

110TH CONGRESS  
1ST SESSION

# S. 1401

To improve the National Student Loan Data System.

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IN THE SENATE OF THE UNITED STATES

MAY 15, 2007

Mr. ENZI (for himself, Mr. ALEXANDER, Mr. ALLARD, Mr. BURR, Mr. ISAKSON, Mr. ROBERTS, and Ms. MURKOWSKI) 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 improve the National Student Loan Data System.

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 “Student Financial Aid  
5       Data Privacy Protection Act”.

6       **SEC. 2. NATIONAL STUDENT LOAN DATA SYSTEM.**

7       Section 485B of the Higher Education Act of 1965  
8       (20 U.S.C. 1092b) is amended—

9               (1) by redesignating subsections (d) through (g)  
10       as subsections (e) through (h), respectively;

1           (2) by inserting after subsection (c) the fol-  
2           lowing:

3           “(d) PRINCIPLES FOR ADMINISTERING THE DATA  
4 SYSTEM.—In managing the National Student Loan Data  
5 System, the Secretary shall take actions necessary to  
6 maintain confidence in the data system, including, at a  
7 minimum—

8           “(1) ensuring that the primary purpose of ac-  
9           cess to the data system by guaranty agencies, eligi-  
10          ble lenders, and eligible institutions of higher edu-  
11          cation is for legitimate program operations, such as  
12          the need to verify the eligibility of a student, poten-  
13          tial student, or parent for loans under part B, D, or  
14          E;

15          “(2) prohibiting nongovernmental researchers  
16          and policy analysts from accessing personally identi-  
17          fiable information;

18          “(3) creating a disclosure form for students and  
19          potential students that is distributed when such stu-  
20          dents complete the common financial reporting form  
21          under section 483, and as a part of the exit coun-  
22          seling process under section 485(b), that—

23                  “(A) informs the students that any title IV  
24                  grant or loan the students receive will be in-  
25                  cluded in the National Student Loan Data Sys-

1           tem, and instructs the students on how to ac-  
2           cess that information;

3           “(B) describes the categories of individuals  
4           or entities that may access the data relating to  
5           such grant or loan through the data system,  
6           and for what purposes access is allowed;

7           “(C) defines and explains the categories of  
8           information included in the data system;

9           “(D) provides a summary of the provisions  
10          of the Federal Educational Rights and Privacy  
11          Act of 1974 and other applicable Federal pri-  
12          vacy statutes, and a statement of the students’  
13          rights and responsibilities with respect to such  
14          statutes;

15          “(E) explains the measures taken by the  
16          Department to safeguard the students’ data;  
17          and

18          “(F) includes other information as deter-  
19          mined appropriate by the Secretary;

20          “(4) requiring guaranty agencies, eligible lend-  
21          ers, and eligible institutions of higher education that  
22          enter into an agreement with a potential student,  
23          student, or parent of such student regarding a loan  
24          under part B, D, or E, to inform the student or par-  
25          ent that such loan shall be—

1           “(A) submitted to the data system; and

2           “(B) accessible to guaranty agencies, eligi-  
3 ble lenders, and eligible institutions of higher  
4 education determined by the Secretary to be au-  
5 thorized users of the data system;

6           “(5) regularly reviewing the data system to—

7           “(A) delete inactive users from the data  
8 system;

9           “(B) ensure that the data in the data sys-  
10 tem are not being used for marketing purposes;  
11 and

12           “(C) monitor the use of the data system by  
13 guaranty agencies and eligible lenders to deter-  
14 mine whether an agency or lender is accessing  
15 the records of students in which the agency or  
16 lender has no existing financial interest; and

17           “(6) developing standardized protocols for lim-  
18 iting access to the data system that include—

19           “(A) collecting data on the usage of the  
20 data system to monitor whether access has been  
21 or is being used contrary to the purposes of the  
22 data system;

23           “(B) defining the steps necessary for de-  
24 termining whether, and how, to deny or restrict  
25 access to the data system; and

1           “(C) determining the steps necessary to re-  
2           open access to the data system following a de-  
3           nial or restriction of access.”; and

4           (3) by striking subsection (e) (as redesignated  
5           by paragraph (1)) and inserting the following:

6           “(e) REPORTS TO CONGRESS.—

7           “(1) ANNUAL REPORT.—Not later than Sep-  
8           tember 30 of each fiscal year, the Secretary shall  
9           prepare and submit to the appropriate committees of  
10          Congress a report describing—

11           “(A) the results obtained by the establish-  
12           ment and operation of the National Student  
13           Loan Data System authorized by this section;

14           “(B) the effectiveness of existing privacy  
15           safeguards in protecting student and parent in-  
16           formation in the data system;

17           “(C) the success of any new authorization  
18           protocols in more effectively preventing abuse of  
19           the data system;

20           “(D) the ability of the Secretary to mon-  
21           itor how the system is being used, relative to  
22           the intended purposes of the data system; and

23           “(E) any protocols developed under sub-  
24           section (d)(6) during the preceding fiscal year.

25           “(2) STUDY.—

1           “(A) IN GENERAL.—The Secretary shall  
2           conduct a study regarding—

3                   “(i) available mechanisms for pro-  
4                   viding students and parents with the abil-  
5                   ity to opt in or opt out of allowing eligible  
6                   lenders to access their records in the Na-  
7                   tional Student Loan Data System; and

8                   “(ii) appropriate protocols for limiting  
9                   access to the data system, based on the  
10                  risk assessment required under subchapter  
11                  III of chapter 35 of title 44, United States  
12                  Code.

13           “(B) SUBMISSION OF STUDY.—Not later  
14           than 3 years after the date of enactment of the  
15           Student Financial Aid Data Privacy Protection  
16           Act, the Secretary shall prepare and submit a  
17           report on the findings of the study to the ap-  
18           propriate committees of Congress.”.

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