
6 sues a graduate or professional education
7 program immediately after completing
8 their undergraduate education or at a fu-
9 ture time;

10 (D) on how best to streamline the collec-
11 tion process and ensure compliance; and

12 (E) on ways to prevent increases in tuition
13 and other education costs.

14 (b) REPORT.—Not later than 30 days after the com-
15 pletion of the studies described in subsection (a), the Sec-
16 retary shall prepare and submit a report containing the
17 results of the initial studies described in subsection (a),
18 to the Committee on Health, Education, Labor, and Pen-
19 sions of the Senate, the Committee on Banking, Housing,
20 and Urban Affairs of the Senate, the Committee on Fi-
21 nance of the Senate, the Committee on Education and the
22 Workforce of the House of Representatives, the Com-
23 mittee on Financial Services of the House of Representa-
24 tives, and the Committee on Ways and Means of the
25 House of Representatives.

1 **SEC. 5. GRANTS FOR STATE PAY IT FORWARD PILOT PRO-**
2 **GRAM.**

3 (a) IN GENERAL.—Unless the Secretary determines,
4 as a result of the initial studies described in section 4,
5 that the Pay It Forward model is not feasible or otherwise
6 not in the public interest or in the best interest of stu-
7 dents, the Secretary shall, not later than 1 year after the
8 completion of such initial study, award grants, on a com-
9 petitive basis, to not more than 3 States in the first 2
10 years and not more than 7 additional States in subsequent
11 years (while limiting the number of students participating
12 to 15,000 annually in the first 2 years and 50,000 annu-
13 ally in subsequent years in all States) to enable such
14 States to establish and carry out a Pay It Forward model
15 State pilot program as described in subsection (e).

16 (b) APPLICATION; DURATION.—

17 (1) APPLICATION.—Each State that desires to
18 receive a grant under this section shall submit an
19 application to the Secretary at such time, in such
20 manner, and containing such information as the Sec-
21 retary may reasonably require.

22 (2) DURATION.—Grants awarded under this
23 section shall be for a period of not less than 10
24 years and not more than 25 years and the Secretary
25 shall make grant funds available to each State on an
26 annual basis.

1 (c) STATE CONTRIBUTION REQUIREMENT.—A State
2 receiving a grant under this section shall provide, either
3 directly or through private contributions, non-Federal
4 funds for each award year in an amount that is not less
5 than the greater of—

6 (1) the difference between—

7 (A) the amount for an award year that the
8 State has agreed to pay for all students partici-
9 pating in the State Pay it Forward Contribu-
10 tion Plan described in subsection (e); and

11 (B) the amount of the Federal funds de-
12 scribed in subsection (e)(2); or

13 (2) the amount that is 10 percent of the
14 amount of the Federal funds described in subsection
15 (e)(2).

16 (d) MAINTENANCE OF EFFORT.—Each State receiv-
17 ing a grant under this section for a fiscal year shall pro-
18 vide the Secretary with an assurance that the aggregate
19 expenditures by the State, from funds derived from non-
20 Federal sources, for the contribution to higher education
21 costs, including student loans and grants for higher edu-
22 cation for each fiscal year for which a grant is awarded
23 under this section (excluding funds for a State Pay It For-
24 ward model) are not less than the aggregate expenditures
25 by the State for the contribution to higher education costs,

1 including student loans and grants for higher education,
2 for the fiscal year preceding the first fiscal year for which
3 a grant was awarded to the State under this section, as
4 adjusted for inflation using the Consumer Price Index for
5 All Urban Consumers published by the Department of
6 Labor (CPI-U).

7 (e) STATE PILOT PROGRAM.—

8 (1) STATE ACTIVITIES.—In accordance with
9 subsection (a), each State receiving a grant under
10 this section shall establish and carry out a State Pay
11 It Forward model pilot program, through which the
12 State shall—

13 (A) select eligible institutions, in accord-
14 ance with subsection (f), for participation in the
15 program;

16 (B) in coordination with the Secretary, es-
17 tablish an application and enrollment process
18 through which a student who is enrolled at a
19 participating eligible institution who wishes to
20 participate in the program, and fulfills the re-
21 quirements of the enrollment process, as deter-
22 mined by the State, shall be enrolled in the Pay
23 it Forward Contribution Plan, subject to para-
24 graph (3);

1 (C) provide each student at each partici-
2 pating eligible institution with a written no-
3 tice—

4 (i) that such student has the option to
5 participate, or to decline to participate, in
6 the Pay it Forward Contribution Plan on
7 an annual renewable basis, subject to para-
8 graph (3);

9 (ii) of the application and enrollment
10 process described in subparagraph (B);
11 and

12 (iii) of the terms and conditions of the
13 Pay It Forward Contribution Plan, as de-
14 scribed in subsection (g);

15 (D) ensure that, subject to subsection
16 (g)(5)(A) and in accordance with paragraphs
17 (4) and (5) of subsection (g), an eligible stu-
18 dent's cost of attendance will be reduced by the
19 amount of any assistance considered estimated
20 financial assistance, as defined in section
21 428(a)(2)(C) of the Higher Education Act of
22 1965 (20 U.S.C. 1078(a)(2)(C)) prior to the
23 awarding of aid under the Pay It Forward Con-
24 tribution Plan toward the student's cost of at-
25 tendance;

1 (E) award funds, from amounts made
2 available under subsection (c), any other State
3 funds, and amounts made available under para-
4 graph (2)(B)) to pay—

5 (i) each participating institution an
6 amount equal to the tuition and mandatory
7 fees for each student at that institution
8 who is enrolled in the Pay It Forward Con-
9 tribution Plan, as described in subsection
10 (g), except that such amount shall, for
11 each student not exceed—

12 (I) the amount of the tuition and
13 mandatory fees for each such student
14 at the most expensive public institu-
15 tion of higher education in the State
16 for the type of institution the partici-
17 pating student attends (including a 4-
18 year institution, 2-year institution, or
19 1-year institution) for that award
20 year; or

21 (II) the cost of attendance for
22 each such student to attend the insti-
23 tution at which the student is en-
24 rolled; and

1 (ii) each participating student any ad-
2 ditional costs of attendance that have been
3 agreed to in the student's contract de-
4 scribed in subsection (g), except that such
5 additional costs shall be in an amount such
6 that the sum of such additional costs and
7 the amount of tuition and fees described in
8 clause (i) shall, for each such student, not
9 exceed—

10 (I) the amount of the tuition and
11 mandatory fees for a student at the
12 most expensive public institution of
13 higher education in the State for the
14 type of institution the participating
15 student attends (including a 4-year
16 institution, 2-year institution, or 1-
17 year institution) for that award year;
18 or

19 (II) the cost of attendance for
20 the student to attend the institution
21 at which the student is enrolled.

22 (2) FEDERAL FUNDS.—The Secretary shall pay
23 each State receiving a grant under this section, for
24 each award year for the purpose of carrying out

1 paragraph (1)(E), an amount equal to the product
2 of—

3 (A) the number of students in the State
4 that are enrolled in the Pay It Forward Con-
5 tribution Plan for that award year; multiplied
6 by

7 (B) an amount equal to the sum of—

8 (i) the maximum amount that a stu-
9 dent is eligible to receive through a Fed-
10 eral Direct Stafford loan under part D of
11 title IV of the Higher Education Act of
12 1965 (20 U.S.C. 1087a et seq.) for that
13 award year; plus

14 (ii) the maximum amount that a stu-
15 dent is eligible to receive through a Fed-
16 eral Direct Unsubsidized Stafford loan
17 under part D of title IV of the Higher
18 Education Act of 1965 (20 U.S.C. 1087a
19 et seq.) for that award year.

20 (f) ELIGIBLE INSTITUTIONS.—

21 (1) IN GENERAL.—An eligible institution, for
22 purposes of this section, means an institution of
23 higher education, that—

24 (A) submits an application to the State at
25 such time, in such manner, and containing such

1 information as the State may reasonably re-
2 quire;

3 (B) agrees to participate in the Pay It
4 Forward Contribution Plan and commits to
5 participation in research that may be related to
6 the Pay It Forward Contribution Plan; and

7 (C) agrees to maintain—

8 (i) in the case of an institution of
9 higher education in which the entire insti-
10 tution is participating, the level of institu-
11 tional financial aid, including the level of
12 institutional funding for student grants
13 and loans, as adjusted for inflation by the
14 Consumer Price Index for All Urban Con-
15 sumers published by the Department of
16 Labor (CPI-U), that the institution pro-
17 vides at the time of the application to par-
18 ticipate in the Pay It Forward Contribu-
19 tion Plan throughout the duration of the
20 Pay It Forward Contribution Plan; or

21 (ii) in the case of a department,
22 school, or program within an institution of
23 higher education, maintain the level of aid
24 described in clause (i) on a department,
25 school, or program-wide basis.

1 (2) SELECTION OF PARTICIPATING INSTITU-
2 TIONS.—

3 (A) IN GENERAL.—If a sufficient number
4 of eligible institutions in a State receiving a
5 grant under this section wish to participate in
6 the Pay It Forward Contribution Plan, such
7 State shall establish methods for selecting eligi-
8 ble institutions to participate, or otherwise set
9 standards for participation, in such a way that
10 meets the requirements of this paragraph and
11 maximizes the utility of the research that re-
12 sults from the evaluation of the Pay It Forward
13 Contribution Plan.

14 (B) CRITERIA.—In selecting eligible insti-
15 tutions under subparagraph (A), the State shall
16 consider the extent to which selected institu-
17 tions will represent varied geographic locations
18 and types of institutions (such as community
19 colleges, institutions that offer 4-year programs,
20 or other variations in the types of institutions
21 that are selected).

22 (C) PREFERENCE.—In selecting eligible in-
23 stitutions under subparagraph (A), the State
24 shall give preference to eligible institutions that
25 have a history of making an effort to reduce or

1 hold constant tuition and mandatory fees and
2 cost of attendance or have a plan to reduce or
3 hold constant tuition and mandatory fees and
4 cost of attendance, as determined by the State.

5 (3) ANNOUNCEMENT OF PARTICIPANTS.—Each
6 State receiving a grant under this section shall an-
7 nounce each eligible institution that is selected for
8 participation in the Pay It Forward Contribution
9 Plan at a time that provides students at partici-
10 pating eligible institutions with adequate notice in
11 advance of the commencement of the Pay It For-
12 ward Contribution Plan at that institution.

13 (4) STATE AS GRANT RECIPIENT.—The Sec-
14 retary may award grants to States that have devel-
15 oped, or are in the process of developing, pilot Pay
16 it Forward grant programs at the State level to en-
17 able the State to carry out the activities described
18 in this Act as if such State were an eligible institu-
19 tion selected for participation in the Pay it Forward
20 Contribution Plan.

21 (g) TERMS OF THE PAY IT FORWARD CONTRIBUTION
22 PLAN.—If a student who attends a participating eligible
23 institution has applied for and enrolled in the Pay It For-
24 ward Contribution Plan as described in subsection
25 (e)(1)(B)—

1 (1) the State shall pay—

2 (A) to the participating institution that
3 such student attends not less than an amount
4 equal to the cost of tuition and mandatory fees
5 during the time that the student is enrolled as
6 an undergraduate at the participating eligible
7 institution and is participating in the Pay it
8 Forward Contribution Plan, and for a period of
9 not more than—

10 (i) 4 years; or

11 (ii) another period of time (such as a
12 certain number of college credits or aca-
13 demic years completed) that the State, the
14 institution, and the student shall determine
15 and specify in the agreement described
16 under paragraph (3); and

17 (B) a student who attends a participating
18 eligible institution and has applied for and en-
19 rolled in the Pay It Forward Contribution Plan
20 any additional costs of attendance that are
21 agreed to by the State, the institution, and the
22 student and are established in the contract de-
23 scribed in paragraph (3), except that such addi-
24 tional costs shall be in an amount such that the
25 sum of such additional costs and the amount of

1 tuition and fees described in subparagraph (A)
2 shall, for each such student and for each award
3 year, not exceed the amount of the tuition and
4 mandatory fees for a student at the most ex-
5 pensive public institution of higher education in
6 the State for the type of institution the partici-
7 pating student attends (including a 4-year insti-
8 tution, 2-year institution, or 1-year institution)
9 for that award year;

10 (2) the State shall ensure that variations in the
11 time that a student's tuition and mandatory fees is
12 paid by the State shall be reflected in—

13 (A) the length of the contribution period
14 established in the student's Pay It Forward
15 Contribution Plan agreement described under
16 paragraph (3), except that the length of such
17 contribution period shall not exceed 25 years;
18 and

19 (B) the percentage of annual income that
20 such student shall contribute, as established in
21 the student's Pay It Forward Contribution Plan
22 agreement described under paragraph (3);

23 (3) the student shall sign a contract agreement,
24 which shall include—

1 (A) the period of time (such as a certain
2 number of college credits or academic years
3 completed) during which the State will pay the
4 institution that the student attends not less
5 than an amount equal to the cost of tuition and
6 mandatory fees that the student requests to
7 have provided through the Pay It Forward Con-
8 tribution Plan while the student is enrolled at
9 such participating eligible institution; and

10 (B) any additional costs of attendance that
11 the State agrees to pay for such student
12 through the Pay it Forward Contribution Plan
13 while the student is enrolled at such partici-
14 pating eligible institution; and

15 (C) a statement that the student will con-
16 tribute to the State a certain percentage (not to
17 exceed 5 percent) of the student's annual in-
18 come for a specified number of years upon
19 graduation from such institution of higher edu-
20 cation, successful completion of the student's
21 course of study, or when such student ceases to
22 be enrolled at such institution of higher edu-
23 cation, as determined by the State, and the stu-
24 dent shall be required to begin making such
25 contributions on the date that is the later of—

1 (i) 1 calendar year after graduation
2 from such institution of higher education,
3 successful completion of the student's
4 course of study, or when such student
5 ceases to be enrolled at such institution of
6 higher education, as determined by the
7 State; or

8 (ii) 1 calendar year after the comple-
9 tion of a year that the student is enrolled
10 in the Pay It Forward Contribution Plan;

11 (4) the student shall continue to be eligible to
12 obtain any grants, scholarships, or funds that do not
13 have to be repaid (including Federal Pell Grants or
14 any other Federal, State, or institutional grant
15 money) that the student would otherwise be eligible
16 to receive if the student was not a participant in the
17 Pay It Forward Contribution Plan and that are ap-
18 plied toward the student's tuition and mandatory
19 fees at the eligible institution, and the amount of
20 such grants, scholarships, or funds shall be deducted
21 from the amount that the State would otherwise pay
22 toward the student's tuition and mandatory fees
23 under the Pay It Forward Contribution Plan, there-
24 by proportionately reducing the percentage of a par-
25 ticipating student's annual income that the student

1 will be required to contribute or the duration of the
2 student's contribution period, as described under
3 paragraph (3);

4 (5) the student shall continue to be eligible to
5 obtain any other student loans, including Federal
6 student loans (except for Federal Direct Stafford
7 Loans under part D of title IV of the Higher Edu-
8 cation Act of 1965 (20 U.S.C. 1087a et seq.)), that
9 the student would otherwise be eligible to receive if
10 the student was not a participant in the Pay It For-
11 ward Contribution Plan except that—

12 (A) any funds received by a student under
13 the Pay It Forward Contribution Plan shall be
14 considered estimated financial assistance for
15 purposes of calculations under section
16 428(a)(2)(C) of the Higher Education Act of
17 1965 (20 U.S.C. 1078(a)(2)(C)); and

18 (B) the amount of such loans shall be de-
19 ducted from the amount that the State would
20 otherwise pay toward the student's tuition and
21 mandatory fees under the Pay It Forward Con-
22 tribution Plan, thereby proportionately reducing
23 the percentage of a participating student's an-
24 nual income that the student will be required to
25 contribute or the duration of the student's con-

1 tribution period, as described under paragraph
2 (3); and
3 (6) if the student obtains Federal student
4 loans, such student shall remain eligible for applica-
5 ble Federal loan repayment, forgiveness, or similar
6 programs regarding such Federal student loans to
7 the same extent that the student would be eligible
8 for such repayment, forgiveness, or similar programs
9 if the student were not also participating in the Pay
10 It Forward Contribution Plan.

11 (h) METHOD OF CONTRIBUTION COLLECTION.—The
12 Secretary, in consultation with the Secretary of the Treas-
13 ury or a designee of the Secretary of the Treasury, shall
14 work with appropriate State agencies to develop an effi-
15 cient mechanism for students who enroll in the Pay It
16 Forward Contribution Plan, including using existing stu-
17 dent loan repayment structures, wage withholding (such
18 as preauthorized automatic electronic funds transfers), or
19 other suitable methods as the respective State agencies
20 may determine and as approved by the Secretary.

21 (i) STATE REPORT.—Each State receiving a grant
22 under this section shall annually prepare and submit a re-
23 port to the Secretary containing such information about
24 the grant program as the Secretary may require.

1 **SEC. 6. ADVISORY COUNCIL.**

2 (a) IN GENERAL.—The Secretary shall establish, and
3 appoint members to, a technical advisory council to make
4 recommendations to the Secretary about—

5 (1) how to design an evaluation of the Pay it
6 Forward Contribution Plan described under section
7 5;

8 (2) how to maximize the utility of the research
9 results that may be used to evaluate such program;
10 and

11 (3) implementation issues and solutions for
12 State-based Pay It Forward model pilot programs,
13 which may include applying a State-based Pay It
14 Forward model pilot program for nontraditional stu-
15 dents, including students who are older, already
16 working, or attending school at night, and in cases
17 in which graduates voluntarily leave the workforce.

18 (b) MEMBERS OF THE COUNCIL.—The technical ad-
19 visory council established under this section shall include
20 not more than 11 members, of whom—

21 (1) not less than 3 members shall be academic
22 researchers with expertise in higher education;

23 (2) not less than 2 members shall have exper-
24 tise in quantitative program evaluation;

25 (3) not less than 2 members shall be student
26 advocates; and

1 (4) not less than 2 members shall be experts in
2 budgetary and financial matters.

3 (c) REPORT.—The technical advisory council estab-
4 lished under this section shall prepare and submit a report
5 to the Secretary containing the recommendations de-
6 scribed in subsection (a).

7 **SEC. 7. IMPLEMENTATION STUDY.**

8 (a) INITIAL EVALUATION.—Not later than 5 years
9 after the establishment of the State Pay It Forward mod-
10 els under section 5, the Secretary shall, after consideration
11 of the advisory council recommendations regarding how to
12 evaluate the Pay It Forward Contribution Plan described
13 under section 6(a), conduct an initial evaluation of the
14 Pay It Forward Contribution Plan, which may include an
15 evaluation of—

16 (1) how the rates of contribution under the Pay
17 It Forward model may differ according to different
18 income levels;

19 (2) the rates of students who fail to contribute
20 funds as agreed to under the Pay It Forward model;

21 (3) how best to establish a student's agreement
22 described under section 5(g)(3), or a similar agree-
23 ment made under another Pay It Forward model, in-
24 cluding what percentage of a student's income the

1 student should be required to contribute and what is
2 an appropriate time period for contribution;

3 (4) ways to prevent increases in tuition and
4 other education costs; and

5 (5) ways to integrate existing Federal student
6 loan repayment and forgiveness programs into the
7 Pay It Forward model.

8 (b) EVALUATION.—Not later than 10 years after the
9 establishment of the Pay it Forward Contribution Plan de-
10 scribed under section 5, the Secretary shall, after consid-
11 eration of the advisory council recommendations regarding
12 how to evaluate the Pay it Forward Contribution Plan—

13 (1) evaluate whether existing student loan debt
14 could be converted into a Pay It Forward model;

15 (2) evaluate the impact of the Pay It Forward
16 model on a student's career choices and employment,
17 including how such model may impact a student's
18 employment in public service jobs and level of em-
19 ployment (such as whether a student participating in
20 the Pay It Forward model will go on to part time
21 or full time employment);

22 (3) evaluate mechanisms through which employ-
23 ers could provide funds toward the contributions
24 that an employee is required to make under a Pay
25 It Forward model contribution agreement;

1 (4) examine the long term solvency and feasi-
2 bility of an expanded Pay It Forward program; and

3 (5) examine the distributional implications of
4 allowing students to opt out of participation in a
5 Pay It Forward model program as compared to re-
6 quiring all students who are enrolled at a partici-
7 pating institution to participate in a Pay It Forward
8 model program.

9 (c) REPORT.—Upon completion of the evaluation de-
10 scribed under subsection (a), the Secretary shall prepare
11 and submit a report containing the results of such evalua-
12 tion to the Committee on Health, Education, Labor, and
13 Pensions of the Senate, the Committee on Banking, Hous-
14 ing, and Urban Affairs of the Senate, the Committee on
15 Finance of the Senate, the Committee on Education and
16 the Workforce of the House of Representatives, the Com-
17 mittee on Financial Services of the House of Representa-
18 tives, and the Committee on Ways and Means of the
19 House of Representatives.

20 **SEC. 8. EXPANDED IMPLEMENTATION.**

21 The Secretary may expand the Pay It Forward
22 model, including by developing Pay It Forward model pilot
23 programs for students pursuing post-baccalaureate de-
24 grees that relate to the medical profession in order to meet
25 the need for more primary medical care providers, increas-

1 ing the number or duration of grants to States for car-
2 rying out a Pay It Forward State pilot program, or estab-
3 lishing a Federal program based on the Pay It Forward
4 model, if the Secretary determines that doing so—

5 (1) will not increase the cost to the Federal
6 Government for carrying out Federal loan programs
7 under title IV of the Higher Education Act of 1965
8 (20 U.S.C. 1070 et seq.);

9 (2) may be carried out using amounts available
10 for the programs under title IV of the Higher Edu-
11 cation Act of 1965 (20 U.S.C. 1070 et seq.); and

12 (3) is in the best interests of students and the
13 Nation in advancing national priorities for edu-
14 cation, health, and economic development.

15 **SEC. 9. WAIVER.**

16 (a) STATE APPLICATION FOR WAIVER.—A State
17 awarded a grant under this Act may apply to the Sec-
18 retary to waive a requirement of the grant.

19 (b) SECRETARY AUTHORITY.—The Secretary may
20 waive any provision in this Act if the Secretary determines
21 that doing so would be in the best interest of students
22 and achieve the goals of the Pay It Forward model.

23 **SEC. 10. PAY IT FORWARD FUND.**

24 (a) ESTABLISHMENT OF A FUND.—There is estab-
25 lished in the Treasury a fund, to be known as the “Pay

1 It Forward Fund” (referred to in this section as the
2 “Fund”), to be administered by the Secretary of Edu-
3 cation, in which all funds received in Pay it Forward con-
4 tributions under this Act shall be deposited.

5 (b) USE.—The amounts in the Fund shall be made
6 available to the Secretary of Education in order to carry
7 out this Act.

8 **SEC. 11. AMOUNTS AVAILABLE FOR PAY IT FORWARD FROM**
9 **STAFFORD LOAN PROGRAM.**

10 Amounts made available under any Act to carry out
11 the Federal Direct Stafford Loan Program under part D
12 of title IV of the Higher Education Act of 1965 (20 U.S.C.
13 1087a et seq.) shall be available to the Secretary of Edu-
14 cation to carry out the Pay it Forward program under
15 this Act.