

115TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To establish best practices for teaching financial literacy, and to establish  
an annual estimate of student borrowing costs.

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IN THE SENATE OF THE UNITED STATES

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Mr. DONNELLY (for himself, Mr. JOHNSON, and Ms. KLOBUCHAR) introduced  
the following bill; which was read twice and referred to the Committee  
on \_\_\_\_\_

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## A BILL

To establish best practices for teaching financial literacy,  
and to establish an annual estimate of student borrowing  
costs.

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 “Empowering Student  
5 Borrowers Act”.

1 **SEC. 2. BEST PRACTICES FOR TEACHING FINANCIAL LIT-**  
2 **ERACY.**

3 Part C of title I of the Higher Education Act of 1965  
4 (20 U.S.C. 1015 et seq.) is amended by adding at the end  
5 the following:

6 **“SEC. 138. BEST PRACTICES FOR TEACHING FINANCIAL LIT-**  
7 **ERACY.**

8 “(a) BEST PRACTICES.—

9 “(1) IN GENERAL.—After soliciting public com-  
10 ments and consulting with and receiving input from  
11 relevant parties, including a diverse set of institu-  
12 tions of higher education and other parties, the Sec-  
13 retary shall, by not later than 1 year after the date  
14 of enactment of the Empowering Student Borrowers  
15 Act, establish best practices for institutions of high-  
16 er education regarding methods to—

17 “(A) teach financial literacy skills; and

18 “(B) provide useful and necessary informa-  
19 tion to assist students at institutions of higher  
20 education when making financial decisions re-  
21 lated to student borrowing.

22 “(2) BEST PRACTICES.—The best practices de-  
23 scribed in paragraph (1) shall include the following:

24 “(A) Methods to ensure that students have  
25 a clear sense of the students’ total borrowing

1 obligations, including monthly payments, and  
2 repayment options.

3 “(B) The most effective ways to engage  
4 students in financial literacy education, includ-  
5 ing frequency and timing of communication  
6 with students.

7 “(C) Information on how to target dif-  
8 ferent student populations, including part-time  
9 students, first-time students, and other non-  
10 traditional students.

11 “(D) Ways to clearly communicate the im-  
12 portance of graduating on a student’s ability to  
13 repay student loans.

14 “(b) MAINTENANCE OF BEST PRACTICES.—The Sec-  
15 retary shall maintain and periodically update the best  
16 practices information required under subsection (a) and  
17 make the best practices available to the public.”.

18 **SEC. 3. ANNUAL ESTIMATE OF STUDENT LOAN BORROWING**  
19 **COSTS.**

20 Section 485 of the Higher Education Act of 1965 (20  
21 U.S.C. 1092) is amended by adding at the end the fol-  
22 lowing:

23 “(n) ANNUAL ESTIMATE OF STUDENT LOAN BOR-  
24 ROWING COSTS.—

1           “(1) IN GENERAL.—Beginning on July 1, 2019,  
2 each eligible institution shall provide a cost estimate  
3 described in paragraph (2) to each enrolled student  
4 who receives an education loan to attend the institu-  
5 tion, not later than 30 days before the first day of  
6 each academic year beginning after the academic  
7 year for which the student first received such a loan  
8 to attend such institution.

9           “(2) CONTENTS OF ESTIMATE.—The estimate  
10 under paragraph (1) shall contain the following in-  
11 formation:

12                   “(A) CUMULATIVE BALANCES AND MONTH-  
13                   LY PAYMENTS.—A notice to the student of—

14                           “(i) the cumulative balance of edu-  
15                           cation loans owed by the student as of the  
16                           date of the notice; and

17                           “(ii) projected monthly payment  
18                           amounts based on the cumulative balances  
19                           described in clause (i), assuming a stand-  
20                           ard repayment schedule.

21                   “(B) INTEREST RATES.—The interest rate  
22 of each education loan, except that interest  
23 rates for a private education loan may be based  
24 on average private education loan interest rates

1 if the institution cannot reasonably determine  
2 the actual interest rate of such loan.

3 “(C) DISCLAIMER.—A clear and con-  
4 spicuous notice stating that any information  
5 provided under paragraph (1) is an estimate,  
6 accurate to the best of the institution’s knowl-  
7 edge, and that an interest rate provided under  
8 subparagraph (B)—

9 “(i) in the case of a loan described in  
10 paragraph (6)(A)(i), is the applicable rate  
11 of interest of such loan;

12 “(ii) in the case of a private education  
13 loan, may be based on average private edu-  
14 cation loan interest rates; and

15 “(iii) does not include private edu-  
16 cation loans of which the institution is not  
17 aware.

18 “(3) FORM OF ESTIMATE.—The estimate under  
19 paragraph (1) shall be—

20 “(A) provided to the student in hard copy  
21 format on the letterhead of the institution, by  
22 electronic mail or by another method the Sec-  
23 retary may prescribe; and

1           “(B) delivered to the student separately  
2           from any other disclosures required under this  
3           Act.

4           “(4) LIMITATION OF LIABILITY.—An institution  
5           that provides the estimate under paragraph (1) in  
6           good faith shall not be liable to any person for inac-  
7           curacies contained in such estimate.

8           “(5) STUDENT DEBT LETTER TEMPLATE.—Not  
9           later than July 1, 2018, and as necessary thereafter,  
10          the Secretary shall provide the following to eligible  
11          institutions:

12                   “(A) Examples of the information required  
13                   under subparagraphs (A), (B), and (C) of para-  
14                   graph (2).

15                   “(B) Technical assistance on how to com-  
16                   ply with the requirements of this subsection.

17                   “(C) Preliminary approvals in a timely  
18                   manner of estimate formats proposed for use by  
19                   an institution, at the request of the institution.

20                   “(D) The formula (which shall take into  
21                   consideration a student’s past borrowing rates  
22                   and other criteria the Secretary may determine)  
23                   to be used in making the projections under  
24                   clauses (i) and (ii) of paragraph (2)(A) with re-  
25                   spect to loans described in paragraph (6)(A)(i).

1           “(E) Encryption technology software to en-  
2           able institutions to provide the estimate under  
3           paragraph (2) to students in a secure format  
4           for institutions that choose to provide the esti-  
5           mate to students in an electronic format.

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

7           “(A) EDUCATION LOAN.—The term ‘edu-  
8           cation loan’ means—

9                   “(i) a loan made under part D (other  
10                   than a Federal Direct Consolidation Loan  
11                   or a Federal Direct PLUS loan made on  
12                   behalf of a student);

13                   “(ii) a loan made under a State-spon-  
14                   sored loan program for the purpose of pay-  
15                   ing a student’s cost of attendance at an in-  
16                   stitution of higher education; and

17                   “(iii) a private education loan with re-  
18                   spect to which the institution should rea-  
19                   sonably be aware.

20           “(B) PRIVATE EDUCATION LOAN.—The  
21           term ‘private education loan’ has the meaning  
22           given the term in section 140 of the Truth in  
23           Lending Act.

24           “(C) STUDENT.—The term ‘student’, when  
25           used with respect to an eligible institution, does

1 not include any student who has transferred to  
2 the institution less than 60 days before the first  
3 day of the academic year for which an estimate  
4 would be provided.”.

5 **SEC. 4. ANNUAL PROVISION OF INFORMATION BY THE SEC-**  
6 **RETARY OF EDUCATION.**

7 Not later than April 1, 2019, and annually thereafter,  
8 the Secretary of Education shall provide to each institu-  
9 tion (as defined in section 102 of the Higher Education  
10 Act of 1965 (20 U.S.C. 1002)) the following information:

11 (1) The amount of any loans made under part  
12 D of title IV of the Higher Education Act of 1965  
13 (20 U.S.C. 1087a et seq.) (other than a Federal Di-  
14 rect Consolidation Loan or a Federal Direct PLUS  
15 loan made on behalf of a student) expected to be  
16 disbursed to any borrower enrolled in that institu-  
17 tion for the next academic year.

18 (2) The projected cumulative balance of such  
19 loans, as determined in accordance with section  
20 485(n)(5)(D) of such Act (20 U.S.C.  
21 1092(n)(5)(D)), as added by this Act, that will be  
22 owed by each borrower that is enrolled in the insti-  
23 tution after the completion of the borrower’s course  
24 of study at the institution of higher education.



1           (3) The projected monthly payment amounts of  
2           such loans, as determined in accordance with section  
3           485(n)(5) of the Higher Education Act of 1965 (20  
4           U.S.C. 1092(n)(5)), assuming a standard repayment  
5           schedule (as described in section 455(d)(1)(A) of  
6           such Act (20 U.S.C. 1087e(d)(1)(A))).