

118TH CONGRESS
1ST SESSION

S. 528

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 27, 2023

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

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 2023”.

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 2023, 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 stu-
25 dent 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 2023, 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 2023, 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 mating, 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.”.

○