



National Association for College Admission Counseling

Guiding the way to higher education

2008 HEA Policy Briefs: Award Letter Standardization

The *College Affordability and Opportunity Act* (HR 4137) was signed into law on August 14, 2008 (PL 110-315). Along with the *College Cost Reduction and Reconciliation Act* (PL 110-84) of September 2007, and the *Ensuring Continued Access to Student Loans Act* (PL 110-227) of April 2008, this bill reauthorizes all federal higher education programs until 2014.

One of the many issues of interest to NACAC in this higher education act (HEA) reauthorization is an effort to standardize financial aid award letters issued by institutions to prospective students. The College Affordability Opportunity Act directs the Department of Education to convene a group of stakeholders, including school counselors, to discuss the necessary components of a standardized financial aid award letter. Based on recommendations from the group, the Department of Education will develop a model letter, and present it and further recommendations to the authorizing committees in Congress (the House Committee on Education and Labor and the Senate Health, Education, Labor and Pensions Committee).

SEC. 484. MODEL INSTITUTION FINANCIAL AID OFFER FORM.

(a) **MODEL FORMAT.**—The Secretary of Education shall—

(1) not later than six months after the date of enactment of the Higher Education Opportunity Act, convene a group of students, families of students, secondary school guidance counselors, representatives of institutions of higher education (including financial aid administrators, registrars, and business officers), and nonprofit consumer groups for the purpose of offering recommendations for improvements that—

- (A) can be made to financial aid offer forms; and
- (B) include the information described in subsection (b);

(2) develop a model format for financial aid offer forms based on the recommendations of the group; and

(3) not later than one year after the date of enactment of the Higher Education Opportunity Act—H. R. 4137—210

- (A) submit recommendations to the authorizing committees (as defined in section 103 of the Higher Education Act of 1965 (20 U.S.C. 1003);
- (B) make the recommendations and model format widely available.

(b) **CONTENTS.**—The recommendations developed under subsection (a) for model financial aid offer forms shall include, in a consumer-friendly manner that is simple and understandable, the following:

(1) Information on the student's cost of attendance, including the following:

- (A) Tuition and fees.
- (B) Room and board costs.
- (C) Books and supplies.
- (D) Transportation.

(2) The amount of financial aid that the student does not have to repay, such as scholarships, grants, and work study assistance, offered to the student for such year, and the conditions of such financial aid.

(3) The types and amounts of loans under part B, D, or E of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq., 1087a et seq., 1087aa et seq.) for which the student is eligible for such year, and the applicable terms and conditions of such loans.

(4) The net amount that the student, or the student's family on behalf of the student, will have to pay for the student to attend the institution for such year, equal to—

- (A) the cost of attendance for the student for such year; minus
- (B) the amount of financial aid described in paragraphs (2) and (3) that is offered in the financial aid offer form.

(5) Where a student or the student's family can seek additional information regarding the financial aid offered.

(6) Any other information the Secretary of Education determines necessary so that students and parents can make informed student loan borrowing decisions.

Simplification of the federal financial aid system has long been a priority identified by NACAC's Government Relations Committee, as part of NACAC's policy goal of improving access to need-based student aid. NACAC's Current Trends and Future Issues Committee concluded in May 2008 that "a critical component of the financial aid application process that remains a challenge for students is the complexity of financial aid award letters issued to students and families by postsecondary institutions." The committee believes that confusion over the contents of financial aid award letters is another barrier to access. By reporting financial aid in a way that does not clearly or consistently identify grants, loans, tuition discounts, and family responsibility, institutions make it excessively difficult for students to compare financial aid offers from different institutions, and therefore to make informed enrollment decisions.

NACAC will share recommendations from both committees with the Department of Education during its pursuit for a standardized award letter. To get involved, use NACAC's Legislative Action Center at <http://capwiz.com/nacac> to contact the Secretary of Education to share your views on the optimal financial aid award letter. Contact NACAC staff at legislative@nacacnet.org if you would like to be nominated to the Department's group of stakeholders to examine the issue.