

119TH CONGRESS  
1ST SESSION

# S. 1559

To revise counseling requirements for certain borrowers of student loans,  
and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 1, 2025

Mr. GRASSLEY (for himself and Ms. SMITH) introduced the following bill;  
which was read twice and referred to the Committee on Health, Edu-  
cation, Labor, and Pensions

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## A BILL

To revise counseling requirements for certain borrowers of  
student loans, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Know Before You Owe  
5       Federal Student Loan Act of 2025”.

6       **SEC. 2. PRE-LOAN COUNSELING AND CERTIFICATION OF**  
7       **LOAN AMOUNT.**

8       Section 485(l) of the Higher Education Act of 1965  
9       (20 U.S.C. 1092(l)) is amended—

(1) in the subsection heading, by striking “ENTRANCE COUNSELING” and inserting “PRE-LOAN COUNSELING”;

(2) in paragraph (1)(A)—

(A) in the matter preceding clause (i), by striking “a disbursement to a first-time borrower of a loan” and inserting “the first disbursement of each new loan (or the first disbursement in each award year if more than one new loan is obtained in the same award year)”; and

(B) in clause (ii)(I), by striking “an entrance counseling” and inserting “a counseling”;

(3) in paragraph (2)—

(A) by striking subparagraph (G) and inserting the following:

“(G) An estimate of the borrower’s monthly payment amount compared to the borrower’s estimated monthly income after taxes, after living expenses (using Consumer Expenditure Survey data from the Bureau of Labor Statistics), after estimated health insurance costs, and after any other relevant expenses, based on—

1 “(i) the best available data on starting  
2 wages for the borrower’s program of study,  
3 if available; and

4 “(ii) the estimated total student loan  
5 debt of the borrower, including—

6 “(I) Federal debt;

7 “(II) to the best of the institu-  
8 tion’s knowledge, private loan debt al-  
9 ready incurred; and

10 “(III) the estimated future debt  
11 required to complete the program of  
12 study.”; and

13 (B) by adding at the end the following:

14 “(L) A statement that the borrower should  
15 borrow the minimum amount necessary to cover  
16 expenses and that the borrower does not have  
17 to accept the full amount of loans for which the  
18 borrower is eligible.

19 “(M) A warning that the higher the bor-  
20 rower’s debt-to-income ratio is, the more dif-  
21 ficulty the borrower is likely to experience in re-  
22 paying the loan.

23 “(N) Options for reducing borrowing  
24 through scholarships, reduced expenses, work-  
25 study, or other work opportunities.

1 “(O) An explanation of the importance of  
 2 graduating on time to avoid additional bor-  
 3 rowing, what course load is necessary to grad-  
 4 uate on time, and information on how adding  
 5 an additional year of study impacts total in-  
 6 debtedness.”; and

7 (4) by adding at the end the following:

8 “(3) CONFIRMATION BY STUDENT OF LOAN  
 9 AMOUNT PROVIDED.—

10 “(A) IN GENERAL.—In addition to the  
 11 other requirements of this subsection and in ac-  
 12 cordance with subparagraph (B), each eligible  
 13 institution shall ensure that the student manu-  
 14 ally enter, either in writing or through elec-  
 15 tronic means, the exact dollar amount of Fed-  
 16 eral Direct Loan funding under part D that  
 17 such student desires to borrow.

18 “(B) TIMING.—The eligible institution  
 19 shall ensure that the student carries out the ac-  
 20 tivity described in subparagraph (A)—

21 “(i) in the course of the process used  
 22 by the institution for students to accept a  
 23 student loan award;

24 “(ii) prior to the institution certifying  
 25 a Federal Direct Loan under part D for

disbursement to a student (other than a Federal Direct Consolidation Loan or a Federal Direct PLUS loan made on behalf of a student); and

“(iii) after ensuring that the student has completed all of the pre-loan counseling requirements under this subsection.”.

**SEC. 3. REQUIRED PERIODIC DISCLOSURES DURING PERIODS WHEN LOAN PAYMENTS ARE NOT REQUIRED.**

Section 433 of the Higher Education Act of 1965 (20 U.S.C. 1083) is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following:

“(f) **REQUIRED PERIODIC DISCLOSURES DURING PERIODS WHEN LOAN PAYMENTS ARE NOT REQUIRED.**— During any period of time when a borrower of one or more loans, made, insured, or guaranteed under this part or part D is not required to make a payment to an eligible lender on the borrower’s loan from that eligible lender, such eligible lender shall provide such borrower with a

1 quarterly statement that includes, in simple and under-  
2 standable terms—

3 “(1) the original principal amount of each of  
4 the borrower’s loans, and the original principal  
5 amount of those loans in the aggregate;

6 “(2) the borrower’s current balance, as of the  
7 time of the statement, as applicable;

8 “(3) the interest rate on each loan;

9 “(4) the total amount the borrower has paid in  
10 interest on each loan;

11 “(5) the aggregate amount the borrower has  
12 paid for each loan, including the amount the bor-  
13 rower has paid in interest, the amount the borrower  
14 has paid in fees, and the amount the borrower has  
15 paid against the balance;

16 “(6) the lender’s or loan servicer’s address, toll-  
17 free phone number, and web page for payment and  
18 billing error purposes, including information about  
19 how a borrower can make voluntary payments when  
20 a loan is not in repayment status;

21 “(7) an explanation—

22 “(A) that the borrower has the option to  
23 pay the interest that accrues on each loan while  
24 the borrower is a student at an institution of

1 higher education or during a period of  
2 deferment or forbearance, if applicable; and

3 “(B) if the borrower does not pay such in-  
4 terest while attending an institution or during  
5 a period of deferment or forbearance, any accu-  
6 mulated interest on the loan will be capitalized  
7 when the loan goes into repayment, resulting in  
8 more interest being paid over the life of the  
9 loan;

10 “(8) the amount of interest that has accumu-  
11 lated since the last statement based on the typical  
12 installment time period and the aggregate interest  
13 accrued to date; and

14 “(9) an explanation that making even small  
15 payments of any unspecified amount while the bor-  
16 rower is a student at an institution of higher edu-  
17 cation, or during a period of deferment or forbear-  
18 ance, if applicable, can help to offset interest accrual  
19 over the life of the loan.”.

20 **SEC. 4. CONFORMING AMENDMENTS.**

21 (a) PROGRAM PARTICIPATION AGREEMENTS.—Sec-  
22 tion 487(e)(2)(B)(ii)(IV) of the Higher Education Act of  
23 1965 (20 U.S.C. 1094(e)(2)(B)(ii)(IV)) is amended—

24 (1) by striking “Entrance and exit counseling”  
25 and inserting “Pre-loan and exit counseling”; and

1           (2) by striking “entrance and exit counseling”  
2           and inserting “pre-loan and exit counseling”.

3           (b) REGULATORY RELIEF AND IMPROVEMENT.—Sec-  
4           tion 487A of the Higher Education Act of 1965 (20  
5           U.S.C. 1094a) is amended by striking “entrance and exit  
6           interviews” and inserting “pre-loan and exit interviews”  
7           each place the term appears.

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