Bill Cassidy, M.D.

AMENDMENT NO.________ Calendar No.______

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—119th Cong., 2d Sess.

S. 4097

To establish that a State-based education loan program is excluded from certain requirements relating to a preferred lender arrangement.

Referred to the Committee on __________________ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by __________________

Viz:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "State-Based Education Loan Awareness Act".

SEC. 2. STATE-BASED EDUCATION LOAN PROGRAMS.

Section 151 of the Higher Education Act of 1965 (20 U.S.C. 1019) is amended—

(1) in paragraph (8)(B)—

(A) in clause (i), by striking "or" after the semicolon;

(B) in clause (ii), by striking the period at the end and inserting "; or"; and

(C) by adding at the end the following:

"(iii) arrangements or agreements with respect to education loans made under a State-based education loan program."; and

(2) by adding at the end the following:

"(10) STATE-BASED EDUCATION LOAN PROGRAM.—The term 'State-based education loan program' means an education loan program that—

"(A) is provided by a State agency, State authority, or nonprofit organization, separately or jointly;

"(B) makes loans that are not funded, insured, or guaranteed by the Federal Government;

"(C) is authorized, established, or chartered by State law, or otherwise approved by the State;

"(D) offers one or more loans for which the interest rate and fees, as calculated in accordance with sections 106 and 107 of the Truth in Lending Act (15 U.S.C. 1605; 1606), are at least as favorable as the interest rate and fees of the Direct PLUS loans authorized under part D of title IV at the time such loan is originated; and

"(E) is available only to a borrower who has been advised, such as in a financial aid offer, by an institution of higher education (as defined under section 102)—

"(i) that the borrower should exhaust Federal student loan eligibility under part D of title IV prior to accepting a private education loan; and

"(ii) of the interest rates, fees, and benefits of such Federal education loans, including income-driven repayment options, opportunities for loan forgiveness, forbearance or deferment options, interest subsidies, and tax benefits.".

SEC. 3. GAO REPORT ON CHANGES IN TRENDS OF STUDENT LOAN BORROWERS.

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States shall prepare and submit a report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Workforce of the House of Representatives on changes in trends of student loan borrowers at institutions of higher education.

(b) AREAS OF EXAMINATION.—The report required under subsection (a) shall examine, in particular—

(1) the implementation of student loan changes made by the amendments made under title VIII of the Act titled "An Act to provide for reconciliation pursuant to title II of H. Con. Res. 14" (Public Law 119–21; 139 Stat. 72), including—

(A) the average total amount borrowed by students, disaggregated by source, including the aggregate total combined amount of Federal, State-based, institutional, and private education loans;

(B) changes during the 2-year period following the effective dates of the changes made by the amendments made under title VIII in the rates of borrowing—

(i) Federal, State-based, institutional, and private education loans for undergraduate and graduate borrowers; and

(ii) on behalf of dependent students under the Federal Direct PLUS Loan program under part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.); and

(C) the average amount borrowed in Federal, State-based, institutional, and private education loans, disaggregated by—

(i) enrollment status as a first-time student or non-first-time student;

(ii) enrollment status as a full-time student or part-time student;

(iii) type of degree or certificate sought by the student for whom the loan was awarded;

(iv) Federal Pell Grant recipient status under section 401 of the Higher Education Act of 1965 (20 U.S.C. 1070a); and

(v) program of study of the student for whom the loan was awarded;

(2) the availability of State-based education loan programs (as defined in section 151 of the Higher Education Act of 1965 (20 U.S.C. 1019)) for students or parents of students at institutions of higher education, including the extent to which States expand existing or create new State-based education loan programs;

(3) the differences in interest rates for Federal, State-based, institutional, and private education loans;

(4) the extent to which students or parents of students borrow both Federal education loans and State-based education loans, private education loans, or institutional education loans, or some combination thereof; and

(5) changes in outcomes for borrowers of Federal, State-based, institutional, and private education loans, both in the aggregate and disaggregated, to the extent practicable, by—

(A) type of institution of higher education (whether public, private–nonprofit, or proprietary);

(B) program of study;

(C) repayment rate;

(D) delinquency rate;

(E) default rate;

(F) use of deferment or forbearance; and

(G) rate of principal reduction.