

To increase students' and borrowers' access to student loan information within the National Student Loan Data System, and to encourage improved outreach to and communication with borrowers.

IN THE SENATE OF THE UNITED STATES

MARCH 11, 2014

Mrs. SHAHEEN introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To increase students' and borrowers' access to student loan information within the National Student Loan Data System, and to encourage improved outreach to and communication with borrowers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Simplifying Access to Student Loan Information Act of 2014”.
SEC. 2. AMENDMENT TO THE TRUTH IN LENDING ACT.

(a) IN GENERAL.—Section 128(e) of the Truth in Lending Act (15 U.S.C. 1638(e)) is amended by adding at the end the following:

“(12) NATIONAL STUDENT LOAN DATA SYSTEM.—

“(A) IN GENERAL.—Each private educational lender shall—

“(i) submit to the Secretary of Education for inclusion in the National Student Loan Data System established under section 485B of the Higher Education Act of 1965 (20 U.S.C. 1092b) information regarding each private education loan made by such lender that will allow for the electronic exchange of data between borrowers of private education loans and the System; and

“(ii) in carrying out clause (i), ensure the privacy of private education loan borrowers.

“(B) INFORMATION TO BE SUBMITTED.—
The information regarding private education loans required under subparagraph (A) to be included in the National Student Loan Data
System shall include the following if determined appropriate by the Secretary of Education:

“(i) The total amount and type of each such loan made, including outstanding interest and outstanding principal on such loan.

“(ii) The interest rate of each such loan made.

“(iii) Information regarding the borrower that the Secretary of Education determines is necessary to ensure the electronic exchange of data between borrowers of private education loans and the System.

“(iv) Information, including contact information, regarding the lender that owns the loan.

“(v) Information, including contact information, regarding the servicer that is handling the loan.

“(vi) Information concerning the date of any default on the loan and the collection of the loan, including any information concerning the repayment status of any defaulted loan.
“(vii) Information regarding any deferment or forbearance granted on the loan.

“(viii) The date of the completion of repayment by the borrower of the loan.

“(ix) Any other information determined by the Secretary of Education to be necessary for the operation of the National Student Loan Data System.

“(C) UPDATE.—Each private educational lender shall update the information regarding private education loans required under subparagraph (A) to be included in the National Student Loan Data System on the same schedule as information is updated under the System under section 485B of the Higher Education Act of 1965 (20 U.S.C. 1092b).”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to private education loans that were made for the 2011–2012 academic year or later.

SEC. 3. AMENDMENT TO THE HIGHER EDUCATION ACT OF 1965.

Section 485B of the Higher Education Act of 1965 (20 U.S.C. 1092b) is amended by adding at the end the following:
“(i) Private Education Loans.—

“(1) In General.—The National Student Loan Data System established pursuant to subsection (a) shall contain the information required to be included under section 128(e)(12) of the Truth in Lending Act (15 U.S.C. 1638(e)(12)).

“(2) Cosigner.—Notwithstanding any other provision of law, the Secretary shall ensure that any cosigner of a private education loan for which information is included in the National Student Loan Data System—

“(A) is able to access the information in such System with respect to such private education loan; and

“(B) does not have access to any information in such System with respect to any loan for which the cosigner has not cosigned.

“(3) Privacy.—The Secretary shall ensure that a private educational lender—

“(A) has access to the National Student Loan Data System only to submit information for such System regarding the private education loans of such lender; and

“(B) may not see information in the System regarding the loans of any other lender.
“(j) Repayment Options.—The Secretary shall establish a functionality within the National Student Loan Data System established pursuant to subsection (a) that enables a student borrower of a loan made, insured, or guaranteed under this title to input information necessary for the estimation of repayment amounts under the various repayment plans available to the borrower of such loan to compare such repayment plans.”.

SEC. 4. NON-TRADITIONAL OUTREACH PROGRAM.

(a) Pilot Program Authorized.—

(1) In general.—The Secretary of Education (referred to in this section as the “Secretary”) shall establish a 5-year pilot program to award grants, on a competitive basis, to eligible entities to establish or improve non-traditional outreach programs and initiatives with the goal of—

(A) reducing deferments, forbearances, and defaults on student loan repayments; and

(B) establishing best practices for reducing deferments, forbearances, and defaults on student loan repayments.

(2) Eligible entity.—Except as provided in subsection (e), in this section, the term “eligible entity” means—
(A) an institution of higher education entity;

(B) an entity that services loans made, insured, or guaranteed under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.); or

(C) a nonprofit organization that has—

(i) substantial experience in administering student loan counseling; or

(ii) demonstrated success in reducing deferments, forbearances, and defaults on student loan repayments.

(3) RESERVATION FOR NONPROFIT SERVICERS.—From amounts made available to carry out this section, the Secretary shall reserve not less than 10 percent to award grants under paragraph (1) to eligible entities that are nonprofit student loan servicers.

(b) APPLICATION.—An eligible entity that desires to receive a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(e) ACTIVITIES.—

(1) IN GENERAL.—An eligible entity that receives a grant under this section shall use the grant
funds to establish non-traditional outreach programs and initiatives that may include the following:

(A) New or improved pre-college loan entrance counseling and financial literacy sessions.

(B) New or improved exit counseling for student loan borrowers.

(C) Train students in how to use the National Student Loan Data System established under section 485B of the Higher Education Act of 1965 (20 U.S.C. 1092b).

(D) At least 1 check-in while a student loan borrower is enrolled in the academic program for which the student has taken out a loan (which shall occur not earlier than half way through completion of such academic program), which check-in shall provide the borrower with an update on the borrower’s student loan status and information on how the outreach program can serve as an information resource for the borrower.

(E) Annual follow-ups with student loan borrowers after the borrowers are no longer enrolled in the academic program for which the student has taken out a loan by attempting to
contact the borrowers by phone, email, mail, or in person and providing continued guidance and counseling and serving as an information resource.

(F) Follow-ups once a student loan borrower reaches a certain level of delinquency on repayment of such loan, as determined by the Secretary.

(2) PRIVATE LOANS.—An eligible entity that receives a grant under this section shall work to reduce defaults on private education loan debt.

(d) SUPPLEMENT NOT SUPPLANT.—An eligible entity shall use grant funds received under this section only to supplement the funds that would, in the absence of such grant funds, be made available from non-Federal sources for the activities described in subsection (e), and not to supplant such funds.

(e) CONTINUATION OF GRANT AWARDS.—

(1) IN GENERAL.—If the Secretary determines that the pilot program established under this section has been successful in reducing deferments, forbearances, and defaults on student loan repayments, the Secretary may continue to award competitive grants beyond the initial pilot program period in accordance with this subsection.
(2) Authorization.—The Secretary shall award grants under this subsection on a competitive basis to eligible entities described in paragraph (3) who achieve specific performance outcomes and criteria in reducing deferments, forbearances, and defaults on student loan repayments. Projects funded by grants under this subsection shall be referred to as either Pay-for-Performance or Pay-for-Success projects, as set forth in paragraph (3).

(3) Eligible Entity.—To be eligible to receive a grant under this subsection, an entity shall be an entity described in subparagraph (A), (B), or (C) of subsection (a)(2) that—

(A) in the case of an entity seeking to carry out a Pay-for-Performance project, agrees to be reimbursed under the grant primarily on the basis of achievement of specified performance outcomes and criteria established by the Secretary under paragraph (4); or

(B) in the case of an entity seeking to carry out a Pay-for-Success project—

(i) enters into a partnership with an investor, such as a philanthropic organization that provides funding for a specific project to address reducing deferments,
forbearances, and defaults on student loan repayments; and

(ii) agrees to be reimbursed under the grant only if the project achieves specified performance outcomes and criteria established by the Secretary under paragraph (4).

(4) PERFORMANCE OUTCOMES AND CRITERIA.—Not later than 6 months after the completion of the pilot program, the Secretary shall establish and publish on the Web site of the Department of Education specific performance measures, which include performance outcomes and criteria, for the initial qualification and reimbursement of eligible entities to receive a grant under this subsection.

(5) PERIOD OF AVAILABILITY FOR PAY-FOR-SUCCESS PROJECTS.—Funds appropriated to carry out Pay-for-Success projects under this subsection shall, upon obligation, remain available for disbursement until expended, notwithstanding section 1552 of title 31, United States Code, and, if later deobligated, in whole or in part, be available until expended under additional Pay-for-Success grants under this subsection.

(f) REPORTS.—
(1) Eligible Entities.—An eligible entity that receives a grant under this section shall submit an annual report to the Secretary that describes the use of grant funds and details the results of the activities conducted with such grant funds.

(2) Secretary.—

(A) In General.—The Secretary shall submit a report to Congress that details the results of the program funded under this section and describes best practices in non-traditional outreach programs that reduce deferments, forbearances, and defaults on student loan repayments.

(B) Report Available Publicly.—The Secretary shall make the report described in subparagraph (A) publicly available on the Web site of the Department of Education.