



Empowering Students through Enhanced Financial Counseling Act H.R. 1635

THE PROBLEM:

Americans are carrying more than \$1.4 trillion in student debt. It has never been more critical for individuals to make responsible choices in paying for postsecondary education. Currently, recipients of federal student aid do not receive critical information about loans and grants they need to make sound financial choices.

Additionally, many students never receive meaningful financial literacy assistance as they try to review their options to pay for college. A survey of current students and recent graduates with a high level of student loan debt found that more than 40 percent could not recall having received financial counseling, even though counseling is already required before students can receive their first federal loan. Furthermore, no counseling is provided to low-income students who receive only a Pell Grant or parents who take out federal loans to help pay for their children's education.

Unmanageable student loan debt is a major burden on young professionals entering the workforce, families trying to make ends meet, and taxpayers across the country.

THE SOLUTION:

To help students make smart decisions about financing postsecondary education, Rep. Brett Guthrie (R-KY), chair of the Subcommittee on Higher Education and Workforce Development, and Rep. Suzanne Bonamici (D-OR) introduced the *Empowering Students through Enhanced Financial Counseling Act*. The legislation (H.R. 1635) will promote financial literacy through enhanced counseling for all recipients of federal financial aid.

H.R. 1635 – EMPOWERING STUDENTS THROUGH ENHANCED FINANCIAL COUNSELING ACT:

- ✓ **Ensures borrowers, both students and parents**, who participate in federal loan programs receive interactive counseling each year that reflects their individual borrowing situation.
- ✓ **Provides awareness** about the financial obligations students and parents are accumulating by requiring borrowers to consent each year before receiving federal student loans.
- ✓ **Informs low-income students** about the terms and conditions of the Pell Grant program through annual counseling that will be provided to all grant recipients.
- ✓ **Directs the Secretary of Education** to maintain and disseminate a consumer-tested, online counseling tool institutions can use to provide annual loan counseling, exit counseling, and annual Pell Grant counseling.

The Empowering Students through Enhanced Financial Counseling Act will deliver students the tools and information they need to borrow and repay their student loans in a responsible way.