

116TH CONGRESS
1ST SESSION

H. R. 4343

To amend the Higher Education Act of 1965 to direct the Secretary of Education to publish requirements for financial aid offers to be provided by institutions of higher education to enrolled and prospective students, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 2019

Mrs. TRAHAN (for herself and Mr. SMUCKER) introduced the following bill;
which was referred to the Committee on Education and Labor

A BILL

To amend the Higher Education Act of 1965 to direct the Secretary of Education to publish requirements for financial aid offers to be provided by institutions of higher education to enrolled and prospective students, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Financial Aid Commu-
5 nication and Transparency Act of 2019” or the “FACT
6 Act of 2019”.

1 **SEC. 2. FINANCIAL AID OFFERS.**

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:

5 “(n) FINANCIAL AID OFFERS.—

6 “(1) REQUIREMENTS FOR OFFERS.—

7 “(A) SECRETARIAL REQUIREMENTS.—Not
8 later than 18 months after the date of enact-
9 ment of the Financial Aid Communication and
10 Transparency Act of 2019 the Secretary shall,
11 based on the consumer testing conducted under
12 subparagraph (E), publish requirements for fi-
13 nancial aid offers that shall—

14 “(i) include a requirement that finan-
15 cial aid offers shall serve as the primary
16 source for Federal, State, and institutional
17 financial aid information provided by an
18 institution of higher education partici-
19 pating in any program under this title to
20 each prospective student accepted for ad-
21 mission and each enrolled student at such
22 institution;

23 “(ii) include a requirement that such
24 offers include a standardized quick ref-
25 erence box described in subparagraph (D);

1 “(iii) establish standardized terms and
2 definitions, including for the elements list-
3 ed in subparagraph (C), that shall be in-
4 cluded in each such offer;

5 “(iv) establish formatting require-
6 ments with respect to the organization of
7 the elements listed in subparagraph (C),
8 which shall include, at a minimum, a re-
9 quirement that prohibits such offers from
10 displaying loans in a manner that indicates
11 or implies that such loans reduce the
12 amount owed to the institution or reduce
13 the net price; and

14 “(v) specify the simple, plain-lan-
15 guage, and consumer-friendly information
16 to be included in each such offer with re-
17 spect to the financial aid being offered to
18 a student, which shall include—

19 “(I) an explanation of differences
20 among each such type of financial aid,
21 including clear explanations that—

22 “(aa) grants and scholar-
23 ships do not have to be repaid;

24 “(bb) loans (including loans
25 made under part D and private

1 education loans (as defined in
2 section 140 of the Truth in
3 Lending Act)) must be repaid
4 with interest; and

5 “(cc) payments under Fed-
6 eral work-study programs under
7 part C are contingent on finding
8 qualified employment and are
9 typically disbursed incrementally
10 in paychecks;

11 “(II) information clarifying that
12 students may—

13 “(aa) decline to accept a
14 loan made under part D; or

15 “(bb) accept an amount of
16 such loan that is less than the
17 amount of such loan included in
18 the financial aid offer; and

19 “(III) in a case in which the in-
20 stitution offers a student such a loan
21 in an amount that is less than the
22 maximum amount for which the stu-
23 dent is eligible, an explanation that
24 the student is eligible for additional
25 loans under part D.

“(B) INSTITUTIONAL REQUIREMENTS.—

Beginning with the award year that begins not less than 1 year after the Secretary publishes requirements under subparagraph (A), each institution of higher education described in subparagraph (A)(i) shall provide a financial aid offer to each student described in such subparagraph prior to each academic year that—

“(i) shall comply with the requirements published by the Secretary under subparagraph (A); and

“(ii) may be supplemented by the institution with additional, non-contradictory information related to financial aid as long as such supplementary information uses the standardized terms and definitions described in subparagraph (A)(iii).

“(C) ELEMENTS.—A financial aid offer provided by an institution of higher education shall include the following elements with respect to the academic year for which the offer is being provided:

“(i) The cost of attendance, which shall include separately calculated subtotals of—

1 “(I) an itemized list of estimated
2 direct costs owed to the institution;
3 and

4 “(II) an itemized list of antici-
5 pated student expenses not covered
6 under subclause (I).

7 “(ii) Federal, State, and institutional
8 financial aid available to the student,
9 which shall include separately calculated
10 subtotals of—

11 “(I) grants and scholarships;

12 “(II) loans made under part D
13 (excluding Federal Direct Parent
14 PLUS Loans); and

15 “(III) Federal work-study pro-
16 grams under part C and other on-
17 campus employment.

18 “(iii) Other options that may be avail-
19 able to students to cover the cost of at-
20 tendance (including Federal Direct Parent
21 PLUS Loans, tuition payment plans, sav-
22 ings, and earnings from other employ-
23 ment).

1 “(iv) The net price, which shall be de-
2 termined by calculating the difference be-
3 tween—

4 “(I) the cost of attendance de-
5 scribed in clause (i); and

6 “(II) the grants and scholarships
7 described in clause (ii)(I).

8 “(v) Next step instructions, includ-
9 ing—

10 “(I) the process and deadlines for
11 accepting the financial aid; and

12 “(II) information about where to
13 find additional information on the fi-
14 nancial aid offered.

15 “(vi) Any other information deter-
16 mined necessary by the Secretary based on
17 the consumer testing conducted under sub-
18 paragraph (E), which may include the fol-
19 lowing:

20 “(I) An estimate of the net direct
21 cost, which shall be determined by cal-
22 culating the difference between—

23 “(aa) the direct costs owed
24 to the institution described in
25 clause (i)(I); and

1 “(bb) the grants and schol-
2 arships described in clause (ii)(I).

3 “(II) Information on average stu-
4 dent debt, loan repayment and default
5 rates, loan repayment options, and
6 graduation rates.

7 “(III) In the case of a prospec-
8 tive student, the process and deadlines
9 for enrolling at the institution.

10 “(IV) Information regarding the
11 enrollment period covered by the aid
12 offer, and whether the cost and aid
13 estimates are based on full-time or
14 part-time enrollment.

15 “(D) STANDARDIZED QUICK REFERENCE
16 BOX.—A financial aid offer provided by an in-
17 stitution of higher education shall include a
18 standardized quick reference box to enable stu-
19 dents to quickly and easily compare key infor-
20 mation on college costs and financial aid—

21 “(i) that shall be included in an iden-
22 tical fashion for each student receiving a
23 financial aid offer from the institution on
24 the first page of such offer;

1 “(ii) the contents and structure of
2 which shall be developed through consumer
3 testing conducted under paragraph (E);
4 and

5 “(iii) shall include three data ele-
6 ments:

7 “(I) Cost of attendance.

8 “(II) Total grants and scholar-
9 ships offered.

10 “(III) Net price.

11 “(E) CONSUMER TESTING.—The Secretary
12 shall—

13 “(i) conduct consumer testing that
14 shall serve as the basis in determining the
15 requirements for financial aid offers pub-
16 lished under subparagraph (A), which shall
17 include students (including low-income stu-
18 dents, English learners, first generation
19 college students, veteran students, grad-
20 uate students, and undergraduate students
21 (including prospective students and return-
22 ing students)), students’ families (includ-
23 ing low-income families, families of English
24 learners, and families with first generation
25 college students), institutions of higher

1 education (including representatives from
2 two- and four-year institutions, public and
3 private institutions, and minority-serving
4 institutions), secondary school and postsec-
5 ondary counselors, financial aid adminis-
6 trators, nonprofit college access organiza-
7 tions, and nonprofit consumer groups; and

8 “(ii) not later than 60 days after the
9 publication of the requirements under sub-
10 paragraph (A)—

11 “(I) issue a report on the find-
12 ings of the consumer testing under
13 this subparagraph; and

14 “(II) specify ways in which the
15 findings are reflected in such require-
16 ments.

17 “(2) DEFINITIONS.—In this subsection—

18 “(A) the term ‘cost of attendance’ has the
19 meaning given the term in section 472;

20 “(B) the term ‘English learner’ has the
21 meaning given the term in section 8101(20) of
22 the Elementary and Secondary Education Act
23 of 1965 (20 U.S.C. 7801(20)), except that such
24 term does not include individuals described in
25 subparagraph (B) of such section;

1 “(C) the term ‘first generation college stu-
2 dent’ has the meaning given the term in section
3 402A(h);

4 “(D) the term ‘low-income student’ has the
5 meaning given the term in section 419N(b)(7);
6 and

7 “(E) the term ‘minority-serving institution’
8 means an institution of higher education de-
9 scribed in section 371(a).”.

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