

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

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.

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 “Unshackling Students
5 to Lead, Excel, Act, Develop, and Serve Act of 2012” or
6 the “U.S. LEADS Act”.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

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

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

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

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

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

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

16 (7) Average in-State tuition and fees at public
17 4-year institutions of higher education have risen 8.3
18 percent between the 2010–2011 and 2011–2012
19 academic years.

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

23 (a) FFEL SUBSIDIZED LOAN DEFERMENT.—Section
24 428(b)(1)(M) of the Higher Education Act of 1965 (20
25 U.S.C. 1078(b)(1)(M)) is amended—

1 (1) by striking “or” at the end of clause (iii);

2 (2) by adding “or” at the end of clause (iv);

3 and

4 (3) by adding at the end the following new

5 clause:

6 “(v) in a case of a borrower who is be-
7 tween the ages of 21 and 25, inclusive, and
8 a recent college student, as defined in sec-
9 tion 455(f)(5), with respect to loans made
10 under this section to such borrower for a
11 period of enrollment during which the bor-
12 rower was pursuing a degree described in
13 subparagraph (A) of such section
14 455(f)(5)—

15 “(I) beginning as soon as prac-
16 ticable after the last day of the second
17 consecutive month for which the Bu-
18 reau of Labor Statistics of the De-
19 partment of Labor (in this paragraph
20 referred to as the ‘Bureau’) publishes
21 a national unemployment rate that ex-
22 ceeds 7 percent, and ending as soon
23 as practicable after the Bureau pub-
24 lishes a national unemployment rate
25 that is 7 percent or lower, except that

1 such period shall not exceed 5 years;
2 or

3 “(II) beginning as soon as prac-
4 ticable after the last day of the second
5 consecutive month for which the Bu-
6 reau publishes a national unemploy-
7 ment rate for individuals ages 21
8 through 25 years old that exceeds 9
9 percent, and ending as soon as prac-
10 ticable after the Bureau publishes a
11 national unemployment rate for such
12 individuals that is 9 percent or lower,
13 except that such period shall not ex-
14 ceed 5 years.”.

15 (b) TREATMENT OF CONSOLIDATION LOANS.—Sec-
16 tion 428C(b)(4)(C)(ii) of the Higher Education Act of
17 1965 (20 U.S.C. 1078–3(b)(4)(C)(ii)) is amended—

18 (1) by striking “or” at the end of subclause

19 (II);

20 (2) by redesignating subclause (III) as sub-
21 clause (IV);

22 (3) by inserting after subclause (II) the fol-
23 lowing:

24 “(III) in the case of a borrower
25 who is between the ages of 21 and 25,

1 inclusive, and a recent college student,
2 as defined in section 455(f)(5), by the
3 Secretary, in the case of a consolida-
4 tion loan made to the borrower for a
5 period of enrollment during which the
6 borrower was pursuing a degree de-
7 scribed in subparagraph (A) of such
8 section 455(f)(5) and for which the
9 application is received on or after the
10 date of enactment of the U.S. Leads
11 Act, except that in the case of a defer-
12 ral under clause (ii) of section
13 428(b)(1)(M), the Secretary shall pay
14 such interest only for a period not in
15 excess of 3 years for which a borrower
16 would be eligible for such a deferral
17 and, in the case of a deferral under
18 clause (v) of such section, for a period
19 not in excess of 5 years for which the
20 borrower would be eligible for such a
21 deferral; or”; and

22 (4) in subclause (IV) (as so redesignated by
23 this subsection), by striking “(I) or (II)” and insert-
24 ing “(I), (II), or (III)”.

25 (c) FFEL UNSUBSIDIZED LOAN DEFERMENT.—

1 (1) IN GENERAL.—Section 428H(e)(2) of the
2 Higher Education Act of 1965 (20 U.S.C. 1078–
3 8(e)(2)) is amended—

4 (A) in subparagraph (A), by inserting “Ex-
5 cept as provided in subparagraph (C)” before
6 “Interest on”; and

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

9 “(C) In the case of a borrower who is be-
10 tween the ages of 21 and 25, inclusive, and a
11 recent college student, as defined in section
12 455(f)(5), interest on loans made under this
13 section to the borrower for a period of enroll-
14 ment during which the borrower was pursuing
15 a degree described in subparagraph (A) of such
16 section 455(f)(5) and for which payments are
17 deferred—

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

1 “(ii) under clause (ii) of section
2 428(b)(1)(M), for a period of deferment
3 granted to such borrower on or after the
4 date of enactment of the U.S. Leads Act,
5 shall accrue and be paid by the Secretary
6 during any period during which the loans
7 are so deferred, not in excess of 3 years;
8 and

9 “(iii) under clause (v) of section
10 428(b)(1)(M), for a period of deferment
11 granted to such borrower on or after the
12 date of enactment of the U.S. Leads Act,
13 shall accrue and be paid by the Secretary
14 during any period during which the loans
15 are so deferred, not in excess of 5 years.”.

16 (2) CONFORMING AMENDMENT.—Section
17 428(b)(1)(Y)(iii) of the Higher Education Act of
18 1965 (20 U.S.C. 1078(b)(1)(Y)(iii)) is amended by
19 inserting “(other than a deferment under such sub-
20 paragraph granted to a borrower described in sec-
21 tion 428H(e)(2)(C) on or after the date of enact-
22 ment of the U.S. Leads Act)” after “of this para-
23 graph”.

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

4 (1) in paragraph (1)—

5 (A) in subparagraph (A)—

6 (i) by striking “or” at the end of
7 clause (i); and

8 (ii) by adding at the end the fol-
9 lowing:

10 “(iii) Federal Direct Unsubsidized
11 Stafford Loan or Federal Direct Consoli-
12 dation Loan made to a borrower for a pe-
13 riod of enrollment during which the bor-
14 rower was pursuing a degree described in
15 paragraph (5)(A) and the borrower is be-
16 tween the ages of 21 and 25, inclusive, and
17 a recent college student, as defined in
18 paragraph (5); or”; and

19 (B) in subparagraph (B)—

20 (i) by inserting “not described in sub-
21 paragraph (A)(iii)” after “Unsubsidized
22 Stafford Loan”; and

23 (ii) by striking “subparagraph (A)(ii)”
24 and inserting “clause (ii) or (iii) of sub-
25 paragraph (A)”;

1 (2) in paragraph (2)—

2 (A) by striking “or” at the end of subpara-
3 graph (C);

4 (B) by striking the period at the end of
5 subparagraph (D) and inserting “; or”; and

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

8 “(E) in a case of a borrower who is be-
9 tween the ages of 21 and 25, inclusive, and a
10 recent college student, as defined in paragraph
11 (5), with respect to loans made under this part
12 to such borrower for a period of enrollment dur-
13 ing which the borrower was pursuing a degree
14 described in subparagraph (A) of such para-
15 graph (5)—

16 “(i) beginning as soon as practicable
17 after the last day of the second consecutive
18 month for which the Bureau of Labor Sta-
19 tistics of the Department of Labor (in this
20 paragraph referred to as the ‘Bureau’)
21 publishes a national unemployment rate
22 that exceeds 7 percent, and ending as soon
23 as practicable after the Bureau publishes a
24 national unemployment rate that is 7 per-

cent 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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