Revised 47

AMENDMENT TO H.R. 627, AS REPORTED

OFFERED BY MS. JACKSON-LEE OF TEXAS

At the end of the bill, add the following new section:

1 **SEC. 11. FINANCIAL LITERACY COUNSELING.**

2 Section 485 of the Higher Education Act of 1965 (20
3 U.S.C. 1092) is amended by adding at the end the fol-
4 lowing new subsection:

5 "(n) FINANCIAL LITERACY COUNSELING.—

6 "(1) IN GENERAL.—Each eligible institution
7 shall, through financial aid offices, through an em-
8 ployee or group of employees designated under sub-
9 section (c), or through a contract or partnership
10 with a nonprofit organization, provide financial lit-
11 eracy counseling to borrowers in accordance with the
12 requirements of this subsection.

13 "(2) ENTRANCE AND EXIT COUNSELING RE-
14 QUIRED.—

15 "(A) IN GENERAL.—Financial literacy
16 counseling required under this subsection
17 shall—

18 "(i) be provided to—

19 "(I) each first-time borrower of a
20 loan made, insured, or guaranteed

1 under part B (other than a loan made
2 pursuant to section 428C or a loan
3 made on behalf of a student pursuant
4 to section 428B) or made under part
5 D (other than a Federal Direct Con-
6 solidation Loan or a Federal Direct
7 PLUS loan made on behalf of a stu-
8 dent), at or prior to the time of the
9 first disbursement of such loan; and
10 "(II) each borrower of a loan
11 made, insured, or guaranteed under
12 part B (other than loans made pursu-
13 ant to section 428C or loans under
14 section 428B made on behalf of a stu-
15 dent) or made under part D (other
16 than Federal Direct Consolidation
17 Loans or Federal Direct PLUS Loans
18 made on behalf of a student) or made
19 under part E of this title, prior to the
20 completion of the course of study for
21 which the borrower enrolled at the in-
22 stitution or at the time of departure
23 from such institution; and
24 "(ii) include a total of not less than 4
25 hours of counseling for such borrowers for

1 each of the occasions described in clause
2 (i).
3 "(B) EARLY DEPARTURE.—In the case of
4 borrower who leaves an institution without the
5 prior knowledge of the institution, the institu-
6 tion shall attempt to provide the information re-
7 quired under this subsection to the student in
8 writing.
9 "(3) INFORMATION TO BE PROVIDED.—Finan-
10 cial literacy counseling required under this sub-
11 section shall include information on the following:
12 "(A) Banking basics, including the types of
13 financial institutions, why and how banks may
14 be useful to individuals, and the fundamentals
15 of using basic checking and savings bank ac-
16 counts (including how checking and savings ac-
17 counts work, fees that may be charged, and
18 how to open and maintain an account).
19 "(B) Budgeting, including matching goals
20 and savings, identification of ways borrowers
21 can save money and understand savings options
22 that can be used to reach savings goals, the
23 main components of a budget (such as income,
24 fixed income, fixed expenses, flexible expenses

1 and discretionary expenses), and how to des-
2 ignate incomes and expenses.
3 "(C) Credit cards, including how to use
4 credit appropriately, how to determine what
5 forms of credit best suit the needs of the bor-
6 rower, the common pitfalls of credit card debt,
7 the differences in types of credit cards (includ-
8 ing pre-paid cards, debit cards, secured credit
9 cards linked to checking accounts, and charge
10 cards), responsible uses of credit cards, and
11 how to build a strong credit history.
12 "(D) Loans, grants, education tax credits,
13 and scholarships, including—
14 "(i) general information about and
15 differences between installment loans, in-
16 cluding car loans and student loans;
17 "(ii) the difference between grants,
18 scholarships, and loans, including the dif-
19 ferences between need-based and merit-
20 based aid; and
21 "(iii) information about options for
22 repayment, deferment, and the ability to
23 discharge or cancel education loans.
24 "(E) Renting and housing, including infor-
25 mation on renting an apartment, the basics of

1 getting a mortgage, and assistance with deter-
2 mining a borrower's readiness to have a space
3 of their own.

4 "(F) Credit scores and ratings, including
5 information about credit (such as that credit is
6 a sum of money lent by a bank or institution
7 for repayment in the future and includes inter-
8 est on the balance that is borrowed), what fac-
9 tors go into a credit score, and the importance
10 of having a good credit record (particularly the
11 influence of credit records on interest rates,
12 loans, insurance rates, and job offers).

13 "(G) Investing, including information
14 about the risks and benefits of investing money,
15 setting goals and time horizons for when money
16 may be needed, establishing risk tolerance, and
17 the differences between stocks, bonds, and divi-
18 dends.

19 "(4) USE OF INTERACTIVE PROGRAMS.—The
20 Secretary shall encourage institutions to carry out
21 the requirements of this subsection through the use
22 of interactive programs that test the borrower's un-
23 derstanding of the financial literacy information pro-
24 vided through counseling under this subsection,

1 using simple and understandable language and clear

2 formatting.".

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