

116TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

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

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 2019”.

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 clearly sep-
18 arated from each other with separate headings, and, if in
19 paper format, listed on the first page of the financial aid
20 offer form:

21 “(1) COST INFORMATION.—

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

25 “(i) Total direct costs, including the
26 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.

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) FINANCIAL AID.—The amount and source
10 of financial aid that the student does not have to
11 repay, such as scholarships, grant aid offered under
12 title IV of the Higher Education Act of 1965 (20
13 U.S.C. 1070 et seq.), grant aid offered through
14 other Federal programs, or grant aid offered by the
15 institution, a State, or, if known, an outside source
16 to the student for such academic period, including—

17 “(A) a disclosure that the financial aid
18 does not have to be repaid; and

19 “(B) if institutional aid is included—

20 “(i) the conditions under which the
21 student can expect to receive similar
22 amounts of such financial aid for each aca-
23 demic period the student is enrolled at the
24 institution; and

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

6 “(3) NET PRICE.—

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

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

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

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

23 “(4) WORK-STUDY.—Information on work
24 study employment opportunities, offered in accord-
25 ance with part C of title IV of the Higher Education

1 Act of 1965 (20 U.S.C. 1087–51 et seq.) including
2 a disclosure that the work-study aid offered is sub-
3 ject to the availability of qualified employment op-
4 portunities and is disbursed over time as earned by
5 the student. Work study employment opportunities
6 (or a student’s potential income based on those op-
7 portunities) shall not be included in the category of
8 financial aid described under paragraph (2).

9 “(5) LOANS.—

10 “(A) Information on any loan under part
11 D or part E of title IV of the Higher Education
12 Act of 1965 (20 U.S.C. 1087a et seq.; 20
13 U.S.C. 1087aa et seq.) (except a Federal Direct
14 PLUS Loan under part D of that Act) that the
15 institution recommends for the student for the
16 academic period covered by the offer, which
17 shall be made—

18 “(i) with clear use of the word ‘loan’
19 to describe the recommended loan
20 amounts; and

21 “(ii) with clear labeling of subsidized
22 and unsubsidized loans.

23 “(B) A disclosure that such loans have to
24 be repaid and a disclosure that the student can

1 borrow a lesser or, if applicable, greater amount
2 than the recommended loan amount.

3 “(C) A disclosure that the interest rates
4 and fees on such loans are set annually and af-
5 fect total cost over time, and a link to a De-
6 partment of Education website that includes
7 current information on interest rates and fees.

8 “(D) A link to the Department of Edu-
9 cation’s repayment calculator website for stu-
10 dents with instruction that this website contains
11 customizable estimates of expected repayment
12 costs under different loan repayment plans.

13 “(6) PROCESS FOR ACCEPTING OR DECLINING
14 AID AND NEXT STEPS.—

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

17 “(i) accepting the financial aid offered
18 in the financial aid offer form;

19 “(ii) requesting higher loan amounts
20 if recommended loan amounts were in-
21 cluded; and

22 “(iii) declining aid offered in the
23 form.

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

1 “(C) A disclosure that verification of finan-
2 cial circumstances may require the student to
3 submit of further documentation.

4 “(D) Information about where a student or
5 the student’s family can seek additional infor-
6 mation regarding the financial aid offered, in-
7 cluding contact information for the institution’s
8 financial aid office and the Department of Edu-
9 cation’s website on financial aid.

10 “(7) ADDITIONAL INFORMATION.—Any other
11 information the Secretary of Education, in consulta-
12 tion with the heads of relevant Federal agencies, in-
13 cluding the Secretary of the Treasury and the Direc-
14 tor of the Bureau of Consumer Financial Protection,
15 determines necessary (based on the results of the
16 consumer testing under paragraph (g)(2)) so that
17 students and parents can make informed loan bor-
18 rowing decisions, which may include—

19 “(A) the most recent cohort default rate,
20 as defined in section 435(m) of the Higher
21 Education Act of 1965 (20 U.S.C. 1085(m))
22 with respect to an institution where more than
23 30 percent of enrolled students borrow loans to
24 pay for their education, and a comparison to
25 the national average cohort default rate;

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

3 “(C) the median loan debt at graduation
4 for students at the institution (clearly marked
5 as including only Federal loans if private loan
6 data are not available to be included); and

7 “(D) the estimated institutional charges
8 that the student, or the student’s family on be-
9 half of the student, will have to pay directly to
10 the institution for the student to attend the in-
11 stitution for the academic period described in
12 paragraph (1)(B), equal to—

13 “(i) the total direct costs as described
14 in paragraph (1)(A)(i) for the student for
15 the period indicated in paragraph (1)(B);
16 minus

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

20 “(c) OTHER REQUIRED CONTENTS FOR THE OFFER
21 FORM.—The standard form developed under subsection
22 (a) shall include, in addition to the information described
23 in subsection (b), the following information to be included
24 on the financial aid offer form in a concise format deter-

1 mined by the Secretary of Education, in consultation with
2 the heads of relevant Federal agencies:

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

4 “(A) additional options and potential re-
5 sources for paying for the amount listed in sub-
6 section (b)(3), such as tuition payment plans;
7 and

8 “(B) a disclosure that Federal Direct
9 PLUS Loans or private education loans may be
10 available to cover remaining need, except that
11 the institution may not include an amount for
12 Federal Direct PLUS Loans or private edu-
13 cation loans and must include a disclosure for
14 Federal Direct PLUS Loans that such loans
15 are subject to an additional application process,
16 have to be repaid by the borrower, and may not
17 be eligible for all the benefits available for Fed-
18 eral Direct Stafford Loans or Federal Direct
19 Unsubsidized Stafford Loans.

20 “(2) The following information relating to pri-
21 vate student loans:

22 “(A) A statement that students consid-
23 ering borrowing to cover the cost of attendance
24 should consider available Federal student loans
25 prior to applying for private education loans, in-

1 including an explanation that Federal student
2 loans offer generally more favorable terms and
3 beneficial repayment options than private loans.

4 “(B) The impact of a proposed private
5 education loan on the student’s potential eligi-
6 bility for other financial assistance, including
7 Federal financial assistance under title IV of
8 the Higher Education Act of 1965 (20 U.S.C.
9 1070 et seq.).

10 “(C) A statement explaining the student’s
11 ability to select a private educational lender of
12 the student’s choice.

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

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

19 “(A) the terms and conditions of financial
20 aid recommended under paragraphs (2), (4),
21 and (5) of subsection (b), and a method to pro-
22 vide students with additional information about
23 such terms and conditions, such as links to the
24 supplementary information; and

1 “(B) Federal, State, or institutional condi-
2 tions required to receive and renew financial aid
3 and a method to provide students with addi-
4 tional information about these conditions, such
5 as links to the supplementary information.

6 “(2) Clearly distinguish between the aid offered
7 in paragraphs (2), (4), and (5) of subsection (b), by
8 including a subtotal for the aid offered in each of
9 such paragraphs and by refraining from commin-
10 gling the different types of aid described in such
11 paragraphs.

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

15 “(4) If an institution’s recommended Federal
16 student loan aid offered in subsection (b)(5) is less
17 than the Federal maximum available to the student,
18 the institution shall provide additional information
19 on Federal student loans, including the types and
20 amounts for which the student is eligible in an at-
21 tached document or webpage.

22 “(5) Use the standard offer form described in
23 subsection (e)(2).

24 “(6) Include the standardized statement regard-
25 ing the possible availability of Federal education

1 benefits, as established by the Secretary in accord-
2 ance with subsection (e)(3).

3 “(7) Include a delivery confirmation for elec-
4 tronic financial aid offer forms, except that receipt
5 of the financial aid offer form shall not be consid-
6 ered an acceptance or rejection of aid by the stu-
7 dent.

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

11 “(A) information about the availability of,
12 and terms and conditions associated with, Fed-
13 eral Direct PLUS Loans under section 455 of
14 the Higher Education Act of 1965 (20 U.S.C.
15 1087e) for the student’s parents regardless of
16 family income; and

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

23 “(e) STANDARD INFORMATION ESTABLISHED BY
24 THE SECRETARY.—

1 “(1) STANDARD TERMINOLOGY.—Not later
2 than 3 months after the date of enactment of the
3 Understanding the True Cost of College Act of
4 2019, the Secretary of Education, in consultation
5 with the heads of relevant Federal agencies, includ-
6 ing the Secretary of the Treasury and the Director
7 of the Consumer Financial Protection Bureau, rep-
8 resentatives of institutions of higher education, non-
9 profit consumer groups, students, and secondary
10 school and higher education guidance counselors,
11 shall establish standard terminology and definitions
12 for the terms described in subsection (b).

13 “(2) STANDARD FORM.—

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

21 “(B) SEPARATE FINANCIAL AID OFFER
22 FORMS.—The Secretary may develop separate
23 financial aid offer forms for—

24 “(i) undergraduate students and grad-
25 uate students; and

1 “(ii) first-time students and returning
2 students.

3 “(3) ADDITIONAL BENEFITS.—The Secretary of
4 Education, in consultation with the heads of relevant
5 Federal agencies, including the Secretary of the
6 Treasury, the Secretary of Veterans Affairs, the Sec-
7 retary of Defense, and the Director of the Consumer
8 Financial Protection Bureau, shall establish stand-
9 ard language notifying students that they may be el-
10 igible for education benefits (and where students can
11 locate more information about such benefits,) includ-
12 ing benefits in accordance with each of the following:

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

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

17 “(C) Section 1784a, 2005, or 2007 of title
18 10, United States Code.

19 “(f) SUPPLEMENTAL INFORMATION; REMOVAL OF
20 INFORMATION.—

21 “(1) Nothing in this section shall preclude an
22 institution from supplementing the financial aid
23 offer form with additional information if such addi-
24 tional information supplements the financial aid
25 offer form and is not located on the financial aid

1 offer form, and provided such information utilizes
2 the same standard terminology identified in sub-
3 section (e)(1).

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

7 “(g) DEVELOPMENT OF FINANCIAL AID OFFER
8 FORM.—

9 “(1) DRAFT FORM.—Not later than 9 months
10 after the date of enactment of the Understanding
11 the True Cost of College Act of 2019, the Secretary
12 of Education, in consultation with the heads of rel-
13 evant Federal agencies, including the Secretary of
14 the Treasury and the Director of the Consumer Fi-
15 nancial Protection Bureau, representatives of insti-
16 tutions of higher education, nonprofit consumer
17 groups, students, and secondary school and higher
18 education guidance counselors, shall design and
19 produce multiple draft financial aid offer forms for
20 consumer testing with postsecondary students or
21 prospective students. In developing that form, the
22 Secretary shall ensure—

23 “(A) that the information described in
24 paragraphs (1) through (5) of subsection (b) is
25 in the same font, appears in the same order,

1 and is displayed prominently on the first page
2 of the financial aid offer form, if in paper for-
3 mat, or in a similarly prominent place if in elec-
4 tronic format, such that none of that informa-
5 tion is inappropriately omitted or de-empha-
6 sized;

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

10 “(C) that the institution may include a
11 logo or brand alongside the title of the financial
12 aid offer form.

13 “(2) CONSUMER TESTING.—

14 “(A) IN GENERAL.—Not later than 9
15 months after the date of enactment of the Un-
16 derstanding the True Cost of College Act of
17 2019, the Secretary of Education, in consulta-
18 tion with the heads of relevant Federal agen-
19 cies, shall establish a process to submit the fi-
20 nancial aid offer form drafts developed under
21 paragraph (1) for consumer testing among rep-
22 resentatives of students (including low-income
23 students, first generation college students, adult
24 students, veterans, servicemembers, and pro-
25 spective students), students’ families (including

1 low-income families, families with first genera-
2 tion college students, and families with prospec-
3 tive students), institutions of higher education,
4 secondary school and postsecondary counselors,
5 and nonprofit consumer groups.

6 “(B) PILOT.—During such consumer test-
7 ing, the Secretary shall ensure that not less
8 than 16 and not more than 24 eligible institu-
9 tions use the draft forms developed under para-
10 graph (1), including institutions—

11 “(i) that reflect a proportionate rep-
12 resentation (based on the total number of
13 students enrolled in postsecondary edu-
14 cation) of community colleges, for-profit
15 institutions, four year public institutions,
16 and four year private nonprofit institu-
17 tions; and

18 “(ii) that reflect geographic diversity.

19 “(C) LENGTH OF CONSUMER TESTING.—
20 The Secretary of Education shall ensure that
21 the consumer testing under this paragraph lasts
22 no longer than 8 months after the process for
23 consumer testing is developed under subpara-
24 graph (A).

25 “(3) FINAL FORM.—

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

5 “(B) REPORTING REQUIREMENT.—Not
6 later than 3 months after the date the con-
7 sumer testing under paragraph (2) concludes,
8 the Secretary of Education shall submit to Con-
9 gress and publish on its website the final stand-
10 ard financial aid offer form and a report detail-
11 ing the results of such testing, including wheth-
12 er the Secretary of Education added any addi-
13 tional items to the standard financial aid offer
14 form pursuant to subsection (b)(8).

15 “(4) AUTHORITY TO MODIFY.—The Secretary
16 of Education may modify the definitions, terms, for-
17 matting, and design of the financial aid offer form
18 based on the results of consumer testing required
19 under this subsection and before finalizing the form,
20 or in subsequent consumer testing. The Secretary
21 may also recommend additional changes to Con-
22 gress.”.

1 **SEC. 3. MANDATORY FORM.**

2 Part B of title I of the Higher Education Act of 1965
3 (20 U.S.C. 1011 et seq.) is amended by adding at the end
4 the following:

5 **“SEC. 124. USE OF MANDATORY FINANCIAL AID OFFER**
6 **FORM AND TERMS.**

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

10 “(1) use the financial aid offer form developed
11 under section 484 of the Higher Education Oppor-
12 tunity Act (20 U.S.C. 1092 note) in providing
13 paper, mobile-optimized offers, or other electronic of-
14 fers to all students who apply for aid and are accept-
15 ed at the institution; and

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

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

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