

April 23, 2019

The Honorable Lamar Alexander
Chairman, Committee on Health, Education, Labor, and Pensions
United States Senate
428 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patty Murray
Ranking Member, Committee on Health, Education, Labor and Pensions
United States Senate
428 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Alexander and Ranking Member Murray:

The undersigned organizations representing students, colleges, scholarship providers, education advocates, veterans, consumers, civil rights advocates, and the business community are committed to improving the financial aid process for students and families, and write to express our support for the Understanding the True Cost of College Act. We applaud co-sponsors Senators Chuck Grassley, Tina Smith, and Joni Ernst for championing transparency and consistency in the financial aid communications students receive from colleges and universities, and urge you to include the solutions offered in the bill in any comprehensive reauthorization of the Higher Education Act.

Financial aid offer letters are crucial tools for helping students look beyond the 'sticker price' and determine which colleges are within their financial reach. Yet, the current lack of transparency in these communications creates unnecessary complexity and confusion for students, many of whom are already struggling to pull together limited resources and a patchwork of financial aid in order to cover the cost of college. With widespread concerns about college affordability and student debt, students and families need clear and comparable information about cost and financial aid in order to navigate complex and consequential decisions about where to go to college and how to pay for it.

The bipartisan Understanding the True Cost of College Act takes the needed steps to ensure students and families have the consumer friendly information they need to understand the costs of a particular institution, the aid available to help them cover that cost - including distinguishing between types of aid, which may or may not need to be repaid - and how much they'll still be on the hook for after aid. It will also make it easier for families to make apples-to-apples comparisons about the costs and financial aid offers across multiple institutions.

Recent research from organizations such as The Institute for College Access and Success (TICAS), and New America and uAspire has shed light on the confusing nature of financial aid

offer letters that students receive once they've been accepted to a college or university. In 2017, TICAS examined 200 letters and found that only 7 percent met three baseline criteria for being consumer-friendly: 1) Providing the full cost of attendance; 2) Separating aid that needs to be earned or repaid from aid that doesn't; and 3) Calculating the net price for the student.¹

New America and uAspire reviewed over 11,000 financial aid packages of predominantly low-income students, taking a close look at the formatting practices of over 500 individual colleges and universities.² They found an alarming lack of consistency and standardization among letters students received. For example, of the colleges that offered an unsubsidized federal loan, there were 136 unique terms for that loan, including 24 terms that did not include the word "loan." One-third of letters failed to mention the cost of the institution anywhere within the letter. And 70 percent of the letters grouped all aid together such as loans, work-study, and grants/scholarships even though they have very different terms and conditions.

This research makes clear that the way colleges and universities communicate college cost and financial aid packages is a serious, yet also straightforward problem with a clear remedy. The common-sense solutions offered in the Understanding the True Cost of College Act are low-hanging fruit: a uniform financial aid offer for all students and standardized terms when communicating cost and financial aid.

The Understanding the True Cost of College Act would:

- Require colleges and universities that participate in federal financial aid programs to use a uniform financial aid offer form, and to provide one to every student who applies for federal financial aid.
- Call on the U.S. Department of Education to work with colleges and universities from different sectors, consumer groups, students, veterans, and counselors to develop standard definitions of various financial aid terms for use in the uniform financial aid offer forms and across financial aid communications from the institution. It also gives some flexibility to the Education Department to create variations of uniform forms for specific scenarios such as returning and graduate students.
- Establish basic minimums of information that must be included at the top or first page of the uniform financial aid offer form, including: full cost of attendance; grant, federal loan, and work-study aid under their own headings; the net price; work study assistance; eligible amounts of federal student loans; resources for calculating the costs of repaying

¹ Diane Cheng and Veronica Gonzalez, *Cost in Translation: How Financial Aid Award Letters Fall Short* (Washington, DC: The Institute for College Access and Success, 2017), https://ticas.org/sites/default/files/pub_files/cost_in_translation.pdf.

² Stephen Burd, Rachel Fishman, Laura Keane, Julie Habbert, Ben Barrett, Kim Dancy, Sophie Nguyen, Brendan Williams, *Decoding the Cost of College: The Case for Transparent Financial Aid Award Letters* (Washington, DC: New America, 2018), <https://www.newamerica.org/education-policy/policy-papers/decoding-cost-college/>.

student loans; plus key disclosures related to private loans and parent loans, treatment of scholarships, and next steps for accepting and declining aid.

- Require the Education Department to establish a process to consumer test the uniform financial aid offer form and use the results from the consumer testing in the final development of the form.

We believe this bipartisan bill will finally provide the transparency students and families need to understand how much college will cost and plan accordingly, and easily compare offers with other institutions. We look forward to working together to ensure that the policies in the Understanding the True Cost of College Act are included in a bipartisan Higher Education Act reauthorization and enacted into law.

Signed,

10,000 Degrees

ACT, Inc.

Association of Young Americans (AYA)

California Community Colleges, Chancellor's Office

California EDGE Coalition

Center for Law and Social Policy

Cerebly, Inc.

Community College League of California

Consumer Action

Consumer Reports

Council for Opportunity in Education

Excelencia in Education

Foothill-De Anza Community College District

Higher Learning Advocates

Hildreth Institute

Institute for Higher Education Policy (IHEP)

Jobs for the Future

John Burton Advocates for Youth

KIPP

Los Angeles Area Chamber of Commerce

Maryland Consumer Rights Coalition

NAACP

National Campus Leadership Council

National Scholarship Providers Association (NSPA)

New America

NYPIRG

Partners for College Affordability and Public Trust

PHENOM (Public Higher Education Network of Massachusetts)

Scholarship America

The Education Trust
The Institute for College Access & Success (TICAS)
U.S. Public Interest Research Group (USPIRG)
uAspire
University of California Student Association
UnidosUS
Veterans Education Success
Women Employed
Woodstock Institute
Yes We Must Coalition
Young Invincibles