

**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:

1 **SEC. 3. RESTORATION AND EXTENSION OF THE START OF**
2 **THE REPAYMENT PERIOD OF CERTAIN FED-**
3 **ERAL DIRECT LOANS.**

4 (a) RESTORATION OF INTEREST SUBSIDY DURING
5 FIRST 6-MONTH GRACE PERIOD.—Section
6 428(a)(3)(A)(i)(I) of the Higher Education Act of 1965
7 (20 U.S.C. 1078(a)(3)(A)(i)(I)) is amended by inserting
8 “or, for a Federal Direct Stafford Loan for which the first
9 disbursement is made on or after July 1, 2013, which ac-
10 crues prior to the beginning of the repayment period of
11 the loan (except for interest which accrues during the last
12 6-months prior to the beginning of such period, in the case
13 of a student who makes an election under section 3(b)(2)
14 of the Smarter Solutions for Students Act),” before “, or”;
15 (b) GRACE-PERIOD EXTENSION.—

1 (1) AMENDMENT.—Section 428(b)(7) of the
2 Higher Education Act of 1965 (20 U.S.C.
3 1078(b)(7)) is amended—

4 (A) in subparagraph (A), by striking “6
5 months” and inserting “or, in the case of a stu-
6 dent who makes an election under section
7 3(b)(2) of the Smarter Solutions for Students
8 Act, 12 months”; and

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

14 (2) ELECTION OF EXTENDED GRACE PERIOD
15 FOR CERTAIN FDSL AND FDUS LOANS.—The Sec-
16 retary of Education shall provide an opportunity for
17 each borrower who has a Federal Direct Stafford
18 Loan or Federal Direct Unsubsidized Stafford Loan
19 for which the first disbursement is made on or after
20 July 1, 2013, to elect a 12-month grace period, in
21 accordance with section 428(b)(7) of the Higher
22 Education Act of 1965, as amended by this sub-
23 section, before beginning repayment, but not later
24 than 14 days before the end of the borrower’s first
25 6-month grace period. The Secretary shall—

1 (A) notify each such borrower of the op-
2 portunity for such an election not later than 45
3 days before the end of the borrower's first 6-
4 month grace period;

5 (B) advise each such borrower of the fi-
6 nancial consequences of electing such 12-month
7 grace period; and

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

16 (c) APPLICATION OF SAVINGS.—

17 (1) IN GENERAL.—Any reduction of Federal ex-
18 penditures in an award year resulting from the
19 amendments made by section 2 of this Act shall be
20 used first to fully offset any increase in Federal ex-
21 penditures resulting from the amendments made by
22 this section.

23 (2) DETERMINATION OF SAVINGS.—For each
24 award year beginning on or after the date of enact-
25 ment of this Act, the Director of the Office of Man-

1 agement and Budget, in consultation with the Sec-
2 retary of Education, shall determine the amount of
3 reduction and increase of Federal expenditures de-
4 scribed in paragraph (1) for such award year.

5 (3) DEFINITION.—For purposes of this sub-
6 section, the term “award year” has the meaning
7 given the term in section 481(a) of the Higher Edu-
8 cation Act of 1965 (20 U.S.C. 1088(a)).

