

UNDERSTANDING THE TRUE COST OF COLLEGE ACT OF 2013

Students seeking to enroll in postsecondary education face a series of hurdles, chief among them, how to pay for college. Many students must rely on some form of financial aid whether it is loans, scholarships, grants or some combination. Often, the amount of financial aid a student receives can vary from institution to institution and can impact a student's decision on where to attend college. Students and their families report difficulty in deciphering financial aid award letters from colleges because they write their own letters and use their own terminology, abbreviations, and acronyms to describe different types of aid, such as federal student loans. The terms colleges use can be so confusing that students may not even know that certain forms of financial aid are loans. This makes it hard for families to compare financial aid offers among schools.

At a time when college costs continue to increase and the average college senior graduates with \$26,600 in student loan debt, we need to make it easier for students and their families to understand financial aid offers and exactly how much it will cost to attend college. And we need to establish an apples-to-apples comparison of college costs so that students can compare the offers they receive from different institutions. This legislation would do just that by requiring institutions to use a uniform financial aid award letter. The legislation would require the Department of Education to work with colleges, students, school guidance counselors, and consumer groups to develop standard definitions that would be used in the award letters. The legislation would also ensure the letters are useful to students by requiring the letters to be consumer tested before being put into use.

Specifically, the Understanding the True Cost of College Act would:

- Require institutions of higher education to use a uniform financial aid award letter.
- Call on the Department of Education to work with colleges, consumer groups, students, and school guidance counselors to develop standard definitions of various financial aid terms for use in the uniform financial aid award letters.
- Establish basic minimums of information that must be included on page one of the uniform financial aid award letters, including: cost of attendance; grant aid; the net amount a student is responsible for paying after subtracting grant aid; work study assistance; eligible amounts of federal student loans; expected federal loan monthly repayment amounts; and disclosures, including disclosures related to private loans, treatment of scholarships, and the terms and conditions of federal financial aid.
- Require the Department of Education to establish a process to consumer test the uniform financial aid award letter and use the results from the consumer testing in the final development of the uniform financial aid award letter.