

113TH CONGRESS
2D SESSION

S. 2459

To revise counseling requirements for certain borrowers of student loans
and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 10, 2014

Mr. GRASSLEY introduced the following bill; which was read twice and referred
to the Committee on Health, Education, Labor, and Pensions

A BILL

To revise counseling requirements for certain borrowers of
student loans 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 “Know Before You Owe
5 Federal Student Loan Act of 2014”.

6 **SEC. 2. PRE-LOAN COUNSELING AND CERTIFICATION OF**
7 **LOAN AMOUNT.**

8 Section 485(l) of the Higher Education Act of 1965
9 (20 U.S.C. 1092(l)) is amended—

1 (1) in the subsection heading, by striking “EN-
2 TRANCE COUNSELING” and inserting “PRE-LOAN
3 COUNSELING”;

4 (2) in paragraph (1)—

5 (A) in subparagraph (A)—

6 (i) in the matter preceding clause (i),
7 by striking “a disbursement to a first-time
8 borrower of a loan” and inserting “the
9 first disbursement of each new loan (or the
10 first disbursement in each award year if
11 more than one new loan is obtained in the
12 same award year)”;

13 (B) in clause (ii)(I), by striking “an en-
14 trance counseling” and inserting “a coun-
15 seling”;

16 (3) in paragraph (2)—

17 (A) by striking clause (i) of subparagraph

18 (G) and inserting the following:

19 “(i) an estimate of the borrower’s pro-
20 jected loan debt-to-income ratio upon grad-
21 uation, calculated using the best available
22 data on starting wages for the borrower’s
23 program of study and the estimated total
24 student loan debt, including Federal and
25 private loan debt already incurred and the

1 estimated future debt required to complete
2 the program of study; and”;

3 (B) by adding at the end the following:

4 “(L) A statement that the borrower should
5 borrow the minimum amount necessary to cover
6 expenses and that the borrower does not have
7 to accept the full amount of loans for which the
8 borrower is eligible.

9 “(M) Information about the default risk of
10 having a projected loan debt-to-income ratio
11 greater than 12 percent.

12 “(N) Options for reducing borrowing
13 through scholarships, reduced expenses, work-
14 study, or other work opportunities.

15 “(O) An explanation of the importance of
16 graduating on time to avoid additional bor-
17 rowing, and information on how adding an ad-
18 ditional year of study impacts total indebted-
19 ness.”;

20 (4) by adding at the end the following:

21 “(3) In addition to the other requirements of
22 this subsection, each eligible institution shall, prior
23 to certifying a Federal direct loan under part D for
24 disbursement to a student (other than a Federal Di-
25 rect Consolidation Loan or a Federal Direct PLUS

1 loan made on behalf of a student), ensure that the
 2 student manually enter, either in writing or through
 3 electronic means, the exact dollar amount of Federal
 4 direct loan funding under part D that such student
 5 desires to borrow.”.

6 **SEC. 3. CONFORMING AMENDMENTS.**

7 (a) PROGRAM PARTICIPATION AGREEMENTS.—Sec-
 8 tion 487(e)(2)(B)(ii)(IV) of Higher Education Act of 1965
 9 (20 U.S.C. 1094(e)(2)(B)(ii)(IV)) is amended—

10 (1) by striking “Entrance and exit counseling”
 11 and inserting “Pre-loan and exit counseling”; and

12 (2) by striking “entrance and exit counseling”
 13 and inserting “pre-loan and exit counseling”.

14 (b) REGULATORY RELIEF AND IMPROVEMENT.—Sec-
 15 tion 487A of Higher Education Act of 1965 (20 U.S.C.
 16 1094a) is amended by striking “entrance and exit inter-
 17 views” and inserting “pre-loan and exit interviews” each
 18 place the term appears.

○