

119TH CONGRESS  
2D SESSION

# S. 4097

To establish that a State-based education loan program is excluded from certain requirements relating to a preferred lender arrangement.

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IN THE SENATE OF THE UNITED STATES

MARCH 16, 2026

Ms. MURKOWSKI (for herself, Mr. REED, Mr. CASSIDY, and Mrs. SHAHEEN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To establish that a State-based education loan program is excluded from certain requirements relating to a preferred lender arrangement.

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 “State-Based Education  
5 Loan Awareness Act”.

6 **SEC. 2. STATE-BASED EDUCATION LOAN PROGRAMS.**

7 Section 151 of the Higher Education Act of 1965 (20  
8 U.S.C. 1019) is amended—

9 (1) in paragraph (8)(B)—

1 (A) in clause (i), by striking “or” after the  
2 semicolon;

3 (B) in clause (ii), by striking the period at  
4 the end and inserting “; or”; and

5 (C) by adding at the end the following:

6 “(iii) arrangements or agreements  
7 with respect to education loans made  
8 under a State-based education loan pro-  
9 gram.”; and

10 (2) by adding at the end the following:

11 “(10) STATE-BASED EDUCATION LOAN PRO-  
12 GRAM.—The term ‘State-based education loan pro-  
13 gram’ means an education loan program that—

14 “(A) is provided by a State agency, State  
15 authority, or nonprofit organization, separately  
16 or jointly;

17 “(B) makes loans that are not funded, in-  
18 sured, or guaranteed by the Federal Govern-  
19 ment;

20 “(C) is authorized, established, or char-  
21 tered by State law, or otherwise approved by  
22 the State;

23 “(D) offers one or more loans for which  
24 the interest rate and fees, as calculated in ac-  
25 cordance with sections 106 and 107 of the

1 Truth in Lending Act (15 U.S.C. 1605; 1606),  
2 are at least as favorable as the interest rate and  
3 fees of the Direct PLUS loans authorized under  
4 part D of title IV at the time such loan is origi-  
5 nated; and

6 “(E) is available only to a borrower who  
7 has been advised, such as in a financial aid  
8 offer, by an institution of higher education (as  
9 defined under section 102)—

10 “(i) that the borrower has the oppor-  
11 tunity to exhaust eligibility for Federal  
12 education loans made under part D of title  
13 IV prior to accepting a private education  
14 loan; and

15 “(ii) of the interest rates, fees, and  
16 benefits of such Federal education loans,  
17 including income-driven repayment options,  
18 opportunities for loan forgiveness, forbear-  
19 ance or deferment options, interest sub-  
20 sidies, and tax benefits.”.

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