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112TH CONGRESS
2D SESSION

H. R. 5801

To provide interest-free deferment on unsubsidized student loans made to recent college students during periods when the national unemployment rate is above 7 percent and other periods of deferment.

IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2012

Ms. RICHARDSON (for herself, Mr. CONYERS, Mr. CLARKE of Michigan, and Mr. KUCINICH) introduced the following bill; which was referred to the Committee on Education and the Workforce

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A BILL

To provide interest-free deferment on unsubsidized student loans made to recent college students during periods when the national unemployment rate is above 7 percent and other periods of deferment.

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 ''Unshackling Students to Lead, Excel, Act, Develop, and Serve Act of 2012'' or the ''U.S. LEADS Act''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) Outstanding student loan debt will reach one trillion dollars this year.

(2) In 2008, two-thirds of students graduating with a bachelor's degree had outstanding student loan debt.

(3) In 2010, the average debt owed by college graduates paying off student loans was $24,000.

(4) Of all students who graduated with a 4-year degree in 2009, only 55.6 percent are working in jobs that require a college degree.

(5) Of all students who graduated with a 4-year degree in 2009, 22.4 percent are not working.

(6) The median student loan debt for students who graduated from college between 2006 and 2010 is $20,000.

(7) Average in-State tuition and fees at public 4-year institutions of higher education have risen 8.3 percent between the 2010–2011 and 2011–2012 academic years.

SEC. 3. INTEREST-FREE DEFERMENT DURING PERIODS WHEN THE NATIONAL UNEMPLOYMENT RATE EXCEEDS 7 PERCENT.

(a) FFEL SUBSIDIZED LOAN DEFERMENT.—Section 428(b)(1)(M) of the Higher Education Act of 1965 (20 U.S.C. 1078(b)(1)(M)) is amended—

(1) by striking ‘‘or’’ at the end of clause (iii);

(2) by adding ‘‘or’’ at the end of clause (iv); and

(3) by adding at the end the following new clause:

‘‘(v) in a case of a borrower who is between the ages of 21 and 25, inclusive, and a recent college student, as defined in section 455(f)(5), with respect to loans made under this section to such borrower for a period of enrollment during which the borrower was pursuing a degree described in subparagraph (A) of such section 455(f)(5)—

‘‘(I) beginning as soon as practicable after the last day of the second consecutive month for which the Bureau of Labor Statistics of the Department of Labor (in this paragraph referred to as the ‘Bureau’) publishes a national unemployment rate that exceeds 7 percent, and ending as soon as practicable after the Bureau publishes a national unemployment rate that is 7 percent or lower, except that such period shall not exceed 5 years; or

"(II) beginning as soon as practicable after the last day of the second consecutive month for which the Bureau publishes a national unemployment rate for individuals ages 21 through 25 years old that exceeds 9 percent, and ending as soon as practicable after the Bureau publishes a national unemployment rate for such individuals that is 9 percent or lower, except that such period shall not exceed 5 years.".

(b) TREATMENT OF CONSOLIDATION LOANS.—Section 428C(b)(4)(C)(ii) of the Higher Education Act of 1965 (20 U.S.C. 1078–3(b)(4)(C)(ii)) is amended—

(1) by striking "or" at the end of subclause (II);

(2) by redesignating subclause (III) as subclause (IV);

(3) by inserting after subclause (II) the following:

"(III) in the case of a borrower who is between the ages of 21 and 25, inclusive, and a recent college student, as defined in section 455(f)(5), by the Secretary, in the case of a consolidation loan made to the borrower for a period of enrollment during which the borrower was pursuing a degree described in subparagraph (A) of such section 455(f)(5) and for which the application is received on or after the date of enactment of the U.S. Leads Act, except that in the case of a deferral under clause (ii) of section 428(b)(1)(M), the Secretary shall pay such interest only for a period not in excess of 3 years for which a borrower would be eligible for such a deferral and, in the case of a deferral under clause (v) of such section, for a period not in excess of 5 years for which the borrower would be eligible for such a deferral; or''; and

(4) in subclause (IV) (as so redesignated by this subsection), by striking ''(I) or (II)'' and inserting ''(I), (II), or (III)''.

(c) FFEL UNSUBSIDIZED LOAN DEFERMENT.—

(1) IN GENERAL.—Section 428H(e)(2) of the Higher Education Act of 1965 (20 U.S.C. 1078–8(e)(2)) is amended—

(A) in subparagraph (A), by inserting ''Except as provided in subparagraph (C)'' before ''Interest on''; and

(B) by adding at the end the following new subparagraph:

''(C) In the case of a borrower who is between the ages of 21 and 25, inclusive, and a recent college student, as defined in section 455(f)(5), interest on loans made under this section to the borrower for a period of enrollment during which the borrower was pursuing a degree described in subparagraph (A) of such section 455(f)(5) and for which payments are deferred—

''(i) under clause (i), (iii), or (iv) of section 428(b)(1)(M), for a period of deferment granted to such borrower on or after the date of enactment of the U.S. Leads Act, shall accrue and be paid by the Secretary during any period during which the loans are so deferred;

"(ii) under clause (ii) of section 428(b)(1)(M), for a period of deferment granted to such borrower on or after the date of enactment of the U.S. Leads Act, shall accrue and be paid by the Secretary during any period during which the loans are so deferred, not in excess of 3 years; and

"(iii) under clause (v) of section 428(b)(1)(M), for a period of deferment granted to such borrower on or after the date of enactment of the U.S. Leads Act, shall accrue and be paid by the Secretary during any period during which the loans are so deferred, not in excess of 5 years.".

(2) CONFORMING AMENDMENT.—Section 428(b)(1)(Y)(iii) of the Higher Education Act of 1965 (20 U.S.C. 1078(b)(1)(Y)(iii)) is amended by inserting "(other than a deferment under such subparagraph granted to a borrower described in section 428H(e)(2)(C) on or after the date of enactment of the U.S. Leads Act)" after "of this paragraph".

(d) DIRECT LOAN DEFERMENT.—Section 455(f) of the Higher Education Act of 1965 (20 U.S.C. 1087(f)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)—

(i) by striking ''or'' at the end of clause (i); and

(ii) by adding at the end the following:

''(iii) Federal Direct Unsubsidized Stafford Loan or Federal Direct Consolidation Loan made to a borrower for a period of enrollment during which the borrower was pursuing a degree described in paragraph (5)(A) and the borrower is between the ages of 21 and 25, inclusive, and a recent college student, as defined in paragraph (5); or''; and

(B) in subparagraph (B)—

(i) by inserting ''not described in subparagraph (A)(iii)'' after ''Unsubsidized Stafford Loan''; and

(ii) by striking ''subparagraph (A)(ii)'' and inserting ''clause (ii) or (iii) of subparagraph (A)'';

(2) in paragraph (2)—

(A) by striking "or" at the end of subparagraph (C);

(B) by striking the period at the end of subparagraph (D) and inserting "; or"; and

(C) by adding at the end the following new subparagraph:

"(E) in a case of a borrower who is between the ages of 21 and 25, inclusive, and a recent college student, as defined in paragraph (5), with respect to loans made under this part to such borrower for a period of enrollment during which the borrower was pursuing a degree described in subparagraph (A) of such paragraph (5)—

"(i) beginning as soon as practicable after the last day of the second consecutive month for which the Bureau of Labor Statistics of the Department of Labor (in this paragraph referred to as the 'Bureau') publishes a national unemployment rate that exceeds 7 percent, and ending as soon as practicable after the Bureau publishes a national unemployment rate that is 7 percent or lower, except that such period shall not exceed 5 years; or

"(ii) beginning as soon as practicable after the last day of the second consecutive month for which the Bureau publishes a national unemployment rate for individuals ages 21 through 25 years old that exceeds 9 percent, and ending as soon as practicable after the Bureau publishes a national unemployment rate for such individuals that is 9 percent or lower, except that such period shall not exceed 5 years."; and

(3) by adding at the end the following new paragraph:

"(5) DEFINITION OF RECENT COLLEGE STUDENT.—For the purpose of this subsection, the term 'recent college student' means a borrower who—

"(A) who has received a baccalaureate degree from an institution of higher education within 48 months prior to the date of enactment of the U.S. Leads Act; and

"(B) who has not previously received any such baccalaureate degree.".

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