

114TH CONGRESS  
1ST SESSION

# S. 2149

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

OCTOBER 7, 2015

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 2015”.

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. 1087ll).

6 “(B) Room and board costs, as determined  
7 under section 472 of the Higher Education Act  
8 of 1965 (20 U.S.C. 1087ll).

9 “(C) Books and supplies, as determined  
10 under section 472 of the Higher Education Act  
11 of 1965 (20 U.S.C. 1087ll).

12 “(D) Transportation, as determined under  
13 section 472 of the Higher Education Act of  
14 1965 (20 U.S.C. 1087ll).

15 “(E) Miscellaneous personal expenses, as  
16 determined under section 472 of the Higher  
17 Education Act of 1965 (20 U.S.C. 1087ll).

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.), or  
22 grant aid offered by the institution, a State, or an  
23 outside source to the student for such academic pe-  
24 riod, including a disclosure that the financial aid  
25 does not have to be repaid and whether the student

1 can expect to receive similar amounts of such finan-  
2 cial aid for each academic period the student is en-  
3 rolled at the institution.

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

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

13 “(B) the amount of financial aid described  
14 in paragraph (2) that is included in the finan-  
15 cial aid offer form.

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

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

1 borrow a lesser amount than the recommended loan  
2 amount, a clear use of the word ‘loan’ to describe  
3 the recommended loan amounts, the interest rates,  
4 fees, the expected monthly repayment amounts (as-  
5 suming a 10-year repayment plan), the total amount  
6 the student will pay over the life of the loans (as-  
7 suming a 10-year repayment plan), and a disclosure  
8 that the student may be eligible for longer repay-  
9 ment terms, such as extended or income-based plans,  
10 and that longer repayment terms may result in the  
11 student paying more money over the life of the  
12 loans.

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

18 “(7) A disclosure that Federal student loans  
19 offer generally more favorable terms and beneficial  
20 repayment options than private education loans so  
21 students should examine available Federal student  
22 loan options before applying for private education  
23 loans, and an explanation to be written by the Sec-  
24 retary of Education, in consultation with the heads  
25 of relevant Federal agencies, of the benefits unique

1 to Federal student loans, including various repay-  
2 ment plans, loan forgiveness, and loan deferment,  
3 and the terms to examine carefully if considering a  
4 private education loan.

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

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

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

19 “(11) Any other information the Secretary of  
20 Education, in consultation with the heads of relevant  
21 Federal agencies, determines necessary so that stu-  
22 dents and parents can make informed loan bor-  
23 rowing decisions, including quality metrics such as  
24 percentage of students at the institution who take

1 out student loans and average debt at graduation for  
2 students at the institution.”; and

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

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

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

16 “(2) At the institution’s discretion, additional  
17 options for paying for the net amount listed in sub-  
18 section (b)(3), such as the amount recommended to  
19 be paid by the student or student’s family, Federal  
20 Direct PLUS Loans under section 455 of the High-  
21 er Education Act of 1965 (20 U.S.C. 1087e), or pri-  
22 vate education loans. If the institution recommends  
23 private education loans, as defined in section 140 of  
24 the Truth in Lending Act (15 U.S.C. 1650), the fi-

1 nancial aid offer form shall contain the additional  
2 following disclosures on the offer form:

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

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

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

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

20 “(E) With respect to dependent students,  
21 any reference to private education loans shall be  
22 accompanied by information about the rec-  
23 ommended family contribution and the avail-  
24 ability of, and terms and conditions associated  
25 with, Federal Direct PLUS Loans under sec-



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

9           “(3) The following disclosures:

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

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

19           “(C) A concise summary of any Federal or  
20           institutional conditions required to receive and  
21           renew financial aid and a method to provide  
22           students with additional information about  
23           these conditions, such as links to the supple-  
24           mentary information.

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

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

11           “(2) Use standard definitions and names for  
12 the terms described in subsection (b) that are devel-  
13 oped by the Secretary of Education in consultation  
14 with the heads of relevant Federal agencies, rep-  
15 resentatives of institutions of higher education, non-  
16 profit consumer groups, students, and secondary  
17 school and higher education guidance counselors, not  
18 later than 3 months after the date of enactment of  
19 the Understanding the True Cost of College Act of  
20 2015.

21           “(3) If an institution’s recommended Federal  
22 student loan aid offered in subsection (b)(5) is less  
23 than the Federal maximum available to the student,  
24 the institution shall provide additional information  
25 on Federal student loans, including the types and

1 amounts for which the student is eligible in an at-  
2 tached document or webpage.

3 “(4) Use standard formatting and design that  
4 the Secretary of Education, in consultation with the  
5 heads of relevant Federal agencies, representatives  
6 of institutions of higher education, nonprofit con-  
7 sumer groups, students, and secondary school and  
8 higher education guidance counselors determine is  
9 appropriate to produce multiple draft financial aid  
10 offer designs for consumer testing not later than 3  
11 months after the date of enactment of the Under-  
12 standing the True Cost of College Act of 2015 to en-  
13 sure—

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

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

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

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

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

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

12                   “(C) Section 1784a, 2005, or 2007 of title  
13                   10, United States Code.

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

20           “(f) CONSUMER TESTING.—

21                   “(1) IN GENERAL.—Not later than 3 months  
22                   after the date of enactment of the Understanding  
23                   the True Cost of College Act of 2015, the Secretary  
24                   of Education, in consultation with the heads of rel-  
25                   evant Federal agencies, shall establish a process to

1 submit the financial aid offer form developed under  
2 this section for consumer testing among representa-  
3 tives of students (including low-income students,  
4 first generation college students, adult students, and  
5 prospective students), students' families (including  
6 low-income families, families with first generation  
7 college students, and families with prospective stu-  
8 dents), institutions of higher education, secondary  
9 school and postsecondary counselors, and nonprofit  
10 consumer groups.

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

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

19 “(4) REPORTING REQUIREMENT.—Not later  
20 than 3 months after the date the consumer testing  
21 under paragraph (1) concludes, the Secretary of  
22 Education shall submit to Congress the final stand-  
23 ard financial aid offer form and a report detailing  
24 the results of such testing, including whether the  
25 Secretary added any additional items to the stand-

1       ard financial aid offer form pursuant to subsection  
2       (b)(10).

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

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

12      **“SEC. 124. USE OF MANDATORY FINANCIAL AID OFFER**  
13                              **FORM.**

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

22           “(b) **EFFECTIVE DATE.**—The requirement under  
23      subsection (a) shall take effect 8 months after the Sec-  
24      retary of Education finalizes the offer form developed

1 under section 484(a) of the Higher Education Oppor-  
2 tunity Act (20 U.S.C. 1092 note).”.

○