

SECTION-BY-SECTION ANALYSIS

Section 1. Short Title.

States the short title is the *Empowering Students through Enhanced Financial Counseling Act*.

Section 2. Annual Counseling.

Amends section 485(l) of the *Higher Education Act* to require institutions to ensure each individual who receives a federal student loan also receives interactive annual counseling on the terms, conditions, and responsibilities of such loan. Likewise, Pell Grant recipients will receive annual counseling on the terms, conditions, and responsibilities of their grants.

Requires institutions to ensure, as a part of carrying out the counseling requirements, all federal student loan borrowers annually affirmatively accept new loans prior to the disbursement of those loans.

Section 3. Exit Counseling.

Amends section 485(b) of the *Higher Education Act* to ensure students who receive federal student loans receive individualized, interactive exit counseling regarding their loan portfolios and repayment options.

Section 4. Online Counseling Tools.

Requires the Secretary to maintain consumer-tested online counseling tools that provide the required annual and exit counseling.

Section 5. Longitudinal Study on the Effectiveness of Student Loan Counseling.

Requires the Secretary, acting through the Director of IES, to begin conducting a rigorous, longitudinal study of the impact and effectiveness of the counseling under section 485(b), (l), and (n), as well as counseling provided through other means determined by the Secretary. Requires the Secretary to report findings to the appropriate committees of Congress no later than 18 months after the study's commencement and annually thereafter.

Section 6. Availability of Funds.

Reserves \$2 million from funding authorized to be appropriated for maintaining the U.S. Department of Education's Financial Awareness Counseling tool to be available to carry out this legislation and specifies no additional funds are authorized to be appropriated by this legislation.