

benchmarks which they would meet to end the insurgency and to bring their country together politically so that the insurgency can be dampened down or ended.

Now we are told by Secretary of State Condoleezza Rice that it would be wrong to hold the Iraqi Government, the Malaki government, to those benchmarks because it would take away their flexibility, while President Bush said that if they did not meet these benchmarks in January, they would lose the confidence of the American people.

President Bush had it right. They haven't met the benchmarks. They are not holding up their end of the bargain. The Parliament is not meeting. A third of them are living in London, not in Iraq, and they have lost the confidence of the American people.

How is it that the Secretary of State and the President of the United States can continue to believe that we should continue to send American soldiers to die in Iraq when the Iraqi Government won't meet the benchmarks which were supposed to be the bedrock of this new policy, this new direction, that has turned out to be the same old stay-the-course policy where American soldiers die and the Iraqi Government dithers away day in and day out and not meeting the new policies to bring a unified Iraq together?

It is unacceptable to the American people. It is unacceptable to our soldiers. It is unacceptable to their families. And we ought to end this policy now.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken later today.

STUDENT LOAN SUNSHINE ACT

Mr. GEORGE MILLER of California. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 890) to establish requirements for lenders and institutions of higher education in order to protect students and other borrowers receiving educational loans, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 890

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Student Loan Sunshine Act".

SEC. 2. INSTITUTION AND LENDER REPORTING AND DISCLOSURE REQUIREMENTS.

Title I of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is amended by adding at the end the following:

"PART E—LENDER AND INSTITUTION REQUIREMENTS RELATING TO EDUCATIONAL LOANS

"SEC. 151. DEFINITIONS.

"In this part:

"(1) COVERED INSTITUTION.—The term 'covered institution'—

"(A) means any educational institution that offers a postsecondary educational degree, certificate, or program of study (including any institution of higher education, as such term is defined in section 102) and receives any Federal funding or assistance; and

"(B) includes an agent of the educational institution (including an alumni association, booster club, or other organization directly or indirectly associated with such institution) or employee of such institution.

"(2) EDUCATIONAL LOAN.—The term 'educational loan' (except when used as part of the term 'private educational loan') means—

"(A) any loan made, insured, or guaranteed under title IV; or

"(B) a private educational loan (as defined in paragraph (6)).

"(3) PREFERRED LENDER ARRANGEMENT.—The term 'preferred lender arrangement' means an arrangement or agreement between a lender and a covered institution—

"(A) under which arrangement or agreement a lender provides or otherwise issues educational loans to the students attending the covered institution or the parents of such students; and

"(B) which arrangement or agreement relates to the covered institution recommending, promoting, endorsing, or using the educational loan product of the lender.

"(4) LENDER.—

"(A) IN GENERAL.—The term 'lender'—

"(i) means a creditor, except that such term shall not include an issuer of credit secured by a dwelling or under an open end credit plan; and

"(ii) includes an agent of a lender.

"(B) INCORPORATION OF TILA DEFINITIONS.—The terms 'creditor', 'dwelling' and 'open end credit plan' have the meanings given such terms in section 103 of the Truth in Lending Act (15 U.S.C. 1602).

"(5) OFFICER.—The term 'officer' includes a director or trustee of an institution.

"(6) PRIVATE EDUCATIONAL LOAN.—The term 'private educational loan' means a private loan provided by a lender that—

"(A) is not made, insured, or guaranteed under title IV; and

"(B) is issued by a lender expressly for postsecondary educational expenses to a student, or the parent of the student, regardless of whether the loan involves enrollment certification by the educational institution that the student attends.

"(7) POSTSECONDARY EDUCATIONAL EXPENSES.—The term 'postsecondary educational expenses' means any of the expenses that are included as part of a student's cost of attendance, as defined under section 472.

"SEC. 152. REQUIREMENTS FOR LENDERS AND INSTITUTIONS PARTICIPATING IN PREFERRED LENDER ARRANGEMENTS.

"(a) CERTIFICATION BY LENDERS.—In addition to any other disclosure required under Federal law, each lender that participates in one or more preferred lender arrangements shall annually certify to the Secretary that all of the preferred lender arrangements in which it participates is in compliance with the requirements of this Act. Such compliance of such preferred lender arrangement shall be reported on and attested to annually by the auditor of such lender in the audit conducted pursuant to section 428(b)(1)(U)(iii).

"(b) PROVISION OF LOAN INFORMATION.—A lender may not provide a private educational loan to a student attending a covered insti-

tution with which the lender has a preferred lender arrangement, or the parent of such student, until the covered institution has informed the student or parent of their remaining options for borrowing under title IV, including information on any terms and conditions of available loans under such title that are more favorable to the borrower.

"(c) USE OF INSTITUTION NAME.—

"(1) IN GENERAL.—A covered institution that has entered into a preferred lender arrangement with a lender regarding private educational loans shall not allow the lender to use the name, emblem, mascot, or logo of the institution, or other words, pictures, or symbols readily identified with the institution, in the marketing of private educational loans to the students attending the institution in any way that implies that the institution endorses the private educational loans offered by the lender.

"(2) APPLICABILITY.—Paragraph (1) shall apply to any preferred lender arrangement, or extension of such arrangement, entered into or renewed after the date of enactment of the Student Loan Sunshine Act.

"SEC. 153. INTEREST RATE REPORT FOR INSTITUTIONS AND LENDERS PARTICIPATING IN PREFERRED LENDER ARRANGEMENTS.

"(a) DUTIES OF THE SECRETARY.—

"(1) REPORT AND MODEL FORMAT.—Not later than 180 days after the date of enactment of the Student Loan Sunshine Act, the Secretary shall—

"(A) prepare a report on the adequacy of the information provided to students and the parents of such students about educational loans, after consulting with students, representatives of covered institutions (including financial aid administrators, registrars, and business officers), lenders, loan servicers, and guaranty agencies;

"(B) develop and prescribe by regulation a model disclosure form to be used by lenders and covered institutions in carrying out subsections (b) and (c) that—

"(i) will be easy for students and parents to read and understand;

"(ii) will be easily usable by lenders, institutions, guaranty agencies, and loan servicers;

"(iii) will provide students and parents with the relevant information about the terms and conditions for both Federal and private educational loans;

"(iv) is based on the report's findings and developed in consultation with—

"(I) students;

"(II) representatives from institutions of higher education, including financial aid administrators, registrars, business officers, and student affairs officials;

"(III) lenders;

"(IV) loan servicers;

"(V) guaranty agencies; and

"(VI) with respect to the requirements of clause (vi) concerning private educational loans, the Board of Governors of the Federal Reserve System;

"(v) provides information on the applicable interest rates and other terms and conditions of the educational loans provided by a lender to students attending the institution, or the parents of such students, disaggregated by each type of educational loans provided to such students or parents by the lender, including—

"(I) the interest rate of the loan;

"(II) any fees associated with the loan;

"(III) the repayment terms available on the loan;

"(IV) the opportunity for deferment or forbearance in repayment of the loan, including whether the loan payments can be deferred if the student is in school;

"(V) any additional terms and conditions applied to the loan, including any benefits

that are contingent on the repayment behavior of the borrower;

“(VI) the annual percentage rate for such loans, computed determined in the manner required under section 107 of the Truth in Lending Act (15 U.S.C. 1606) on the basis of the actual net disbursed amount of the loan;

“(VII) the average amount borrowed from the lender by students enrolled in the institution who obtain loans of such type from the lender for the preceding academic year;

“(VIII) the average interest rate on such loans provided to such students for the preceding academic year;

“(IX) contact information for the lender; and

“(X) any philanthropic contributions made by the lender to the covered institution; and

“(vi) provides, in addition, with respect to private educational loans, the following information with respect to loans made by each lender recommended by the covered institution:

“(I) the method of determining the interest rate of the loan;

“(II) whether, and under what conditions, early repayment may be available without penalty;

“(III) late payment penalties; and

“(IV) such other information as the Secretary may require; and

“(C)(i) submit the report and model disclosure form to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives; and

“(ii) make the report and model disclosure form available to covered institutions, lenders, and the public.

“(2) MODEL FORM UPDATE.—Not later than 1 year after the submission of the report and model disclosure form described in paragraph (1)(B), the Secretary shall—

“(A) assess the adequacy of the model disclosure form;

“(B) after consulting with students, representatives of covered institutions (including financial aid administrators, registrars, and business officers), lenders, loan servicers, and guaranty agencies—

“(i) prepare a list of any improvements to the model disclosure form that have been identified as beneficial to borrowers; and

“(ii) update the model disclosure form after taking such improvements into consideration; and

“(C)(i) submit the list of improvements and updated model disclosure form to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives; and

“(ii) make updated model disclosure form available to covered institutions, lenders, and the public.

“(3) USE OF FORM.—The Secretary shall take such steps as necessary to make the model disclosure form, and any updated model disclosure form, available to covered institutions and to encourage—

“(A) lenders subject to subsection (b) to use the model disclosure form or updated model disclosure form (if available) in providing the information required under subsection (b); and

“(B) covered institutions to use such format in preparing the information reported under subsection (c).

“(4) PROCEDURES.—Sections 482(c) and 492 of this Act shall not apply to the model disclosure form in the regulations prescribed under paragraph (1)(B), but shall apply to the updating of such form under paragraph (2).

“(b) LENDER DUTIES.—Each lender that has a preferred lender arrangement with a covered institution shall annually, by a date determined by the Secretary, provide to the covered institution and to the Secretary the

information included on the model disclosure form or an updated model disclosure form (if available) for each type of educational loan provided by the lender to students attending the covered institution, or the parents of such students, for the preceding academic year.

“(c) COVERED INSTITUTION REPORTS.—Each covered institution shall—

“(1) prepare and submit to the Secretary an annual report, by a date determined by the Secretary, that includes, for each lender that has a preferred lender arrangement with the covered institution and that has submitted to the institution the information required under subsection (b)—

“(A) the information included on the model disclosure form or updated model disclosure form (if available) for each type of educational loan provided by the lender to students attending the covered institution, or the parents of such students; and

“(B) a detailed explanation of why the covered institution believes the terms and conditions of each type of educational loan provided pursuant to the agreement are beneficial for students attending the covered institution, or the parents of such students; and

“(2) ensure that the report required under paragraph (1) is made available to the public and provided to students attending or planning to attend the covered institution, and the parents of such students, in time for the student or parent to take such information into account before applying for or selecting an educational loan.

“(d) DISCLOSURES BY COVERED INSTITUTIONS.—A covered institution shall disclose, on its website and in the informational materials described in subsection (e)—

“(1) a statement that—

“(A) indicates that students are not limited to or required to use the lenders the institutions recommends; and

“(B) the institution is required to process the documents required to obtain a loan from any eligible lender the student selects;

“(2) at a minimum, all of the information provided by the model disclosure form prescribed under subsection (a)(1)(B) with respect to any lender recommended by the institution for Federal student loans and, as applicable, private educational loans;

“(3) the maximum amount of Federal grant and loan aid available to students in an easy-to-understand format; and

“(4) the institution's cost of attendance (as determined under section 472).

“(e) INFORMATIONAL MATERIALS.—The informational materials described in this subsection are any publications, mailings, or electronic messages or media distributed to prospective or current students and parents of students that describe, discuss, or relate to the financial aid opportunities available to students at an institution of higher education.

“SEC. 154. PRIVATE EDUCATIONAL LOAN DISCLOSURE REQUIREMENTS FOR COVERED INSTITUTIONS.

“A covered institution that provides information to any student, or the parent of such student, regarding a private educational loan from a lender shall, prior to or concurrent with such information—

“(1) inform the student or parent of—

“(A) the student or parent's eligibility for assistance and loans under title IV; and

“(B) the terms and conditions of such private educational loan that are less favorable than the terms and conditions of educational loans for which the student or parent is eligible, including interest rates, repayment options, and loan forgiveness; and

“(2) ensure that information regarding such private educational loan is presented in such a manner as to be distinct from infor-

mation regarding loans that are made, insured, or guaranteed under title IV.

“SEC. 155. INTEGRITY PROVISIONS.

“(a) INSTITUTION CODE OF CONDUCT REQUIRED.—

“(1) CODE OF CONDUCT.—Each institution of higher education that participates in the Federal student loan programs under title IV or has students that obtain private educational loans shall—

“(A) develop a code of conduct in accordance with paragraph (2) with which its officers, employees, and agents shall comply with respect to educational loans;

“(B) publish the code of conduct prominently on its website; and

“(C) administer and enforce such code in accordance with the requirements of this subsection.

“(2) CONTENTS OF CODE.—The code required by this section shall—

“(A) prohibit a conflict of interest or the appearance of a conflict of interest with the responsibilities of such officer, employee, or agent with respect to student loans or other financial aid; and

“(B) at a minimum, include provisions in compliance with the provisions of the following subsections of this section.

“(3) TRAINING AND COMPLIANCE.—An institution of higher education shall administer and enforce a code of conduct required by this section by, at a minimum, requiring all of its officers, employees, and agents with responsibilities with respect to student loans or other financial aid to obtain training annually in compliance with the code.

“(b) GIFT BAN.—

“(1) PROHIBITION.—A lender, guarantor, or servicer of educational loans shall not offer any gift to an officer, employee, or agent of a covered institution.

“(2) INSPECTOR GENERAL REPORT.—The Inspector General of the Department of Education shall investigate any reported violation of this subsection and shall annually submit a report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives identifying all reported violations of the gift ban under paragraph (1), including the lenders involved in each such violation, for the preceding year.

“(3) DEFINITION OF GIFT.—

“(A) IN GENERAL.—In this subsection, the term ‘gift’ means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount. The term includes a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

“(B) EXCEPTIONS.—The term ‘gift’ shall not include any of the following:

“(i) Standard informational material related to a loan or financial literacy, such as a brochure.

“(ii) Food, refreshments, training, or informational material furnished to an officer, employee, or agent of an institution as an integral part of a training session that is designed to improve the lender's service to the covered institution, if such training contributes to the professional development of the officer, employee, or agent of the institution.

“(iii) Favorable terms, conditions, and borrower benefits on an educational loan provided to a student employed by the covered institution if such terms, conditions, or benefits are comparable to those provided to all students of the institution.

“(iv) Exit counseling services provided to borrowers to meet a covered institution's responsibilities for exit counseling as required by section 485(b) provided that—

“(I) a covered institution’s staff are in control of the counseling (whether in person or via electronic capabilities); and

“(II) such counseling does not promote the products or services of any lender.

“(C) **RULE FOR GIFTS TO FAMILY MEMBERS.**—For purposes of this section, a gift to a family member of an officer, employee, or agent of a covered institution, or a gift to any other individual based on that individual’s relationship with the officer, employee, or agent, shall be considered a gift to the officer, employee, or agent if—

“(i) the gift is given with the knowledge and acquiescence of the officer, employee, or agent; and

“(ii) the officer, employee, or agent has reason to believe the gift was given because of the official position of the officer, employee, or agent.

“(C) **FEES FROM LENDERS FOR SERVICE PROHIBITED.**—An officer, employee, or agent who is employed in the financial aid office of the institution, or who otherwise has responsibilities with respect to educational loans or other financial aid, shall not accept from any lender or affiliate of any lender (as the term affiliate is defined in section 487(a)) any fee, payment, or other financial benefit (including the opportunity to purchase stock) as compensation for consulting services, serving on an advisory council, or otherwise advising such lender or affiliate.

“(d) **BAN ON EDUCATIONAL LOAN ARRANGEMENTS.**—

“(1) **PROHIBITION.**—An institution of higher education shall not enter into any educational loan arrangement with any lender.

“(2) **DEFINITION.**—For purposes of this subsection, an educational loan arrangement is an arrangement between an institution of higher education (or an agent of the institution) and a lender under which—

“(A) a lender provides or issues educational loans to students attending the institution or to parents of such students;

“(B) the institution recommends the lender or the loan products of the lender; and

“(C) the lender pays a fee or provides other material benefits, including profit or revenue sharing, to the institution or officers, employees, or agents of the institution.

“(e) **BAN ON STAFFING ASSISTANCE.**—

“(1) **PROHIBITION.**—An institution of higher education shall not request or accept from any lender any assistance with call center staffing or financial aid office staffing.

“(2) **CERTAIN ASSISTANCE PERMITTED.**—Nothing in paragraph (1) shall be construed to prohibit an institution from requesting or accepting assistance from a lender related to—

“(A) professional development training for financial aid administrators; or

“(B) providing educational counseling materials, financial literacy materials, or debt management materials to borrowers, provided that such materials disclose to borrowers the identification of any lender that assisted in preparing or providing such materials.

“(f) **BAN ON OPPORTUNITY POOLS.**—An institution of higher education shall not request, accept, or consider from any lender any offer of funds to be used for private educational loans to students in exchange for the covered institution providing concessions or promises to the lender, and a lender shall not make any such offer.

“(g) **BAN ON PARTICIPATION ON ADVISORY COUNCILS.**—An officer, employee, or agent who is employed in the financial aid office of a covered institution, or who otherwise has responsibilities with respect to educational loans or other financial aid, shall not serve on or otherwise participate with advisory councils of lenders or affiliates of lenders. Nothing in this subsection shall prohibit

lenders from seeking advice from covered institutions or groups of covered institutions (including through telephonic or electronic means, or a meeting) in order to improve products and services for borrowers, provided there are no gifts or compensation (including for transportation, lodging, or related expenses) provided by lenders in connection with seeking this advice from such institutions.

“**SEC. 156. COMPLIANCE AND ENFORCEMENT.**

“(a) **CONDITION OF ANY FEDERAL ASSISTANCE.**—Notwithstanding any other provision of law, a covered institution or lender shall comply with this part as a condition of receiving Federal funds or assistance provided after the date of enactment of the Student Loan Sunshine Act.

“(b) **PENALTIES.**—Notwithstanding any other provision of law, if the Secretary determines, after providing notice and an opportunity for a hearing for a covered institution or lender, that the covered institution or lender has violated subsection (a)—

“(1) in the case of a covered institution, or a lender that does not participate in a loan program under title IV, the Secretary may impose a civil penalty in an amount of not more than \$25,000; and

“(2) in the case of a lender that does participate in a program under title IV, the Secretary may limit, terminate, or suspend the lender’s participation in such program.

“(c) **CONSIDERATIONS.**—In taking any action against a covered institution or lender under subsection (b), the Secretary shall take into consideration the nature and severity of the violation of subsection (a).”.

SEC. 3. PROGRAM PARTICIPATION AGREEMENTS.

Section 487(a) of the Higher Education Act of 1965 (20 U.S.C. 1094(a)) is amended by adding at the end the following:

“(24)(A) In the case of an institution (including an officer (including a director or trustee), employee, or agent of an institution) that maintains a preferred lender list, in print or any other medium, through which the institution recommends 1 or more specific lenders for educational loans (as such term is defined in section 151 of this Act, but excluding loans under part D of this title) to the students attending the institution (or the parents of such students), the institution will—

“(i) clearly and fully disclose on the preferred lender list—

“(I) why the institution has included each lender as a preferred lender, especially with respect to terms and conditions favorable to the borrower; and

“(II) that the students attending the institution (or the parents of such students) do not have to borrow from a lender on the preferred lender list;

“(ii) ensure, through the use of the list provided by the Secretary under subparagraph (C), that—

“(I) there are not less than 3 lenders named on the each preferred lending list offered by the institution that are not affiliates of each other; and

“(II) the preferred lender list—

“(aa) specifically indicates, for each lender on the list, whether the lender is or is not an affiliate of each other lender on the list; and

“(bb) if the lender is an affiliate of another lender on the list, describes the specifics of such affiliation;

“(iii) establish and prominently disclose a process to ensure that lenders are placed upon the preferred lender list on the basis of the benefits provided to borrowers, including—

“(I) highly competitive interest rates, terms, or conditions for loans made under part B;

“(II) high-quality servicing for such loans; or

“(III) additional benefits beyond the standard terms and conditions for such loans;

“(iv) exercise a duty of care and a duty of loyalty to compile the preferred lender list without prejudice and for the sole benefit of the student;

“(v) not deny or otherwise impede the borrower’s choice of a lender or cause unnecessary delays in loan certification under this title for those borrowers who choose a lender than has not been recommended or suggested by the institution.

“(B) For the purposes of subparagraph (A)(ii)—

“(i) the term ‘affiliate’ means a person that controls, is controlled by, or is under common control with another person; and

“(ii) a person controls, is controlled by, or is under common control with another person if—

“(I) the person directly or indirectly, or acting through 1 or more others, owns, controls, or has the power to vote 5 percent or more of any class of voting securities of such other person;

“(II) the person controls, in any manner, the election of a majority of the directors or trustees of such other person; or

“(III) the Secretary determines (after notice and opportunity for a hearing) that the person directly or indirectly exercises a controlling interest over the management or policies of such other person.

“(C) The Secretary shall maintain and update a list of lender affiliates of all eligible lenders, and shall provide such list to the eligible institutions for use in carrying out subparagraph (A).”.

SEC. 4. NOTICE OF AVAILABILITY OF FUNDS FROM FEDERAL SOURCES.

Section 128 of the Truth in Lending Act (15 U.S.C. 1638) is amended by adding at the end the following:

“(e) **DISCLOSURES RELATING TO PRIVATE EDUCATIONAL LOANS.**—

“(1) **IN GENERAL.**—In the case of an extension of credit that is a private educational loan, other than a loan secured by a dwelling or an open end credit plan, the creditor shall provide in every application for such extensions of credit and together with any solicitation, marketing, or advertisement of such extensions of credit, written, electronic, or otherwise, the disclosures described in paragraph (2).

“(2) **DISCLOSURES.**—Disclosures required by this subsection shall include a clear and prominent statement—

“(A) that the borrower may qualify for Federal financial assistance through a program under title IV of the Higher Education Act of 1965, in lieu of or in addition to a loan from a non-Federal source;

“(B) that in many cases, a Federal student loan may provide the consumer with more beneficial terms and conditions, including a lower annual percentage rate and fewer and lower fees, than private educational loans;

“(C) that the consumer may obtain additional information concerning such Federal financial assistance from their institution of higher education or at the website of the Department of Education; and

“(D) such other information as the Board may require.

“(3) **CLEAR AND CONSPICUOUS DISCLOSURE.**—The disclosure required under paragraph (2) shall be placed in a conspicuous and prominent location on or with any written application, solicitation, or other document or paper relating to any extension of credit consisting of or involving a private educational loan for which such disclosure is required under this subsection.

“(4) **WRITTEN ACKNOWLEDGMENT OF RECEIPT.**—In each case in which a disclosure is provided pursuant to paragraph (2) and an application initiated, a creditor shall obtain

a written acknowledgment from the consumer that the consumer has read and understood the disclosure.

“(5) ADDITIONAL DISCLOSURES.—In the case of an extension of credit that is a private educational loan, other than a loan secured by a dwelling or an open end credit plan, the creditor shall make available, in a clear and accessible manner (including through the website of the creditor), the information required by sections 153(a)(1)(B)(iv) and (v) of the Higher Education Act of 1965.

“(6) PROVISION OF INFORMATION.—Before a creditor may issue any funds with respect to an extension of credit described in paragraph (1) for an amount equal to more than \$1,000, the creditor shall notify the relevant postsecondary educational institution, in writing, of the proposed extension of credit and the amount thereof.

“(7) REGULATORY AUTHORITY.—The Board—
“(A) shall issue such rules and regulations as may be necessary to implement this subsection; and

“(B) may, by rule, establish appropriate exceptions to the requirements of this subsection.

“(8) DEFINITIONS.—As used in this subsection, the terms ‘private educational loan’ and ‘covered institution’ have the same meanings as in section 151 of the Higher Education Act of 1965.”

SEC. 5. IMPROVED INFORMATION CONCERNING THE FEDERAL STUDENT FINANCIAL AID WEBSITE.

Section 131 of the Higher Education Act of 1965 (20 U.S.C. 1015) is amended by adding at the end the following new subsection:

“(e) PROMOTION OF THE DEPARTMENT OF EDUCATION FEDERAL STUDENT FINANCIAL AID WEBSITE.—The Secretary—

“(1) shall display a link to the Federal student financial aid website of the Department of Education in a prominent place on the homepage of the Department of Education website; and

“(2) may use administrative funds available for the Department’s operations and expenses for the purpose of advertising and promoting the availability of the Federal student financial aid website.

“(f) PROMOTION OF AVAILABILITY OF INFORMATION CONCERNING STUDENT FINANCIAL AID PROGRAMS OF OTHER DEPARTMENTS AND AGENCIES.—

“(1) AVAILABILITY OF INFORMATION.—The Secretary shall ensure that the eligibility requirements, application procedures, financial terms and conditions, and other relevant information for each non-departmental student financial assistance program are easily accessible through the Federal student financial aid website and are incorporated into the search matrix on such website in a manner that permits students and parents to readily identify the programs that are appropriate to their needs and eligibility.

“(2) AGENCY RESPONSE.—Each Federal department and agency shall promptly respond to surveys or other requests for the information required by paragraph (1), and shall identify for the Secretary any non-departmental student financial assistance program operated, sponsored, or supported by such Federal department or agency.

“(3) DEFINITION.—For purposes of this subsection, the term ‘non-departmental student financial assistance program’ means any grant, loan, scholarship, fellowship, or other form of financial aid for students pursuing a postsecondary education that is—

“(A) distributed directly to the student or to the student’s account at the institution of higher education; and

“(B) operated, sponsored, or supported by a Federal department or agency other than the Department of Education.”

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. GEORGE MILLER) and the gentleman from California (Mr. MCKEON) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. GEORGE MILLER).

GENERAL LEAVE

Mr. GEORGE MILLER of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to insert materials relevant to H.R. 890 into the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation, H.R. 890, the Student Loan Sunshine Act of 2007. I offer this legislation along with Mr. MCKEON, the senior Republican on the Education and Labor Committee; and Mr. HINOJOSA, the subcommittee Chair of the Higher Education Subcommittee on the Education and Labor Committee.

This legislation would protect students and families from the corrupt practices and abuses that for too long have been allowed to run rampant within the student loan industry.

Ensuring that our Nation’s student loan programs are working as effectively as possible to help students and parents pay for the cost of a college education, it is paramount to the goals of this Nation recognizing the importance of students’ achieving a college education so they can fully participate in American society and the American economy. And working to make that more accessible and affordable has been the long-term goal of both parties of this government.

But now what we see is that this program has been badly corrupted. This program has started to be hollowed out by the activities of lenders, of universities, of individuals within the government, individuals within the university system, individuals within the lending community. For 6 years this administration has been put on notice of these activities taking place in the student lending program with ever-mounting evidence and public statements and concerns echoed by members within the administration from the previous administration calling to the problems that were occurring within the student loan programs. It is becoming increasingly clear that the student loan program has been hijacked by third parties who saw that they could run this program to their financial benefit. Unfortunately, that meant that it was being run to the detriment of the students and the families who are borrowing the money who are struggling to pay this money back so that they could achieve a college education.

We introduced this legislation first in February when it was disclosed by New York Attorney General Andrew Cuomo that he was expanding an investigation

into the relationships between lenders and colleges and universities across the country.

Throughout the previous years, stories have surfaced about inducements and kickbacks and conflicts of interests, bribes and payoffs ranging from sending college employees on exotic vacations to staffing school financial aid offices during the busiest time of the student aid calendar. These inducements are offered by lenders to secure a spot on the preferred lender list, a list that supposedly presents to the students and to their families that this is a list of trust, that these are the best loans available for a number of reasons to those students. But we now learn that securing a position on a preferred lender list was really, in many instances with many universities and with many lenders, an act of corruption, not an act of transparency, not an act of honesty, not an act in the best interest of the students and/or their parents, and not in the best interest of achieving the lowest possible cost for those students’ education.

But entry into the preferred lender meant more than just having this coveted spot. It meant a near guarantee of business. It meant an opportunity for lenders to prey on families and offer them private loans. It also meant that students weren’t given the best information, the most accurate information. It also meant increased cost to the students and to their families.

Since we first introduced this bill, ongoing investigations at the Federal and State levels and by news organizations have shed new light on the scope of the corruption and the conflicts of interest surrounding these lists that are undermining the Federal student loan aid program that millions of borrowers have come to depend upon. We have learned more about the astonishing degree to which lenders buy their way into colleges and universities through excessive inducements, which is the polite word, or what might be termed “bribery,” which might be a better word, in order to boost their marginal profits.

All of this, all of this was known to the Department of Education. Suggested changes were left behind by the Clinton administration to this program. Department employees raised these concerns and others with the Department of Education, and no action was, in fact, taken. And what we see, of course, is that less protection was provided to students and to their families.

We have learned that these inducements include college officials being paid to serve on lender advisory boards and receiving stock in the companies. We have learned that these conflicts of interest do not end with college financial aid officers. It has been revealed that at least one public official in the Office of Federal Student Aid, the arm of the Department of Education that runs the student aid program, held hundreds of thousands of dollars of stock in a major student loan company.

But this is just the tip of the iceberg. Lenders and schools must be held accountable for any practice that compromises the trust that students and parents deserve to have in our Federal student aid program. Today, by passing the Student Aid Sunshine Act, we are taking clear and important actions to put an end to the corrupt practices and conflicts of interest that for too long have been allowed to dominate this industry.

□ 1030

We call on lenders, institutions and the Department of Education to also take appropriate action to end these practices, and we insist that they recognize their fiduciary responsibility to the students and their parents who are the borrowers of this money, the borrowing of money that they struggle to pay back for many years afterwards.

I am proud to be joined by my colleagues on the Education and Labor Committee, BUCK MCKEON, the senior Republican, and, again, RUBÉN HINOJOSA of the Subcommittee on Higher Education to bring to the floor a stronger, more comprehensive, bipartisan Student Loan Sunshine Act. This bill will prevent these egregious practices from occurring in the future by reinstating trust in our schools through strict codes of conduct, guaranteeing loan options and ensuring the best loan possible, ensuring equal and timely processing of loans, giving students full and fair information when taking out and repaying loans, protecting students from aggressive marketing practices and inserting the fiduciary responsibility for all parties to these agreements.

Further, this bill bans all gifts, participation on advisory boards and risk-sharing agreements between lenders and schools and ensures greater transparency and accountability when schools recommend lenders for the students.

I urge all of my colleagues to join us in voting for this legislation. Today, I think we can take this critical step toward returning these programs to the very people they were intended to serve, students and parents who are borrowing this money. It's time to protect these students and parents and end the exploitation and the abuses of the student loan program.

Again, I want to thank my colleagues on the committee for all their assistance in drafting this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. MCKEON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation and thank Chairman MILLER and Chairman HINOJOSA, Ranking Member KELLER, and their staffs and my staff for striking a bipartisan accord to advance this bill.

I have often said that in order to begin reaffirming trust in our student aid system all stakeholders must step up. That means lenders, colleges, the

Education Department, States and Congress all have a role to play.

Within the past few weeks, Secretary of Education Spellings established an internal task force to review her Department's oversight of Federal student loan programs; and, today, the U.S. House is stepping up as well. It is an important step, to be sure. We are stepping up today for a single, fundamental reason, to ensure our Nation's financial aid system continues to serve the need of the students who depend on it for the opportunity to get an education.

This isn't about us versus the lenders or us versus the financial aid officers, and this isn't about direct loans versus the market-based FFEL program. And, for the record, I continue to strongly support FFEL and a healthy competition between the two Federal programs. This is about protecting the interests of millions of young men and women who expect our student aid system to be there for them when they need it.

Several weeks ago, my Education and Labor Committee colleague, Mr. KELLER, and I introduced comprehensive legislation to begin the process of reaffirming our trust in the financial aid system. I am proud that our bill served as an impetus for bringing the measure before us to the House floor.

Our legislation built on many of the financial aid reform recommendations Chairman MILLER made earlier this year, and I am pleased that what we are poised to advance today reflects a broad agreement to set these important reforms into motion.

Like my bill and Chairman MILLER's bill, the bipartisan agreement we will vote on today does not explicitly outlaw the practice of preferred lender lists. Rather, it reforms this practice to ensure that it continues to serve the interests of our students. Like my bill and Chairman MILLER's bill, the bipartisan agreement we will vote on today aims to protect against conflicts of interest between lenders and financial aid officers. And like my bill and Chairman MILLER's bill, the bipartisan agreement we will vote on today allows lenders to seek advice from institutions in order to improve products and services for students.

However, the measure Mr. KELLER and I introduced went even further than past recommendations, and I am pleased the agreement we will vote on today incorporates our important modifications. For example, just as in the bill I authored with Mr. KELLER, the measure before us asks colleges to develop their own unique codes of conduct that must include restrictions on anything else that may give the appearance of a conflict of interest between financial aid officers and lenders. And just as in the bill I authored with Mr. KELLER, the measure before us bans revenue sharing between lenders of private loans and colleges or universities.

Mr. Speaker, the FFEL and other financial aid programs successfully serve

millions of students and their families every year, and this bill makes our system even better. As we move forward from here, we must not lose sight of the fact that the Federal financial aid system must work for students and colleges alike. We must be careful not to overreach, as Congress does all too often, but we do need to reaffirm our trust in the system. I believe this bill does just that.

I urge my colleagues to join me in supporting it.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself 15 seconds.

Mr. Speaker, I failed to acknowledge and I want to acknowledge Mr. KELLER's help in the drafting of this legislation. He is the senior Democrat on the Higher Education Subcommittee.

I would like to yield 3½ minutes to the Chair of that subcommittee, Mr. HINOJOSA.

Mr. HINOJOSA. Mr. Speaker, I rise in strong support of H.R. 890, the Student Loan Sunshine Act. This is the legislation that cannot wait. Given the daily revelations of scandals, conflicts of interest and cozy relationships that undermine public confidence in our student loan programs, it is imperative that we act now to restore integrity.

I would like to thank Chairman MILLER and Ranking Member MCKEON, as well as the ranking member of the subcommittee from Florida, RIC KELLER, in approaching this legislation with urgency and bipartisanship. It is time to take a stand and put the interests of students and families first. This legislation is an important signal that we in Congress are committed to doing just that.

Mr. Speaker, this legislation will ban the most egregious practices that have been uncovered by Attorney General Cuomo in New York. Just read the New York Times this morning and you will see all that has been uncovered. It will require lenders and institutions alike to adhere to a strict code of conduct. It will ensure that preferred lender lists are based on the best deal for students. It will ensure that students and families have accurate, unbiased information about their loan options. It will ensure that borrowers are able to exhaust their Federal loan eligibility before being steered to pricier private loan packages.

The crisis of confidence in our student loan programs shines a light on a larger problem. We have a crisis in college affordability for our low- and middle-income families. College costs are rising rapidly, and Federal student aid has not kept pace. According to the Advisory Committee on Student Financial Assistance, paying for a 4-year public university costs our lowest-income families 87 percent of their income. We are expecting these families to come up with over \$10,000 per year through work or loans to pay for college.

Quite simply, we have left low- and middle-income families to fend for

themselves when it comes to financing a college education. After 4 years of stagnation, the maximum Pell Grant stands at only \$4,310. We have left families rudderless when it comes to navigating the explosive growth in the student loan programs. We have not looked after their interests.

After listening to many representatives of Federal and private college loan programs, I am convinced that we here in Congress must take this bipartisan action to restore integrity to this important program. The Student Loan Sunshine Act is a first step in restoring faith in our student aid programs and fulfilling the promise of the Higher Education Act.

Mr. Speaker, we have more work to do, but let's get this job done today. I strongly urge my colleagues to support H.R. 890, the Student Loan Sunshine Act.

Mr. McKEON. Mr. Speaker, I yield now 4 minutes to the ranking member Republican on the Higher Education Subcommittee, the gentleman from Florida (Mr. KELLER).

Mr. KELLER of Florida. I thank the gentleman for yielding. And I appreciate the Freudian slip by Congressman Chairman MILLER. I still am Republican. I am reminded every day when my parking space is now out in Maryland that I'm a Member of the minority party here.

I rise today in support of the Student Loan Sunshine Act, H.R. 890, for three specific reasons.

First, this legislation fully includes legislation that I authored called the One-Stop Financial Aid Information Act, H.R. 1522, which creates an easy-to-use one-stop Web site for students and their families about financial aid information for college, including information about Pell Grants, student loans and scholarships offered by various Federal agencies. Far too many young people give up on their chance to go to college because they lack information about the various grants and scholarships available to them. Now they will have all this information right there at their fingertips as a result of an easy-to-access link right there on the home page of ed.gov.

I want to especially thank Congressman HENRY CUELLAR of Texas. It was Congressman CUELLAR who actually conceived of this idea and shared it with me on a codel that he and I had to Iraq based on his positive experience with a similar Web site in Texas, and he is a coauthor of this provision.

The second reason I support this legislation is because it specifically includes a financial aid code of conduct that must be adopted by colleges; and that language is taken out of the bill authored by Congressman BUCK McKEON called the Financial Aid Accountability and Transparency Act, H.R. 1994. In a nutshell, it provides that there shall be no conflicts of interests, gifts or revenue sharing between lenders and colleges or their employees.

The third reason I support this legislation is because it does not ban pre-

ferred lender lists under the market-based FFEL program. Now after the recent student loan scandal, some of which was highlighted by Attorney General Andrew Cuomo of New York, there was a temptation on a handful of people's part to overreact. Some wanted to abolish or place a moratorium on preferred lender lists. Some even suggested that we switch from the market-based FFEL program to direct lending. This appropriate legislation doesn't contain that overreaction, and I'm proud that it doesn't, and the reason is preferred lender lists play a very positive role when done right.

There are literally over a thousand student lenders. Some of those lenders have lower interest rates, low origination fees, more flexible terms for deferring repayments and better customer service. On the other hand, there are lenders that have higher rates and fees, bad customer service and can be characterized as fly-by-night operations. It's pretty hard to tell if you're an 18-year-old kid which lender is which, but if you're a financial aid administrator who has been in the business for two or three decades, you can give some guidance into that issue.

This bill specifically allows these preferred lenders to still have a preferred lender list, provided that each college gives a choice of at least three lenders, the college disclose why they were selected as a lender, and the college disclose what terms they remain a lender. That is a pretty fair and appropriate response to the scandals that we have had and a pretty good contrast to what we have with the Federal direct lending program where a college says you only have one lender, it's the Federal Government, and there is no competition for lower fees or rates.

In closing, Mr. Speaker, this legislation helps to rein in some of the bad apples in the student loan industry, while preserving the healthy and appropriate competition between the direct lending and FFEL program. For these reasons, I urge my colleagues to vote "yes" on this legislation.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentlewoman from California (Ms. WOOLSEY).

□ 1045

Ms. WOOLSEY. Mr. Speaker, I want to thank Chairman MILLER and Ranking Member McKEON for putting forth a good and necessary bill to protect our college students from the loan industry practices that actually work against, not for, those students who need the help. Every student in America who wants to go to college deserves the opportunity to do so, and we need to make it easier for them to go to school, not harder. Our students deserve all the help we can give them to ensure that they not only get a good education, but that they also don't come out of college saddled with loans or interest rates that will haunt them for years and years to come.

This bill will ensure that the student loan companies and some financial aid

officers can no longer benefit from directing students to any particular loan company. What a concept. Loans should be for our children and for our students, not for those who are involved in the industry.

The Student Loan Sunshine Act ensures that students get the best possible options when deciding on a loan. A vote for this bill is a vote for our college students and for giving every child the opportunity to succeed in life, and indeed it is a vote for the future of the United States of America, because these young people are our future.

Mr. McKEON. Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida (Ms. WASSERMAN SCHULTZ).

Ms. WASSERMAN SCHULTZ. Mr. Speaker, I rise in support of the Student Loan Sunshine Act, and I congratulate Chairman MILLER for bringing the principles of honest leadership to higher education financing.

The cost of higher education has increased dramatically over the past few years, making college less affordable for many families. Financial aid is an important tool in helping make the cost of college more affordable. The people and institutions that administer these loans must be held to the highest ethical standards. For most students, their college loan will be their first form of major debt after their graduation.

As we encourage financial literacy and responsibility among this generation of young people, we must ensure that students are protected. They need to understand and know that their lenders and their financial aid administrators are in their corner and that they don't have individuals that are trying to undermine them or make money on the backs of these students.

Financing a college education is dependent on industry and institutional accountability. Strict codes of conduct will ensure this accountability.

Additionally, I am also supportive of the Department of Education's efforts to install new safeguards to protect students' privacy. We need to make sure that our students can have the utmost confidence in the system that is designed to provide them the opportunity to pay off their loans after their education and go on to become productive members of our society.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2½ minutes to the gentleman from Illinois (Mr. EMANUEL).

Mr. EMANUEL. Mr. Speaker, I would like to thank the chairman and the ranking member for their leadership on this issue.

Mr. Speaker, not one of us would be here if it wasn't for the ability to afford a college education, and although we are talking about cleaning up a mess, it is quite clear we should also remember what is happening here. For a long time, there was no oversight or

any accountability in administration, and people from industry were actually in the responsibility, and their response was to govern and oversee industry they came from. So what did they do? They cut out the middleman. There is no need for a lobbyist, because the industry is the government in this case.

What is most ironic in this situation on the student loan situation is industry was getting taxpayer subsidies to run a business in which the very students that were also dependent on their parents were also paying the bill. They were paying on the front end and on the back end. And it was a total rip-off of the American taxpayers. And it is on a subject, college education, that is so essential, because we know, today, in the new economy, you earn what you learn.

What we are taking is people's ability to achieve the American Dream, which is so essential, a college education, that ticket to the American Dream. And rather than see what was an honorable profession, something important that could be done with good business practices, it has turned into a scandal that has affected both the schools and the administrators of those schools, public officials responsible for it, and the lenders in that industry. It was affecting everybody.

Now, I hope, and from conversations with the chairman, we can rest assured this is just the first step in changing the rules of the game so industry and those in the lending industry understand and those in the regulatory side of it that there is a new way we are going to do business. And there is a new code of conduct for both the public officials and those in the lending industry, because we must fundamentally remember, a college education is a ticket to the American Dream, in a society and economy where you earn what you learn.

I do want to recognize the Attorney General of New York for leading this effort, for Congress in a bipartisan fashion stepping up to the plate and taking the first step with this sunshine act.

But we are not done in cleaning up the mess as it relates to the college loan industry. This is only the first step to doing that, to cleaning up this mess, because it relates to other areas. We saw it today when the individual responsible for the oil and gas leasing and royalty payment industry because of congressional oversight is now stepping down because it is clear taxpayers were not given their fair shake.

We are doing the right job, and I commend both parties in the committee for holding these oversight hearings and producing this legislation and hope that we continue, as we did in the Six in '06, we voted, first of all, to cut the interest rates on student loans; we take this sunshine act, we come back with the higher education bill. We come with the FASA reform. We constantly make sure that we are reform-

ing higher education and the access to higher education, so we serve the people who are doing right, working hard, paying taxes and raising their kids with the right sense of values to do right. This is an industry that needs a whole top-to-bottom cleaning and washing.

Thank you for your leadership, Mr. Chairman.

Mr. Speaker, for the past 6 years, the public has had to watch as scandal after scandal fell on deaf Republican ears.

How times have changed.

Today, Democrats are demanding accountability and ending business as usual.

We've put the spotlight on the rampant corruption in the Bush administration and the scandals that used to be shoved under the rug are now being exposed.

And the new Democratic Congress is getting results for the American people.

The latest corruption scandal involves lenders, schools and public officials and has undermined a vital student loan program that millions of students depend on.

On Monday the New York Times reported that over 4 years ago a researcher at the Education Department tried to warn his supervisors that student lending companies were improperly collecting hundreds of millions in overpayments.

Big companies were getting millions from the very taxpayers who were getting the bill on the other side. So what did the Bush administration do?

Nothing.

Top officials at the Department of Education's Student Aid Office made millions when they sold stock they held in lending companies.

What did the Department do when confronted with this obvious conflict of interest?

Nothing.

It wasn't until the media and this Congress began in oversight demanding accountability that these officials were put on leave. And yesterday, the head of Federal Student Aid abruptly announced her resignation.

Additionally, the Attorney General of New York uncovered a number of improper relationships between lenders and schools, where colleges received payments in exchange for steering loan volume to particular lenders.

It is time to clean up this mess and bring transparency to the system.

The legislation before us will do just that and help ensure this sort of scandal never occurs again.

Madam Speaker, students and families have been the victims of corporate greed, bribery and corruption in the Bush administration.

Now, it's time to put an end to these scandals and pass real reform.

I urge all of my colleagues to support this legislation.

Mr. MCKEON. Mr. Speaker, I yield myself such time as I may consume to close the debate.

Mr. Speaker, what our job is here in Washington as legislators is to represent the people from our districts, the people from around the country. Specifically on the Committee on Education, we have the responsibility to protect and encourage those young people who are trying to receive an education, both K-12 level and those

who want to continue their education throughout their lifetime at the higher education level.

We have passed many laws that try to make it easier for people to achieve the American Dream through education. Sometimes we have people that skirt those laws or take them up to the edge. When we find problems, it is our responsibility to address those problems.

We have about 6,000 schools across the country that participate in the Federal financial aid programs. They have financial aid officers that work with the students that come into the schools to help them get a Pell Grant or get other financial aid that is available, or they help them find a loan company that will help them get a loan that is needed to achieve their education.

We have about 3,500 lenders that participate in these loans. Again, some of the lenders have crossed the line or gotten too close to the line, as with some of the financial aid officers, but we definitely don't want to paint all lenders, all schools, all financial aid officers, with a broad brush, saying they are all corrupt. Most of them, the vast percentage of them, are doing a great job of trying to carry out their mission and helping students achieve their goals.

This piece of legislation will help make that law stronger, to verify that those students will get the most help in getting the loans and getting the financial aid they need to achieve the American Dream, and I am happy to be a part of this, to make it come to pass. I am hopeful that the other body will pick up this legislation and move forward with it. I encourage all of my colleagues to support this law.

Mr. Speaker, I thank, again, Chairman MILLER for being expeditious on this and getting this bill to the floor quickly.

Mr. Speaker, I yield back the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentleman.

Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. HINOJOSA).

Mr. HINOJOSA. Mr. Speaker, in closing, I want to say that this work that has been done by Chairman MILLER and Ranking Member BUCK McKEON has been something that I have really appreciated.

This is an \$85 billion industry, and when you take the for-profit groups that are lending money, it exceeds \$100 billion. I foresee that, with this legislation, we are going to see an increase as a result of that. We should be looking at \$110 billion being lent, because it will be easier and much more acceptable to be able to borrow money at a lesser cost to the families.

Finally, in the area that I come from, were it not for these student loans, the Pell Grants and the Perkins Act loans that are available, many minority families' children, boys and girls, would not be able to go to college.

So we are pleased with the leadership of these two gentlemen, and I look forward to seeing its passage.

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentleman from Texas for his remarks and for his leadership on this. I thank Mr. MCKEON and Mr. KELLER for all of their cooperation, for their suggestions and for the introduction of the bill soon after this came to light by Mr. MCKEON. I think it was very helpful in our discussions with Attorney General Andrew Cuomo. I certainly want to thank him for his diligence and the speed with which he responded to this information.

Tragically, much of this information has been available for a considerable period of time. Tragically, what we now are making against the law, the conduct we are now changing almost became the preferred way of doing business among many of the colleges and universities and the lenders which they utilized on behalf of their students.

It is just inconceivable that when people understand, and it is brought to our attention every day, the decisions that students and their families have to make about whether to pursue a college degree, the costs that are incurred, the sacrifices that are made by working families, by all families, by the students, many of whom then work part time and full time to augment the cost of that college, when that sacrifice and those determinations and decisions are made by those families, to have that process corrupted by some of the largest corporations in America, some of the wealthiest corporations in America, that they would see somehow a way to skim off, to skim off the profits and the costs at the expense of these students and of the taxpayers that put up the money.

The reason we guarantee these loans is to try to drive this money to the students and their families at the lowest possible cost so that they can afford to go to college; they can afford to take a job and pay back the cost of their college. That is the public purpose. Now that public purpose has absolutely been prostituted by the Department of Education, by many of the lending institutions and by many of the colleges and much of the personnel that works for them.

This legislation is a first step, a bipartisan step to stop those practices in their tracks, to get this program right side up for the benefit of the families and the students who are borrowing the money. To serve notice on the institutions, the lenders, the institutions of higher education and the people who work in these programs that this will no longer be tolerated.

Once again, this program has to come to the point where it is again serving the families and the students who are making this sacrifice to achieve a college education at the lowest possible cost. That is the public interest, that is the public purpose, and we will not

have that corrupted. We will not have that corrupted, either by the public agencies or the private agencies that are engaged in this program.

The next step is to bar those agencies if they continue in this practice. That would be a horrible thing to do for those institutions, but we will not allow this to continue. And as we consider the Higher Education Act, we are going to continue to pursue ways in which we can reform this program and make it work for those for whom it was designed, the families and the students.

I want to thank the staff on both sides of the committee that were so helpful in understanding the programs and the changes that needed to be made, that went through the evidence and responded in this legislation, so that the House of Representatives could go on record that we will not allow this to happen on our watch.

□ 1100

Mr. MCKEON. Mr. Speaker, I ask unanimous consent that both sides be allocated an additional 1½ minutes in order to allow Mr. CASTLE, the ranking member, who has just arrived, to speak on the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MCKEON. Mr. Speaker, I yield 1½ minutes to the gentleman from Delaware (Mr. CASTLE).

(Mr. CASTLE asked and was given permission to revise and extend his remarks.)

Mr. CASTLE. Mr. Speaker, let me thank both Mr. GEORGE MILLER and Mr. MCKEON. I am in total agreement with them on this legislation. I also would like to thank the staff for their working on this.

I think it is a shame that we have gone through the last few months and all the revelations of the problems in the student loan industry on a whole variety of levels. I am not here to attribute blame to anybody at this point but to suggest we do have a role in getting involved in this and to make a difference. I will submit my prepared statement, but I would like to go just a little beyond that.

I think everyone in America, in terms of being competitive, has to do everything we can to educate our young children. Clearly, student loans by the individual students and the families need to be taken into consideration, but so does the cost of college.

As we look at the Higher Education Act which Chairman MILLER referenced, it is vitally important that we make sure that our colleges are being closely analyzed in terms of keeping those costs down. The Federal Government cannot do it all with respect to grants and loans or whatever it may be. Indeed, we need to close the gap between the cost of college and what people can afford. Hopefully, we can continue to work on this.

This is a wonderful first step. I hope everyone is supportive of H.R. 890. I

certainly am supportive of it and concur with statements that have been made today.

I rise in support of H.R. 890, the Student Loan Sunshine Act, which will return the focus of the financial aid process to serving the needs and interests of students. H.R. 890 is the first step in ensuring that the federal student aid program is kept on a firm foundation for generations to come.

As Congress moves towards reauthorizing the Higher Education Act, the reforms in H.R. 890 are steps in the right direction to ensure the financial aid system works for students and colleges alike.

In addition to this bill, the Committee has also held one investigative hearing on findings by New York Attorney General Andrew Cuomo on the relationship between student loan lenders and the financial aid offices in institutions of higher education. Tomorrow the Committee will hold a second in investigative hearing, asking U.S. Secretary of Education, Margaret Spellings about alleged lapses in the Department's oversight of the federal student loan programs. Additionally, Mr. PETRI and I have sent a letter to the Congressional Research Service (CRS) requesting information from them about the private loan industry. By answering some of these questions and by passing this legislation today, I am hopeful Congress can work to restore confidence in the federal student loan system.

I urge my colleagues to support H.R. 890, the Student Loan Sunshine Act, to help serve the needs and interests of our students and to restore confidence in our federal loan system.

Mr. PETRI. Mr. Speaker, I rise today in support of H.R. 890, the bipartisan Student Loan Sunshine Act, as a first step towards comprehensive student loan reform. The series of scandals that have surfaced over the last month have underscored the need for clear and explicit guidance on student lending ethics. These revelations of kickbacks, financial aid officer compensation, lavish travel, and aid office staffing are just a few of the egregious practices lenders have employed to buy access on preferred lender lists and manipulate the trust of both students and taxpayers.

In supporting H.R. 890, however, we must remember that these abuses are merely symptoms of a very broken system: the Federal Family Education Loan (FFEL) program. The excessive subsidies made to student lenders through this archaic loan-delivery system cost taxpayers approximately \$5 billion more each year than the comparable Direct Loan program. Indeed, the Office of Management and Budget, Congressional Budget Office, Treasury Department, Government Accountability Office, and other economists are all in agreement that the FFEL structure is hemorrhaging taxpayer subsidies. While this wasteful spending is inexcusable, it is even more appalling that none of these excess subsidies filter back down to students in the form of borrower benefits, but rather have been used to underwrite these unethical practices.

Let me be very clear, while the Sunshine Act is a positive first step towards reform, we must only consider it a stop-gap measure to limit further abuse of the FFEL program while we develop a comprehensive, structural loan reform. In the coming months, Congress will have another opportunity to consider changes to this nation's higher education laws. The real test of our resolve will be whether we settle for

yet another Band-Aid on a broken system or if we work to redesign this system to ensure that critical tax dollars in federal student loans provide the best return on our taxpayers constituents' investment.

Mr. Speaker, I invite my colleagues to join me not only in supporting this bill, but also working towards comprehensive student loan reform. Students and taxpayers deserve better, and Congress has the responsibility to deliver these critical reforms this year.

Mr. ANDREWS. Mr. Speaker, I rise in strong support of the Student Loan Sunshine Act. This bill helps to ensure that parents and students have access to all student loan options available to them in order to make the best informed decision.

Some key improvements include providing students information on all federal student aid opportunities through a new "one-stop" link on the Department of Education website. This will allow students to have access to all lenders of their choice, and not feel limited with preferred lender list. The bill also requires institutions disclose all relationships with lenders and protects students from aggressive marketing practices.

The student loan industry has been under intense scrutiny recently and it is our obligation as Members of Congress to promote open and honest leadership. I applaud Chairman MILLER for developing a strong piece of legislation that will help restore trust in the student loan industry.

Access to affordable and quality education is a key element to this country's future. As a cosponsor of the Student Loan Sunshine Act, I encourage my fellow colleagues to support this bipartisan legislation.

Mr. CONYERS. Mr. Speaker, I rise today in support of H.R. 890, The Student Loan Sunshine Act of 2007. Over the last few decades the costs of a postsecondary education in our country has increased exponentially. Now, more than ever our nation's students and families are relying on student loans to help pay for a college degree and yet, thanks in large part to the investigative reporting New York Times, we now know that egregious conflicts of interest and corrupt practices among lenders, schools, and public officials are undermining the student loan programs on which millions of borrowers depend. This is unacceptable, and I am pleased that the Education and Labor Chairman GEORGE MILLER has decided to address this situation so promptly.

The Student Loan Sunshine Act cleans up the student loan industry and ensures that students and families will encounter a more trustworthy student aid system in the future by requiring institutions and lenders to adopt strict codes of conduct that adhere to specific guidelines, banning all gifts, participation on advisory boards, and revenue-sharing agreements between lenders and schools, mandating institutions disclose all relationships with lenders, only allowing "preferred lender lists" on campuses with strict assurances that the list was created with the students' best interest in mind, ensuring that students have access to all lenders of their choice (including those not on the preferred lender lists), prohibiting staffing of school financial aid offices.

We need to pass this legislation here and now to send a message to all stock holders that Congress and the American public will not abide abusive lending practices and that we are entitled to transparency in student loan programs.

Mr. VAN HOLLEN. Mr. Speaker, in a time when most students graduate with at least \$20,000 in debt, it is more important than ever that students can find loans with low interest rates that are easy to pay back. In the best case, students can get federal financial aid. However, more and more students have maxed out that aid and are turning to the private market. Many schools recommend lenders to help students and their families find loans.

Now, most schools do work in the best interest of their students, and choose preferred lenders based on the benefits they can give students. But, as we have seen, some unscrupulous lenders have schemed with certain unscrupulous staff of college loan offices to serve their own special interests rather than the interests of students and their families.

What is worse, the Department of Education knew about these cozy relationships between student loan officials and lenders and did nothing about it. This is indicative of the lack of oversight that has persisted at the Department of Education for the last six years. Some of us in Congress, a few years ago, worked to close a loophole in the federal student loan program that was costing taxpayers millions of dollars. We had to pass a law to force the Department of Education to act—they had refused to issue emergency regulations to stop the subsidy and save money for taxpayers and students.

And now, again, the Department of Education, when faced with a clear conflict of interest between lenders and schools, has failed to respond adequately. Congress must step in to make the rules clear.

This bill does just that. It clarifies appropriate conduct for schools. It encourages private loans to be competitive with federal loans. It makes students more aware of their options by making the student loan market less confusing and more transparent.

Perhaps most importantly, this bill will restore trust between students and their colleges. Students need to be able to trust that their school officials are giving them the best advice in the confusing world of student loans. The provisions of this bill, by requiring schools to disclose exactly how their preferred lenders are chosen, will reassure students and parents that schools are looking out for their best interests.

This bill will help students and parents get the best deal for their money. I encourage my colleagues to vote yes on the Student Loan Sunshine Act, and put in place a system that looks after students' interests, and is not plagued by special interests.

Mr. HOLT. Mr. Speaker, I rise in support of H.R. 890, the Student Loan Sunshine Act and I thank Chairman GEORGE MILLER for bringing this bill to the floor.

With the rising cost of college, students and families are more reliant than ever on student loans to pay for college. At the same time, it is becoming more and more important for these students to earn a college degree to compete for good jobs. U.S. Census data show that, on average, every year of post-secondary education raises a worker's annual earnings, helping the worker to provide for his family as well as to give back to his community. Post-secondary education is becoming more and more important—according to the Bureau of Labor Statistics, the percentage of jobs requiring post-secondary education will

rise from 29% in 2000 to 42% by the end of the decade.

Ongoing investigations into the student loan industry have revealed that egregious conflicts of interest and corrupt practices among lenders, schools, and public officials are undermining the student loan programs that millions of borrowers have come to depend on. Just yesterday Theresa Shaw, chief operating officer of the office of federal student aid, resigned from the Department of Education. My own State of New Jersey now has the State Attorney General looking into evidence of agreements between the New Jersey Higher Education Student Assistance Authority and lenders that show lenders paid the agency to market their products to schools.

I am pleased that this bill bans all gifts, participation on advisory boards, and risk-sharing agreements between lenders and schools and requires institutions to disclose all relationships with lenders. The bill ensures that students have access to all lenders of their choice, including those not on the "Preferred Lender Lists." The bill bans staffing of school financial aid offices by lenders, and ensures that schools process all loans, from any lender, and do not steer students away from their first choice. I am also pleased that the bill requires lenders offering private loans to first inform students of their federal borrowing options, so that the student can get the better federal interest rates.

Too often, when students leave college they are not informed of all their repayment options. The bill requires that all exit counseling is provided with the school's involvement and that they inform students of all of their repayment options.

Students deserve clear, straight-forward information and the bill instills enforceable marketing protections, including disclosures and notifications to students and institutions by lenders offering private loans. This bill gives a student the full picture by requiring lenders and institutions to disclose fully and prominently the terms, conditions, and incentives for all loans.

Again, I look forward to the results of the investigation of the State of New Jersey Attorney General and I thank Chairman MILLER for taking these steps to disclose all information about the student loan industry, colleges, and public officials. I ask my colleagues to support this important bill.

Mr. GEORGE MILLER of California. Mr. Speaker, I urge the House to pass H.R. 890, as amended, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. GEORGE MILLER) that the House suspend the rules and pass the bill, H.R. 890, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. GEORGE MILLER of California. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this question will be postponed.

PROVIDING FOR CONSIDERATION OF H.R. 1873, SMALL BUSINESS FAIRNESS IN CONTRACTING ACT

Mr. CARDOZA. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 383 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 383

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 1873) to reauthorize the programs and activities of the Small Business Administration relating to procurement, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived except those arising under clause 9 or 10 of rule XXI. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Small Business. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Oversight and Government Reform now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. All points of order against the committee amendment in the nature of a substitute are waived except those arising under clause 9 or 10 of rule XXI. Notwithstanding clause 11 of rule XVIII, no amendment to the committee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each such amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against such amendments are waived except those arising under clause 9 or 10 of rule XXI. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

SEC. 2. During consideration in the House of H.R. 1873 pursuant to this resolution, notwithstanding the operation of the previous question, the Chair may postpone further consideration of the bill to such time as may be designated by the Speaker.

The SPEAKER pro tempore. The gentleman from California (Mr. CARDOZA) is recognized for 1 hour.

Mr. CARDOZA. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Florida (Mr. LINCOLN DIAZ-

BALART). All time yielded during consideration of the rule is for debate only.

GENERAL LEAVE

Mr. CARDOZA. Mr. Speaker, I ask unanimous consent that Members may have 5 legislative days within which to revise and extend their remarks on H. Res. 383.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CARDOZA. Mr. Speaker, I yield myself such times as I may consume.

Mr. Speaker, House Resolution 383 provides for consideration of H.R. 1873, the Small Business Fairness in Contracting Act, under a structured rule. The rule provides 1 hour of general debate equally divided and controlled by the chairman and ranking member of the Committee on Small Business. The rule makes in order the substitute reported by the Committee on Oversight and Government Reform as original text for the purpose of amendment. The substitute shall be considered as read.

The rule waives all points of order against consideration of the bill except for clauses 9 and 10 of rule XXI. The rule makes in order eight amendments that were submitted for consideration that are printed in the Rules Committee report on this accompanying resolution.

Finally, the rule provides one motion to recommit with or without instructions.

Mr. Speaker, the Small Business Fairness in Contracting Act, H.R. 1873, amends key sections of the Small Business Act to assist small businesses in participation in Federal procurement.

The predecessors to the Small Business Administration can be traced back to World War II and efforts by President Roosevelt and President Truman. In fact, during World War II, it was found to be in our national interest to ensure a strong and diverse industrial base.

Through a series of laws and procurement requirements, Congress established a benchmark to give small business every opportunity to compete fairly for the awarding of Federal contracts. Despite this clear mandate in existence for more than 50 years, small businesses, however, have not received their fair share of Federal Government contracts.

For example, in 2006, the Federal Government spent over \$417 billion on goods and services in 8.3 million separate contract actions. Small businesses won approximately \$80 billion in contracts, approximately 21.5 percent of these contracts. This was the sixth straight year that the government has failed to meet its 23 percent small business contracting goal. This cost entrepreneurs an estimated \$4.5 billion in lost contracting opportunities last year alone.

Small businesses suffered this massive loss, despite their importance to

our national economy. Small businesses are the engine of our economy. In fact, they are responsible for creating three out of every four jobs in the United States. We cannot afford our budding entrepreneurs to be shut out of what would be an open market and be denied the opportunity to succeed. Not when their existence is so vital to our national economy.

We should not be shutting them out. Instead, we should be opening doors and shepherding their growth to ensure continued prosperity.

There are many reasons for the failure to break the stranglehold on Federal contracting process. In response, H.R. 1873 takes several necessary steps to address some key causes. H.R. 1873 seeks to break down the barriers for countless entrepreneurs and small businesses that are on the road to opportunity.

First, the bill bans contract bundling. Past practice has been to combine two or more smaller contracts into a single, larger package. While this bundling may be administratively convenient, it reduces competition and opportunity for small businesses.

Bundling squeezes small businesses out of the contract competition, benefiting larger, full-scale businesses in the process; and when there is less competition, there is also higher cost on the taxpayer.

To add insult to injury, Federal agencies are skewing the data with respect to small businesses. To give the impression that 23 percent of small business contracting goals are being met, agencies are using contracts awarded to larger companies and including them towards their small business contracting goals. H.R. 1873 seeks to reverse these trends and make it easier for small businesses to compete in the Federal marketplace.

Second, the bill makes an appeals process more accessible. Under current law, small businesses are only allowed to protest the award of a contract if they are directly harmed by it, but they are unlikely to do so given the costs involved in the process. Under the bill, small businesses and trade associations acting on their behalf that are adversely affected, directly or indirectly, by a proposed procurement can now request that the SBA appeal the procurement on their behalf.

H.R. 1873 increases the procurement goals for small businesses. It increases the government-wide goal for the number of contracts awarded to small businesses from 23 to 25 percent, a goal which has not been raised in over 10 years. It also increases from 5 percent to 8 percent the government-wide contracting goals for both disadvantaged and women-owned small businesses.

The bill raises the threshold for small business contract set-asides to the simplified acquisition threshold. It also requires that an independent audit of the Central Contracting Registry be conducted on a biannual basis to ensure that large firms are not misrepresenting themselves as small businesses.