

## Bill Summary for the Financial Aid Simplification and Transparency Act

- Establishes a new financial aid form that only asks two questions
- Provides eligibility information earlier and makes it more predictable
- Streamlines the federal financial aid system into one-grant and one-loan
- Discourages over-borrowing
- Simplifies repayment programs

### One-Grant

- Establishes new eligibility criteria for qualifying for federal Pell Grants based on:
  - Family size
  - Family income from two years ago (known as prior-prior)
- Informs students and families earlier in the process of the amount of aid they will receive from the federal government
- Provides maximum Pell Grant award to students in families at or below 100% of poverty line
- Awards Pell Grants to students in families that are at or below 250% of the poverty line
- Reinstates the year-round Pell Grant program in a manner that allows students to complete or accelerate their academic year
- Creates flexibility in the Pell Grant program by allowing students enrolled in “own pace” programs to receive their next award if they complete their academic year early

### One-Loan

- Establishes one undergraduate loan, one graduate loan and one parent loan
- Eliminates subsidized loans
- Eliminates Grad PLUS loans
- Establishes new loan limits for borrowers
  - Undergraduate students would have
    - An annual loan limit of \$8,000
    - A lifetime loan limit of \$37,500
  - Graduate students would have
    - An annual loan limit of \$30,000
    - A lifetime loan limit of \$150,000
- Limits the loan amount of part-time students to a pro-rated amount reflecting their enrollment status
- Allows institutions to limit student borrowing for well-documented situations

### Repayment

- Establishes two repayment options:
  - Standard 10-year repayment plan

- Income based repayment plan where a borrower would pay no more than 10% of their income for 20 years and forgives any remaining balance

#### Information Dissemination

- Requires the Secretary to disseminate financial aid eligibility information to schools with at least 25% of students who are eligible for free and reduced price lunch
- Requires the Secretary to explore ways and report to Congress on how to individualize outreach in order to better inform students of their potential aid
- Requires the Secretary to inform borrowers of their potential repayment scenarios based on 2-year program and 4-year program under both the standard 10-year repayment and income based repayment plans.
- Requires the Secretary to notify borrowers shortly after graduation of the amount of their payment under a standard 10-year repayment plan and an estimate of the amount the borrower could pay under the income-based repayment plan.