December 13, 2022

The Honorable Patty Murray, Chair
HELP Committee
U.S. Senate
Washington, DC 20510

The Honorable Richard Burr, Ranking Member
HELP Committee
U.S. Senate
Washington, DC 20510

The Honorable Bobby Scott, Chair
Committee on Education and Labor
U.S. House of Representatives
Washington, DC 20515

The Honorable Virginia Foxx, Ranking Member
Committee on Education and Labor
U.S. House of Representatives
Washington, DC 20515

The Honorable Patrick Leahy, Chair
Committee on Appropriations
U.S. Senate
Washington, DC 20510

The Honorable Richard Shelby, Vice Chair
Committee on Appropriations
U.S. Senate
Washington, DC 20510

The Honorable Rosa DeLauro, Chair
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Kay Granger, Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chair Murray, Ranking Member Burr, Chairman Scott, Ranking Member Foxx, Chair DeLauro, Ranking Member Granger, Chair Leahy, and Vice Chairman Shelby:

A new report from the Government Accountability Office, "Financial Aid Offers: Action Needed to Improve Information on College Costs and Student Aid," further highlights the need to reform the process by which colleges and universities communicate financial aid information to their students. Paying for college is one of the biggest financial decisions facing many American families. Yet, despite promises to change, colleges are still providing families with unclear and misleading information about their costs.

The bipartisan, bicameral Understanding the True Cost of College Act would address this by making common-sense reforms to ensure that colleges provide students with clear, transparent, and comparable information about college costs and the financial aid options available to cover them. As over 50 organizations representing and advocating for students, veterans and service members, teachers, consumers, college access professionals, financial aid advisors, and researchers, we urge lawmakers to advance this important bill in its year-end spending package.

According to GAO's review of financial aid offers from a nationally representative sample of colleges, 91 percent of colleges either do not include or understate the net price — the actual amount a student needs to pay — in their aid offers. An estimated 41 percent of colleges do not include a net price, while an estimated 50 percent of colleges understate the net price.

More than half (55 percent) of colleges do not itemize key direct and indirect costs, including tuition, fees, housing, and transportation costs, in their financial aid offers, while nearly one-third (29 percent) do not itemize any costs in their aid offers, leaving students without even basic information on tuition and fees.

The GAO report comes after years of research documenting a glaring lack of transparency in financial aid offer communications (often misleadingly called "financial aid award letters"). Despite their promises, colleges have failed to change their behavior.

In a study published in 2018, New America and uAspire reviewed over 11,000 financial aid offers, taking a close look at the formatting practices of over 500 individual colleges and universities. 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 types of financial aid together, including lumping in grant aid — which doesn't need to be repaid — with loans. Research published in 2017 by The Institute for College Access & Success (TICAS) found similar results.

The GAO report shows that colleges cannot be relied upon to reform these practices on their own. In fact, the report found that just 15 percent of institutions made significant changes after the U.S. Department of Education issued guidance on what to include in offers. The GAO recommends that Congress take action "to ensure that all students receive the information they need in their financial aid offers to make informed education and financial choices." It is clear that legislation is needed to create binding standards for institutions to follow.

Such legislation already exists, and we urge lawmakers to quickly pass the bipartisan Understanding the True Cost of College Act, which 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. This uniform form would distill key information in a comparable format similar to required disclosures required for other complicated financial transactions such as for auto loans, mortgages, and health insurance.

- Establish basic minimums of information that follow the best practices enumerated in the GAO report, including: the full cost of attendance; a student's net price, or the real amount they actually need to pay to enroll; listing grant aid, federal loans, and work-study aid under their own headings and making it clear which types of aid do and do not need to be repaid; resources for calculating the costs of repaying student loans; and key disclosures related to private loans and parent loans, treatment of scholarships, and next steps for accepting and declining aid.

- Require the U.S. Department of Education to work with colleges and universities from different institutional sectors, consumer groups, students, veterans, financial aid administrators, 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.

- 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.

Thank you for your attention to this important matter. Please contact Rachel Fishman (Acting Director, Higher Education Program, New America) at fishmanr@newamerica.org or Michele Shepard (Senior Director of College Affordability, TICAS) at mshepard@ticas.org with any questions.

Sincerely,

American Federation of Teachers
Americans for Financial Reform
Campaign for College Opportunity
Center for American Progress
Center for First-generation Student Success
Center for Responsible Lending
College Promise
College Success Foundation
Community Bridges
Consumer Action
Degrees of Change
The Education Trust
Excelencia in Education, Inc.
Higher Learning Advocates
Hildreth Institute
Hispanic Federation
The Hope Center for College, Community, and Justice
iMentor
Indigenous Education, Inc.
The Institute for College Access & Success (TICAS)
The Institute for Higher Education Policy (IHEP)
John Burton Advocates for Youth
Los Angeles United Methodist Urban Foundation / Kid City Hope Place
Mason County College Access Network
Michigan League for Public Policy
Moneythink
MyPath Mahoning Valley
National College Attainment Network
National Scholarship Providers Association
New America Higher Education Program
Northern California College Promise Coalition
Ohio Student Association
On Point for College
Onward We Learn
Partnership for Los Angeles Schools
Path to College Tennessee
Persist Nashville
Peter Granville, Fellow, The Century Foundation
Philadelphia College Prep Roundtable
The Pittsburgh Promise
Reach Higher Montana
Student Senate for California Community Colleges

Students Rising Above
Young Invincibles
Third Way
uAspire
UnidosUS
Veterans Education Success
Women Employed
Worthington Foundation
Wyman Center

cc:

The Honorable Chuck Grassley
The Honorable Tina Smith
The Honorable Joni Ernst
The Honorable Raja Krishnamoorthi
The Honorable Young Kim