

105TH CONGRESS  
1ST SESSION

# H. R. 2518

To amend the Higher Education Act of 1965 to increase student options for the consolidation of their student loan obligations, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 1997

Mr. BOEHNER (for himself, Mr. GORDON, Mr. MCINTOSH, Mr. HERGER, Mr. HAYWORTH, and Mr. HUTCHINSON) introduced the following bill; which was referred to the Committee on Education and the Workforce

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## A BILL

To amend the Higher Education Act of 1965 to increase student options for the consolidation of their student loan obligations, 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 “Student Loan Options  
5 Act”.

6 **SEC. 2. TWO-WAY CONSOLIDATION AUTHORITY.**

7 (a) ABILITY OF PART D BORROWERS TO OBTAIN  
8 FEDERAL STAFFORD CONSOLIDATION LOANS.—Section  
9 428C(a)(4) (20 U.S.C. 1078–3(a)(4)) is amended—

1           (1) by redesignating subparagraphs (B), (C),  
2           and (D) as subparagraphs (C), (D), and (E), respec-  
3           tively; and

4           (2) by inserting after subparagraph (A) the fol-  
5           lowing new subparagraph:

6                     “(B) made under part D of this title;”.

7           (b) ABILITY OF PART B BORROWERS TO OBTAIN  
8           FEDERAL DIRECT CONSOLIDATION LOANS.—Paragraph  
9           (5) of section 428C(b) (20 U.S.C. 1078–3(b)) is amended  
10          to read as follows:

11                   “(5) DIRECT CONSOLIDATION LOANS FOR BOR-  
12           ROWERS IN SPECIFIED CIRCUMSTANCES.—(A) The  
13           Secretary may offer a Federal Direct Consolidation  
14           loan if such borrower is otherwise eligible for a con-  
15           solidation loan pursuant to this section and such  
16           borrower is unable to obtain a consolidation loan  
17           from any lender with an agreement under subsection  
18           (a)(1) that holds one of such borrower’s loans under  
19           this part.

20                   “(B) The Secretary shall establish appropriate  
21           certification procedures to verify the eligibility of  
22           borrowers for consolidation loans under this para-  
23           graph.

24                   “(C) The Secretary shall not offer consolidation  
25           loans under this paragraph if, in the Secretary’s

1 judgment, the Department does not have the nec-  
 2 essary origination and servicing arrangements in  
 3 place for such loans.”.

4 **SEC. 3. REDUCTION OF DIRECT LOAN ADMINISTRATIVE**  
 5 **BUDGET.**

6 Section 458(a)(1) of the Higher Education Act of  
 7 1965 (20 U.S.C. 1087h(a)(1)) is amended to read as fol-  
 8 lows:

9 “(1) IN GENERAL.—Each fiscal year, there  
 10 shall be available to the Secretary from funds not  
 11 otherwise appropriated, funds to be obligated for—

12 “(A) administrative costs under this part  
 13 and part B, including the costs of the direct  
 14 student loan programs under this part, and

15 “(B) administrative cost allowances pay-  
 16 able to guaranty agencies under part B and cal-  
 17 culated in accordance with paragraph (2),

18 not to exceed (from such funds not otherwise appro-  
 19 priated) \$497,000,000 in fiscal year 1998,  
 20 \$600,000,000 in fiscal year 1999, \$695,000,000 in  
 21 fiscal year 2000, \$735,000,000 in fiscal year 2001,  
 22 and \$730,000,000 in fiscal year 2002. Administra-  
 23 tive cost allowances under subparagraph (B) of this  
 24 paragraph shall be paid quarterly and used in ac-  
 25 cordance with section 428(f). The Secretary may

- 1 carry over funds available under this section to a
- 2 subsequent fiscal year.”.

