

115TH CONGRESS  
1ST SESSION

# S. 888

To amend the Higher Education Opportunity Act to add disclosure requirements to the institution financial aid offer form and to amend the Higher Education Act of 1965 to make such form mandatory.

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## IN THE SENATE OF THE UNITED STATES

APRIL 7, 2017

Mr. GRASSLEY (for himself and Mr. FRANKEN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To amend the Higher Education Opportunity Act to add disclosure requirements to the institution financial aid offer form and to amend the Higher Education Act of 1965 to make such form mandatory.

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 2017”.

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

2 (a) INSTITUTION FINANCIAL AID OFFER FORM.—

3 Section 484 of the Higher Education Opportunity Act (20  
4 U.S.C. 1092 note) is amended—

5 (1) by striking subsection (a) and inserting the  
6 following:

7 “(a) STANDARD FORMAT.—The Secretary of Edu-  
8 cation, in consultation with the heads of relevant Federal  
9 agencies, shall develop a standard format for financial aid  
10 offer forms based on recommendations from representa-  
11 tives of students, students’ families, institutions of higher  
12 education, secondary school and postsecondary counselors,  
13 and nonprofit consumer groups.”;

14 (2) by striking subsection (b) and inserting the  
15 following:

16 “(b) KEY REQUIRED CONTENTS FOR OFFER  
17 FORM.—The standard format developed under subsection  
18 (a) shall include, in a consumer-friendly manner that is  
19 simple and understandable, the following items clearly sep-  
20 arated from each other and listed on the first page of the  
21 financial aid offer form in either electronic or written for-  
22 mat:

23 “(1) Information on the student’s cost of at-  
24 tendance, which denotes figures that are estimates  
25 with a disclaimer that actual costs may depend on  
26 decisions made by the student, based on the most

1 current costs for the academic period covered by the  
2 financial aid offer form, including the following:

3 “(A) Tuition and fees, as determined  
4 under section 472 of the Higher Education Act  
5 of 1965 (20 U.S.C. 10871l).

6 “(B) Room and board costs, as determined  
7 under section 472 of the Higher Education Act  
8 of 1965 (20 U.S.C. 10871l).

9 “(C) Books and supplies, as determined  
10 under section 472 of the Higher Education Act  
11 of 1965 (20 U.S.C. 10871l).

12 “(D) Transportation, as determined under  
13 section 472 of the Higher Education Act of  
14 1965 (20 U.S.C. 10871l).

15 “(E) Miscellaneous personal expenses, as  
16 determined under section 472 of the Higher  
17 Education Act of 1965 (20 U.S.C. 10871l).

18 “(2) The amount of financial aid that the stu-  
19 dent does not have to repay, such as scholarships,  
20 grant aid offered under title IV of the Higher Edu-  
21 cation Act of 1965 (20 U.S.C. 1070 et seq.), grant  
22 aid offered through other Federal programs, or  
23 grant aid offered by the institution, a State, or an  
24 outside source to the student for such academic pe-  
25 riod, including a disclosure that the financial aid

1 does not have to be repaid and whether the student  
2 can expect to receive similar amounts of such finan-  
3 cial aid for each academic period the student is en-  
4 rolled at the institution.

5 “(3) The net price that the student, or the stu-  
6 dent’s family on behalf of the student, is estimated  
7 to have to pay for the student to attend the institu-  
8 tion for such academic period, with a disclaimer that  
9 actual costs for some items may depend on decisions  
10 by the student, equal to—

11 “(A) the cost of attendance as described in  
12 paragraph (1) for the student for such aca-  
13 demic period, minus

14 “(B) the amount of grant aid described in  
15 paragraph (2) that is included in the financial  
16 aid offer form.

17 “(4) Work study assistance, including a disclo-  
18 sure that the aid must be earned by the student and  
19 a disclosure that the assistance offered is subject to  
20 the availability of employment opportunities.

21 “(5) The types and amounts of loans under  
22 part D or E of title IV of the Higher Education Act  
23 of 1965 (20 U.S.C. 1087a et seq., 1087aa et seq.)  
24 that the institution recommends for the student for  
25 such academic period, a disclosure that such loans

1 have to be repaid, a disclosure that the student can  
2 borrow a lesser amount than the recommended loan  
3 amount, a clear use of the word ‘loan’ to describe  
4 the recommended loan amounts, the interest rates,  
5 fees, the expected monthly repayment amounts (as-  
6 suming a 10-year repayment plan and normal time  
7 for completion of, or graduation from, the student’s  
8 program of study), the total amount the student will  
9 pay over the life of the loans (assuming a 10-year  
10 repayment plan), and a disclosure that the student  
11 may be eligible for extended or income-driven repay-  
12 ment plans that allow the borrower to make lower  
13 monthly payments along with an explanation that  
14 longer repayment terms may result in the student  
15 paying more money over the life of the loans.

16 “(6) Where a student or the student’s family  
17 can seek additional information regarding the finan-  
18 cial aid offered, including contact information for  
19 the institution’s financial aid office and the Depart-  
20 ment of Education’s website on financial aid.

21 “(7) A disclosure that Federal student loans  
22 offer generally more favorable terms and beneficial  
23 repayment options than private education loans so  
24 students should examine available Federal student  
25 loan options before applying for private education

1 loans, and an explanation to be written by the Sec-  
2 retary of Education, in consultation with the heads  
3 of relevant Federal agencies, of the benefits unique  
4 to Federal student loans, including various repay-  
5 ment plans, loan forgiveness, and loan deferment,  
6 and the terms to examine carefully if considering a  
7 private education loan.

8 “(8) The deadline and summary of the process,  
9 if any, for accepting the financial aid offered in the  
10 financial aid offer form.

11 “(9) The academic period covered by the finan-  
12 cial aid offer form and a clear indication whether the  
13 aid offered is based on full-time or part-time enroll-  
14 ment.

15 “(10) With respect to institutions where more  
16 than 30 percent of enrolled students borrow loans to  
17 pay for their education, the institution’s most recent  
18 cohort default rate, as defined in section 435(m) of  
19 the Higher Education Act of 1965 (20 U.S.C.  
20 1085(m)), compared to the national average cohort  
21 default rate.

22 “(11) The percentage of students at the institu-  
23 tion who take out student loans and median debt at  
24 graduation for students at the institution.

1           “(12) Any other information the Secretary of  
2           Education, in consultation with the heads of relevant  
3           Federal agencies, determines necessary so that stu-  
4           dents and parents can make informed loan bor-  
5           rowing decisions.”; and

6           (3) by adding at the end the following:

7           “(c) OTHER REQUIRED CONTENTS FOR THE OFFER  
8           FORM.—The standard format developed under subsection  
9           (a) shall also include the following information to be in-  
10          cluded on the financial aid offer form in a concise format  
11          determined by the Secretary of Education, in consultation  
12          with the heads of relevant Federal agencies:

13           “(1) A concise summary of the terms and con-  
14          ditions of financial aid recommended under para-  
15          graphs (2), (4), and (5) of subsection (b), and a  
16          method to provide students with additional informa-  
17          tion about such terms and conditions, such as links  
18          to the supplementary information.

19           “(2) At the institution’s discretion, additional  
20          options for paying for the net amount listed in sub-  
21          section (b)(3), such as the amount recommended to  
22          be paid by the student or student’s family, Federal  
23          Direct PLUS Loans under section 455 of the High-  
24          er Education Act of 1965 (20 U.S.C. 1087e), or pri-  
25          vate education loans. If the institution recommends

1 private education loans, as defined in section 140 of  
2 the Truth in Lending Act (15 U.S.C. 1650), the fi-  
3 nancial aid offer form shall contain the additional  
4 following disclosures on the offer form:

5 “(A) The availability of, and the student’s  
6 potential eligibility for, Federal financial assist-  
7 ance under title IV of the Higher Education  
8 Act of 1965 (20 U.S.C. 1070 et seq.).

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

15 “(C) The student’s ability to select a pri-  
16 vate educational lender of the student’s choice.

17 “(D) The student’s right to accept or re-  
18 ject a private education loan within the 30-day  
19 period following a private educational lender’s  
20 approval of a student’s application and a stu-  
21 dent’s 3-day right-to-cancel period.

22 “(E) With respect to dependent students,  
23 any reference to private education loans shall be  
24 accompanied by information about the rec-  
25 ommended family contribution and the avail-



1 ability of, and terms and conditions associated  
2 with, Federal Direct PLUS Loans under sec-  
3 tion 455 of the Higher Education Act of 1965  
4 (20 U.S.C. 1087e) for the student’s parents re-  
5 gardless of family income, and of the student’s  
6 increased eligibility for Federal student loans  
7 under title IV of the Higher Education Act of  
8 1965 (20 U.S.C. 1070 et seq.) if the student’s  
9 parents are not able to borrow under the Fed-  
10 eral Direct PLUS Loan program.

11 “(3) The following disclosures:

12 “(A) That the financial aid offer form only  
13 contains information for 1 academic period and  
14 the financial aid offered in following academic  
15 periods may change, unless the institution is of-  
16 fering aid that covers multiple academic peri-  
17 ods.

18 “(B) How non-institutional scholarships  
19 awarded to the student affect the financial aid  
20 package offered to the student.

21 “(C) A concise summary of any Federal or  
22 institutional conditions required to receive and  
23 renew financial aid and a method to provide  
24 students with additional information about

1           these conditions, such as links to the supple-  
2           mentary information.

3           “(d) ADDITIONAL REQUIREMENTS FOR FINANCIAL  
4 AID OFFER FORM.—In addition to the requirements listed  
5 under subsections (b) and (c), the financial aid offer form  
6 shall meet the following requirements:

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

13          “(2) Use standard definitions and names for  
14          the terms described in subsection (b) that are devel-  
15          oped by the Secretary of Education in consultation  
16          with the heads of relevant Federal agencies, rep-  
17          resentatives of institutions of higher education, non-  
18          profit consumer groups, students, and secondary  
19          school and higher education guidance counselors, not  
20          later than 3 months after the date of enactment of  
21          the Understanding the True Cost of College Act of  
22          2017.

23          “(3) If an institution’s recommended Federal  
24          student loan aid offered in subsection (b)(5) is less  
25          than the Federal maximum available to the student,

1 the institution shall provide additional information  
2 on Federal student loans, including the types and  
3 amounts for which the student is eligible in an at-  
4 tached document or webpage.

5 “(4) Use standard formatting and design that  
6 the Secretary of Education, in consultation with the  
7 heads of relevant Federal agencies, representatives  
8 of institutions of higher education, nonprofit con-  
9 sumer groups, students, and secondary school and  
10 higher education guidance counselors determine is  
11 appropriate to produce multiple draft financial aid  
12 offer designs for consumer testing not later than 3  
13 months after the date of enactment of the Under-  
14 standing the True Cost of College Act of 2017 to en-  
15 sure—

16 “(A) that figures described in paragraphs  
17 (1) through (5) of subsection (b) are in the  
18 same font, appear in the same order, and are  
19 displayed prominently on the first page of the  
20 financial aid offer form whether produced in  
21 written or electronic format; and

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

1           “(5) Include an attestation that the student has  
2           accessed and read the financial aid offer form, if  
3           provided to the student in electronic format.

4           “(6) Include language developed by the Sec-  
5           retary of Education, in consultation with the heads  
6           of relevant Federal agencies, notifying eligible stu-  
7           dents that they may be eligible for education bene-  
8           fits, and where they can locate more information  
9           about such benefits, described in the following provi-  
10          sions:

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

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

15                   “(C) Section 1784a, 2005, or 2007 of title  
16                   10, United States Code.

17          “(e) ADDITIONAL INFORMATION.—Nothing in this  
18          section shall preclude an institution from supplementing  
19          the financial aid offer form with additional information so  
20          long as such additional information supplements the fi-  
21          nancial aid offer form and is not located on the financial  
22          aid offer form.

23          “(f) CONSUMER TESTING.—

24                   “(1) IN GENERAL.—Not later than 3 months  
25                   after the date of enactment of the Understanding

1 the True Cost of College Act of 2017, the Secretary  
2 of Education, in consultation with the heads of rel-  
3 evant Federal agencies, shall establish a process to  
4 submit the financial aid offer form developed under  
5 this section for consumer testing among representa-  
6 tives of students (including low-income students,  
7 first generation college students, adult students, and  
8 prospective students), students' families (including  
9 low-income families, families with first generation  
10 college students, and families with prospective stu-  
11 dents), institutions of higher education, secondary  
12 school and postsecondary counselors, and nonprofit  
13 consumer groups.

14 “(2) LENGTH OF CONSUMER TESTING.—The  
15 Secretary of Education shall ensure that the con-  
16 sumer testing lasts no longer than 6 months after  
17 the process for consumer testing is developed under  
18 paragraph (1).

19 “(3) USE OF RESULTS.—The results of con-  
20 sumer testing under paragraph (1) shall be used in  
21 the final development of the financial aid offer form.

22 “(4) REPORTING REQUIREMENT.—Not later  
23 than 3 months after the date the consumer testing  
24 under paragraph (1) concludes, the Secretary of  
25 Education shall submit to Congress the final stand-

1       ard financial aid offer form and a report detailing  
 2       the results of such testing, including whether the  
 3       Secretary added any additional items to the stand-  
 4       ard financial aid offer form pursuant to subsection  
 5       (b)(10).

6           “(5) **AUTHORITY TO MODIFY.**—The Secretary  
 7       of Education may modify the definitions, terms, for-  
 8       matting, and design of the financial aid offer form  
 9       based on the results of consumer testing required  
 10      under this subsection and before finalizing the  
 11      form.”.

12      (b) **MANDATORY FORM.**—Part B of title I of the  
 13      Higher Education Act of 1965 (20 U.S.C. 1011 et seq.)  
 14      is amended by adding at the end the following:

15      **“SEC. 124. USE OF MANDATORY FINANCIAL AID OFFER**  
 16                                      **FORM.**

17           “(a) **IN GENERAL.**—Notwithstanding any other pro-  
 18      vision of law, each institution of higher education that re-  
 19      ceives Federal financial assistance under this Act shall use  
 20      the financial aid offer form developed under section 484  
 21      of the Higher Education Opportunity Act (20 U.S.C. 1092  
 22      note) in providing written or electronic financial aid offers  
 23      to students enrolled in, or accepted for enrollment in, the  
 24      institution.

1       “(b) EFFECTIVE DATE.—The requirement under  
2 subsection (a) shall take effect 8 months after the Sec-  
3 retary of Education finalizes the offer form developed  
4 under section 484(a) of the Higher Education Oppor-  
5 tunity Act (20 U.S.C. 1092 note).”.

○