

S 887

Know Before You Owe Federal Student Loan Act of 2019

Congress: 116 (2019–2021, Ended)

Chamber: Senate

Policy Area: Education

Introduced: Mar 27, 2019

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

Latest Action: Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (Mar 27, 2019)

Official Text: <https://www.congress.gov/bill/116th-congress/senate-bill/887>

Sponsor

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

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

Cosponsors (4 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Ernst, Joni [R-IA]	R · IA		Mar 27, 2019
Sen. Smith, Tina [D-MN]	D · MN		Mar 27, 2019
Sen. Cassidy, Bill [R-LA]	R · LA		Sep 16, 2019
Sen. Cornyn, John [R-TX]	R · TX		Jan 28, 2020

Committee Activity

Committee	Chamber	Activity	Date
Health, Education, Labor, and Pensions Committee	Senate	Referred To	Mar 27, 2019

Subjects & Policy Tags

Policy Area:

Education

Related Bills

No related bills are listed.

Know Before You Owe Federal Student Loan Act of 2019

This bill expands lender disclosure requirements and modifies loan counseling requirements.

A lender must provide a quarterly statement to a Federal Family Education Loan or Direct Loan borrower during a period when loan payments are not required, including specified information on the loan and interest amounts. The statement must also explain the option to pay accrued interest while a student is in deferment or forbearance.

The bill requires an institution of higher education (IHE) that participates in federal student aid programs to provide pre-loan counseling to a student borrower of a federal student loan upon or prior to the first disbursement of each new loan. Currently, an IHE must provide one-time entrance counseling to a student who is a first-time federal student loan borrower.

The bill also revises and expands required elements of pre-loan counseling to include an estimate of the borrower's monthly payment amount compared to the borrower's estimated monthly income after taxes and other expenses, a statement to borrow the minimum necessary amount, a warning that a 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 the student manually enters the exact dollar amount of the loan.

Actions Timeline

- **Mar 27, 2019:** Introduced in Senate
- **Mar 27, 2019:** Read twice and referred to the Committee on Health, Education, Labor, and Pensions.