

Model Legislation: College Financial-Aid Transparency and Accessibility Act¹

Section 1: Title

This Act shall be known as the "College Financial-Aid Transparency and Accessibility Act."

Section 2: Legislative Findings and Purpose

The legislature finds that clear, accurate, and accessible financial-aid information is essential for students and families to make informed decisions about higher education. This Act aims to standardize financial-aid offers from public colleges and universities in [State Name], ensuring that all offers are transparent, comparable, and consumer-friendly.

Section 3: Definitions

1. **"Public Institution of Higher Education"** refers to any publicly funded college, university, or community college within the state.
2. **"Financial-Aid Offer"** means any written or electronic communication that provides students with information on their eligibility for financial aid, including grants, scholarships, loans, and employment.
3. **"Cost of Attendance"** refers to the estimated total cost for a student to attend a given institution, including tuition, fees, room and board, and other related expenses.
4. **"Net Price"** means the estimated total Cost of Attendance minus any grants and scholarships offered to a student.

Section 4: Standards for Financial-Aid Offers

4.1 Required Information in Financial-Aid Offers

Each financial-aid offer provided by a public institution of higher education shall prominently include the following components:

1. **Total Cost of Attendance Estimate**

¹ This model legislation was inspired by the work of the College Cost Transparency Initiative.

- An estimate of a student's total Cost of Attendance, including a breakdown of expenses paid directly to the institution (e.g., tuition, fees) and those paid to others (e.g., off-campus housing, books).
2. **Types and Sources of Financial Aid**
 - A clear separation of aid types:
 - **Grants and Scholarships** that do not require repayment.
 - **Loans** explicitly labeled as "loans," with repayment required. Federal Direct student loans should be labeled separately from other loans, including any Parent PLUS or private loans.
 - **Student Employment or Work Study** opportunities, including a description of any requirements for employment and job-placement information.
 3. **Net Price Calculation**
 - An estimated net price for the student, calculated by subtracting all grants and scholarships from the total Cost of Attendance.
 4. **Renewability and Duration of Aid**
 - Information on whether financial-aid offers are one-time or renewable. For renewable aid, institutions must specify any requirements that must be met to maintain eligibility, such as academic performance or enrollment status.
 5. **Loan Terms and Conditions**
 - For federal student loans included in the offer, terms and conditions must be provided, along with information on potential long-term costs. This may be included directly on the offer or via an easily accessible web link.
 6. **Actionable Next Steps**
 - Clear instructions on steps required to accept or decline financial aid, including important deadlines and contact information for the institution's financial-aid office. Instructions should allow students to update data elements, such as housing or enrollment status, that affect their Cost of Attendance estimate.

4.2 Optional Information and Loan Clarification

If an institution includes Federal Direct Parent PLUS Loans in its financial-aid offers, the following conditions shall apply:

1. Clear Labeling and Separation of Loan Types
 - Institutions must list Parent PLUS Loans, private loans, and other financing options separately from federal student loans and must provide a disclaimer that Parent PLUS Loans may be subject to credit checks and do not offer the same protections as federal student loans.
2. No Pre-Packaging of Non-Student Loans

- No specific dollar amount should be associated with Parent PLUS Loans or private loans in the offer itself, but institutions may provide information on these options with a recommendation for families to research terms independently.

Section 5: Implementation and Oversight

1. Compliance and Auditing by the State Education Department

- The [Governing Board(s)] shall monitor compliance with the provisions of this Act. Public institutions shall be subject to periodic audits to ensure adherence to these standards, with findings made publicly available.

2. Penalties for Noncompliance

- Institutions that fail to comply with these standards may face reductions in state funding or other penalties, as determined by the [Governing Board(s)].

3. Review and Update of Standards

- The [Governing Board(s)] shall review and, if necessary, update these standards at least every five years to reflect changes in federal or state financial-aid policies.

Section 6: Severability

If any provision of this chapter, or the application of any provision or circumstance, is held to be invalid, the remainder of this chapter and the application of its provisions to any other circumstance shall not be affected thereby.

Section 7: Effective Date

This Act shall take effect at the start of the academic year following its enactment.