

AMENDMENT TO H.R. 6
OFFERED BY MR. CLAY
(repayment incentives)

#121
passed
voice
note

(Page & line nos. refer to Amendment in the Nature of a Substitute)

Page IV-D-4, after line 8, insert the following new paragraph (and redesignate the succeeding paragraphs accordingly):

1 “(5) REPAYMENT INCENTIVES.—Notwithstand-
2 ing any other provision of this part, the Secretary is
3 authorized to prescribe in regulation such reductions
4 in the interest rate paid by a borrower of a loan
5 made under this part as the Secretary determines
6 appropriate to encourage on-time repayment. Such
7 reductions may be offered only if the Secretary de-
8 termines they are ^{both} cost neutral, ~~to the extent appro-~~
9 ~~prate,~~ and in the best financial interest of the Fed-
10 eral Government. Any increase in subsidy costs
 resulting from such reductions must be
 completely offset by corresponding savings
 in funds available for the Direct Loan
 Program in that fiscal year from
 Section 458 and other administrative
 accounts.