

113TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } 113-

EMPOWERING STUDENTS THROUGH ENHANCED
FINANCIAL COUNSELING ACT

JULY --, 2014.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. KLINE, from the Committee on Education and the Workforce,
submitted the following

R E P O R T

together with

ADDITIONAL AND MINORITY VIEWS

[To accompany H.R. 4984]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 4984) to amend the loan counseling requirements under the Higher Education Act of 1965, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Empowering Students Through Enhanced Financial Counseling Act”.

SEC. 2. ANNUAL COUNSELING.

Section 485(l) of the Higher Education Act of 1965 (20 U.S.C. 1092(l)) is amended to read as follows:

“(l) ANNUAL FINANCIAL AID COUNSELING.—

“(1) ANNUAL DISCLOSURE REQUIRED.—

“(A) IN GENERAL.—Each eligible institution shall ensure that each individual who receives a Federal Pell Grant or a loan made under part D (other than a Federal Direct Consolidation Loan) receives comprehensive information on the terms and conditions of such Federal Pell Grant or loan and the responsibilities the individual has with respect to such Federal Pell Grant or loan. Such information shall be provided, for each award year for which the individual receives such Federal Pell Grant or loan, in a simple and understandable manner—

- “(i) during a counseling session conducted in person;
 - “(ii) online, with the borrower acknowledging receipt of the information; or
 - “(iii) through the use of the online counseling tool described in subsection (n)(1)(B).
- “(B) USE OF INTERACTIVE PROGRAMS.—In the case of institutions not using the online counseling tool described in subsection (n)(1)(B), the Secretary shall require such institutions to carry out the requirements of subparagraph (A) through the use of interactive programs, during an annual counseling session that is in-person or online, that test the individual’s understanding of the terms and conditions of the Federal Pell Grant or loan awarded to the student, using simple and understandable language and clear formatting.
- “(2) ALL INDIVIDUALS.—The information to be provided under paragraph (1)(A) to each individual receiving counseling under this subsection shall include the following:
- “(A) An explanation of how the student may budget for typical educational expenses and a sample budget based on the cost of attendance for the institution.
 - “(B) An explanation that an individual has a right to annually request a disclosure of information collected by a consumer reporting agency pursuant to section 612(a) of the Fair Credit Reporting Act (15 U.S.C. 1681j(a)).
- “(3) STUDENTS RECEIVING FEDERAL PELL GRANTS.—The information to be provided under paragraph (1)(A) to each student receiving a Federal Pell Grant shall include the following:
- “(A) An explanation of the terms and conditions of the Federal Pell Grant.
 - “(B) An explanation of approved educational expenses for which the student may use the Federal Pell Grant.
 - “(C) An explanation of why the student may have to repay the Federal Pell Grant.
 - “(D) An explanation of the maximum number of semesters or equivalent for which the student may be eligible to receive a Federal Pell Grant, and a statement of the amount of time remaining for which the student may be eligible to receive a Federal Pell Grant.
 - “(E) An explanation of how the student may seek additional financial assistance from the institution’s financial aid office due to a change in the student’s financial circumstances, and the contact information for such office.
- “(4) BORROWERS RECEIVING LOANS MADE UNDER PART D (OTHER THAN PARENT PLUS LOANS).—The information to be provided under paragraph (1)(A) to a borrower of a loan made under part D (other than a Federal Direct PLUS Loan made on behalf of a dependent student) shall include the following:
- “(A) To the extent practicable, the effect of accepting the loan to be disbursed on the eligibility of the borrower for other forms of student financial assistance.
 - “(B) An explanation of the use of the master promissory note.
 - “(C) An explanation that the borrower is not required to accept the full amount of the loan offered to the borrower.
 - “(D) An explanation that the borrower should consider accepting any grant, scholarship, or State or Federal work-study jobs for which the borrower is eligible prior to accepting Federal student loans.
 - “(E) A recommendation to the borrower to exhaust the borrower’s Federal student loan options prior to taking out private loans, an explanation that Federal student loans typically offer better terms and conditions than private loans, and an explanation that if a borrower decides to take out a private education loan—
 - “(i) the borrower has the ability to select a private educational lender of the borrower’s choice;
 - “(ii) the proposed private education loan may impact the borrower’s potential eligibility for other financial assistance, including Federal financial assistance under this title; and
 - “(iii) the borrower has a right—
 - “(I) to accept the terms of the private education loan within 30 calendar days following the date on which the application for such loan is approved and the borrower receives the required disclosure

documents, pursuant to section 128(e)(6) of the Truth in Lending Act; and

“(II) to cancel such loan within 3 business days of the date on which the loan is consummated, pursuant to section 128(e)(7) of such Act.

“(F) An explanation of the approved educational expenses for which the borrower may use a loan made under part D.

“(G) Information on the annual and aggregate loan limits for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans.

“(H) Information on how interest accrues and is capitalized during periods when the interest is not paid by either the borrower or the Secretary.

“(I) In the case of a Federal Direct PLUS Loan or a Federal Direct Unsubsidized Stafford Loan, the option of the borrower to pay the interest while the borrower is in school.

“(J) The definition of half-time enrollment at the institution, during regular terms and summer school, if applicable, and the consequences of not maintaining at least half-time enrollment.

“(K) An explanation of the importance of contacting the appropriate offices at the institution of higher education if the borrower withdraws prior to completing the borrower’s program of study so that the institution can provide exit counseling, including information regarding the borrower’s repayment options and loan consolidation.

“(L) For a first-time borrower, the anticipated monthly payment amount under, at minimum, a standard repayment plan and, using the regionally available data from the Bureau of Labor Statistics of the average starting salary for the occupation the borrower intends to be employed, an income-based repayment plan under section 493C, and based on—

“(i) a range of levels of indebtedness of—

“(I) borrowers of Federal Direct Stafford Loans or Federal Direct Unsubsidized Stafford Loans; and

“(II) as appropriate, graduate borrowers of Federal Direct PLUS Loans or Federal Direct Unsubsidized Stafford Loans; or

“(ii) the average cumulative indebtedness at graduation for students who borrowed loans made under part D and who are in the same program of study as the borrower.

“(M) For a borrower with an outstanding balance of principal or interest due on a loan made under this title—

“(i) a current statement of the amount of such outstanding balance and interest accrued;

“(ii) based on such outstanding balance, the anticipated monthly payment amount under, at minimum, the standard repayment plan and, using regionally available data from the Bureau of Labor Statistics of the average starting salary for the occupation the borrower intends to be employed, an income-based repayment plan under section 493C; and

“(iii) an estimate of the projected monthly payment amount under each repayment plan described in clause (ii), based on—

“(I) the outstanding balance described in clause (i);

“(II) the anticipated outstanding balance on the loan for which the student is receiving counseling under this subsection; and

“(III) a projection for any other loans made under part D that the borrower is reasonably expected to accept during the borrower’s program of study based on at least the expected increase in the cost of attendance of such program.

“(N) The obligation of the borrower to repay the full amount of the loan, regardless of whether the borrower completes or does not complete the program in which the borrower is enrolled within the regular time for program completion.

“(O) The likely consequences of default on the loan, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation, and a notice of the institution’s most recent cohort default rate (defined in section 435(m)), an explanation of the cohort default rate, and the most recent national average cohort default rate for the category of institution described in section 435(m)(4) to which the institution belongs.

“(P) Information on the National Student Loan Data System and how the borrower can access the borrower’s records.

“(Q) The contact information for the institution’s financial aid office or other appropriate office at the institution the borrower may contact if the borrower has any questions about the borrower’s rights and responsibilities or the terms and conditions of the loan.

“(5) BORROWERS RECEIVING PARENT PLUS LOANS FOR DEPENDENT STUDENTS.—The information to be provided under paragraph (1)(A) to a borrower of a Federal Direct PLUS Loan made on behalf of a dependent student shall include the following:

“(A) The information described in subparagraphs (A) through (C) and (N) through (Q) of paragraph (4).

“(B) The option of the borrower to pay the interest on the loan while the loan is in deferment.

“(C) For a first-time borrower of such loan, sample monthly repayment amounts under the standard repayment plan based on—

“(i) a range of levels of indebtedness of borrowers of Federal Direct PLUS Loans made on behalf of a dependent student; or

“(ii) the average cumulative indebtedness of other borrowers of Federal Direct PLUS Loans made on behalf of dependent students who are in the same program of study as the student on whose behalf the borrower borrowed the loan.

“(D) For a borrower with an outstanding balance of principal or interest due on such loan—

“(i) a statement of the amount of such outstanding balance;

“(ii) based on such outstanding balance, the anticipated monthly payment amount under the standard repayment plan; and

“(iii) an estimate of the projected monthly payment amount under the standard repayment plan, based on—

“(I) the outstanding balance described in clause (i);

“(II) the anticipated outstanding balance on the loan for which the borrower is receiving counseling under this subsection; and

“(III) a projection for any other Federal Direct PLUS Loan made on behalf of the dependent student that the borrower is reasonably expected to accept during the program of study of such student based on at least the expected increase in the cost of attendance of such program.

“(E) Debt management strategies that are designed to facilitate the repayment of such indebtedness.

“(F) An explanation that the borrower has the options to prepay each loan, pay each loan on a shorter schedule, and change repayment plans.

“(G) For each Federal Direct PLUS Loan made on behalf of a dependent student for which the borrower is receiving counseling under this subsection, the contact information for the loan servicer of the loan and a link to such servicer’s Website.

“(6) ANNUAL LOAN ACCEPTANCE.—Prior to making the first disbursement of a loan made under part D (other than a Federal Direct Consolidation Loan) to a borrower for an award year, an eligible institution, shall, as part of carrying out the counseling requirements of this subsection for the loan, ensure that the borrower accepts the loan for such award year by—

“(A) signing the master promissory note for the loan;

“(B) signing and returning to the institution a separate written statement that affirmatively states that the borrower accepts the loan; or

“(C) electronically signing an electronic version of the statement described in subparagraph (B).”.

SEC. 3. EXIT COUNSELING.

Section 485(b) of the Higher Education Act of 1965 (20 U.S.C. 1092(b)) is amended—

(1) in paragraph (1)(A)—

(A) in the matter preceding clause (i), by striking “through financial aid offices or otherwise” and inserting “through the use of an interactive program, during an exit counseling session that is in-person or online, or through the use of the online counseling tool described in subsection (n)(1)(A)”;

(B) by redesignating clauses (i) through (ix) as clauses (iv) through (xii), respectively;

(C) by inserting before clause (iv), as so redesignated, the following:

“(i) a summary of the outstanding balance of principal and interest due on the loans made to the borrower under part B, D, or E;

“(ii) an explanation of the grace period preceding repayment and the expected date that the borrower will enter repayment;

“(iii) an explanation that the borrower has the option to pay any interest that has accrued while the borrower was in school or that may accrue during the grace period preceding repayment or during an authorized period of deferment or forbearance, prior to the capitalization of the interest;”;

(D) in clause (iv), as so redesignated—

(i) by striking “sample information showing the average” and inserting “information, based on the borrower’s outstanding balance described in clause (i), showing the borrower’s”; and

(ii) by striking “of each plan” and inserting “of at least the standard repayment plan and the income-based repayment plan under section 493C”;

(E) in clause (x), as so redesignated, by striking “consolidation loan under section 428C or a”;

(F) in clauses (xi) and (xii), as so redesignated, by striking “and” at the end; and

(G) by adding at the end the following:

“(xiii) for each of the borrower’s loans made under part B, D, or E for which the borrower is receiving counseling under this subsection, the contact information for the loan servicer of the loan and a link to such servicer’s Website; and

“(xiv) an explanation that an individual has a right to annually request a disclosure of information collected by a consumer reporting agency pursuant to section 612(a) of the Fair Credit Reporting Act (15 U.S.C. 1681j(a)).”;

(2) in paragraph (1)(B)—

(A) by inserting “online or” before “in writing”; and

(B) by adding before the period at the end the following: “, except that in the case of an institution using the online counseling tool described in subsection (n)(1)(A), the Secretary shall attempt to provide such information to the student in the manner described in subsection (n)(3)(C)”;

(3) in paragraph (2)(C), by inserting “, such as the online counseling tool described in subsection (n)(1)(A),” after “electronic means”.

SEC. 4. ONLINE COUNSELING TOOLS.

Section 485 of the Higher Education Act of 1965 (20 U.S.C. 1092) is further amended by adding at the end the following:

“(n) ONLINE COUNSELING TOOLS.—

“(1) IN GENERAL.—Beginning not later than 1 year after the date of enactment of the Empowering Students Through Enhanced Financial Counseling Act, the Secretary shall maintain—

“(A) an online counseling tool that provides the exit counseling required under subsection (b) and meets the applicable requirements of this subsection; and

“(B) an online counseling tool that provides the annual counseling required under subsection (l) and meets the applicable requirements of this subsection.

“(2) REQUIREMENTS OF TOOLS.—In maintaining the online counseling tools described in paragraph (1), the Secretary shall ensure that each such tool is—

“(A) consumer tested, in consultation with other relevant Federal agencies, to ensure that the tool is effective in helping individuals understand their rights and obligations with respect to borrowing a loan made under part D or receiving a Federal Pell Grant;

“(B) understandable to students receiving Federal Pell Grants and borrowers of loans made under part D; and

“(C) freely available to all eligible institutions.

“(3) RECORD OF COUNSELING COMPLETION.—The Secretary shall—

“(A) use each online counseling tool described in paragraph (1) to keep a record of which individuals have received counseling using the tool, and notify the applicable institutions of the individual’s completion of such counseling;

“(B) in the case of a borrower who receives annual counseling for a loan made under part D using the tool described in paragraph (1)(B), notify the borrower by when the borrower should accept, in a manner described in

section 485(1)(6), the loan for which the borrower has received such counseling; and

“(C) in the case of a borrower described in subsection (b)(1)(B) at an institution that uses the online counseling tool described in paragraph (1)(A) of this subsection, the Secretary shall attempt to provide the information described in subsection (b)(1)(A) to the borrower through such tool.”.

SEC. 5. AVAILABILITY OF FUNDS.

(a) **USE OF EXISTING FUNDS.**—Of the amount authorized to be appropriated for maintaining the Department of Education’s Financial Awareness Counseling Tool, \$2,000,000 shall be available to carry out this Act and the amendments made by this Act.

(b) **NO ADDITIONAL FUNDS AUTHORIZED.**—No funds are authorized to be appropriated by this Act to carry out this Act or the amendments made by this Act.

H.R. 4984, THE EMPOWERING STUDENTS THROUGH ENHANCED FINANCIAL COUNSELING ACT

COMMITTEE REPORT

PURPOSE

H.R. 4984, the *Empowering Students through Enhanced Financial Counseling Act*, promotes financial literacy through enhanced counseling for recipients of federal financial aid.

COMMITTEE ACTION

As the Committee on Education and the Workforce begins the *Higher Education Act* reauthorization process, increasing transparency and usefulness of higher education data; simplifying and improving the federal student aid programs; and promoting innovation, access, and completion remain top priorities.

112th Congress

Hearings – First Session

On March 1, 2011, the Committee on Education and the Workforce held a hearing in Washington, D.C., on “Education Regulations: Weighing the Burden on Schools and Students.” The hearing was the first in a series examining the burden of federal, state, and local regulations on the nation’s education system. The purpose of the hearing was to uncover the damaging effects of federal regulations on schools and institutions. These rules increasingly stifle growth and innovation, raise operating costs, and limit student access to affordable colleges and universities throughout the nation. Testifying before the committee were Dr. Edgar Hatrick, Superintendent, Loudon County Public Schools, Ashburn, Virginia; Ms. Kati Haycock, President, The Education Trust, Washington, D.C.; Mr. Gene Wilhoit, Executive Director, Council of Chief State School Officers, Washington, D.C.; and Mr. Christopher B. Nelson, President, St. John’s College, Annapolis, Maryland.

On March 11, 2011, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., on “Education Regulations: Federal Overreach into Academic Affairs.” The purpose of the hearing was to discuss the most egregious and intrusive pieces of the program integrity regulations issued by the U.S. Department of Education, specifically, the state authorization regulation and the credit hour regulation, and to uncover the unintended consequences of the regulations to states and institutions of higher education. Testifying before the subcommittee were Mr. John Ebersole, President, Excelsior College, Albany, New York; Dr. G. Blair Dowden, President, Huntington University, Huntington, Indiana; The Honorable Kathleen Tighe, Inspector General, U.S. Department of Education, Washington, D.C.; and Mr. Ralph Wolff, President, Western Association of Schools and Colleges, Alameda, California.

On March 17, 2011, the Committee on Education and the Workforce held a hearing in Washington, D.C., on “Education Regulations: Roadblocks to Student Choice in Higher Education.” The purpose of the hearing was to explore the harmful consequences of the gainful employment regulation issued by the U.S. Department of Education. Testifying before the committee were Ms. Catherine Barreto, Graduate, Monroe College, and Senior Sales Associate, Doubletree Hotels, Brooklyn, New York; Mr. Travis Jennings, Electrical Supervisor of the Manufacturing Launch Systems Group, Orbital Sciences Corporation, Chandler, Arizona; Dr. Arnold Mitchem, President, Council for Opportunity in Education, Washington, D.C.; and Ms. Jeanne Herrmann, Chief Operating Officer, Globe University/Minnesota School of Business, Woodbury, Minnesota.

On March 21, 2011, the Committee on Education and the Workforce held a hearing in Wilkes-Barre, Pennsylvania, on “Reviving our Economy: The Role of Higher Education in Job Growth and Development.” The purpose of the hearing was to highlight work by local colleges and universities to respond to local and state economic needs. Testifying before the committee were Mr. James Perry, President, Hazelton City Council, Hazelton, Pennsylvania; Mr. Jeffrey Alesson, Vice President of Strategic Planning and Quality Assurance, Diamond Manufacturing, Exeter, Pennsylvania; Dr. Reynold Verret, Provost, Wilkes University, Wilkes-Barre, Pennsylvania; Mr. Raymond Angeli, President, Lackawanna College, Scranton, Pennsylvania; Ms. Joan Seaman, Executive Director, Empire Beauty School, Moosic, Pennsylvania; and Mr. Thomas P. Leary, President, Luzerne County Community College, Nanticoke, Pennsylvania.

On March 22, 2011, the Committee on Education and the Workforce held a hearing in Utica, New York, on “Reviving our Economy: The Role of Higher Education in Job Growth and Development.” The purpose of the hearing was to highlight work by local colleges and universities to respond to local and state economic needs. Testifying before the committee were Mr. Anthony J. Picente, Jr., County Executive, Oneida County, Utica, New York; Mr. Dave Mathis, Director, Oneida County Workforce Development, Utica, New York; Dr. John Bay, Vice President and Chief Scientist, Assured Information Security, Inc., Rome, New York; Dr. Bjong Wolf Yeigh, President, State University of New York Institute of Technology, Utica, New York; Dr. Ann Marie Murray, President, Herkimer County Community College, Herkimer, New York; Dr. Judith Kirkpatrick, Provost, Utica College, Utica, New York; and Mr. Phil Williams, President, Utica School of Commerce, The Business College, Utica, New York.

On April 21, 2011, the Committee on Education and the Workforce held a hearing in Columbia, Tennessee, on “Reviving our Economy: The Role of Higher Education in Job Growth and Development.” The purpose of the hearing was to highlight the work by local colleges and universities to respond to local and state economic needs. Testifying before the committee were Dr. Janet Smith, President, Columbia State Community College, Columbia, Tennessee; Dr. Ted Brown, President, Martin-Methodist College, Pulaski, Tennessee; Mr. Jim Coakley, President, Nashville Auto-Diesel College, Nashville, Tennessee; The Honorable Dean Dickey, Mayor, City of Columbia, Tennessee; Ms. Susan Marlow, President and Chief Executive Officer, Smart Data Strategies, Franklin, Tennessee; Ms. Jan McKeel, Executive Director, South Central Tennessee Workforce Board, Columbia, Tennessee; and Ms. Margaret Prater, Executive Director, Northwest Tennessee Workforce Board, Dyersburg, Tennessee.

On July 8, 2011, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training, together with the House Committee on Oversight and Government Reform Subcommittee on Regulatory Affairs, Stimulus Oversight, and Government Spending, held a hearing in Washington, D.C., on “The Gainful Employment Regulation: Limiting Job Growth and Student Choice.” The purpose of the hearing was to explore the harmful consequences of the gainful employment regulation issued by the U.S. Department of Education. Testifying before the subcommittees were Dr. Dario A. Cortes, President, Berkeley College, New York City, New York; Dr. Anthony P. Carnevale, Director, Georgetown University Center on Education and the Workforce, Washington, D.C.; Ms. Karla Carpenter, Graduate, Herzing University and Program Manager, Quest Software, Madison, Wisconsin; and Mr. Harry C. Alford, President and Chief Executive Officer, National Black Chamber of Commerce, Washington, D.C.

On August 16, 2011, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Greenville, South Carolina, on “Reviving Our Economy: The Role of Higher Education in Job Growth and Development.” The purpose of the hearing was to highlight the work by local colleges and universities to respond to local and state economic needs. Testifying before the subcommittee were The Honorable Knox White, Mayor, City of Greenville, South Carolina; Mr. Werner Eikenbusch, Section Manager, Associate Development and Training, BMW Manufacturing Co., Spartanburg, South Carolina; Ms. Laura Harmon, Project Director, Greenville Works, Greenville, South Carolina; Dr. Brenda Thames, Vice President of Academic Development, Greenville Health System, Greenville, South Carolina; Mr. James F. Barker, President, Clemson University, Clemson, South Carolina; Dr. Thomas F. Moore, Chancellor, University of South Carolina Upstate, Spartanburg, South Carolina; Dr. Keith Miller, President, Greenville Technical College, Greenville, South Carolina; and Ms. Amy Hickman, Campus President, ECPI College of Technology, Greenville, South Carolina.

On October 25, 2011, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., on “Government-Run Student Loans: Ensuring the Direct Loan Program is Accountable to Students and Taxpayers.” The purpose of the hearing was to examine the switch to and implementation of the Direct Loan program. Testifying before the subcommittee were Mr. James W. Runcie, Chief Operating Officer, Office of Federal Student Aid, U.S. Department of Education, Washington, D.C.; Mr. Ron H. Day, Director of Financial Aid, Kennesaw State University, Kennesaw, Georgia; Ms. Nancy Hoover, Director of Financial Aid, Denison University, Granville, Ohio; and Mr. Mark A. Bandré, Vice President for Enrollment Management and Student Affairs, Baker University, Baldwin City, Kansas.

On November 30, 2011, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., on “Keeping College Within Reach: Discussing Ways Institutions Can Streamline Costs and Reduce Tuition.” The purpose of the hearing was to highlight innovative practices institutions of higher education are implementing to reduce their costs to limit tuition increases for students. Testifying before the subcommittee were Ms. Jane V. Wellman, Executive Director, Delta Project on Postsecondary Costs, Productivity, and Accountability, Washington, D.C.; Dr. Ronald E.

Manahan, President, Grace College and Seminary, Winona Lake, Indiana; Mr. Jamie P. Merisotis, President and Chief Executive Officer, Lumina Foundation for Education, Indianapolis, Indiana; and Mr. Tim Foster, President, Colorado Mesa University, Grand Junction, Colorado.

Legislative Action – First Session

On February 17, 2011, the House of Representatives considered an amendment offered by Chairman John Kline (R-MN), Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (R-NC), and Rep. Alcee Hastings (D-FL) to H.R. 1, the *Disaster Relief Appropriations Act of 2013*. The amendment prohibited the use of funds by the U.S. Department of Education to implement and enforce the gainful employment regulation. The amendment was agreed to by a bipartisan vote of 289 to 136.

On February 19, 2011, the House of Representatives passed H.R. 1 by a vote of 235 to 189. The amendment was not included in the bill at final passage.

On June 3, 2011, Chairman John Kline (R-MN) and Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (R-NC) introduced H.R. 2117, the *Protecting Academic Freedom in Higher Education Act*. The bill repealed the state authorization regulation, one piece of the credit hour regulation, and prohibited the secretary of education from defining credit hour for any purpose under the *Higher Education Act of 1965*.

On June 15, 2011, the Committee on Education and the Workforce considered H.R. 2117 in legislative session and reported it favorably, as amended, to the House of Representatives by a bipartisan vote of 27 to 11.

The committee considered and adopted the following amendment to H.R. 2117:

- Subcommittee Chairwoman Virginia Foxx (R-NC) offered an amendment in the nature of a substitute to add a short title to the legislation. The amendment was adopted by voice vote.

The committee further considered the following amendments to H.R. 2117, which were not adopted:

- Rep. Raúl Grijalva (D-AZ) offered an amendment to maintain pieces of the state authorization regulation, including the complaint process. The amendment failed by a vote of 17 to 22.
- Ranking Member George Miller (D-CA) offered an amendment to prohibit implementation until the U.S. Department of Education Inspector General certifies there are equal or greater protections in place related to program integrity under Title IV of the *Higher Education Act of 1965*. The amendment failed by a vote of 17 to 22.

- Rep. Rush Holt (D-NJ) offered an amendment to stipulate the act will be effective only if the maximum Pell Grant award is at least \$5,550 for the 2012-2013 school year. The amendment was ruled out of order.
- Rep. Tim Bishop (D-NY) offered an amendment to strike the repeal of the credit hour regulation that establishes a federal definition of a “credit hour.” The amendment failed by a vote of 11 to 27.
- Rep. Tim Bishop (D-NY) offered an amendment to strike the prohibition on the secretary of education from defining credit hour in the future. The amendment failed by a vote of 16 to 22.

Hearings – Second Session

On July 18, 2012, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., on “Keeping College Within Reach: Exploring State Efforts to Curb Costs.” The purpose of the hearing was to highlight innovative practices at the state level to assist postsecondary institutions in keeping costs affordable and to promote accountability of public funds. Testifying before the subcommittee were Mr. Scott Pattison, Executive Director, National Association of State Budget Officers, Washington, D.C.; Ms. Teresa Lubbers, Commissioner for Higher Education, State of Indiana, Indianapolis, Indiana; Mr. Stan Jones, President, Complete College America, Zionsville, Indiana; and Dr. Joe May, President, Louisiana Community and Technical College System, Baton Rouge, Louisiana.

On September 20, 2012, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., on “Assessing College Data: Helping to Provide Valuable Information to Students, Institutions, and Taxpayers.” The purpose of the hearing was to examine data collected by the federal government from institutions of higher education, including data requirements established during the last reauthorization of the *Higher Education Act*. Testifying before the subcommittee were Dr. Mark Schneider, Vice President, American Institutes for Research, Washington, D.C.; Dr. James Hallmark, Vice Chancellor for Academic Affairs, Texas A&M System, College Station, Texas; Dr. José Cruz, Vice President for Higher Education Policy and Practice, The Education Trust, Washington, D.C.; and Dr. Tracy Fitzsimmons, President, Shenandoah University, Winchester, Virginia.

Legislative Action – Second Session

On February 28, 2012, the House of Representatives passed H.R. 2117 by a bipartisan vote of 303 to 114. The bill was sent to the Senate and referred to the Senate Committee on Health, Education, Labor, and Pensions.

On April 25, 2012, Rep. Judy Biggert (R-IL) introduced H.R. 4628, the *Interest Rate Reduction Act*. The bill reduced the interest rate on subsidized Stafford loans made to undergraduate students from 6.8 percent to 3.4 percent for one year, from July 1, 2012, through

June 30, 2013. To offset the increase in mandatory spending, the bill repealed the Prevention and Public Health Fund authorized under Section 4002 of the *Patient Protection and Affordable Care Act* and rescinded the balance of unobligated monies made available for the fund.

On April 27, 2012, the House of Representatives passed H.R. 4628 by a vote of 215 to 195.

While H.R. 4628 was never considered by the Senate, its provisions were included in the Conference Report for H.R. 4348, the *Moving Ahead for Progress in the 21st Century Act* (MAP-21), sponsored by Rep. John Mica (R-FL). To partially offset the increase in mandatory spending that resulted from the temporary reduction in interest rates on subsidized Stafford loans, the bill permanently restricted the period of eligibility to borrow subsidized Stafford loans to 150 percent of the published length of a student's educational program.

On June 29, 2012, the House of Representatives passed the Conference Report to H.R. 4348 by a bipartisan vote of 373 to 52.

On June 29, 2012, the Senate passed the Conference Report to H.R. 4348 by a bipartisan vote of 74 to 19.

On July 6, 2012, the President of the United States signed H.R. 4348 into law (P.L. 112-141).

113th Congress

Hearings – First Session

On March 13, 2013, the Committee on Education and the Workforce held a hearing in Washington, D.C., on “Keeping College Within Reach: Examining Opportunities to Strengthen Federal Student Loan Programs.” The purpose of the hearing was to examine ways to strengthen federal student loans, as well as how moving to a market-based or variable interest rate on all federal student loans could benefit both students and taxpayers. Testifying before the committee were Dr. Deborah J. Lucas, Sloan Distinguished Professor of Finance, Massachusetts Institute of Technology, Cambridge, Massachusetts; Mr. Jason Delisle, Director, Federal Education Budget Project, The New America Foundation, Washington, D.C.; Mr. Justin Draeger, President and Chief Executive Officer, National Association of Student Financial Aid Administrators, Washington, D.C.; and Dr. Charmaine Mercer, Vice President of Policy, Alliance for Excellent Education, Washington, D.C.

On April 9, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Monroe, Michigan, entitled “Reviving Our Economy: The Role of Higher Education in Job Growth and Development.” The purpose of the hearing was to highlight work being done by local colleges and universities to respond to local and state economic needs. Testifying before the subcommittee were Mr. Henry Lievens, Commissioner, Monroe County, Monroe, Michigan; Ms. Lynette Dowler, Plant Director, Fossil Generation, DTE Energy, Detroit, Michigan; Ms. Susan Smith, Executive

Director, Economic Development Partnership of Hillsdale County, Jonesville, Michigan; Mr. Dan Fairbanks, United Auto Workers International Representative, UAW-GM Skill Development and Training Department, Detroit, Michigan; Dr. David E. Nixon, President, Monroe County Community College, Monroe, Michigan; Sister Peg Albert, OP, Ph.D., President, Siena Heights University, Adrian, Michigan; Dr. Michelle Shields, Career Coach/Workforce Development Director, Jackson Community College, Jackson, Michigan; and Mr. Douglas A. Levy, Director of Financial Aid, Macomb Community College, Warren, Michigan.

On April 16, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: The Role of Federal Student Aid Programs.” The purpose of the hearing was to examine shifting the focus of federal student aid programs from enhancing access to improving student outcomes. Testifying before the subcommittee were Mr. Terry W. Hartle, Senior Vice President, Division of Government and Public Affairs, American Council on Education, Washington, D.C.; Ms. Moriah Miles, State Chair, Minnesota State University Student Association, Mankato, Minnesota; Ms. Patricia McGuire, President, Trinity Washington University, Washington, D.C.; and Mr. Dan Madzellan, Former Employee (Retired), U.S. Department of Education, University Park, Maryland.

On April 24, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Enhancing Transparency for Students, Families, and Taxpayers.” The purpose of the hearing was to examine ways to improve the information provided by the federal government to inform students and families about their postsecondary education options. Testifying before the subcommittee were Dr. Donald E. Heller, Dean, College of Education, Michigan State University, East Lansing, Michigan; Mr. Alex Garrido, Student, Keiser University, Miami, Florida; Dr. Nicole Farmer Hurd, Founder and Executive Director, National College Advising Corps, Carrboro, North Carolina; and Mr. Travis Reindl, Program Director, Postsecondary Education, National Governors Association Center for Best Practices, Washington, D.C.

On June 13, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Discussing Program Quality through Accreditation.” The purpose of the hearing was to examine the historical role of accreditation, discuss the role of regional and national accreditors in measuring institutional quality, and contemplate areas for reform. Testifying before the subcommittee were Dr. Elizabeth H. Sibolski, President, Middle States Commission on Higher Education, Philadelphia, Pennsylvania; Dr. Michale McComis, Executive Director, Accrediting Commission of Career Schools and Colleges, Arlington, Virginia; Ms. Anne D. Neal, President, American Council of Trustees and Alumni, Washington, D.C.; and Mr. Kevin Carey, Director of the Education Policy Program, The New America Foundation, Washington, D.C.

On July 9, 2013, the Committee on Education and the Workforce held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Improving Higher Education through Innovation.” The purpose of the hearing was to highlight innovation in higher education

occurring at the state and institutional level and in the private sector. Testifying before the committee were Mr. Scott Jenkins, Director of External Relations, Western Governors University, Salt Lake City, Utah; Dr. Pamela J. Tate, President and Chief Executive Officer, Council for Adult and Experiential Learning, Chicago, Illinois; Dr. Joann A. Boughman, Senior Vice Chancellor for Academic Affairs, University System of Maryland, Adelphi, Maryland; and Mr. Burck Smith, Chief Executive Officer and Founder, StraighterLine, Baltimore, Maryland.

On September 11, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Supporting Higher Education Opportunities for America’s Servicemembers and Veterans.” The purpose of the hearing was to examine the efforts of higher education to improve postsecondary education opportunities for servicemembers and veterans. Testifying before the subcommittee were Mrs. Kimrey W. Rhinehardt, Vice President for Federal and Military Affairs, The University of North Carolina, Chapel Hill, North Carolina; Dr. Arthur F. Kirk, Jr., President, Saint Leo University, Saint Leo, Florida; Dr. Russell S. Kitchner, Vice President for Regulatory and Governmental Relations, American Public University System, Charles Town, West Virginia; and Dr. Ken Sauer, Senior Associate Commissioner for Research and Academic Affairs, Indiana Commission for Higher Education, Indianapolis, Indiana.

On September 18, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Improving Access and Affordability through Innovative Partnerships.” The purpose of the hearing was to examine the efforts of higher education institutions to expand access and reduce costs by partnering with local employers, other colleges, or online course providers. Testifying before the subcommittee were Dr. Jeffrey Docking, President, Adrian College, Adrian, Michigan; Ms. Paula R. Singer, President and Chief Executive Officer, Laureate Global Products and Services, Baltimore, Maryland; Dr. Rich Baraniuk, Professor, Rice University, and Founder, Connexions, Houston, Texas; and Dr. Charles Lee Isbell, Jr., Professor and Senior Associate Dean, College of Computing, Georgia Institute of Technology, Atlanta, Georgia.

On November 13, 2013, the Committee on Education and the Workforce held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Simplifying Federal Student Aid.” The purpose of the hearing was to examine the need to streamline, consolidate, and simplify federal student aid programs. Testifying before the committee were Ms. Kristin D. Conklin, Founding Partner, HCM Strategies, LLC, Washington, D.C.; Dr. Sandy Baum, Research Professor of Education Policy, George Washington University Graduate School of Education and Human Development, and Senior Fellow, Urban Institute, Washington, D.C.; Ms. Jennifer Mishory, J.D., Deputy Director, Young Invincibles, Washington, D.C.; and Mr. Jason Delisle, Director, Federal Education Budget Project, New America Foundation, Washington, D.C.

On December 3, 2013, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Strengthening Pell Grants for Future Generations.” The purpose of the hearing was to examine Pell Grant program reform proposals to better target

funds to the neediest students and put the program on a fiscally responsible and sustainable path. Testifying before the subcommittee were Mr. Justin Draeger, President and Chief Executive Officer, National Association of Student Financial Aid Administrators, Washington, D.C.; Dr. Jenna Ashley Robinson, Director of Outreach, John W. Pope Center for Higher Education Policy, Raleigh, North Carolina; Mr. Michael Dannenberg, Director of Higher Education and Education Finance Policy, The Education Trust, Washington, D.C.; and Mr. Richard C. Heath, Director of Student Financial Services, Anne Arundel Community College, Arnold, Maryland.

Legislative Action – First Session

On May 9, 2013, Chairman John Kline (R-MN) and Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (R-NC) introduced H.R. 1911, the *Smarter Solutions for Students Act*. The bill moved all federal student loans (except Perkins loans) to a market-based interest rate.

On May 16, 2013, the Committee on Education and the Workforce considered H.R. 1911 in legislative session and reported it favorably, as amended, to the House of Representatives by a bipartisan vote of 24 to 13.

The committee considered and adopted the following amendment to H.R. 1911:

- Subcommittee Chairwoman Virginia Foxx (R-NC) offered an amendment in the nature of a substitute to make a technical change to the bill. The amendment was adopted by voice vote.

The committee further considered the following amendments to H.R. 1911, which were not adopted:

- Rep. Joe Heck (R-NV) offered an amendment to allocate a portion of the savings generated under the bill to Pell Grants. The amendment was withdrawn.
- Rep. Joe Heck (R-NV) offered an amendment to provide the secretary of education with authority to reduce the interest rate on student loans if a borrower makes the first 48 payments on time. The amendment was withdrawn.
- Rep. John Tierney (D-MA) offered an amendment to set the federal student loan interest rates at the same rate the Federal Reserve charges to banks for two years. The amendment failed by a vote of 14 to 23.
- Rep. Joe Courtney (D-CT) offered an amendment to extend the 3.4 percent interest rate on subsidized Stafford loans for two years. The amendment failed by a vote of 15 to 21.

On May 23, 2013, the House of Representatives passed H.R. 1911 by a bipartisan vote of 221 to 198.

On July 24, 2013, the Senate passed a substitute version of H.R. 1911, the *Bipartisan Student Loan Certainty Act*, by a bipartisan vote of 81 to 18. The legislation allowed student loan interest rates to reset once a year by the market, but lock into a fixed rate once the loan is disbursed to the student. Interest rates would be set using the following formulas:

- Undergraduate Stafford loans (subsidized and unsubsidized): 10-year Treasury Note plus 2.05 percent, capped at 8.25 percent.
- Graduate Stafford loans: 10-year Treasury Note plus 3.6 percent, capped at 9.5 percent
- PLUS loans (graduate and parent): 10-year Treasury Note plus 4.6 percent, capped at 10.5 percent.

On July 31, 2013, the House of Representatives agreed to suspend the rules and agree to the Senate amendment to H.R. 1911 by a bipartisan vote of 392 to 31.

On August 9, 2013, the President of the United States signed H.R. 1911 into law (P.L. 113-28).

On May 13, 2013, Rep. Luke Messer (R-IN) introduced H.R. 1949, the *Improving Postsecondary Education Data for Students Act*. The bill directed the secretary of education to convene an Advisory Committee on Improving Postsecondary Education Data to conduct a study on the factors students and families want, need, and already consider when choosing a higher education institution.

On May 16, 2013, the Committee on Education and the Workforce considered H.R. 1949 in legislative session and reported it favorably, as amended, to the House of Representatives by a voice vote. The committee considered and adopted the following amendment to H.R. 1949:

- Rep. Luke Messer (R-IN) offered an amendment in the nature of a substitute to H.R. 1949 to (1) include individuals who represent undergraduate and graduate education; college and career counselors at secondary schools; experts in data policy, collection, and use; and experts in labor markets on the list of individuals required to be represented on the Advisory Committee on Improving Postsecondary Education Data; (2) ensure individuals on the advisory committee represent economic, racial, and geographically diverse populations; (3) require the advisory committee to examine information related to the sources of financial assistance, including federal student loans, as part of the required aspects of the study; (4) require the advisory committee to examine how information regarding student outcomes should be disaggregated for first-generation students; and (5) provide other conforming and technical changes to the bill. The amendment was adopted by voice vote.

On May 23, 2013, the House of Representatives agreed to suspend the rules and pass H.R. 1949 by voice vote. The bill was sent to the Senate and referred to the Senate Committee on Health, Education, Labor, and Pensions.

On July 10, 2013, Chairman John Kline (R-MN), Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (R-NC), and Rep. Alcee Hastings (D-FL) introduced H.R. 2637, the *Supporting Academic Freedom through Regulatory Relief Act*. The bill, which included the text of the *Protecting Academic Freedom in Higher Education Act* (H.R. 2117) and the Kline/Foxx/Hastings amendment to H.R. 1 from the 112th Congress, repealed the credit hour, state authorization, and gainful employment regulations and amended the statute to clarify the incentive compensation regulation. Additionally, the bill prohibited the U.S. Department of Education from issuing related regulations until after Congress reauthorizes the *Higher Education Act*.

On July 24, 2013, the Committee on Education and the Workforce considered H.R. 2637 in legislative session and reported it favorably, as amended, to the House of Representatives by a bipartisan vote of 22 to 13.

The committee considered and adopted the following amendment to H.R. 2637:

- Subcommittee Chairwoman Virginia Foxx (R-NC) offered an amendment in the nature of a substitute to change a subsection title in the legislation. The amendment was adopted by voice vote.

The committee further considered the following amendment to H.R. 2637, which was not adopted:

- Rep. Tim Bishop (D-NY) offered an amendment to strike the prohibition on the U.S. Department of Education from issuing regulations related to state authorization, gainful employment, and credit hour. The amendment failed by a vote of 13 to 22.

Hearings – Second Session

On January 28, 2014, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Sharing Best Practices for Serving Low-Income and First Generation Students.” The purpose of the hearing was to highlight best practices at institutions of higher education for serving low-income and first generation students. Testifying before the subcommittee were Dr. James Anderson, Chancellor, Fayetteville State University, Fayetteville, North Carolina; Mrs. Mary Beth Del Balzo, Senior Executive Vice President and Chief Executive Officer, The College of Westchester, White Plains, New York; Mr. Josse Alex Garrido, Graduate Student, University of Texas – Pan American, Edinburg, Texas; and Rev. Dennis H. Holtschneider, President, DePaul University, Chicago, Illinois.

On February 27, 2013, the Committee on Education and the Workforce Subcommittee on Early Childhood, Elementary, and Secondary Education and Subcommittee on Higher Education and Workforce Training held a joint hearing in Washington, D.C., entitled “Exploring Efforts to Strengthen the Teaching Profession.” The purpose of the hearing was to discuss the state of teacher preparation nationwide. Testifying before the subcommittees were Dr. Deborah A. Gist,

Commissioner, Rhode Island Department of Elementary and Secondary Education, Providence, Rhode Island; Dr. Marcy Singer-Gabella, Professor of the Practice of Education, Vanderbilt University, Nashville, Tennessee; Dr. Heather Peske, Associate Commissioner for Educator Quality, Massachusetts Department of Elementary and Secondary Education, Malden, Massachusetts; and Ms. Christina Hall, Co-Founder and Co-Director, Urban Teacher Center, Baltimore, Maryland.

On March 12, 2014, the Committee on Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing in Washington, D.C., entitled “Examining the Mismanagement of the Student Loan Rehabilitation Process.” The purpose of the hearing was to examine the U.S. Department of Education’s ability to oversee the processing of rehabilitated loans issued under the Direct Loan program. Testifying before the subcommittee were Ms. Melissa Emrey-Arras, Director of Education, Workforce, and Income Security Issues, U.S. Government Accountability Office, Boston, Massachusetts; The Honorable Kathleen Tighe, Inspector General, Department of Education, Washington, D.C.; Mr. James Runcie, Chief Operating Officer, Federal Student Aid, U.S. Department of Education, Washington, D.C.; and Ms. Peg Julius, Executive Director of Enrollment Management, Kirkwood Community College, Cedar Rapids, Iowa.

On March 20, 2014, the Committee on Education and the Workforce held a hearing in Mesa, Arizona, entitled “Reviving our Economy: Supporting a 21st Century Workforce.” The purpose of the hearing was to explore the role of local higher education institutions in fostering job creation and growth through innovative partnerships with the business community and new modes of teaching delivery. Testifying before the committee were The Honorable Rick Heumann, Vice Mayor, City of Chandler, Arizona; Ms. Cathleen Barton, Education Manager, Intel Corporate Affairs, Southwestern United States, Intel Corporation, Chandler, Arizona; Mr. Lee D. Lambert, J.D., Chancellor, Pima Community College, Tucson, Arizona; Dr. William Pepicello, President, University of Phoenix, Tempe, Arizona; Dr. Michael Crow, President, Arizona State University, Tempe, Arizona; Dr. Ann Weaver Hart, President, The University of Arizona, Tucson, Arizona; Dr. Ernest A. Lara, President, Estrella Mountain Community College, Avondale, Arizona; and Ms. Christy Farley, Vice President of Government Affairs and Business Partnerships, Northern Arizona University, Phoenix, Arizona.

On April 2, 2014, the Committee on Education and the Workforce held a hearing in Washington, D.C., entitled “Keeping College Within Reach: Meeting the Needs of Contemporary Students.” The purpose of the hearing was to examine how institutions, states, and other entities assist contemporary college students in accessing and completing postsecondary education. Testifying before the committee were Dr. George A. Pruitt, President, Thomas Edison State College, Trenton, New Jersey; Dr. Kevin Gilligan, Chairman and Chief Executive Officer, Capella Education Company, Minneapolis, Minnesota; Mr. David Moldoff, Chief Executive Officer and Founder, AcademyOne, Inc., West Chester, Pennsylvania; Dr. Joann A. Boughman, Senior Vice Chancellor for Academic Affairs, University System of Maryland, Adelphi, Maryland; Mr. Stan Jones, President, Complete College America, Indianapolis, Indiana; and Dr. Brooks A. Keel, President, Georgia Southern University, Statesboro, Georgia.

Legislative Action – Second Session

On September 19, 2013, Rep. Matt Salmon (R-AZ), Rep. Susan Brooks (R-IN), and Rep. Jared Polis (D-CO) introduced H.R. 3136, the *Advancing Competency-Based Education Demonstration Project Act of 2013*. The bill directs the secretary of education to select institutions or consortia of institutions for voluntary participation in competency-based education demonstration projects that provide participating entities with the ability to offer competency-based education programs that do not meet certain statutory and regulatory requirements which would otherwise prevent them from participating in federal student aid programs.

On July 10, 2014, the Committee on Education and the Workforce considered H.R. 3136 in legislative session and reported it favorably, as amended, to the House of Representatives by a voice vote. The committee considered and adopted the following amendment to H.R. 3136:

- Rep. Matt Salmon (R-AZ) and Rep. Jared Polis (D-CO) offered an amendment in the nature of a substitute to add certain requirements to the applications to participate in a competency-based education project, allow eligible entities to submit amendments to their previously-approved applications, set requirements for the entities the secretary must choose to participate in the programs, require institutions to provide student information to the director of the Institute of Education Sciences (IES), require the director of IES to annually evaluate each project and provide a report with specified information to the authorizing committees, authorize funds to be available from the amount appropriated for salaries and expenses of the Department of Education, and make conforming and technical changes to the introduced bill. The amendment was adopted by voice vote.

The committee further considered the following amendment to H.R. 2637, which was not adopted:

- Rep. Tierney (D-MA) offered an amendment that would allow students with federal student loans and private student loans issued prior to 2013 to refinance those loans into new federal loans at the interest rate set for the 2013-2014 academic year. The amendment was ruled non-germane. Rep. George Miller (D-CA) appealed the ruling of the chair. Rep. Glenn Thompson (R-PA) offered a motion to table the appeal of the ruling of the chair, which was adopted by a vote of 22 to 16.

On June 26, 2014, Rep. Virginia Foxx (R-NC) and Rep. Luke Messer (R-IN) introduced H.R. 4983, the *Strengthening Transparency in Higher Education Act*. The bill simplifies and streamlines the information made publicly available by the Secretary of Education regarding institutions of higher education.

On July 10, 2014, the Committee on Education and the Workforce considered H.R. 4983 in legislative session and reported it favorably, as amended, to the House of Representatives by a voice vote. The committee considered and adopted the following amendment to H.R. 4983:

- Rep. Virginia Foxx (R-NC) offered an amendment in the nature of a substitute to require additional information on the College Dashboard, require the secretary of education to conduct consumer testing in consultation with appropriate federal departments and agencies, ensure consumer testing addresses whether the College Dashboard provides useful and relevant information to students and families, require the secretary of education to submit to the authorizing committees recommendations based on the results of consumer testing, set new minimum requirements for net price calculators, require funding to come from funds already appropriated to maintain the College Navigator, and make other conforming and technical changes. The amendment was adopted by voice vote.

The committee further considered the following amendment to H.R. 4983, which was not adopted:

- Rep. George Miller (D-CA) offered an amendment that would require the commissioner of education statistics to establish a formula for determining the percentage of student borrowers who have completed their course of study and who are in repayment or in an authorized deferment period at three, five and 10 years after completion of a program of study. The amendment failed by a vote of 13 to 21.

On June 26, 2014, Rep. Brett Guthrie (R-KY) and Rep. Richard Hudson (R-NC) introduced H.R. 4984, the *Empowering Students through Enhanced Financial Counseling Act*. The bill amends the loan counseling requirements under the Higher Education Act and requires counseling for Federal Pell Grant recipients.

On July 10, 2014, the Committee on Education and the Workforce considered H.R. 4984 in legislative session and reported it favorably, as amended, to the House of Representatives by voice vote. The committee considered and adopted the following amendment to H.R. 4984:

- Rep. Brett Guthrie (R-KY) and Rep. Suzanne Bonamici (D-OR) offered an amendment in the nature of a substitute to remove the requirement that annual counseling for Pell Grant recipients be tied to disbursement of the grant, require additional information be disclosed to borrowers during annual counseling and exit counseling sessions, require institutions to provide annual counseling to borrowers receiving Parent PLUS loans, require any funds used to carry out the act to come from funds already appropriated to maintain the Financial Awareness Counseling Tool, and make conforming and technical changes. The amendment was adopted by voice vote.

The committee further considered the following amendment to H.R. 4984, which was not adopted:

- Rep. Susan Davis (D-CA) offered an amendment to modify the rule requiring for-profit colleges to receive at least 10 percent of their revenue from sources other than the Department of Education to remain eligible for federal student aid to include all federal aid, including veterans' educational benefits and some Workforce Investment

Act funds, in the 90 percent portion of the calculation and only private funds in the 10 percent portion of the calculation. The amendment was ruled non-germane. Rep. George Miller (D-CA) appealed the ruling of the chair. Rep. Glenn Thompson (R-PA) offered a motion to table the appeal of the ruling of the chair, which was adopted by a vote of 20 to 13.

SUMMARY

The *Empowering Students through Enhanced Financial Counseling Act* would create a roadmap to repayment for borrowers by improving the timing and frequency of loan counseling and would ensure counseling is tailored to a borrower's individual situation. The legislation ensures both student and parent borrowers have the most current information by requiring annual counseling before they sign on the dotted line.

The legislation would require annual counseling for student borrowers to include recommendations to exhaust available grant, work-study, and scholarship assistance before taking out loans, as well as a review of all federal student loan options before considering a private loan. The counseling must also include a notice that borrowers are not required to accept the full amount of the loan they are offered and information on any outstanding federal loan balance the borrower may have. The legislation also would require counseling for borrowers of parent PLUS loans on behalf of dependent students. Similar to counseling for student borrowers, the counseling would afford parent borrowers individualized information on their outstanding loan balance and on anticipated monthly payments based on their actual balance. Counseling also would include debt management strategies, information on the National Student Loan Data System, and contact information for the servicer of each loan.

Additionally, the legislation would bolster exit counseling for students. Exit counseling now would include information on the borrower's outstanding loan balance, on anticipated monthly payments under the standard and income-based repayment plans, on the grace period preceding repayment, as well as contact information for those organizations servicing the borrower's loans. This information would empower borrowers to make smart financial decisions as they leave school and begin to repay their college loan commitments.

The legislation also would require colleges annually to provide important counseling and disclosures to Pell Grant recipients. The counseling a Pell Grant recipient receive would address the terms and conditions of his or her grant, the approved educational expenses to which the grant could be applied, the maximum length of time a student is eligible to receive Pell Grants, the amount of assistance a student is eligible to receive, conditions under which a student may be required to repay a Pell Grant, and how a student may seek additional assistance due to a change in his or her financial circumstances.

The legislation also requires the secretary of education to maintain a consumer-tested, online counseling tool that institutions could use to provide required counseling to their students. Institutions could choose to use this tool to provide their students financial counseling or they could offer it directly to their students, either during an in-person session or through an online tool created for the institution.

COMMITTEE VIEWS

Introduction

With tuition increasing and economic pressures faced by graduates mounting, responsibly financing a higher education has never been more critical. However, many students and parents are unprepared to navigate the complex maze of loans and grants offered by the federal government, states, the private sector, and institutions of higher education. Further, upon graduation, many borrowers also struggle to manage the repayment of the loans used to finance their education, leading to significant financial hardship and greater risk for taxpayers. Student financial literacy is vital to reversing this trend, yet current efforts are failing to equip students and parents with the crucial information they need to make wise financial decisions.

Many students never receive meaningful financial literacy assistance as they review options for paying for college. The *Higher Education Act* currently requires only those students receiving federal student loans to complete counseling, while parents who take out loans on behalf of their student as well as students who receive only a Pell Grant do not receive any counseling. More robust and timely financial literacy support must be available.

Enhancing Loan Counseling for Students

To help students make smart decisions about financing their higher education, Reps. Brett Guthrie (R-KY), Richard Hudson (R-NC), and Suzanne Bonamici (D-WA) championed H.R. 4984, the *Empowering Students through Enhanced Financial Counseling Act*. H.R. 4984 would improve the timing and frequency of loan counseling and would ensure students have the most current information available to them. Under current law, students who receive federal student loans only are required to complete one-time entrance counseling regarding the terms and conditions of their loans. This counseling only is required to occur prior to *disbursement* of the loan, so many students receive it after they have already decided how much to borrow. During a November 13, 2013, hearing entitled “Keeping College Within Reach: Simplifying Federal Student Aid,” the Committee on Education and the Workforce explored opportunities to streamline the federal aid system for students. At the hearing, Ms. Jennifer Mishory, deputy director of Young Invincibles, highlighted the need for enhanced and more frequent financial aid counseling:

In a recent Young Invincibles survey, 40 percent of high-debt borrower respondents reported that they did not receive federally mandated loan counseling. It is perhaps unlikely that so many schools are out of compliance, but that statistic warns us that many young people benefit so little from loan counseling that they do not remember receiving it — or did not consider what they received to constitute counseling.

With student loan defaults rates on the rise, the committee believes students should be given a complete picture of not only their rights and obligation with respect to their federal loans, but also the impact taking out loans may have on their financial futures each year—before they accept a new round of student loans. H.R. 4984 requires loan counseling to occur annually before a student accepts a federal student loan for the year. The legislation also requires counseling be

personalized to the individual borrower's situation, rather than just providing general information applicable to a range of borrowers. In the course of just one school year, Indiana University was able to reduce undergraduate Stafford loan disbursements by 11 percent, or \$31 million, by telling students annually what their monthly payment would be after graduation before they took out loans for the next year. This was more than five times the decrease in outlays at four-year public institutions nationally.¹ The committee believes better information about loans and the post-college obligations and responsibilities that come with those loans would help students to make wise borrowing decisions.

At the November 13, 2013, Committee on Education and the Workforce hearing, Jason Delisle, director of the federal education budget project at the New America Foundation, highlighted the complexity of the federal student loan program, the confusion students often face, and the need for early and improved information about federal student loan options.

From the borrower's perspective, the federal student loan program is unnecessarily complex, and many of its most important benefits are opt-in, difficult to access, or even hidden – and many terms and benefits overlap or cancel one another out. When a student applies for federal loans, he would confront a mix of types, terms, and names. Some may make sense to him, others would confuse him, and some he may not even know exist. Would he know that a “Stafford” loan is a federal loan? Would he understand that “unsubsidized” doesn't mean he is getting a bad deal?

During the 2011-2012 academic year, almost half of private loan borrowers did not exhaust federal Stafford loan options before taking out private student loans.² The committee is concerned about the growing amount of student loan debt in the country and wants to ensure students are aware of the potentially more favorable terms available with federal loans. Annual counseling would now include recommendations for students to exhaust available grant, work-study, and scholarship assistance before taking out loans, a review of all federal student loan options before considering a private loan, and an explanation of the rights and obligations associated with a private loan. The counseling also would include a notice that students are not required to accept the full amount of the federal student loan offered and information on any outstanding federal student loan balance the borrower may have.

H.R. 4984 also requires bolstered exit counseling. Under current law, students who receive federal student loans must complete exit counseling before they complete their course of study. This counseling must include information on available repayment plans, debt management strategies, and loan forgiveness options; however, this counseling is very general and does not provide any information on the borrower's specific situation. Under H.R. 4984, exit counseling would include a statement of the borrower's outstanding loan balance; anticipated monthly payments based on the borrower's actual balance under both the standard repayment plan and income-based repayment plan, based on the borrower's anticipated salary; information on the grace period preceding repayment; and contact information for those organizations servicing the borrower's loans. The committee believes this additional information would empower borrowers

¹ <http://www.bloomberg.com/news/2014-07-03/here-s-how-indiana-university-students-borrowed-31-million-less.html>

² http://www.ticas.org/files/pub/private_loan_facts_trends.pdf

to make smarter financial decisions as they leave school and begin to repay their college loan commitments.

Parent PLUS Borrowers

Parents taking out a federal loan to help their children achieve the dream of a postsecondary education comprised almost 10 percent of federal student loan volume disbursed last year.³ These borrowers are subject to the majority of the same terms, conditions, and responsibilities as student borrowers and can borrow up to the cost of attendance—much more than the typical student borrower. However, parent borrowers currently receive very little information about their obligations with respect to their loan or assistance in planning for repayment. The committee believes providing the same information and disclosures to parents prior to taking out a loan is crucial for encouraging smart borrowing and on-time repayment. The *Empowering Students through Enhanced Financial Counseling Act* would require annual counseling for all borrowers of a parent PLUS loan prior to or in conjunction with the acceptance of the PLUS loan.

This year, the U.S. Department of Education released the three-year cohort default rates for borrowers of parent PLUS loans for the first time. The released rates covered a multi-year period from FY2006 – FY2010. The most current rate for borrowers who had a student at any type of school was 4.1 percent, up from 1.8 percent in 2006.⁴ To put a stop to this upward trend, the committee believes these borrowers should be provided with counseling each year they wish to take out an additional loan. Similar to counseling for student borrowers, the counseling would afford parent borrowers individualized information on their outstanding loan balance and anticipated monthly payments based on the actual balance. Counseling also would include debt management strategies, information on the National Student Loan Data System, and contact information for the servicer of each of their loans.

Better Information for Pell Grant Recipients

The *Empowering Students through Enhanced Financial Counseling Act* would require all recipients of a Pell Grant to receive annual disclosures on the terms and conditions of their grants. The disclosures would include information on the approved educational expenses to which the grants could be applied, the conditions under which student may be required to repay Pell Grants, and how students may seek additional assistance due to changes in their financial circumstances. Additionally, the disclosures would provide students information on the maximum number of semesters, or the equivalent, for which they may be eligible to receive Pell Grants, as well as a statement of the actual amount of time remaining for which they personally may be eligible. The information would ensure students are aware of their time-limited eligibility to receive Pell Grants and would encourage them to complete their academic program prior to exhausting their eligibility for the program. The committee recognizes the important role the Pell Grant program plays in helping low-income students access and complete a postsecondary education and does not intend for this counseling to be a hurdle for students to receive their

³<https://trends.collegeboard.org/student-aid/figures-tables/growth-federal-and-nonfederal-loans-over-time>

⁴ <http://www2.ed.gov/policy/highered/reg/hearulemaking/2012/programintegrity.html>

grant. H.R. 4984 would ensure those students are armed with the knowledge needed to use their Pell Grant eligibility in the most effective way possible.

Developing a Consumer-Tested Online Tool

A recent research study on federally mandated student loan counseling, during which researchers studied actual borrowers going through the federal government's online counseling tool, found borrowers thought the tool to be too text heavy and wanted more personalized information.⁵ The committee appreciates the work the U.S. Department of Education has done in creating the Financial Awareness Counseling tool, but believes more can be done to make the tool more relevant and meaningful for borrowers. The *Empowering Students through Enhanced Financial Counseling Act* requires the secretary of education to maintain an online counseling tool institutions could use to provide required counseling to their students. The committee expects the department would build upon the existing tool to meet this requirement of the legislation. Additionally, H.R. 4984 requires the department to conduct consumer testing of the online financial aid counseling tools, in consultation with other relevant federal agencies, to ensure the information provided through the tools is presented in the most user-friendly manner possible, which would better assist students and parents in understanding their rights and obligations with respect to borrowing student loans or receiving Pell Grants.

Recognizing some institutions already provide their students with robust loan counseling, H.R. 4984 allows institutions to choose the manner in which they provide counseling to their students and parents. Institutions would have the option to provide financial counseling directly, either during an in-person session or through an online tool created for or by the institution, or an institution could elect to have the students use the consumer-tested online tool administered by the U.S. Department of Education. If an institution opts to provide the counseling themselves, the committee notes an institution could meet the requirements under H.R. 4984 by contracting with entities that have experience in offering this type of counseling to students, such as guaranty agencies. If an institution chooses to use the department's online tool, the department would then be responsible for keeping a record of which individuals have completed counseling and notifying borrowers of the obligation to complete the counseling.

Conclusion

The current financial counseling requirements are inadequate for providing student and parent borrowers with the information they need to plan for college costs and responsibly manage their loan repayment. Currently, counseling occurs too late to guide students' decisions for smart borrowing and too infrequently to make a lasting impression about the implications of student debt. The *Empowering Students through Enhanced Financial Counseling Act* would provide students and parents the tools and information they need to borrow and repay their student loans in a responsible way.

⁵ http://chronicle.com/blogs/headcount/new-research-points-to-gaps-in-student-loan-counseling/38665?cid=at&utm_source=at&utm_medium=en

SECTION-BY-SECTION ANALYSIS

Section 1. Short Title.

States the short title is the *Empowering Students through Enhanced Financial Counseling Act*.

Section 2. Annual Counseling.

Amends section 485(l) of the *Higher Education Act* to require institutions ensure each individual who receives a federal student loan also receives interactive annual counseling on the terms, conditions, and responsibilities of such loan. Pell Grant recipients likewise would receive annual counseling on the terms, conditions, and responsibilities of their grants.

Requires institutions to ensure, as a part of carrying out the counseling requirements, all federal student loan borrowers annually affirmatively accept new loans prior to the disbursement of those loans.

Section 3. Exit Counseling.

Amends section 485(b) of the *Higher Education Act* to ensure students who receive federal student loans receive individualized, interactive exit counseling regarding their loan portfolios and repayment options.

Section 4. Online Counseling Tools.

Requires the secretary of education to maintain consumer-tested online counseling tools that provide the required annual and exit counseling.

EXPLANATION OF AMENDMENTS

The amendments, including the amendment in the nature of a substitute, are explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104-1 requires a description of the application of this bill to the legislative branch. H.R. 4984 promotes financial literacy through enhanced counseling for recipients of federal financial aid.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104-4) requires a statement of whether the provisions of the reported bill include unfunded mandates. This issue is addressed in the CBO letter.

EARMARK STATEMENT

H.R. 4984 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of House Rule XXI.

ROLL CALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against. [insert]

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause (3)(c) of House Rule XIII, the goal of H.R. 4984 is to promote financial literacy through enhanced counseling for recipients of federal financial aid.

DUPLICATION OF FEDERAL PROGRAMS

No provision of H.R. 4984 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULE MAKINGS

The committee estimates that enacting H.R. 4984 does not specifically direct the completion of any specific rule makings within the meaning of 5 U.S.C. 551.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the committee's oversight findings and recommendations are reflected in the body of this report.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the committee has received the following estimate for H.R. 4984 from the Director of the Congressional Budget Office: **[insert]**

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 4984. However, clause 3(d)(2)(B) of that rule provides that this requirement does not apply when the committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman): **[insert]**

Date: _____

COMMITTEE ON EDUCATION AND THE WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: _____ Bill: _____ Amendment Number: _____

Disposition: _____

Sponsor/Amendment:

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mr. KLINE (MN) (Chairman)				Mr. MILLER (CA) (Ranking)			
Mr. PETRI (WI)				Mr. SCOTT (VA)			
Mr. McKEON (CA)				Mr. HINOJOSA (TX)			
Mr. WILSON (SC)				Mrs. McCARTHY (NY)			
Mrs. FOXX (NC)				Mr. TIERNEY (MA)			
Mr. PRICE (GA)				Mr. HOLT (NJ)			
Mr. MARCHANT (TX)				Mrs. DAVIS (CA)			
Mr. HUNTER (CA)				Mr. GRIJALVA (AZ)			
Mr. ROE (TN)				Mr. BISHOP (NY)			
Mr. THOMPSON (PA)				Mr. LOEBSACK (IA)			
Mr. WALBERG (MI)				Mr. COURTNEY (CT)			
Mr. SALMON (AZ)				Ms. FUDGE (OH)			
Mr. GUTHRIE (KY)				Mr. POLIS (CO)			
Mr. DesJARLAIS (TN)				Mr. SABLAN (MP)			
Mr. ROKITA (IN)				Ms. WILSON (FL)			
Mr. BUCSHON (IN)				Ms. BONAMICI (OR)			
Mr. BARLETTA (PA)				Mr. POCAN (WI)			
Mr. HECK (NV)				Mr. TAKANO (CA)			
Mr. KELLY (PA)							
Mrs. BROOKS (IN)							
Mr. HUDSON (NC)							
Mr. MESSER (IN)							
Mr. BYRNE (AL)							

TOTALS: Aye: _____ No: _____ Not Voting: _____

Total: 41 / Quorum: 14 / Report: 21



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Douglas W. Elmendorf, Director

July 15, 2014

Honorable John Kline
Chairman
Committee on Education
and the Workforce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4984, the Empowering Students Through Enhanced Financial Counseling Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Justin Humphrey, who can be reached at 226-2820.

Sincerely,


Douglas W. Elmendorf

Enclosure

cc: Honorable George Miller
Senior Democratic Member



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 15, 2014

H.R. 4984
Empowering Students Through Enhanced Financial Counseling Act

*As ordered reported by the House Committee on Education and the Workforce
on July 10, 2014*

H.R. 4984 would reserve \$2 million from funding for the Department of Education to change the requirements for the counseling of students who participate in the federal student aid programs, such as federal student loans and Pell grants.

CBO estimates that implementing H.R. 4984 would require \$2 million for administrative costs for the department over the 2015-2019 period, assuming the availability of appropriated funds.

Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 4984 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Justin Humphrey. This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

HIGHER EDUCATION ACT OF 1965

* * * * *

TITLE IV—STUDENT ASSISTANCE

* * * * *

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

* * * * *

SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

(a) * * *

(b) **EXIT COUNSELING FOR BORROWERS.**—(1)(A) Each eligible institution shall, **through financial aid offices or otherwise** *through the use of an interactive program, during an exit counseling session that is in-person or online, or through the use of the online counseling tool described in subsection (n)(1)(A),* provide counseling to borrowers of loans that are made, insured, or guaranteed under part B (other than loans made pursuant to section 428C or loans under section 428B made on behalf of a student) or made under part D (other than Federal Direct Consolidation Loans or Federal Direct PLUS Loans made on behalf of a student) or made under part E of this title prior to the completion of the course of study for which the borrower enrolled at the institution or at the time of departure from such institution. The counseling required by this subsection shall include—

(i) *a summary of the outstanding balance of principal and interest due on the loans made to the borrower under part B, D, or E;*

(ii) *an explanation of the grace period preceding repayment and the expected date that the borrower will enter repayment;*

(iii) *an explanation that the borrower has the option to pay any interest that has accrued while the borrower was in school or that may accrue during the grace period preceding repayment or during an authorized period of deferment or forbearance, prior to the capitalization of the interest;*

[(i)] (iv) information on the repayment plans available, including a description of the different features **[of each plan]** *of at least the standard repayment plan and the income-based repayment plan under section 493C and [sample information showing the average] information, based on the borrower's out-*

standing balance described in clause (i), showing the borrower's anticipated monthly payments, and the difference in interest paid and total payments, under each plan;

[(ii)] *(v) debt management strategies that are designed to facilitate the repayment of such indebtedness;*

[(iii)] *(vi) an explanation that the borrower has the options to prepay each loan, pay each loan on a shorter schedule, and change repayment plans;*

[(iv)] *(vii) for any loan forgiveness or cancellation provision of this title, a general description of the terms and conditions under which the borrower may obtain full or partial forgiveness or cancellation of the principal and interest, and a copy of the information provided by the Secretary under section 485(d);*

[(v)] *(viii) for any forbearance provision of this title, a general description of the terms and conditions under which the borrower may defer repayment of principal or interest or be granted forbearance, and a copy of the information provided by the Secretary under section 485(d);*

[(vi)] *(ix) the consequences of defaulting on a loan, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation;*

[(vii)] *(x) information on the effects of using a [consolidation loan under section 428C or a] Federal Direct Consolidation Loan to discharge the borrower's loans under parts B, D, and E, including at a minimum—*

(I) * * *

* * * * *

[(viii)] *(xi) a general description of the types of tax benefits that may be available to borrowers; [and]*

[(ix)] *(xii) a notice to borrowers about the availability of the National Student Loan Data System and how the system can be used by a borrower to obtain information on the status of the borrower's loans; [and]*

(xiii) for each of the borrower's loans made under part B, D, or E for which the borrower is receiving counseling under this subsection, the contact information for the loan servicer of the loan and a link to such servicer's Website; and

(xiv) an explanation that an individual has a right to annually request a disclosure of information collected by a consumer reporting agency pursuant to section 612(a) of the Fair Credit Reporting Act (15 U.S.C. 1681j(a)).

(B) In the case of borrower who leaves an institution without the prior knowledge of the institution, the institution shall attempt to provide the information described in subparagraph (A) to the student online or in writing, except that in the case of an institution using the online counseling tool described in subsection (n)(1)(A), the Secretary shall attempt to provide such information to the student in the manner described in subsection (n)(3)(C).

(2)(A) * * *

* * * * *

(C) Nothing in this subsection shall be construed to prohibit an institution of higher education from utilizing electronic means, *such as the online counseling tool described in subsection (n)(1)(A)*, to provide personalized exit counseling.

* * * * *

[(1) ENTRANCE COUNSELING FOR BORROWERS.—

[(1) DISCLOSURE REQUIRED PRIOR TO DISBURSEMENT.—

[(A) IN GENERAL.—Each eligible institution shall, at or prior to the time of a disbursement to a first-time borrower of a loan made, insured, or guaranteed under part B (other than a loan made pursuant to section 428C or a loan made on behalf of a student pursuant to section 428B) or made under part D (other than a Federal Direct Consolidation Loan or a Federal Direct PLUS loan made on behalf of a student), ensure that the borrower receives comprehensive information on the terms and conditions of the loan and of the responsibilities the borrower has with respect to such loan in accordance with paragraph (2). Such information—

[(i) shall be provided in a simple and understandable manner; and

[(ii) may be provided—

[(I) during an entrance counseling session conducted in person;

[(II) on a separate written form provided to the borrower that the borrower signs and returns to the institution; or

[(III) online, with the borrower acknowledging receipt of the information.

[(B) USE OF INTERACTIVE PROGRAMS.—The Secretary shall encourage institutions to carry out the requirements of subparagraph (A) through the use of interactive programs that test the borrower's understanding of the terms and conditions of the borrower's loans under part B or D, using simple and understandable language and clear formatting.

[(2) INFORMATION TO BE PROVIDED.—The information to be provided to the borrower under paragraph (1)(A) shall include the following:

[(A) To the extent practicable, the effect of accepting the loan to be disbursed on the eligibility of the borrower for other forms of student financial assistance.

[(B) An explanation of the use of the master promissory note.

[(C) Information on how interest accrues and is capitalized during periods when the interest is not paid by either the borrower or the Secretary.

[(D) In the case of a loan made under section 428B or 428H, a Federal Direct PLUS Loan, or a Federal Direct Unsubsidized Stafford Loan, the option of the borrower to pay the interest while the borrower is in school.

[(E) The definition of half-time enrollment at the institution, during regular terms and summer school, if ap-

plicable, and the consequences of not maintaining half-time enrollment.

【(F) An explanation of the importance of contacting the appropriate offices at the institution of higher education if the borrower withdraws prior to completing the borrower's program of study so that the institution can provide exit counseling, including information regarding the borrower's repayment options and loan consolidation.

【(G) Sample monthly repayment amounts based on—

【(i) a range of levels of indebtedness of—

【(I) borrowers of loans under section 428 or 428H; and

【(II) as appropriate, graduate borrowers of loans under section 428, 428B, or 428H; or

【(ii) the average cumulative indebtedness of other borrowers in the same program as the borrower at the same institution.

【(H) The obligation of the borrower to repay the full amount of the loan, regardless of whether the borrower completes or does not complete the program in which the borrower is enrolled within the regular time for program completion.

【(I) The likely consequences of default on the loan, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation.

【(J) Information on the National Student Loan Data System and how the borrower can access the borrower's records.

【(K) The name of and contact information for the individual the borrower may contact if the borrower has any questions about the borrower's rights and responsibilities or the terms and conditions of the loan.】

(l) ANNUAL FINANCIAL AID COUNSELING.—

(1) ANNUAL DISCLOSURE REQUIRED.—

(A) IN GENERAL.—*Each eligible institution shall ensure that each individual who receives a Federal Pell Grant or a loan made under part D (other than a Federal Direct Consolidation Loan) receives comprehensive information on the terms and conditions of such Federal Pell Grant or loan and the responsibilities the individual has with respect to such Federal Pell Grant or loan. Such information shall be provided, for each award year for which the individual receives such Federal Pell Grant or loan, in a simple and understandable manner—*

(i) during a counseling session conducted in person;

(ii) online, with the borrower acknowledging receipt of the information; or

(iii) through the use of the online counseling tool described in subsection (n)(1)(B).

(B) USE OF INTERACTIVE PROGRAMS.—*In the case of institutions not using the online counseling tool described in subsection (n)(1)(B), the Secretary shall require such insti-*

tutions to carry out the requirements of subparagraph (A) through the use of interactive programs, during an annual counseling session that is in-person or online, that test the individual's understanding of the terms and conditions of the Federal Pell Grant or loan awarded to the student, using simple and understandable language and clear formatting.

(2) ALL INDIVIDUALS.—The information to be provided under paragraph (1)(A) to each individual receiving counseling under this subsection shall include the following:

(A) An explanation of how the student may budget for typical educational expenses and a sample budget based on the cost of attendance for the institution.

(B) An explanation that an individual has a right to annually request a disclosure of information collected by a consumer reporting agency pursuant to section 612(a) of the Fair Credit Reporting Act (15 U.S.C. 1681j(a)).

(3) STUDENTS RECEIVING FEDERAL PELL GRANTS.—The information to be provided under paragraph (1)(A) to each student receiving a Federal Pell Grant shall include the following:

(A) An explanation of the terms and conditions of the Federal Pell Grant.

(B) An explanation of approved educational expenses for which the student may use the Federal Pell Grant.

(C) An explanation of why the student may have to repay the Federal Pell Grant.

(D) An explanation of the maximum number of semesters or equivalent for which the student may be eligible to receive a Federal Pell Grant, and a statement of the amount of time remaining for which the student may be eligible to receive a Federal Pell Grant.

(E) An explanation of how the student may seek additional financial assistance from the institution's financial aid office due to a change in the student's financial circumstances, and the contact information for such office.

(4) BORROWERS RECEIVING LOANS MADE UNDER PART D (OTHER THAN PARENT PLUS LOANS).—The information to be provided under paragraph (1)(A) to a borrower of a loan made under part D (other than a Federal Direct PLUS Loan made on behalf of a dependent student) shall include the following:

(A) To the extent practicable, the effect of accepting the loan to be disbursed on the eligibility of the borrower for other forms of student financial assistance.

(B) An explanation of the use of the master promissory note.

(C) An explanation that the borrower is not required to accept the full amount of the loan offered to the borrower.

(D) An explanation that the borrower should consider accepting any grant, scholarship, or State or Federal work-study jobs for which the borrower is eligible prior to accepting Federal student loans.

(E) A recommendation to the borrower to exhaust the borrower's Federal student loan options prior to taking out

private loans, an explanation that Federal student loans typically offer better terms and conditions than private loans, and an explanation that if a borrower decides to take out a private education loan—

(i) the borrower has the ability to select a private educational lender of the borrower's choice;

(ii) the proposed private education loan may impact the borrower's potential eligibility for other financial assistance, including Federal financial assistance under this title; and

(iii) the borrower has a right—

(I) to accept the terms of the private education loan within 30 calendar days following the date on which the application for such loan is approved and the borrower receives the required disclosure documents, pursuant to section 128(e)(6) of the Truth in Lending Act; and

(II) to cancel such loan within 3 business days of the date on which the loan is consummated, pursuant to section 128(e)(7) of such Act.

(F) An explanation of the approved educational expenses for which the borrower may use a loan made under part D.

(G) Information on the annual and aggregate loan limits for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans.

(H) Information on how interest accrues and is capitalized during periods when the interest is not paid by either the borrower or the Secretary.

(I) In the case of a Federal Direct PLUS Loan or a Federal Direct Unsubsidized Stafford Loan, the option of the borrower to pay the interest while the borrower is in school.

(J) The definition of half-time enrollment at the institution, during regular terms and summer school, if applicable, and the consequences of not maintaining at least half-time enrollment.

(K) An explanation of the importance of contacting the appropriate offices at the institution of higher education if the borrower withdraws prior to completing the borrower's program of study so that the institution can provide exit counseling, including information regarding the borrower's repayment options and loan consolidation.

(L) For a first-time borrower, the anticipated monthly payment amount under, at minimum, a standard repayment plan and, using the regionally available data from the Bureau of Labor Statistics of the average starting salary for the occupation the borrower intends to be employed, an income-based repayment plan under section 493C, and based on—

(i) a range of levels of indebtedness of—

(I) borrowers of Federal Direct Stafford Loans or Federal Direct Unsubsidized Stafford Loans; and

(II) as appropriate, graduate borrowers of Federal Direct PLUS Loans or Federal Direct Unsubsidized Stafford Loans; or

(ii) the average cumulative indebtedness at graduation for students who borrowed loans made under part D and who are in the same program of study as the borrower.

(M) For a borrower with an outstanding balance of principal or interest due on a loan made under this title—

(i) a current statement of the amount of such outstanding balance and interest accrued;

(ii) based on such outstanding balance, the anticipated monthly payment amount under, at minimum, the standard repayment plan and, using regionally available data from the Bureau of Labor Statistics of the average starting salary for the occupation the borrower intends to be employed, an income-based repayment plan under section 493C; and

(iii) an estimate of the projected monthly payment amount under each repayment plan described in clause (ii), based on—

(I) the outstanding balance described in clause (i);

(II) the anticipated outstanding balance on the loan for which the student is receiving counseling under this subsection; and

(III) a projection for any other loans made under part D that the borrower is reasonably expected to accept during the borrower's program of study based on at least the expected increase in the cost of attendance of such program.

(N) The obligation of the borrower to repay the full amount of the loan, regardless of whether the borrower completes or does not complete the program in which the borrower is enrolled within the regular time for program completion.

(O) The likely consequences of default on the loan, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation, and a notice of the institution's most recent cohort default rate (defined in section 435(m)), an explanation of the cohort default rate, and the most recent national average cohort default rate for the category of institution described in section 435(m)(4) to which the institution belongs.

(P) Information on the National Student Loan Data System and how the borrower can access the borrower's records.

(Q) The contact information for the institution's financial aid office or other appropriate office at the institution the borrower may contact if the borrower has any questions

about the borrower's rights and responsibilities or the terms and conditions of the loan.

(5) BORROWERS RECEIVING PARENT PLUS LOANS FOR DEPENDENT STUDENTS.—The information to be provided under paragraph (1)(A) to a borrower of a Federal Direct PLUS Loan made on behalf of a dependent student shall include the following:

(A) The information described in subparagraphs (A) through (C) and (N) through (Q) of paragraph (4).

(B) The option of the borrower to pay the interest on the loan while the loan is in deferment.

(C) For a first-time borrower of such loan, sample monthly repayment amounts under the standard repayment plan based on—

(i) a range of levels of indebtedness of borrowers of Federal Direct PLUS Loans made on behalf of a dependent student; or

(ii) the average cumulative indebtedness of other borrowers of Federal Direct PLUS Loans made on behalf of dependent students who are in the same program of study as the student on whose behalf the borrower borrowed the loan.

(D) For a borrower with an outstanding balance of principal or interest due on such loan—

(i) a statement of the amount of such outstanding balance;

(ii) based on such outstanding balance, the anticipated monthly payment amount under the standard repayment plan; and

(iii) an estimate of the projected monthly payment amount under the standard repayment plan, based on—

(I) the outstanding balance described in clause (i);

(II) the anticipated outstanding balance on the loan for which the borrower is receiving counseling under this subsection; and

(III) a projection for any other Federal Direct PLUS Loan made on behalf of the dependent student that the borrower is reasonably expected to accept during the program of study of such student based on at least the expected increase in the cost of attendance of such program.

(E) Debt management strategies that are designed to facilitate the repayment of such indebtedness.

(F) An explanation that the borrower has the options to prepay each loan, pay each loan on a shorter schedule, and change repayment plans.

(G) For each Federal Direct PLUS Loan made on behalf of a dependent student for which the borrower is receiving counseling under this subsection, the contact information for the loan servicer of the loan and a link to such servicer's Website.

(6) *ANNUAL LOAN ACCEPTANCE.*—Prior to making the first disbursement of a loan made under part D (other than a Federal Direct Consolidation Loan) to a borrower for an award year, an eligible institution, shall, as part of carrying out the counseling requirements of this subsection for the loan, ensure that the borrower accepts the loan for such award year by—

(A) signing the master promissory note for the loan;

(B) signing and returning to the institution a separate written statement that affirmatively states that the borrower accepts the loan; or

(C) electronically signing an electronic version of the statement described in subparagraph (B).

* * * * *

(n) *ONLINE COUNSELING TOOLS.*—

(1) *IN GENERAL.*—Beginning not later than 1 year after the date of enactment of the Empowering Students Through Enhanced Financial Counseling Act, the Secretary shall maintain—

(A) an online counseling tool that provides the exit counseling required under subsection (b) and meets the applicable requirements of this subsection; and

(B) an online counseling tool that provides the annual counseling required under subsection (l) and meets the applicable requirements of this subsection.

(2) *REQUIREMENTS OF TOOLS.*—In maintaining the online counseling tools described in paragraph (1), the Secretary shall ensure that each such tool is—

(A) consumer tested, in consultation with other relevant Federal agencies, to ensure that the tool is effective in helping individuals understand their rights and obligations with respect to borrowing a loan made under part D or receiving a Federal Pell Grant;

(B) understandable to students receiving Federal Pell Grants and borrowers of loans made under part D; and

(C) freely available to all eligible institutions.

(3) *RECORD OF COUNSELING COMPLETION.*—The Secretary shall—

(A) use each online counseling tool described in paragraph (1) to keep a record of which individuals have received counseling using the tool, and notify the applicable institutions of the individual's completion of such counseling;

(B) in the case of a borrower who receives annual counseling for a loan made under part D using the tool described in paragraph (1)(B), notify the borrower by when the borrower should accept, in a manner described in section 485(l)(6), the loan for which the borrower has received such counseling; and

(C) in the case of a borrower described in subsection (b)(1)(B) at an institution that uses the online counseling tool described in paragraph (1)(A) of this subsection, the Secretary shall attempt to provide the information de-

scribed in subsection (b)(1)(A) to the borrower through such tool.

* * * * *

MINORITY VIEWS

H.R. 4984, “*Empowering Students Through Enhanced Financial Counseling Act*”

113th Congress, 2nd Session

July 17, 2014

We support and concur with the Majority views on H.R. 4984. Unfortunately, this bill does not go far enough to protect all students, and particularly veterans, because it fails to address a major loophole in HEA that allows institutions to exploit their GI benefits. That is why Democrats offered an amendment, which was rejected by the Majority, to help protect our veterans.

The amendment, offered by Congresswoman Davis and Congressman Takano, closes the loophole in the 90/10 rule and will go a long way to end unscrupulous practices of some nefarious for-profit colleges.

The 90/10 rule was designed to provide market incentives to for-profit institutions, in order to perform competitively with other private colleges and universities.

The 90/10 rule mandates that for-profit colleges obtain at least 10 percent of their revenue from non-federal sources as a measure of program quality. But a loophole in the rule allows federal education benefits provided to veterans through the GI Bill, veteran tuition assistance, and other federal assistance to be treated as private dollars. This loophole has given some for-profit colleges a strong incentive to predatorily target our nation’s service members and try to squeeze them for their military benefits.

Further, colleges with higher levels of revenues from non-federal sources have higher graduation rates and lower student loan defaults than colleges that rely almost exclusively on federal funding.

According to Holly Petraeus, the assistant director at the Consumer Financial Protection Bureau’s Office of Servicemember Affairs, this loophole has been a “lucrative target for exploitation” by for-profit colleges, and has resulted in “aggressive and deceptive” targeting of service members in order to meet their 90/10 requirements.

It has also been reported that colleges have encouraged veterans to take out more expensive private loans rather than federal loans with more affordable interest rates. Others have engaged in “misleading recruiting practices” on military installations.

In sum, the current loophole undermines the integrity of the 90/10 rule, and as Holly Petraeus said, is putting our brave veterans “under siege” from nefarious for-profit colleges through aggressive and misleading marketing.

Democrats believe that this is unacceptable. We have a responsibility to taxpayers and to our veterans to fix this problem and we can only do that with an act of Congress.

Democrats will continue to work to make college more affordable and accessible, increase oversight and quality assurance of colleges and loan servicers, and to promote new and innovative practices that can reduce student loan debt.

George Miller

GEORGE MILLER

Senior Democratic Member

Frederica S. Wilson

FREDERICA S. WILSON

Jared Polis

JARED POLIS

Joe Courtney

JOE COURTNEY

Bobby Scott

ROBERT C. "BOBBY" SCOTT

Gregorio Kilili Sablan

GREGORIO KILILI SABLAN

Mark Takano

MARK TAKANO

Susan A. Davis

SUSAN A. DAVIS

Timothy H. Bishop

TIMOTHY H. BISHOP

Ruben Hinojosa

RUBEN HINOJOSA

Rush Holt

RUSH HOLT

Marcia L. Fudge

MARCIA L. FUDGE

Raul M. Grijalva

RAUL M. GRIJALVA

Mark Pocan

MARK POCAN

Suzanne Bonamici

SUZANNE BONAMICI

John F. Tierney

JOHN F. TIERNEY

Union Calendar No.

113TH CONGRESS
2^D SESSION

H. R. 4984

[Report No. 113-]

To amend the loan counseling requirements under the Higher Education Act of 1965, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 26, 2014

Mr. GUTHRIE (for himself, Mr. HUDSON, and Mr. KLINE) introduced the following bill; which was referred to the Committee on Education and the Workforce

JULY --, 2014

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on June 26, 2014]

A BILL

To amend the loan counseling requirements under the Higher Education Act of 1965, and for other purposes.

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 “Empowering Students*
5 *Through Enhanced Financial Counseling Act”.*

6 **SEC. 2. ANNUAL COUNSELING.**

7 *Section 485(l) of the Higher Education Act of 1965*
8 *(20 U.S.C. 1092(l)) is amended to read as follows:*

9 “(l) *ANNUAL FINANCIAL AID COUNSELING.—*

10 “(1) *ANNUAL DISCLOSURE REQUIRED.—*

11 “(A) *IN GENERAL.—Each eligible institu-*
12 *tion shall ensure that each individual who re-*
13 *ceives a Federal Pell Grant or a loan made*
14 *under part D (other than a Federal Direct Con-*
15 *solidation Loan) receives comprehensive informa-*
16 *tion on the terms and conditions of such Federal*
17 *Pell Grant or loan and the responsibilities the*
18 *individual has with respect to such Federal Pell*
19 *Grant or loan. Such information shall be pro-*
20 *vided, for each award year for which the indi-*
21 *vidual receives such Federal Pell Grant or loan,*
22 *in a simple and understandable manner—*

23 “(i) *during a counseling session con-*
24 *ducted in person;*

1 “(ii) online, with the borrower ac-
2 knowledging receipt of the information; or

3 “(iii) through the use of the online
4 counseling tool described in subsection
5 (n)(1)(B).

6 “(B) USE OF INTERACTIVE PROGRAMS.—In
7 the case of institutions not using the online
8 counseling tool described in subsection (n)(1)(B),
9 the Secretary shall require such institutions to
10 carry out the requirements of subparagraph (A)
11 through the use of interactive programs, during
12 an annual counseling session that is in-person or
13 online, that test the individual’s understanding
14 of the terms and conditions of the Federal Pell
15 Grant or loan awarded to the student, using
16 simple and understandable language and clear
17 formatting.

18 “(2) ALL INDIVIDUALS.—The information to be
19 provided under paragraph (1)(A) to each individual
20 receiving counseling under this subsection shall in-
21 clude the following:

22 “(A) An explanation of how the student
23 may budget for typical educational expenses and
24 a sample budget based on the cost of attendance
25 for the institution.

1 “(B) *An explanation that an individual has*
2 *a right to annually request a disclosure of infor-*
3 *mation collected by a consumer reporting agency*
4 *pursuant to section 612(a) of the Fair Credit Re-*
5 *porting Act (15 U.S.C. 1681j(a)).*

6 “(3) *STUDENTS RECEIVING FEDERAL PELL*
7 *GRANTS.—The information to be provided under*
8 *paragraph (1)(A) to each student receiving a Federal*
9 *Pell Grant shall include the following:*

10 “(A) *An explanation of the terms and con-*
11 *ditions of the Federal Pell Grant.*

12 “(B) *An explanation of approved edu-*
13 *cational expenses for which the student may use*
14 *the Federal Pell Grant.*

15 “(C) *An explanation of why the student*
16 *may have to repay the Federal Pell Grant.*

17 “(D) *An explanation of the maximum num-*
18 *ber of semesters or equivalent for which the stu-*
19 *dent may be eligible to receive a Federal Pell*
20 *Grant, and a statement of the amount of time re-*
21 *maining for which the student may be eligible to*
22 *receive a Federal Pell Grant.*

23 “(E) *An explanation of how the student*
24 *may seek additional financial assistance from*
25 *the institution’s financial aid office due to a*

1 *change in the student's financial circumstances,*
2 *and the contact information for such office.*

3 “(4) *BORROWERS RECEIVING LOANS MADE*
4 *UNDER PART D (OTHER THAN PARENT PLUS*
5 *LOANS).—The information to be provided under para-*
6 *graph (1)(A) to a borrower of a loan made under part*
7 *D (other than a Federal Direct PLUS Loan made on*
8 *behalf of a dependent student) shall include the fol-*
9 *lowing:*

10 “(A) *To the extent practicable, the effect of*
11 *accepting the loan to be disbursed on the eligi-*
12 *bility of the borrower for other forms of student*
13 *financial assistance.*

14 “(B) *An explanation of the use of the mas-*
15 *ter promissory note.*

16 “(C) *An explanation that the borrower is*
17 *not required to accept the full amount of the loan*
18 *offered to the borrower.*

19 “(D) *An explanation that the borrower*
20 *should consider accepting any grant, scholarship,*
21 *or State or Federal work-study jobs for which the*
22 *borrower is eligible prior to accepting Federal*
23 *student loans.*

24 “(E) *A recommendation to the borrower to*
25 *exhaust the borrower's Federal student loan op-*

1 *tions prior to taking out private loans, an expla-*
2 *nation that Federal student loans typically offer*
3 *better terms and conditions than private loans,*
4 *and an explanation that if a borrower decides to*
5 *take out a private education loan—*

6 *“(i) the borrower has the ability to se-*
7 *lect a private educational lender of the bor-*
8 *rower’s choice;*

9 *“(ii) the proposed private education*
10 *loan may impact the borrower’s potential*
11 *eligibility for other financial assistance, in-*
12 *cluding Federal financial assistance under*
13 *this title; and*

14 *“(iii) the borrower has a right—*

15 *“(I) to accept the terms of the pri-*
16 *ivate education loan within 30 calendar*
17 *days following the date on which the*
18 *application for such loan is approved*
19 *and the borrower receives the required*
20 *disclosure documents, pursuant to sec-*
21 *tion 128(e)(6) of the Truth in Lending*
22 *Act; and*

23 *“(II) to cancel such loan within 3*
24 *business days of the date on which the*

1 *loan is consummated, pursuant to sec-*
2 *tion 128(e)(7) of such Act.*

3 *“(F) An explanation of the approved edu-*
4 *cational expenses for which the borrower may use*
5 *a loan made under part D.*

6 *“(G) Information on the annual and aggre-*
7 *gate loan limits for Federal Direct Stafford*
8 *Loans and Federal Direct Unsubsidized Stafford*
9 *Loans.*

10 *“(H) Information on how interest accrues*
11 *and is capitalized during periods when the inter-*
12 *est is not paid by either the borrower or the Sec-*
13 *retary.*

14 *“(I) In the case of a Federal Direct PLUS*
15 *Loan or a Federal Direct Unsubsidized Stafford*
16 *Loan, the option of the borrower to pay the in-*
17 *terest while the borrower is in school.*

18 *“(J) The definition of half-time enrollment*
19 *at the institution, during regular terms and*
20 *summer school, if applicable, and the con-*
21 *sequences of not maintaining at least half-time*
22 *enrollment.*

23 *“(K) An explanation of the importance of*
24 *contacting the appropriate offices at the institu-*
25 *tion of higher education if the borrower with-*

1 *draws prior to completing the borrower's pro-*
2 *gram of study so that the institution can provide*
3 *exit counseling, including information regarding*
4 *the borrower's repayment options and loan con-*
5 *solidation.*

6 “(L) *For a first-time borrower, the antici-*
7 *ipated monthly payment amount under, at min-*
8 *imum, a standard repayment plan and, using*
9 *the regionally available data from the Bureau of*
10 *Labor Statistics of the average starting salary*
11 *for the occupation the borrower intends to be em-*
12 *ployed, an income-based repayment plan under*
13 *section 493C, and based on—*

14 “(i) *a range of levels of indebtedness*
15 *of—*

16 “(I) *borrowers of Federal Direct*
17 *Stafford Loans or Federal Direct Un-*
18 *subsidized Stafford Loans; and*

19 “(II) *as appropriate, graduate*
20 *borrowers of Federal Direct PLUS*
21 *Loans or Federal Direct Unsubsidized*
22 *Stafford Loans; or*

23 “(ii) *the average cumulative indebted-*
24 *ness at graduation for students who bor-*
25 *rowed loans made under part D and who*

1 *are in the same program of study as the*
2 *borrower.*

3 “(M) *For a borrower with an outstanding*
4 *balance of principal or interest due on a loan*
5 *made under this title—*

6 “(i) *a current statement of the amount*
7 *of such outstanding balance and interest ac-*
8 *rued;*

9 “(ii) *based on such outstanding bal-*
10 *ance, the anticipated monthly payment*
11 *amount under, at minimum, the standard*
12 *repayment plan and, using regionally*
13 *available data from the Bureau of Labor*
14 *Statistics of the average starting salary for*
15 *the occupation the borrower intends to be*
16 *employed, an income-based repayment plan*
17 *under section 493C; and*

18 “(iii) *an estimate of the projected*
19 *monthly payment amount under each re-*
20 *payment plan described in clause (ii), based*
21 *on—*

22 “(I) *the outstanding balance de-*
23 *scribed in clause (i);*

24 “(II) *the anticipated outstanding*
25 *balance on the loan for which the stu-*

1 *dent is receiving counseling under this*
2 *subsection; and*

3 “*(III) a projection for any other*
4 *loans made under part D that the bor-*
5 *rower is reasonably expected to accept*
6 *during the borrower’s program of study*
7 *based on at least the expected increase*
8 *in the cost of attendance of such pro-*
9 *gram.*

10 “*(N) The obligation of the borrower to*
11 *repay the full amount of the loan, regardless of*
12 *whether the borrower completes or does not com-*
13 *plete the program in which the borrower is en-*
14 *rolled within the regular time for program com-*
15 *pletion.*

16 “*(O) The likely consequences of default on*
17 *the loan, including adverse credit reports, delin-*
18 *quent debt collection procedures under Federal*
19 *law, and litigation, and a notice of the institu-*
20 *tion’s most recent cohort default rate (defined in*
21 *section 435(m)), an explanation of the cohort de-*
22 *fault rate, and the most recent national average*
23 *cohort default rate for the category of institution*
24 *described in section 435(m)(4) to which the insti-*
25 *tution belongs.*

1 “(P) *Information on the National Student*
2 *Loan Data System and how the borrower can*
3 *access the borrower’s records.*

4 “(Q) *The contact information for the insti-*
5 *tution’s financial aid office or other appropriate*
6 *office at the institution the borrower may contact*
7 *if the borrower has any questions about the bor-*
8 *rower’s rights and responsibilities or the terms*
9 *and conditions of the loan.*

10 “(5) *BORROWERS RECEIVING PARENT PLUS*
11 *LOANS FOR DEPENDENT STUDENTS.—The information*
12 *to be provided under paragraph (1)(A) to a borrower*
13 *of a Federal Direct PLUS Loan made on behalf of a*
14 *dependent student shall include the following:*

15 “(A) *The information described in subpara-*
16 *graphs (A) through (C) and (N) through (Q) of*
17 *paragraph (4).*

18 “(B) *The option of the borrower to pay the*
19 *interest on the loan while the loan is in*
20 *deferment.*

21 “(C) *For a first-time borrower of such loan,*
22 *sample monthly repayment amounts under the*
23 *standard repayment plan based on—*

1 “(i) a range of levels of indebtedness of
2 borrowers of Federal Direct PLUS Loans
3 made on behalf of a dependent student; or

4 “(ii) the average cumulative indebted-
5 ness of other borrowers of Federal Direct
6 PLUS Loans made on behalf of dependent
7 students who are in the same program of
8 study as the student on whose behalf the
9 borrower borrowed the loan.

10 “(D) For a borrower with an outstanding
11 balance of principal or interest due on such
12 loan—

13 “(i) a statement of the amount of such
14 outstanding balance;

15 “(ii) based on such outstanding bal-
16 ance, the anticipated monthly payment
17 amount under the standard repayment
18 plan; and

19 “(iii) an estimate of the projected
20 monthly payment amount under the stand-
21 ard repayment plan, based on—

22 “(I) the outstanding balance de-
23 scribed in clause (i);

24 “(II) the anticipated outstanding
25 balance on the loan for which the bor-

1 ***rower is receiving counseling under***
2 ***this subsection; and***

3 ***“(III) a projection for any other***
4 ***Federal Direct PLUS Loan made on***
5 ***behalf of the dependent student that the***
6 ***borrower is reasonably expected to ac-***
7 ***cept during the program of study of***
8 ***such student based on at least the ex-***
9 ***pected increase in the cost of attend-***
10 ***ance of such program.***

11 ***“(E) Debt management strategies that are***
12 ***designed to facilitate the repayment of such in-***
13 ***debtedness.***

14 ***“(F) An explanation that the borrower has***
15 ***the options to prepay each loan, pay each loan***
16 ***on a shorter schedule, and change repayment***
17 ***plans.***

18 ***“(G) For each Federal Direct PLUS Loan***
19 ***made on behalf of a dependent student for which***
20 ***the borrower is receiving counseling under this***
21 ***subsection, the contact information for the loan***
22 ***servicer of the loan and a link to such servicer’s***
23 ***Website.***

24 ***“(6) ANNUAL LOAN ACCEPTANCE.—Prior to mak-***
25 ***ing the first disbursement of a loan made under part***

1 *D (other than a Federal Direct Consolidation Loan)*
2 *to a borrower for an award year, an eligible institu-*
3 *tion, shall, as part of carrying out the counseling re-*
4 *quirements of this subsection for the loan, ensure that*
5 *the borrower accepts the loan for such award year*
6 *by—*

7 “(A) signing the master promissory note for
8 *the loan;*

9 “(B) signing and returning to the institu-
10 *tion a separate written statement that affirma-*
11 *tively states that the borrower accepts the loan;*
12 *or*

13 “(C) electronically signing an electronic
14 *version of the statement described in subpara-*
15 *graph (B).”.*

16 **SEC. 3. EXIT COUNSELING.**

17 *Section 485(b) of the Higher Education Act of 1965*
18 *(20 U.S.C. 1092(b)) is amended—*

19 (1) in paragraph (1)(A)—

20 (A) in the matter preceding clause (i), by
21 *striking “through financial aid offices or other-*
22 *wise” and inserting “through the use of an inter-*
23 *active program, during an exit counseling ses-*
24 *sion that is in-person or online, or through the*

1 *use of the online counseling tool described in sub-*
2 *section (n)(1)(A)”;*

3 *(B) by redesignating clauses (i) through (ix)*
4 *as clauses (iv) through (xii), respectively;*

5 *(C) by inserting before clause (iv), as so re-*
6 *designated, the following:*

7 “*(i) a summary of the outstanding balance of*
8 *principal and interest due on the loans made to the*
9 *borrower under part B, D, or E;*

10 “*(ii) an explanation of the grace period pre-*
11 *ceding repayment and the expected date that the bor-*
12 *rower will enter repayment;*

13 “*(iii) an explanation that the borrower has the*
14 *option to pay any interest that has accrued while the*
15 *borrower was in school or that may accrue during the*
16 *grace period preceding repayment or during an au-*
17 *thorized period of deferment or forbearance, prior to*
18 *the capitalization of the interest;”;*

19 *(D) in clause (iv), as so redesignated—*

20 *(i) by striking “sample information*
21 *showing the average” and inserting “infor-*
22 *mation, based on the borrower’s outstanding*
23 *balance described in clause (i), showing the*
24 *borrower’s”; and*

1 (ii) by striking “of each plan” and in-
2 serting “of at least the standard repayment
3 plan and the income-based repayment plan
4 under section 493C”;

5 (E) in clause (x), as so redesignated, by
6 striking “consolidation loan under section 428C
7 or a”;

8 (F) in clauses (xi) and (xii), as so redesign-
9 ated, by striking “and” at the end; and

10 (G) by adding at the end the following:

11 “(xiii) for each of the borrower’s loans made
12 under part B, D, or E for which the borrower is re-
13 ceiving counseling under this subsection, the contact
14 information for the loan servicer of the loan and a
15 link to such servicer’s Website; and

16 “(xiv) an explanation that an individual has a
17 right to annually request a disclosure of information
18 collected by a consumer reporting agency pursuant to
19 section 612(a) of the Fair Credit Reporting Act (15
20 U.S.C. 1681j(a)).”;

21 (2) in paragraph (1)(B)—

22 (A) by inserting “online or” before “in
23 writing”; and

24 (B) by adding before the period at the end
25 the following: “, except that in the case of an in-

1 *stitution using the online counseling tool de-*
2 *scribed in subsection (n)(1)(A), the Secretary*
3 *shall attempt to provide such information to the*
4 *student in the manner described in subsection*
5 *(n)(3)(C)”; and*

6 *(3) in paragraph (2)(C), by inserting “, such as*
7 *the online counseling tool described in subsection*
8 *(n)(1)(A),” after “electronic means”.*

9 **SEC. 4. ONLINE COUNSELING TOOLS.**

10 *Section 485 of the Higher Education Act of 1965 (20*
11 *U.S.C. 1092) is further amended by adding at the end the*
12 *following:*

13 *“(n) ONLINE COUNSELING TOOLS.—*

14 *“(1) IN GENERAL.—Beginning not later than 1*
15 *year after the date of enactment of the Empowering*
16 *Students Through Enhanced Financial Counseling*
17 *Act, the Secretary shall maintain—*

18 *“(A) an online counseling tool that provides*
19 *the exit counseling required under subsection (b)*
20 *and meets the applicable requirements of this*
21 *subsection; and*

22 *“(B) an online counseling tool that provides*
23 *the annual counseling required under subsection*
24 *(l) and meets the applicable requirements of this*
25 *subsection.*

1 “(2) *REQUIREMENTS OF TOOLS.*—*In maintain-*
2 *ing the online counseling tools described in paragraph*
3 *(1), the Secretary shall ensure that each such tool is—*

4 “(A) *consumer tested, in consultation with*
5 *other relevant Federal agencies, to ensure that*
6 *the tool is effective in helping individuals under-*
7 *stand their rights and obligations with respect to*
8 *borrowing a loan made under part D or receiv-*
9 *ing a Federal Pell Grant;*

10 “(B) *understandable to students receiving*
11 *Federal Pell Grants and borrowers of loans made*
12 *under part D; and*

13 “(C) *freely available to all eligible institu-*
14 *tions.*

15 “(3) *RECORD OF COUNSELING COMPLETION.*—
16 *The Secretary shall—*

17 “(A) *use each online counseling tool de-*
18 *scribed in paragraph (1) to keep a record of*
19 *which individuals have received counseling using*
20 *the tool, and notify the applicable institutions of*
21 *the individual’s completion of such counseling;*

22 “(B) *in the case of a borrower who receives*
23 *annual counseling for a loan made under part D*
24 *using the tool described in paragraph (1)(B), no-*
25 *tify the borrower by when the borrower should*

1 *accept, in a manner described in section*
2 *485(l)(6), the loan for which the borrower has re-*
3 *ceived such counseling; and*

4 *“(C) in the case of a borrower described in*
5 *subsection (b)(1)(B) at an institution that uses*
6 *the online counseling tool described in paragraph*
7 *(1)(A) of this subsection, the Secretary shall at-*
8 *tempt to provide the information described in*
9 *subsection (b)(1)(A) to the borrower through such*
10 *tool.”.*

11 **SEC. 5. AVAILABILITY OF FUNDS.**

12 *(a) USE OF EXISTING FUNDS.—Of the amount author-*
13 *ized to be appropriated for maintaining the Department*
14 *of Education’s Financial Awareness Counseling Tool,*
15 *\$2,000,000 shall be available to carry out this Act and the*
16 *amendments made by this Act.*

17 *(b) NO ADDITIONAL FUNDS AUTHORIZED.—No funds*
18 *are authorized to be appropriated by this Act to carry out*
19 *this Act or the amendments made by this Act.*