



H.R. 1635 — Empowering Students Through Enhanced Financial Counseling Act (Rep. Guthrie, R-KY)

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FLOOR SCHEDULE:

Expected to be considered September 5, 2018, under a [rule](#). The rule makes in order seven amendments, which are described below.

The rule also provides consideration for H.R. 4606, - Ensuring Small Scale LNG Certainty and Access Act.

TOPLINE SUMMARY:

[H.R. 1635](#) would enhance financial counseling for students using federal student loans and Pell Grants.

COST:

A Congressional Budget Office (CBO) estimate is not available.

An identical bill, H.R. 3179, was evaluated by the CBO in the 114th Congress. In that [estimate](#), the Congressional Budget Office (CBO) estimated that implementing H.R. 3179 would cost \$2 million for the department's administrative expenses over the 2017-2021 period; such spending would be subject to the availability of appropriated funds.

CONSERVATIVE VIEWPOINTS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

This bill would require individuals receiving a Pell Grant or [other](#) federal loan to receive comprehensive information on the terms and conditions of the loan and the responsibilities the individual has with respect to the loan. This information would be provided for each award year during an in-person counseling session, online, or through the use of an online counseling tool.

Information individuals could receive in counseling could include how to budget for expenses, explanation of rights, information on estimated average incomes and employment, and financial management resources. Students receiving Pell Grants would receive information on the terms and conditions of the grant and information on the use and repayment. Students receiving other federal aid would be counseled on the effect of accepting a loan, repayment requirements and consequences of defaulting, details on the borrowing limits

and information on interest accrual, and an encouragement to use federal loans prior to taking on private loans. Borrowers receiving [parent PLUS loans](#) for dependent students would receive similar information to borrowers of other federal loans in addition to the estimate of projected monthly payments, outstanding balance on the loans, and repayment options.

Under [current law](#), prior to completion of the course of study for which the borrower enrolled at the institution, exit counseling for borrowers would be required. The bill would require the counseling to include a summary of the outstanding balance of principal and interest due, and explanation of the grace period preceding repayment, and an explanation of rights.

The secretary would be required to conduct a rigorous, longitudinal study of the impact and effectiveness of the student loan counseling.

The bill would provide that \$2 million from the amount authorized for the Department of Education's [Financial Awareness Counseling Tool](#) would be available to carry out the requirements of the legislation. No additional fund would be authorized.

H.R. 1635 contains identical language to H.R. 3179, which passed the House in the 114th Congress under suspension on July 11, 2016. The RSC's legislative bulletin for H.R. 3179 can be found [here](#).

AMENDMENTS MADE IN ORDER:

1. [Stefanik \(R-NY\)](#) – The amendment would require institutions to include an explanation of how the student may seek additional financial assistance as a result of a change in the student's financial circumstances. The provision would apply to all students receiving financial aid under this bill, instead of only Pell Grant recipients.
2. [Murphy, Stephanie \(D-FL\)](#) – The amendment would require that if a student transfers, the loan amount received by the student before the transfer must be used to determine the student's aggregate loan amount, whether or not the courses are accepted by the student's new institution.
3. [O'Halleran \(D-FL\)](#) – The amendment would require counseling to disclose the anticipated monthly payment for any income-driven payment plans the student is eligible for.
4. [Lewis, Jason \(R-MN\)](#) – The amendment would require Parent PLUS borrowers to be notified that some students may qualify for other financial aid, and the student should consider accepting grants, scholarships, and work-study jobs before borrowing Parent PLUS loans. The bill would also require the borrower to be provided with the option to pay loans while the student is in school.
5. [Allen \(R-GA\)](#) – The amendment would clarify that the bill does not prohibit an institution from providing additional information or counseling to federal student aid recipients, as long as it is not considered a condition for the disbursement of aid.
6. [Hartzler \(R-MO\)](#) – The amendment would allow institutions to encourage individuals to attend in-person counseling.
7. [Jayapal \(D-WA\)](#) – The amendment would require institutions to include an explanation that the borrower may be approached by third-party student debt relief companies, and the borrower should use caution, as these services are often already offered to borrowers free of charge.

COMMITTEE ACTION:

H.R. 1635 was introduced on March 20, 2017, and referred to the House Committee on Education and the Workforce. The Committee has not yet taken action on the bill.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

According to the bill's sponsor: "Congress has the power to enact this legislation pursuant to the following: Article I, section 8 of the Constitution of the United States." No specific enumerating clause was cited.

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