AMENDMENT TO RULES COMMITTEE PRINT OF H.R. 1911

OFFERED BY MRS. NEGRETE MCLEOD OF CALIFORNIA

Redesignate section 3 as section 4.

Insert after section 2, the following:

SEC. 3. RESTORATION AND EXTENSION OF THE START OF THE REPAYMENT PERIOD OF CERTAIN FEDERAL DIRECT LOANS.

(a) Restoration of Interest Subsidy During First 6-Month Grace Period.—Section 428(a)(3)(A)(i)(I) of the Higher Education Act of 1965 (20 U.S.C. 1078(a)(3)(A)(i)(I)) is amended by inserting “or, for a Federal Direct Stafford Loan for which the first disbursement is made on or after July 1, 2013, which accrues prior to the beginning of the repayment period of the loan (except for interest which accrues during the last 6-months prior to the beginning of such period, in the case of a student who makes an election under section 3(b)(2) of the Smarter Solutions for Students Act),” before “, or”;

(b) Grace-period Extension.—
(1) AMENDMENT.—Section 428(b)(7) of the Higher Education Act of 1965 (20 U.S.C. 1078(b)(7)) is amended—

(A) in subparagraph (A), by striking “6 months” and inserting “or, in the case of a student who makes an election under section 3(b)(2) of the Smarter Solutions for Students Act, 12 months”; and

(B) in subparagraph (D), by striking “6-month period” and inserting “or, in the case of a student who makes an election under section 3(b)(2) of the Smarter Solutions for Students Act, 12-month period”.

(2) ELECTION OF EXTENDED GRACE PERIOD FOR CERTAIN FDSL AND FDUS LOANS.—The Secretary of Education shall provide an opportunity for each borrower who has a Federal Direct Stafford Loan or Federal Direct Unsubsidized Stafford Loan for which the first disbursement is made on or after July 1, 2013, to elect a 12-month grace period, in accordance with section 428(b)(7) of the Higher Education Act of 1965, as amended by this subsection, before beginning repayment, but not later than 14 days before the end of the borrower’s first 6-month grace period. The Secretary shall—
(A) notify each such borrower of the opportunity for such an election not later than 45 days before the end of the borrower’s first 6-month grace period;

(B) advise each such borrower of the financial consequences of electing such 12-month grace period; and

(C) not require such a borrower to accept a 12-month grace period in accordance with section 428(b)(7) of the Higher Education Act of 1965 (as amended by this subsection), unless the borrower specifically elects such 12-month grace period during the 45-day period before the end of the borrower’s first 6-month grace period.

(e) Application of Savings.—

(1) In General.—Any reduction of Federal expenditures in an award year resulting from the amendments made by section 2 of this Act shall be used first to fully offset any increase in Federal expenditures resulting from the amendments made by this section.

(2) Determination of Savings.—For each award year beginning on or after the date of enactment of this Act, the Director of the Office of Man-
agement and Budget, in consultation with the Secretary of Education, shall determine the amount of reduction and increase of Federal expenditures described in paragraph (1) for such award year.

(3) DEFINITION.—For purposes of this subsection, the term “award year” has the meaning given the term in section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)).