

.....
(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R.

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

Mrs. MCCLAIN introduced the following bill; which was referred to the Committee on _____

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 “College Cost Trans-
5 parency and Student Protection Act”.

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) **INSTITUTIONAL REQUIREMENTS.**—Begin-
7 ning with the first award year that begins not less
8 than 1 year after the Secretary publishes require-
9 ments under subparagraph (2), each institution of
10 higher education participating in any program under
11 this title shall provide to each enrolled student (and
12 prospective student accepted for enrollment) at such
13 institution who applies for financial assistance under
14 this title, a financial aid offer that—

15 “(A) shall comply with the requirements
16 published by the Secretary under paragraph
17 (2); and

18 “(B) may be supplemented by the institu-
19 tion with additional, non-contradictory informa-
20 tion related to financial aid as long as such sup-
21plementary information uses the standardized
22 terms and definitions described in paragraph
23 (2).

24 “(2) **SECRETARIAL REQUIREMENTS.**—Not later
25 than 18 months after the date of enactment of the
26 College Cost Transparency and Student Protection

1 Act, the Secretary shall, based on the consumer test-
2 ing conducted under paragraph (4), publish require-
3 ments for financial aid offers to be used by institu-
4 tions of higher education under paragraph (1),
5 which shall—

6 “(A) serve as the primary source for Fed-
7 eral, State, and institutional financial aid infor-
8 mation provided by an institution of higher edu-
9 cation participating in any program under this
10 title to each enrolled student (and prospective
11 student accepted for enrollment) at such insti-
12 tution;

13 “(B) include a requirement that no finan-
14 cial aid offer may be referred to as an award
15 letter;

16 “(C) include the required content described
17 in paragraph (3);

18 “(D) establish standardized terms and
19 definitions, including for the required content
20 described in paragraph (3), which shall be in-
21 cluded in each financial aid offer; and

22 “(E) establish formatting requirements
23 with respect to the organization of the contents
24 described in paragraph (3), which—

25 “(i) shall include—

1 “(I) a requirement that prohibits
2 any such offer from displaying loans
3 in a manner that indicates or implies
4 that such loans reduce the amount
5 owed to the institution or reduce the
6 out-of-pocket costs; and

7 “(II) requirements that ensure
8 that before completing the component
9 of an offer relating to indirect costs,
10 a student completes the component of
11 an offer relating to direct costs and
12 confirms that such student is seeking
13 financial assistance for indirect costs;
14 and

15 “(ii) may not establish, or require
16 that institutions of higher education use, a
17 uniform format for such offers.

18 “(3) REQUIRED CONTENT FOR A FINANCIAL
19 AID OFFER.—

20 “(A) IN GENERAL.—An institution of high-
21 er education shall provide, to each enrolled stu-
22 dent (and prospective student accepted for en-
23 rollment) at such institution who applies for fi-
24 nancial assistance under this title, a financial

1 aid offer for an academic period covered by
2 such offer, which shall include the following:

3 “(i) A component relating to the di-
4 rect costs for such student for such aca-
5 demic period, which shall include the con-
6 tent described in subparagraphs (B) and
7 (D).

8 “(ii) In a case in which the student
9 completes the component described in
10 clause (i) and confirms that such student
11 is seeking financial assistance for indirect
12 costs for such academic period, a compo-
13 nent relating to such indirect costs, which
14 shall include the content described in sub-
15 paragraphs (C) and (D).

16 “(B) COMPONENT FOR DIRECT COSTS.—
17 The component of a financial aid offer relating
18 to direct costs shall include the following con-
19 tent:

20 “(i) ESTIMATED SUM OF DIRECT
21 COSTS.—The estimated sum of the stu-
22 dent’s direct costs for the academic period
23 covered by such offer, which shall be the
24 sum of—

1 “(I) the cost of tuition and fees,
2 as defined in section 472(a)(1), as
3 amended by section 702 of the
4 FAFSA Simplification Act; and

5 “(II) any other required ex-
6 penses, as determined by the institu-
7 tion and presented as an itemized list.

8 “(ii) GRANTS AND SCHOLARSHIPS.—

9 “(I) IN GENERAL.—The aggre-
10 gate amount of grants and scholar-
11 ships by source that the student does
12 not have to repay, such as grant aid
13 offered under this title and grant aid
14 offered through other Federal pro-
15 grams, grant aid offered by the insti-
16 tution, grant aid offered by the State,
17 and, if known, grant aid from an out-
18 side source for such academic period.

19 “(II) FEDERAL GRANT AID.—
20 With respect to Federal grant aid, the
21 conditions under which the student
22 can expect to receive similar amounts
23 of such Federal grant aid for each
24 academic period the student is en-
25 rolled at the institution.

1 “(III) INSTITUTIONAL GRANT
2 AID.—With respect to institutional
3 grant aid—

4 “(aa) the conditions under
5 which the student can expect to
6 receive similar amounts of such
7 institutional grant aid for each
8 academic period the student is
9 enrolled at the institution; and

10 “(bb) whether the institu-
11 tional grant aid offer may change
12 if grants or scholarships from
13 outside sources are applied after
14 the student receives the financial
15 aid offer, and, if applicable, how
16 that institutional grant aid will
17 change.

18 “(IV) INDIRECT COSTS.—An
19 identification of any grants or scholar-
20 ships described in subclause (I) that
21 are required to be used for any indi-
22 rect costs selected by the student
23 under subparagraph (C)(i).

24 “(iii) OUT-OF-POCKET COSTS (RELAT-
25 ING TO DIRECT COSTS).—The out-of-pocket

1 costs (relating to direct costs) that the stu-
2 dent, or the student's family on behalf of
3 the student, is estimated to have to pay for
4 the student to attend the institution for
5 such academic period, equal to—

6 “(I) the estimated sum of the
7 student's direct costs described in
8 clause (i); minus

9 “(II) the aggregate amount of
10 grants and scholarships described in
11 clause (ii) that may be used to cover
12 such direct costs.

13 “(iv) FINANCING OPTIONS.—

14 “(I) IN GENERAL.—In plain lan-
15 guage and based on consumer testing
16 under paragraph (4), the offer shall
17 include the following financing options
18 (in the following order) to cover the
19 total out-of-pocket costs determined
20 under clause (iii):

21 “(aa) Cash or other personal
22 resources, including the expected
23 family contribution of the stu-
24 dent.

1 “(bb) Loans made to the
2 student under part D (excluding
3 Federal Direct PLUS Loans),
4 which shall—

5 “(AA) clearly label
6 whether the loan is sub-
7 sidized or unsubsidized; and

8 “(BB) require the stu-
9 dent to (1) accept any such
10 loan by specifying the loan
11 amount the student is ac-
12 cepting (which may be an
13 amount that is less than the
14 maximum amount for which
15 such student is eligible
16 under part D) or (2) decline
17 any such loan.

18 “(cc) Work-study employ-
19 ment opportunities, offered in ac-
20 cordance with part C, and other
21 campus employment, if applica-
22 ble, which shall require the stu-
23 dent to (1) accept any such op-
24 portunity or (2) decline any such
25 opportunity.

1 “(II) DISCLOSURES RELATED TO
2 COVERED FINANCING OPTIONS.—The
3 following disclosures, in a simple,
4 plain-language, and consumer-friendly
5 manner (based on the consumer test-
6 ing under paragraph (4)):

7 “(aa) GRANTS AND SCHOL-
8 ARSHIPS.—Grants and scholar-
9 ships do not have to be repaid.

10 “(bb) ALL LOANS.—All
11 loans must be repaid with inter-
12 est.

13 “(cc) FEDERAL WORK-
14 STUDY AID.—Any work-study
15 employment opportunity offered
16 under part C is subject to the
17 availability of qualified employ-
18 ment opportunities and is dis-
19 bursed over time as earned by
20 the student.

21 “(III) DISCLOSURE RELATED TO
22 OTHER FINANCING OPTIONS.—A dis-
23 closure that other financing options
24 (not listed in subclause (I)) may be
25 available, including private education

1 loans, Federal Direct PLUS loans, or
2 institutional or State loans, if applica-
3 ble.

4 “(IV) TUITION PAYMENT
5 PLANS.—In plain language, the offer
6 shall include information on tuition
7 payment plans, if applicable.

8 “(v) DISCLOSURE AND CONFIRMATION
9 RELATING TO INDIRECT COSTS.—A dislo-
10 sure that the financing options for indirect
11 costs selected by the student under sub-
12 paragraph (C)(i) may include loans that
13 must be repaid with interest, and a re-
14 quirement for the student to confirm
15 whether the student is seeking financial as-
16 sistance for such indirect costs.

17 “(C) COMPONENT FOR INDIRECT COSTS.—
18 The component of a financial aid relating to in-
19 direct costs shall include the following content:

20 “(i) SELECTION OF INDIRECT
21 COSTS.—The student shall have the ability
22 to select each component of the cost of at-
23 tendance under section 472, as amended
24 by section 702 of the FAFSA Simplifica-
25 tion Act (other than the direct costs deter-

1 mined under subparagraph (B)(i)) for
2 which the student needs support for the
3 academic period covered by the offer,
4 which may include components relating to
5 housing and food, books and supplies,
6 transportation, and miscellaneous personal
7 expenses.

8 “(ii) ESTIMATED SUM OF INDIRECT
9 COSTS.—The estimated sum of the stu-
10 dent’s indirect costs for the academic pe-
11 riod covered by such offer, as determined
12 by the sum of each of the components of
13 indirect costs selected under clause (i).

14 “(iii) GRANTS AND SCHOLARSHIPS.—
15 Any amounts of the grants and scholar-
16 ships identified under subparagraph
17 (B)(ii), which—

18 “(I) remain available after fi-
19 nancing the direct costs determined
20 under subparagraph (B)(i); or

21 “(II) are required to be used for
22 indirect costs, as described in sub-
23 clause (II) of subparagraph (B)(ii).

24 “(iv) OUT-OF-POCKET COSTS (RELAT-
25 ING TO INDIRECT COSTS).—The out-of-

1 pocket costs (relating to indirect costs)
2 that the student, or the student's family on
3 behalf of the student, is estimated to have
4 to pay for the student to attend the insti-
5 tution for such academic period, equal to—

6 “(I) the estimated sum of indi-
7 rect costs determined under clause
8 (ii); minus

9 “(II) the amount of grants and
10 scholarships determined under clause
11 (iii).

12 “(v) TOTAL COST OF ATTENDANCE.—
13 The total cost of attendance for the stu-
14 dent, equal to the sum of—

15 “(I) the estimated sum of the
16 student's direct costs determined sub-
17 paragraph (B)(i); and

18 “(II) the estimated sum of the
19 student's indirect costs determined
20 under clause (ii).

21 “(vi) TOTAL OUT-OF-POCKET
22 COSTS.—The total out-of-pocket costs that
23 the student, or the student's family on be-
24 half of the student, is estimated to have to
25 pay for the student to attend the institu-

1 tion for such academic period, equal to the
2 sum of—

3 “(I) the out-of-pocket costs (re-
4 lating to direct costs) determined
5 under subparagraph (B)(iii); and

6 “(II) the out-of-pocket costs (re-
7 lating to indirect costs) determined
8 under clause (iv).

9 “(vii) FINANCING OPTIONS.—In plain
10 language, the offer shall include—

11 “(I) each of the financing options
12 listed under subparagraph (B)(iv)(I),
13 which remain available after financing
14 the direct costs determined under sub-
15 paragraph (B)(i); and

16 “(II) the disclosures described in
17 subclauses (II) and (III) of subpara-
18 graph (B)(iv).

19 “(D) REQUIRED CONTENTS FOR BOTH
20 COMPONENTS.—Each component of the offer
21 described in clauses (i) and (ii) of subparagraph
22 (A) shall include the following content:

23 “(i) ACADEMIC PERIOD.—An indica-
24 tion of the academic period covered by the
25 financial aid offer, an explanation that the

1 financial aid offered may change for aca-
2 demic periods not covered by the aid offer
3 or by program, and an indication, as appli-
4 cable, about whether the costs identified
5 under such offer are estimated based on
6 the previous year, or are set, for the aca-
7 demic period covered by such offer.

8 “(ii) ENROLLMENT INTENSITY.—An
9 indication of whether cost and aid esti-
10 mates are based on full-time or part-time
11 enrollment.

12 “(iii) INSTITUTIONAL GRANT AID.—In
13 the case of an institution of higher edu-
14 cation that adjusts awards of institutional
15 grant aid based on student receipt of fi-
16 nancial assistance not received under this
17 title—

18 “(I) a statement that eligibility
19 for institutional grant aid may be im-
20 pacted by the receipt of financial as-
21 sistance not received under this title
22 (including all scholarships, grants,
23 loans, or other assistance known to
24 the institution at the time the deter-

1 mination of the student’s need is
2 made); and

3 “(II) the institutional policies re-
4 lating to how receipt of such assist-
5 ance may impact eligibility for, and
6 the amount of, institutional grant aid.

7 “(iv) NEXT STEP INSTRUCTIONS.—
8 Next step instructions, including—

9 “(I) the process and deadlines for
10 accepting (and declining) the financial
11 aid offered in the offer; and

12 “(II) information about where to
13 find additional information on the fi-
14 nancial aid offered, including contact
15 information for the institution’s finan-
16 cial aid office and the Department of
17 Education’s website on financial aid.

18 “(v) STATISTICS ON POST COMPLE-
19 TION EARNINGS AND LOAN REPAYMENT.—

20 “(I) IN GENERAL.—Statistics
21 (which may be presented as monthly
22 amounts) on the median earnings and
23 median payments on loans made
24 under part D (excluding Federal Di-
25 rect PLUS Loans), for graduates of,

1 or individuals who complete, the pro-
2 gram for which the student receiving
3 the financial aid offer is enrolled (or,
4 in a case in which the student has not
5 selected a program of study, for the
6 institution).

7 “(II) DISCLOSURE.—Any statis-
8 tics provided under this clause shall
9 include a disclosure that such statis-
10 tics may not apply to the student re-
11 ceiving the offer.

12 “(vi) INFORMATION FOR PROSPECTIVE
13 STUDENTS.—In the case of a prospective
14 student, the process and deadlines for en-
15 rolling at the institution, if such informa-
16 tion is determined necessary by the Sec-
17 retary based on the consumer testing con-
18 ducted under paragraph (4).

19 “(vii) DELIVERY CONFIRMATION.—
20 Include a delivery confirmation for elec-
21 tronic financial aid offer forms, except that
22 receipt of the forms shall not be considered
23 an acceptance or rejection of aid.

24 “(4) CONSUMER TESTING.—The Secretary
25 shall—

1 “(A) conduct consumer testing that shall—

2 “(i) serve as the basis in determining
3 the requirements for financial aid offers
4 published under paragraph (2); and

5 “(ii) include students (including low-
6 income students, English learners, first
7 generation college students, veteran stu-
8 dents, graduate students, and under-
9 graduate students (including prospective
10 students and returning students)), stu-
11 dents’ families (including low-income fami-
12 lies, families of English learners, and fami-
13 lies with first generation college students),
14 institutions of higher education (including
15 representatives from two- and four-year in-
16 stitutions, public and private institutions,
17 and minority-serving institutions), sec-
18 ondary school and postsecondary coun-
19 selors, financial aid administrators, non-
20 profit college access organizations, and
21 nonprofit consumer groups; and

22 “(B) not later than 60 days after the pub-
23 lication of the requirements under paragraph
24 (2)—

1 “(i) issue a report on the findings of
2 the consumer testing under this paragraph;
3 and

4 “(ii) specify ways in which the find-
5 ings are reflected in such requirements.

6 “(5) DATA REPORTING.—Not later than 18
7 months after the date of enactment of the College
8 Cost Transparency and Student Protection Act, the
9 Secretary shall ensure that information published on
10 the College Scorecard website of the Department (or
11 any successor website), or the website of each insti-
12 tution of higher education participating in any pro-
13 gram under this title—

14 “(A) with respect to the net price or the
15 cost of attendance of an institution of higher
16 education, provides separate cost estimates for
17 direct costs and indirect costs, in a manner con-
18 sist with the standard terms and definitions
19 published under paragraph (2); and

20 “(B) with respect to the median earnings
21 or median payments on loans made under this
22 title for students who complete a program of
23 study at an institution of higher education, pro-
24 vides such information in a manner consistent
25 with paragraph (3)(D)(v).

1 “(6) DEFINITIONS.—In this subsection—

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

4 “(B) the term ‘direct costs’, used with re-
5 spect to a student, means the costs determined
6 under paragraph (3)(B)(i) for such student;

7 “(C) the term ‘English learner’ has the
8 meaning given the term in section 8101(20) of
9 the Elementary and Secondary Education Act
10 of 1965 (20 U.S.C. 7801(20)), except that such
11 term does not include individuals described in
12 subparagraph (B) of such section;

13 “(D) the term ‘first generation college stu-
14 dent’ has the meaning given the term in section
15 402A(h);

16 “(E) the term ‘indirect costs’, used with
17 respect to a student, means the costs deter-
18 mined under paragraph (3)(C)(ii) for such stu-
19 dent;

20 “(F) the term ‘low-income student’ has the
21 meaning given the term in section 419N(b)(7);

22 “(G) the term ‘minority-serving institution’
23 means an institution of higher education de-
24 scribed in section 371(a); and

1 “(H) the term ‘private education loan’ has
2 the meaning given the term in section 140 of
3 the Truth in Lending Act.”.