

S 2043

Know Before You Owe Federal Student Loan Act of 2015

Congress: 114 (2015–2017, Ended)

Chamber: Senate

Policy Area: Education

Introduced: Sep 16, 2015

Current Status: Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (Sponsor introdu

Latest Action: Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (Sponsor introductory remarks on measure: CR S6702-6703) (Sep 16, 2015)

Official Text: <https://www.congress.gov/bill/114th-congress/senate-bill/2043>

Sponsor

Name: Sen. Grassley, Chuck [R-IA]

Party: Republican • **State:** IA • **Chamber:** Senate

Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Ayotte, Kelly [R-NH]	R · NH		Sep 28, 2015

Committee Activity

Committee	Chamber	Activity	Date
Health, Education, Labor, and Pensions Committee	Senate	Referred To	Sep 16, 2015

Subjects & Policy Tags

Policy Area:

Education

Related Bills

No related bills are listed.

Know Before You Owe Federal Student Loan Act of 2015

This bill amends title IV (Student Assistance) of the Higher Education Act of 1965 to expand lender disclosure requirements.

A lender must provide a statement to a Federal Family Education Loan or Direct Loan borrower during a period when loan payments are not required. Such statement must include the current loan balance, original principal loan amount, interest rate, total interest paid, aggregate payments, lender or servicer contact information, and accumulated interest amount. It must also explain the option to pay accrued interest before it capitalizes and suggest a payment amount based on interest charged.

Additionally, the legislation modifies loan counseling requirements for an institution of higher education (IHE) that participates in federal student aid programs.

Currently, an IHE must provide one-time entrance counseling to a student who is a first-time federal student loan borrower. This bill requires an IHE to provide pre-loan counseling to a student borrower of a federal student loan at or prior to the first disbursement of each new loan.

It revises and expands required elements of pre-loan counseling to include a borrower's estimated debt-to-income ratio at graduation, a statement to borrow the minimum necessary amount, a warning that high debt-to-income ratio makes repayment more difficult, options to reduce borrowing, and an explanation of the importance of on-time graduation.

Prior to certifying a Federal Direct Loan disbursement to a student, an IHE must ensure that such student manually enters the exact dollar amount of the loan.

Actions Timeline

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