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New Bipartisan SIMPLE Act Would Significantly Reduce Federal Student Loan Defaults

Bill reflects TICAS recommendations to automatically enroll distressed borrowers into income-driven plans; automate key annual processes

“In a strong show of bipartisan effort, Representatives Suzanne Bonamici (D-OR), Ryan Costello (R-PA), Patrick Meehan (R-PA), Seth Moulton (D-MA), and Senator Ron Wyden (D-OR) introduced legislation in both the [House](#) and [Senate](#) that would help student loan borrowers avoid the [devastation of default](#). At a time when *one in four federal student loan borrowers are delinquent or in default* on their student loans, the bipartisan SIMPLE Act makes common-sense and urgently needed improvements to make it easier for borrowers to enroll and continue making affordable payments in income-driven repayment (IDR). It also prevents totally and permanently disabled borrowers from seeing their discharged loans reinstated due to a missed deadline.

“The SIMPLE Act automatically enrolls severely delinquent borrowers – those who have not made any payments in four months – into an IDR plan, as well as borrowers who rehabilitate their defaulted loans. These borrowers will always have the opportunity to opt out of this process. IDR plans help borrowers stay current on their loans and avoid default by assuring more manageable monthly payments tied to their income and family size. While IDR is [not the right repayment plan for everyone](#), it is always better than default.

“The SIMPLE Act also automates the required annual income update process by using borrowers’ existing tax data. [More than half](#) of borrowers (57%) enrolled in IDR plans miss their annual deadline to recertify their income, which can lead to unaffordable spikes in monthly payment amounts and interest capitalization. With bipartisan support in the [House](#) and [Senate](#), and from a diverse array of [organizations](#), this change will help borrowers maintain affordable payments and shrink paperwork for both borrowers and loan servicers. While the Departments of Treasury and Education already reached an [agreement](#) to do this, the SIMPLE Act requires it within two years.

“Additionally, the SIMPLE Act would allow totally and permanently disabled borrowers to have their continued eligibility for a loan discharge automatically verified, instead of requiring them to submit annual paperwork during the three-year monitoring period.

“We thank Representatives Bonamici, Costello, Meehan, and Moulton and Senator Wyden for leading the way on practical improvements that will help keep student loan payments affordable and reduce student loan delinquency and default, which has long-lasting and devastating consequences for student borrowers.”

An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. Our Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see www.ticas.org or follow us on [Twitter](#) and [Facebook](#).