

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.

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## 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

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## 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.

1           “(B) INSTITUTIONAL REQUIREMENTS.—  
2           Beginning with the award year that begins not  
3           less than 1 year after the Secretary publishes  
4           requirements under subparagraph (A), each in-  
5           stitution of higher education described in sub-  
6           paragraph (A)(i) shall provide a financial aid  
7           offer to each student described in such subpara-  
8           graph prior to each academic year that—

9                   “(i) shall comply with the require-  
10                  ments published by the Secretary under  
11                  subparagraph (A); and

12                   “(ii) may be supplemented by the in-  
13                  stitution with additional, non-contradictory  
14                  information related to financial aid as long  
15                  as such supplementary information uses  
16                  the standardized terms and definitions de-  
17                  scribed in subparagraph (A)(iii).

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

23                   “(i) The cost of attendance, which  
24                  shall include separately calculated sub-  
25                  totals 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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