

There is room for a lot of innovation in higher education. I don't pretend to have all the answers and solutions to the problem of college cost and student debt, but I am proposing some very simple, very commonsense first steps to empower students with the information they need to make sound financial decisions.

The Higher Education Act already contains a requirement for colleges to provide counseling to new borrowers of Federal student loans. However, the current disclosures in the law do not do enough to encourage students to understand the scope and impact of the debt they will face when they graduate.

I am here on the floor to introduce legislation I have entitled the Know Before You Owe Federal Student Loan Act. This bill strengthens the current student loan counseling requirement by making the counseling an annual requirement before new loans are disbursed rather than just for first-time borrowers. My bill then adds several key components to the information institutions of higher education are required to share with students as part of that loan counseling. Under my bill, colleges would have to provide an estimate of the student's projected loan debt-to-income ratio at the time of their graduation. This would be based on the starting wages for that student's program of study and the estimated total student loan debt the student will likely take out to complete the program. That way, students will have a real picture of the student loan payment they will face and whether they will be able to afford those payments with their likely future income from whatever program they majored in.

We often hear that statistics show that on average a college degree results in higher earnings over a lifetime. However, not all college degrees have the same earning potential, and many students will be in for a very rude awakening when they graduate and find that what they are able to earn with their degree does not match the level of their debt. Students deserve to have this information when they are deciding how much to borrow, not after they graduate with unmanageable debt.

This legislation I am proposing will also ensure that students are counseled to borrow only the minimum amount necessary to cover expenses and informed that they do not have to accept the full amount of the loan offered. Students will also be given options for reducing borrowing through scholarships, reduced expenses, work study, or other work opportunities. Also, not graduating on time can significantly increase student loan debt, so students will be counseled on the impact of adding an additional year of study to the total indebtedness and how they can stay on track to graduate on time.

Crucially, the bill also requires that a student manually enter either in writing or through electronic means

the exact dollar amount of the Federal direct loan funding the student desires to borrow. The current process almost makes borrowing the maximum the default option. If you want to borrow less than is offered, you have to ask for less.

Because the amount of Federal student loans a student is eligible to borrow is not limited by the calculation of the financial need or ability to repay, it is important that the student make a conscious, informed decision about how much to borrow rather than simply accepting the total amount of the Federal student loan which the law allows them to borrow.

Many schools already make a concerted effort to counsel students against over-borrowing, and such efforts are showing signs of success right in my home State of Iowa.

My alma mater, the University of Northern Iowa, created a program 5 years ago with the theme "Live Like a Student." The program includes workshops and courses designed to educate students on the importance of living within their means while they are in school so they need not live like a student later in life. As a result, the university has lowered average student debt from more than \$26,000 to \$23,163.

Grand View University, also in my State, has a financial empowerment plan where students and families construct a comprehensive 4-year financing plan. Under this plan, borrowing is based on the student's future earning potential in the student's field of study. The 4-year plan also helps ensure students graduate on time, and tuition increases are kept at 2 percent a year over those 4 years.

Iowa Student Loan, my State-based nonprofit lender, also has a program called the Student Loan Game Plan, which is an online interactive resource that calculates a student's likely debt-to-income ratio. It walks students through how their borrowing will affect their lifestyle in the future and what actions they can take now to reduce their borrowing. As a result, in the past year 18.2 percent of the students who participated decreased the amount they planned to borrow by an average of \$3,680, saving students \$2.1 million in additional loan debt.

My legislation would also require that students receive regular statements about their loan while they are in school, just as they will when they graduate and start repaying. With just about any other kind of loan you can think of, borrowers start receiving statements right away and are expected to make payments. With Federal student loans, payments are not required until a period of time after graduation and no statements are sent out until that time, so students forget about the amount of debt they are accruing until they graduate and get their first bill.

What is more, many Federal student loans still accrue interest while the student is in school, which will be

added to the total loan when they start repaying. That means that not only do students forget how much debt they have while in school, making them less conscientious about living like a student, but their loan may actually be growing while they are in school. Students have the option to pay that interest while they are in school so that it isn't capitalized into their loan. However, few students take advantage of this option. The regular statement my bill calls for would encourage this practice so students get used to paying some amount toward their loans even before they graduate. This will also make students more aware of their borrowing and less likely to overborrow each time they take out a new loan.

A college education generally remains a good investment. However, when students' academic dreams become a nightmare upon graduation because they borrowed more from the Federal Government than they can afford to repay with the degree they earned, they understandably feel something is very wrong. The Federal Government, as the lender making these loans, has a responsibility to at least ensure that students know what they are getting themselves into before they get in over their heads. My legislation is intended to deal with that issue.

I urge my colleagues to support this bill to prevent more students from drowning in Federal student loan debt, and I will introduce that bill at this particular time.

#### AMENDMENTS SUBMITTED AND PROPOSED

SA 2663. Ms. MIKULSKI (for herself and Ms. COLLINS) proposed an amendment to the resolution S. Res. 242, celebrating the 25th anniversary of the Office of Research on Women's Health at the National Institutes of Health.

SA 2664. Ms. MIKULSKI (for herself and Ms. COLLINS) proposed an amendment to the resolution S. Res. 242, *supra*.

SA 2665. Ms. MIKULSKI (for herself and Ms. COLLINS) proposed an amendment to the resolution S. Res. 242, *supra*.

#### TEXT OF AMENDMENTS

**SA 2663.** Ms. MIKULSKI (for herself and Ms. COLLINS) proposed an amendment to the resolution S. Res. 242, celebrating the 25th anniversary of the Office of Research on Women's Health at the National Institutes of Health; as follows:

On page 4, line 1, strike "it is the sense of the Senate that" and insert "the Senate".

On page 4, strike line 2 and all that follows through page 5, line 23, and insert the following:

(1) commends ORWH for its work over the past 25 years to improve and save the lives of women worldwide and expresses that ORWH must remain intact for this and future generations;

(2) recognizes that there remain striking sex and gender differences among many diseases and conditions on which ORWH should continue to focus;