

117TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To require a standard financial aid offer form, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. GRASSLEY (for himself, Ms. SMITH, and Ms. ERNST) introduced the following bill; which was read twice and referred to the Committee on

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**A BILL**

To require a standard financial aid offer form, and for other purposes.

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 “Understanding the  
5 True Cost of College Act of 2021”.

6 **SEC. 2. INSTITUTION FINANCIAL AID OFFER FORM.**

7        Section 484 of the Higher Education Opportunity  
8 Act (20 U.S.C. 1092 note) is amended to read as follows:

1 **“SEC. 484. INSTITUTION FINANCIAL AID OFFER FORM.**

2 “(a) STANDARD FORMAT AND TERMINOLOGY.—The  
3 Secretary of Education, in consultation with the heads of  
4 relevant Federal agencies, shall develop standard termi-  
5 nology and a standard format for financial aid offer forms  
6 based on recommendations from representatives of stu-  
7 dents, veterans, servicemembers, students’ families, insti-  
8 tutions of higher education (including community colleges,  
9 for-profit institutions, four year public institutions, and  
10 four year private nonprofit institutions), financial aid ex-  
11 perts, secondary school and postsecondary counselors,  
12 nonprofit organizations, and consumer groups.

13 “(b) KEY REQUIRED CONTENTS FOR OFFER  
14 FORM.—The standard format developed under subsection  
15 (a) shall include, in a consumer-friendly manner that is  
16 simple and understandable, a form titled ‘Financial Aid  
17 Offer’, which shall include the following items, with costs  
18 listed first followed by grants and scholarships, clearly  
19 separated from each other with separate headings:

20 “(1) COST INFORMATION.—

21 “(A) Information on the student’s esti-  
22 mated cost of attendance, including the fol-  
23 lowing:

24 “(i) Total direct costs, including the  
25 component totals each for—

1                   “(I) tuition and fees, as deter-  
2                   mined under section 472 of the High-  
3                   er Education Act of 1965 (20 U.S.C.  
4                   1087ll); and

5                   “(II) college-sponsored housing  
6                   and food costs (as determined based  
7                   on the costs for room and board  
8                   under such section).

9                   “(ii) Total estimated other expenses,  
10                  including—

11                   “(I) the component totals each  
12                   for housing and food costs for stu-  
13                   dents who reside off-campus; and

14                   “(II) for all students, books, sup-  
15                   plies, transportation, and miscella-  
16                   neous personal expenses (which may  
17                   include costs of health insurance and  
18                   dependent care), as determined under  
19                   section 472 of the Higher Education  
20                   Act of 1965 (20 U.S.C. 1087ll).

21                   “(B) An indication of the academic period  
22                   covered by the financial aid offer, and an expla-  
23                   nation that the financial aid offered may  
24                   change for academic periods not covered by the  
25                   aid offer or by program.

1           “(C) An indication of whether cost and aid  
2 estimates are based on full-time or part-time  
3 enrollment.

4           “(D) An indication, as applicable, about  
5 whether the tuition and fees are estimated  
6 based on the previous year, or are set, for the  
7 academic period indicated in accordance with  
8 subparagraph (B).

9           “(2) GRANTS AND SCHOLARSHIPS.—The aggre-  
10 gate amount of grants and scholarships by source  
11 that the student does not have to repay, such as  
12 grant aid offered under title IV of the Higher Edu-  
13 cation Act of 1965 (20 U.S.C. 1070 et seq.) and  
14 grant aid offered through other Federal programs,  
15 grant aid offered by the institution, grant aid of-  
16 fered by the State, and, if known, grant aid from an  
17 outside source to the student for such academic pe-  
18 riod, including—

19           “(A) a disclosure that the grants and  
20 scholarships do not have to be repaid; and

21           “(B) if institutional aid is included—

22           “(i) the conditions under which the  
23 student can expect to receive similar  
24 amounts of such financial aid for each aca-

1           demic period the student is enrolled at the  
2           institution; and

3           “(ii) whether the institutional aid  
4           offer may change if grants or scholarships  
5           from outside sources are applied after the  
6           student receives the offer form, and, if ap-  
7           plicable, how that aid will change.

8           “(3) NET PRICE.—

9           “(A) The net price that the student, or the  
10          student’s family on behalf of the student, is es-  
11          timated to have to pay for the student to attend  
12          the institution for such academic period, equal  
13          to—

14               “(i) the cost of attendance as de-  
15               scribed in paragraph (1)(A) for the stu-  
16               dent for the period indicated in paragraph  
17               (1)(B); minus

18               “(ii) the amount of grant aid de-  
19               scribed in paragraph (2) that is included in  
20               the financial aid offer form.

21           “(B) A disclosure that the net price is an  
22          estimate of the total expenses for the year and  
23          not equivalent to the amount the student will  
24          owe directly to the institution.

25          “(4) LOANS.—

1           “(A) Information on any loan under part  
2           D or part E of title IV of the Higher Education  
3           Act of 1965 (20 U.S.C. 1087a et seq.; 20  
4           U.S.C. 1087aa et seq.) (except a Federal Direct  
5           PLUS Loan under part D of that Act) that the  
6           institution recommends for the student for the  
7           academic period covered by the offer, which  
8           shall be made—

9                   “(i) with clear use of the word ‘loan’  
10                  to describe the recommended loan  
11                  amounts; and

12                   “(ii) with clear labeling of subsidized  
13                  and unsubsidized loans.

14           “(B) A disclosure that such loans have to  
15           be repaid and a disclosure that the student can  
16           borrow a lesser or, if applicable, greater amount  
17           than the recommended loan amount.

18           “(C) A disclosure that the interest rates  
19           and fees on such loans are set annually and af-  
20           fect total cost over time, and a link to a De-  
21           partment of Education website that includes  
22           current information on interest rates and fees.

23           “(D) A link to the Department of Edu-  
24           cation’s repayment calculator website for stu-  
25           dents with instruction that this website contains

1 customizable estimates of expected repayment  
2 costs under different loan repayment plans.

3 “(5) PROCESS FOR ACCEPTING OR DECLINING  
4 AID AND NEXT STEPS.—

5 “(A) The deadlines and a summary of the  
6 process (including the next steps) for—

7 “(i) accepting the financial aid offered  
8 in the financial aid offer form;

9 “(ii) requesting higher loan amounts  
10 if recommended loan amounts were in-  
11 cluded; and

12 “(iii) declining aid offered in the  
13 form.

14 “(B) Information on when and how direct  
15 costs to the institution must be paid.

16 “(C) A disclosure that verification of finan-  
17 cial circumstances may require the student to  
18 submit further documentation.

19 “(D) Information about where a student or  
20 the student’s family can seek additional infor-  
21 mation regarding the financial aid offered, in-  
22 cluding contact information for the institution’s  
23 financial aid office and the Department of Edu-  
24 cation’s website on financial aid.

1           “(6) ADDITIONAL INFORMATION.—Any other  
2 information the Secretary of Education, in consulta-  
3 tion with the heads of relevant Federal agencies, in-  
4 cluding the Secretary of the Treasury and the Direc-  
5 tor of the Bureau of Consumer Financial Protection,  
6 determines necessary (based on the results of the  
7 consumer testing under paragraph (g)(2)) so that  
8 students and parents can make informed loan bor-  
9 rowing decisions, which may include—

10           “(A) the most recent cohort default rate,  
11 as defined in section 435(m) of the Higher  
12 Education Act of 1965 (20 U.S.C. 1085(m))  
13 with respect to an institution where more than  
14 30 percent of enrolled students borrow loans to  
15 pay for their education, and a comparison to  
16 the national average cohort default rate;

17           “(B) the percentage of students at the in-  
18 stitution who borrow student loans;

19           “(C) the median loan debt at graduation  
20 for students at the institution (clearly marked  
21 as including only Federal loans if private loan  
22 data are not available to be included); and

23           “(D) any additional calculations deter-  
24 mined necessary for ensuring that students un-

1           derstand full college costs, financial aid gaps,  
2           and options for covering those gaps.

3           “(c) OTHER REQUIRED CONTENTS FOR THE OFFER  
4 FORM.—The standard form developed under subsection  
5 (a) shall include, in addition to the information described  
6 in subsection (b), the following information to be included  
7 on the financial aid offer form in a concise format deter-  
8 mined by the Secretary of Education, in consultation with  
9 the heads of relevant Federal agencies:

10           “(1) At the institution’s discretion—

11                   “(A) additional options and potential re-  
12 sources for paying for the amount listed in sub-  
13 section (b)(3), such as tuition payment plans;  
14 and

15                   “(B) a disclosure that Federal Direct  
16 PLUS Loans or private education loans may be  
17 available to cover remaining need, except that  
18 the institution may not include an amount for  
19 Federal Direct PLUS Loans or private edu-  
20 cation loans and must include a disclosure for  
21 Federal Direct PLUS Loans that such loans  
22 are subject to an additional application process,  
23 and a disclosure that both types of loans have  
24 to be repaid by the borrower, and may not be  
25 eligible for all the benefits available for Federal

1 Direct Stafford Loans or Federal Direct Un-  
2 subsidized Stafford Loans.

3 “(2) The following information relating to pri-  
4 vate student loans:

5 “(A) A statement that students consid-  
6 ering borrowing to cover the cost of attendance  
7 should consider available Federal student loans  
8 prior to applying for private education loans, in-  
9 cluding an explanation that Federal student  
10 loans offer generally more favorable terms and  
11 beneficial repayment options than private loans.

12 “(B) The impact of a proposed private  
13 education loan on the student’s potential eligi-  
14 bility for other financial assistance, including  
15 Federal financial assistance under title IV of  
16 the Higher Education Act of 1965 (20 U.S.C.  
17 1070 et seq.).

18 “(C) A statement explaining the student’s  
19 ability to select a private educational lender of  
20 the student’s choice.

21 “(3) Information on work-study employment  
22 opportunities, offered in accordance with part C of  
23 title IV of the Higher Education Act of 1965 (20  
24 U.S.C. 1087–51 et seq.) including a disclosure that  
25 the work-study aid offered is subject to the avail-

1 ability of qualified employment opportunities and is  
2 disbursed over time as earned by the student. Work-  
3 study employment opportunities (or a student's po-  
4 tential income based on those opportunities) shall  
5 not be included in the category of financial aid de-  
6 scribed under subsection (b)(2).

7 “(d) ADDITIONAL REQUIREMENTS FOR FINANCIAL  
8 AID OFFER FORM.—The financial aid offer form shall  
9 meet the following requirements:

10 “(1) Include, in addition to the requirements  
11 described in subsections (b) and (c), a concise sum-  
12 mary, in plain language, of—

13 “(A) the terms and conditions of financial  
14 aid recommended under paragraphs (2) and (4)  
15 of subsection (b) and subsection (c)(3), and a  
16 method to provide students with additional in-  
17 formation about such terms and conditions,  
18 such as links to the supplementary information;  
19 and

20 “(B) Federal, State, or institutional condi-  
21 tions required to receive and renew financial aid  
22 and a method to provide students with addi-  
23 tional information about these conditions, such  
24 as links to the supplementary information.

1           “(2) Clearly distinguish between the aid offered  
2           under paragraphs (2) and (4) of subsection (b) and  
3           subsection (c)(3), by including a subtotal for the aid  
4           offered in each of such paragraphs and by refraining  
5           from commingling the different types of aid de-  
6           scribed in such paragraphs.

7           “(3) Use standard terminology and definitions,  
8           as described in subsection (e)(1) and use plain lan-  
9           guage where possible.

10           “(4) If an institution’s recommended Federal  
11           student loan aid offered in subsection (b)(4) is less  
12           than the Federal maximum available to the student,  
13           the institution shall provide additional information  
14           on Federal student loans, including the types and  
15           amounts for which the student is eligible in an at-  
16           tached document or webpage.

17           “(5) Use the standard offer form described in  
18           subsection (e)(2).

19           “(6) Include the standardized statement regard-  
20           ing the possible availability of Federal education  
21           benefits, as established by the Secretary in accord-  
22           ance with subsection (e)(3).

23           “(7) Include a delivery confirmation for elec-  
24           tronic financial aid offer forms, except that receipt  
25           of the financial aid offer form shall not be consid-

1       ered an acceptance or rejection of aid by the stu-  
2       dent.

3               “(8) With respect to dependent students, any  
4       reference to private education loans shall be accom-  
5       panied by—

6               “(A) information about the availability of,  
7       and terms and conditions associated with, Fed-  
8       eral Direct PLUS Loans under section 455 of  
9       the Higher Education Act of 1965 (20 U.S.C.  
10      1087e) for the student’s parents regardless of  
11      family income; and

12              “(B) a notification of the student’s in-  
13      creased eligibility for Federal student loans  
14      under title IV of the Higher Education Act of  
15      1965 (20 U.S.C. 1070 et seq.) if the student’s  
16      parents are not able to borrow under the Fed-  
17      eral Direct PLUS Loan program.

18      “(e) STANDARD INFORMATION ESTABLISHED BY  
19      THE SECRETARY.—

20              “(1) STANDARD TERMINOLOGY.—Not later  
21      than 3 months after the date of enactment of the  
22      Understanding the True Cost of College Act of  
23      2021, the Secretary of Education, in consultation  
24      with the heads of relevant Federal agencies, includ-  
25      ing the Secretary of the Treasury and the Director

1 of the Consumer Financial Protection Bureau, rep-  
2 resentatives of institutions of higher education, non-  
3 profit consumer groups, students, and secondary  
4 school and higher education guidance counselors,  
5 shall establish standard terminology and definitions  
6 for the terms described in subsection (b).

7 “(2) STANDARD FORM.—

8 “(A) IN GENERAL.—The Secretary of Edu-  
9 cation shall develop multiple draft financial aid  
10 offer forms for consumer testing, carry out con-  
11 sumer testing for such forms, and establish a fi-  
12 nalized standard financial aid offer form, in ac-  
13 cordance with the process established in sub-  
14 section (g) and the requirements of this section.

15 “(B) SEPARATE FINANCIAL AID OFFER  
16 FORMS.—The Secretary may develop separate  
17 financial aid offer forms for—

18 “(i) undergraduate students and grad-  
19 uate students; and

20 “(ii) first-time students and returning  
21 students.

22 “(3) ADDITIONAL BENEFITS.—The Secretary of  
23 Education, in consultation with the heads of relevant  
24 Federal agencies, including the Secretary of the  
25 Treasury, the Secretary of Veterans Affairs, the Sec-

1       retary of Defense, and the Director of the Consumer  
2       Financial Protection Bureau, shall establish stand-  
3       ard language notifying students that they may be el-  
4       igible for education benefits (and where students can  
5       locate more information about such benefits,) includ-  
6       ing benefits in accordance with each of the following:

7               “(A) Chapter 30, 31, 32, 33, 34, or 35 of  
8               title 38, United States Code.

9               “(B) Chapter 101, 105, 106A, 1606, 1607,  
10              or 1608 of title 10, United States Code.

11              “(C) Section 1784a, 2005, or 2007 of title  
12              10, United States Code.

13       “(f) SUPPLEMENTAL INFORMATION; REMOVAL OF  
14       INFORMATION.—

15              “(1) Nothing in this section shall preclude an  
16       institution from supplementing the financial aid  
17       offer form with additional information if such addi-  
18       tional information supplements the financial aid  
19       offer form and is not located on the financial aid  
20       offer form, and provided such information utilizes  
21       the same standard terminology identified in sub-  
22       section (e)(1).

23              “(2) Nothing in this section shall preclude an  
24       institution from deleting a required item if the bor-  
25       rower is ineligible for such aid.

1       “(g) DEVELOPMENT OF FINANCIAL AID OFFER  
2 FORM.—

3               “(1) DRAFT FORM.—Not later than 9 months  
4 after the date of enactment of the Understanding  
5 the True Cost of College Act of 2021, the Secretary  
6 of Education, in consultation with the heads of rel-  
7 evant Federal agencies, including the Secretary of  
8 the Treasury and the Director of the Consumer Fi-  
9 nancial Protection Bureau, representatives of insti-  
10 tutions of higher education, nonprofit consumer  
11 groups, students, and secondary school and higher  
12 education guidance counselors, shall design and  
13 produce multiple draft financial aid offer forms for  
14 consumer testing with postsecondary students or  
15 prospective students. In developing that form, the  
16 Secretary shall ensure—

17               “(A) that the headings described in para-  
18 graphs (1) through (4) of subsection (b) is in  
19 the same font, appears in the same order, and  
20 is displayed prominently on the financial aid  
21 offer form, such that none of that information  
22 is inappropriately omitted or de-emphasized;

23               “(B) that the other information required  
24 in subsection (b) appears in a standard format  
25 and design on the financial aid offer form; and

1           “(C) that the institution may include a  
2 logo or brand alongside the title of the financial  
3 aid offer form.

4           “(2) CONSUMER TESTING.—

5           “(A) IN GENERAL.—Not later than 9  
6 months after the date of enactment of the Un-  
7 derstanding the True Cost of College Act of  
8 2021, the Secretary of Education, in consulta-  
9 tion with the heads of relevant Federal agen-  
10 cies, shall establish a process to submit the fi-  
11 nancial aid offer form drafts developed under  
12 paragraph (1) for consumer testing among rep-  
13 resentatives of students (including low-income  
14 students, first generation college students, adult  
15 students, veterans, servicemembers, and pro-  
16 spective students), students’ families (including  
17 low-income families, families with first genera-  
18 tion college students, and families with prospec-  
19 tive students), institutions of higher education,  
20 secondary school and postsecondary counselors,  
21 and nonprofit consumer groups.

22           “(B) PILOT.—During such consumer test-  
23 ing, the Secretary shall ensure that not less  
24 than 16 and not more than 24 eligible institu-

1           tions use the draft forms developed under para-  
2           graph (1), including institutions—

3                   “(i) that reflect a proportionate rep-  
4                   resentation (based on the total number of  
5                   students enrolled in postsecondary edu-  
6                   cation) of community colleges, for-profit  
7                   institutions, four year public institutions,  
8                   and four year private nonprofit institu-  
9                   tions; and

10                   “(ii) that reflect geographic diversity.

11                   “(C) LENGTH OF CONSUMER TESTING.—

12           The Secretary of Education shall ensure that  
13           the consumer testing under this paragraph lasts  
14           no longer than 8 months after the process for  
15           consumer testing is developed under subpara-  
16           graph (A).

17                   “(3) FINAL FORM.—

18                   “(A) IN GENERAL.—The results of con-  
19                   sumer testing under paragraph (2) shall be  
20                   used in the final development of the financial  
21                   aid offer form.

22                   “(B) REPORTING REQUIREMENT.—Not  
23                   later than 3 months after the date the con-  
24                   sumer testing under paragraph (2) concludes,  
25                   the Secretary of Education shall submit to Con-

1           gress and publish on its website the final stand-  
2           ard financial aid offer form and a report detail-  
3           ing the results of such testing, including wheth-  
4           er the Secretary of Education added any addi-  
5           tional items to the standard financial aid offer  
6           form pursuant to subsection (b)(6).

7           “(4) **AUTHORITY TO MODIFY.**—The Secretary  
8           of Education may modify the definitions, terms, for-  
9           matting, and design of the financial aid offer form  
10          based on the results of consumer testing required  
11          under this subsection and before finalizing the form,  
12          or in subsequent consumer testing. The Secretary  
13          may also recommend additional changes to Con-  
14          gress.”.

15 **SEC. 3. MANDATORY FORM.**

16          Part B of title I of the Higher Education Act of 1965  
17          (20 U.S.C. 1011 et seq.) is amended by adding at the end  
18          the following:

19 **“SEC. 124. USE OF MANDATORY FINANCIAL AID OFFER**  
20 **FORM AND TERMS.**

21          “(a) **IN GENERAL.**—Notwithstanding any other pro-  
22          vision of law, each institution of higher education that re-  
23          ceives Federal financial assistance under this Act shall—

24                  “(1) use the financial aid offer form developed  
25          under section 484 of the Higher Education Oppor-

1 tunity Act (20 U.S.C. 1092 note) in providing  
2 paper, mobile-optimized offers, or other electronic of-  
3 fers to all students who apply for aid and are accept-  
4 ed at the institution; and

5 “(2) use the standard terminology and defini-  
6 tions developed by the Secretary of Education under  
7 subsection (e)(1) of that Act for all communications  
8 from the institution related to financial aid offers.

9 “(b) EFFECTIVE DATES.—The requirements under  
10 this section shall take effect at the start of the first award  
11 year after the Secretary of Education finalizes the stand-  
12 ard terminology and form developed in accordance with  
13 section 484 of the Higher Education Opportunity Act (20  
14 U.S.C. 1092 note).”.

15 “(c) ADMINISTRATIVE PROCEDURES.—Section 492  
16 of the Higher Education Act (20 U.S.C. 1098a) shall not  
17 apply with respect to regulations promulgated in accord-  
18 ance with this section.”.