



## Still Waiting for the Sunshine Act

By *Emily Zaborniak*



Widespread anticipation started building up for the implementation of Senator Edward Kennedy's (D-MA) Student Loan Sunshine Act after its recently drafted proposal and outline began to circulate in the higher education community. This past week, there was much expectation that the Act would be introduced to Congress. However, Kennedy's office did not make any announcements concerning the student loan program reform plan. Presently, there is no speculation as to what caused the inaction, and there is no estimate as to when the bill will make its debut.

When news of Kennedy's Student Loan Sunshine Act spread to potentially affected parties—mainly schools and lenders—many sources raised significant concerns about its proposals. At this stage, it has not been confirmed that the early response to the Act is what hindered its introduction to Congress. However, a majority believes that before the Student Loan Sunshine Act makes its appearance to the 110<sup>th</sup> Congress, it will have undergone noticeable modifications.

As it currently stands, the Student Loan Sunshine Act reveals ambitious intentions. The ultimate objective of the Act is to assist in the reform of the student loan program. As to *how* it will do so, Senator Kennedy clearly outlines its key tenets. If pushed through Congress, the Act would require all institutions of higher education that receive federal funds to report annually to the Secretary of Education any financial or material benefits their lenders, or agents of lenders, give to them that originate student loans. Additionally, said institutions would need to report to the Secretary all gifts exceeding \$10.

Senator Kennedy does not stop at addressing accountability. Concerning interest rates, the institutions would need to publicly report, each year, the rates on all loans made to students through arrangements between themselves and their lenders. Institutions would also need to justify, with written evidence, why they believe their rates represent competitive offers for student borrowers. Lastly, the Act directs the Government Accountability Office (GAO) to conduct a study on inducements made by lenders to institutions of higher education in order to secure institutions' student loan business and report the findings to Congress.

When Senator Kennedy made initial mention of the Student Loan Sunshine Act, he also made strong statements such as, "We already know that the federal student loan program is filled with unnecessary subsidies for the bid lenders. That's why I'm even more troubled when I hear of the aggressive marketing practices of some lenders who make private loans to students. We need to examine these practices closely and put a stop to any action that prevents students from getting the best loan deal possible."

Both supporters and opponents of the Student Loan Sunshine Act will have to wait to see what Senator Kennedy's next move will be.