

## S 1445

### Know Before You Owe Federal Student Loan Act of 2021

**Congress:** 117 (2021–2023, Ended)

**Chamber:** Senate

**Policy Area:** Education

**Introduced:** Apr 29, 2021

**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. (Apr 29, 2021)

**Official Text:** <https://www.congress.gov/bill/117th-congress/senate-bill/1445>

### Sponsor

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

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

### Cosponsors (2 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Ernst, Joni [R-IA]	R · IA		Apr 29, 2021
Sen. Smith, Tina [D-MN]	D · MN		Apr 29, 2021

### Committee Activity

Committee	Chamber	Activity	Date
Health, Education, Labor, and Pensions Committee	Senate	Referred To	Apr 29, 2021

### Subjects & Policy Tags

#### Policy Area:

Education

### Related Bills

Bill	Relationship	Last Action
117 HR 8923	Related bill	<b>Sep 20, 2022:</b> Referred to the House Committee on Education and Labor.

## **Know Before You Owe Federal Student Loan Act of 2021**

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

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

In addition, 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**

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- **Apr 29, 2021:** Introduced in Senate
- **Apr 29, 2021:** Read twice and referred to the Committee on Health, Education, Labor, and Pensions.