

House File 703 - Introduced

HOUSE FILE 703
BY COMMITTEE ON HIGHER EDUCATION

(SUCCESSOR TO HSB 152)

A BILL FOR

1 An Act concerning information regarding certain state and federal
2 student loan programs.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. SHORT TITLE. This Act shall be known and may be
2 cited as the "Increasing Student Financial Aid Awareness Act".

3 Sec. 2. NEW SECTION. **261K.1 Definitions.**

4 As used in this chapter, unless the context otherwise
5 requires:

6 1. "Bureau" means the bureau of Iowa college aid of the
7 department of education.

8 2. "Corporation" means the Iowa student loan liquidity
9 corporation.

10 Sec. 3. NEW SECTION. **261K.2 Student loan information.**

11 The corporation shall provide the following information to the
12 bureau:

13 1. An estimate of the annual percentage rate of the federal
14 direct plus loan as well as the assumptions used by the
15 corporation to prepare the estimate. The corporation shall
16 provide this information annually after the interest rate for a
17 federal direct plus loan is established.

18 2. The address of the corporation's internet site that
19 includes information on possible annual percentage rates for
20 a college family loan and partnership loan offered by the
21 corporation and the disclosures required by 34 C.F.R. §601.11.
22 The corporation shall notify the bureau when the annual
23 percentage rate for the college family loan or partnership loan
24 changes.

25 3. The address of the corporation's internet site that
26 includes a chart comparing the terms and conditions of the
27 federal direct plus loan with those of the college family loan
28 and the partnership loan. The corporation shall notify the
29 bureau when any information on the chart is changed.

30 Sec. 4. NEW SECTION. **261K.3 Analysis of student loan
31 information.**

32 Upon receiving information from the corporation as required by
33 section 261K.2, the bureau shall do all of the following:

34 1. Provide the estimate and assumptions required by section
35 261K.2, subsection 1, to the superintendent of banking. The

1 superintendent shall review the estimate and assumptions and
2 report the superintendent's findings as to the accuracy and
3 validity of the estimate and assumptions to the bureau.

4 2. Using the report provided pursuant to subsection 1 and
5 any other resources available to the bureau, determine if
6 the information included in the chart described in section
7 261K.2, subsection 3, is accurate. If the bureau determines
8 any information is inaccurate, the bureau shall notify the
9 corporation of the inaccuracy and the manner in which the
10 inaccuracy can be corrected.

11 3. Compare the estimated annual percentage rate for the
12 federal direct plus loan to the annual percentage rates for the
13 college family loan and the partnership loan and determine if the
14 college family loan or the partnership loan may offer a lower
15 annual percentage rate than the federal direct plus loan.

16 Sec. 5. NEW SECTION. **261K.4 Online statement.**

17 If the bureau determines, based on section 261K.3, subsection
18 3, that the college family loan or the partnership loan may
19 offer a lower annual percentage rate than the federal direct
20 plus loan, the bureau shall publish on the bureau's internet
21 site a statement that contains the information required by this
22 section. The bureau shall remove the statement if a change in
23 annual percentage rate results in the college family loan or the
24 partnership loan no longer having the lower rate. The statement
25 must include all of the following:

26 1. An explanation that the supplemental student loan program
27 offered by the state of Iowa, which includes the college family
28 loan and the partnership loan, offers an annual percentage rate
29 that is lower than the estimated annual percentage rate of the
30 federal direct plus loan.

31 2. The estimated annual percentage rate of the federal direct
32 plus loan and the address of the corporation's internet site
33 described in section 261K.2, subsection 2. The bureau shall
34 update this information as applicable interest rates and annual
35 percentage rates change.

1 3. The address of the corporation's internet site described
2 in section 261K.2, subsection 3.

3 Sec. 6. NEW SECTION. **261K.5 Information required in offers**
4 **of financial aid.**

5 By October 1 each year, if the bureau determines, based on
6 section 261K.3, subsection 3, that the college family loan or
7 the partnership loan may offer a lower annual percentage rate
8 than the federal direct plus loan, the bureau shall send to
9 each institution of higher education in this state eligible to
10 receive funds through the college family loan or the partnership
11 loan offered by the corporation the information required by this
12 section. Each institution shall include the information in all
13 offers of financial aid sent to prospective students or their
14 families. The bureau shall notify each institution if a change
15 in annual percentage rate results in the college family loan or
16 the partnership loan no longer having the lower rate, in which
17 case the institution shall no longer be required to include the
18 information unless notified otherwise by the bureau.

19 1. An explanation as described in section 261K.4, subsection
20 1.

21 2. The address of the bureau's internet site that includes
22 the statement required by section 261K.4.

23 3. The address of the corporation's internet site described
24 in section 261K.2, subsection 3.

25 4. A statement that students and their families should
26 utilize federal loan programs for students before considering a
27 federal direct plus loan, college family loan, or partnership
28 loan.

29 **EXPLANATION**

30 The inclusion of this explanation does not constitute agreement with
31 the explanation's substance by the members of the general assembly.

32 This bill concerns information regarding certain state and
33 federal student loan programs and provides duties of the bureau
34 of Iowa college aid of the department of education (bureau),
35 the Iowa student loan liquidity corporation (corporation), and

1 certain institutions of higher education in Iowa.

2 The bill requires the corporation to provide specified
3 information to the bureau. Required information includes an
4 estimate of the annual percentage rate (APR) of the federal
5 direct plus loan as well as the assumptions used by the
6 corporation to prepare the estimate, the address of the
7 corporation's internet site that includes information on possible
8 APRs for a college family loan and partnership loan offered by
9 the corporation, and the address of the corporation's internet
10 site that includes a chart comparing the terms and conditions of
11 the federal direct plus loan with those of the college family
12 loan and the partnership loan.

13 The bill requires the bureau, upon receiving the required
14 information, to determine if the information included in the
15 chart is accurate and notify the corporation of any inaccuracies.
16 The bill requires the bureau to compare the estimated APR for the
17 federal direct plus loan to the APR for the college family loan
18 and the partnership loan and determine if the college family loan
19 or the partnership loan may offer a lower APR than the federal
20 direct plus loan.

21 If the bureau determines that the college family loan or
22 the partnership loan may offer a lower APR than the federal
23 direct plus loan, the bill requires the bureau to publish on
24 the bureau's internet site a statement that contains specified
25 information until the college family loan or the partnership
26 loan no longer has a lower APR. Required information includes an
27 explanation that the supplemental student loan program offered by
28 the state of Iowa, which includes the college family loan and the
29 partnership loan, offers an APR that is lower than the estimated
30 APR of the federal direct plus loan; the estimated APR of the
31 federal direct plus loan and the address of the corporation's
32 internet site that includes information on possible APRs for
33 college family loans and partnership loans; and the address of
34 the corporation's internet site that includes a chart comparing
35 the terms and conditions of the federal direct plus loan with

1 those of the college family loan and the partnership loan.
2 By October 1 each year, if the bureau determines that the
3 college family loan or the partnership loan may offer a lower APR
4 than the federal direct plus loan, the bill additionally requires
5 the bureau to send specified information to each institution of
6 higher education in Iowa eligible to receive funds through the
7 college family loan or the partnership loan. Each institution
8 must include the information in all offers of financial aid
9 sent to prospective students or their families until the bureau
10 determines otherwise and notifies the institution. Required
11 information includes an explanation that the supplemental student
12 loan program offered by the state of Iowa, which includes the
13 college family loan and the partnership loan, offers an APR
14 that is lower than the estimated APR of the federal direct plus
15 loan; the address of the bureau's internet site that includes the
16 statement required by the bill; the address of the corporation's
17 internet site that includes a chart comparing the terms and
18 conditions of the federal direct plus loan with those of the
19 college family loan and the partnership loan; and a statement
20 that students and their families should utilize federal loan
21 programs for students before considering a federal direct plus
22 loan, college family loan, or partnership loan.