

AMENDMENT TO H.R. 4137
OFFERED BY MR. PRICE OF GEORGIA
Direct lending audit

At the end of part D of title IV of the bill, add the following new section:

1 **SEC. 453. DIRECT LOAN PROGRAM AUDIT AND REPORTING**
2 **REQUIREMENTS.**

3 (a) **AUDIT OF DIRECT LOAN SERVICING PORTFOLIO**
4 **AND DIRECT LOAN SERVICING CONTRACTS.**—Section 458
5 (20 U.S.C. 1087h) is amended by adding at the end the
6 following:

7 “(d) **AUDIT OF DIRECT LOAN SERVICING PORTFOLIO**
8 **AND DIRECT LOAN SERVICING CONTRACTS.**—The Sec-
9 retary shall have a financial and compliance audit of all
10 loans owned by the Department of Education and made
11 under the William D. Ford Federal Direct Loan Program
12 and all contracts for the origination, servicing, collection,
13 and related activities of such loans, conducted annually by
14 a qualified independent organization from a list of quali-
15 fied organizations promulgated by the Secretary in accord-
16 ance with standards established by the Comptroller Gen-
17 eral. The standards shall measure the servicer’s compli-
18 ance with the due diligence standards and shall include

1 a defined statistical sampling technique designed to meas-
2 ure the performance rating of the servicer for the purpose
3 of this section. The Secretary shall submit the audit to
4 Congress within 60 days of its completion and shall at
5 the same time make the results of the audit publicly avail-
6 able.”

7 (b) QUARTERLY REPORTING OF ADMINISTRATIVE
8 EXPENSES.—Section 458 (20 U.S.C. 1087h) is further
9 amended by adding at the end the following:

10 “(e) BUDGET JUSTIFICATION AND QUARTERLY RE-
11 PORTS.—In addition to the requirements of subsection (c),
12 and as a prerequisite to expending funds under this sec-
13 tion, the Secretary shall—

14 “(1) make publicly available immediately upon
15 providing to Congress, its annual budget justifica-
16 tion referenced in the last sentence of subsection (c),
17 including the detailed descriptions of activities and
18 the costs for each; and

19 “(2) make publicly available within 30 days of
20 the close of each calendar quarter, an interim report
21 with at least the same level of detail as the annual
22 report referred to above, showing the detailed de-
23 scriptions of activities and the costs for each, for the
24 quarter, which shall include—

1 “(A) amendments to any contracts entered
2 into by the Department for the purposes of
3 servicing, origination, consolidating, or other
4 otherwise providing administrative support for
5 the Direct Lending program;

6 “(B) a complete listing of all milestones
7 for upgrades and or improvements in any of the
8 contracts referenced in Section 458(d)(1) and
9 the progress towards meeting those same mile-
10 stones;

11 “(C) un-reconciled balances in held loans
12 by year of origination;

13 “(D) status and number of defaulted loans
14 by length of default in 30-day increments;

15 “(E) status and number of delinquent
16 loans by length of delinquency in 30-day incre-
17 ments;

18 “(F) information technology purchases
19 made under this section; and

20 “(G) costs and terms of all contracts with
21 external consultants and college employees.”.

22 (c) ANNUAL REPORTING OF IMPACT OF DIRECT
23 LOAN PROGRAM TREASURY BORROWING ON NATIONAL
24 DEBT.—Section 458 of the Higher Education Act of 1965

1 (20 U.S.C. 1087(h)) is amended by adding at the end the
2 following subsection:

3 “(f) NATIONAL DEBT REPORT CARD.—The Sec-
4 retary shall make an annual report to Congress, included
5 with the budget justification for the Department, of the
6 aggregate dollar amount of increase in the national debt
7 as a result of loans made under Part D of this title. This
8 reporting shall be made by calculating the net of the total
9 outstanding amount lent by the Department and the
10 United States Treasury, less the balance in principal of
11 performing and non-defaulted loans outstanding in the
12 Department’s portfolio.”.