

January 10, 2024

The Honorable Chuck Grassley
U.S. Senate
135 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Tina Smith
U.S. Senate
720 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Joni Ernst
U.S. Senate
260 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Virginia Foxx
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Young Kim
U.S. House of Representatives
1306 Longworth House Office Building
Washington, D.C. 20515

The Honorable Raja Krishnamoorthi
U.S. House of Representatives
2367 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Josh Gottheimer
U.S. House of Representatives
203 Cannon House Office Building
Washington, D.C. 20515

The Honorable Lisa McClain
U.S. House of Representatives
444 Cannon House Office Building
Washington, D.C. 20515

Dear Senators Grassley, Smith, and Ernst and Representatives Foxx, Kim, Krishnamoorthi, Gottheimer, and McClain:

I am writing on behalf of Education Finance Council (EFC) to endorse S. 528/H.R. 1198, the *Understanding the True Cost of College Act*, and H.R. 1311, the *College Cost Transparency and Student Protection Act*. EFC supports your proposal to improve financial aid offers and ensure students have all the information they need to decide where to go to college and responsibly pay for their education.

EFC is the national trade association representing nonprofit and state-based higher education finance organizations. EFC members work to increase postsecondary education access, success, and affordability by providing a wide range of resources and services to students and families. EFC members are driven by a public purpose mission to expand individuals' financial knowledge, prevent over-borrowing, and promote positive repayment behavior. Every year our members support millions of students as they seek to grow their skills and improve their lives.¹

Growing evidence suggests many institutions of higher education send financial aid offers that are inaccurate and incomplete, making it nearly impossible for students to estimate the true cost of attendance and understand their options. A 2018 analysis of over 500 financial aid offers found that 70 percent of them lumped all types of aid together, 15 percent included a PLUS loan as an "award," and they collectively used over 130 unique labels for the federal unsubsidized student loan program.² A 2022 Government Accountability Office review of a different set of financial aid offers revealed 50 percent of institutions understated the net price and 41 percent failed to provide a net price estimate at all.³ This makes it difficult for students to compare their options and make a fully-informed decision.

¹ Education Finance Council (2023). National Impact Report: Helping Families Plan and Pay for College. Retrieved from <https://www.efc.org/wp-content/uploads/2023/12/2023-national-report-final.pdf>.

² New America; uAspire (2018). Decoding the Cost of College: The Case for Transparent Financial Aid Award Letters. Retrieved from <https://d1y8sb8igg2f8e.cloudfront.net/documents/Decoding-the-Cost-of-College-Final-6218.pdf>.

³ U.S. Government Accountability Office (2022). Financial Aid Offers: Action Needed to Improve Information on College Costs and Student Aid. Retrieved from <https://www.gao.gov/assets/gao-23-104708.pdf>.

Absent regulation and uniform standards, financial aid offers often confuse students with jargon and inadequate disclosures. As a result, many students choose not to enroll in college because of sticker price shock or wind up unknowingly taking out federal student loans they do not want or need. Postsecondary education is among the most expensive purchases of an individual's life, and it is critical that federal policymakers set minimum acceptable standards for how federal student aid programs can be portrayed. While EFC appreciates recent efforts by influential college and university leaders to voluntarily improve their practices,⁴ Congress cannot rely on the goodwill of all institutions to communicate effectively net price and the terms and conditions of student aid programs.

The *Understanding the True Cost of College Act* would put an end to financial aid offers that confuse students. It would do so by requiring a uniform offer form that uses standard definitions for financial aid programs. The consumer-friendly form enables students to easily compare offers, which is particularly useful for first-generation students and people from disadvantaged backgrounds. EFC is proud to endorse the legislation.

Similarly, the *College Cost Transparency and Student Protection Act* is a tremendous step forward to enlightening students and families about the actual cost of postsecondary education. It would address the problem by authorizing the Secretary of Education to issue regulations governing the content of institutions' financial aid offers and create a uniform aid offer. EFC is pleased to support this legislative proposal.

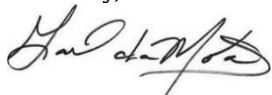
The higher education shopping process is complicated and emotional for families. And, unfortunately, financial aid offers frequently only add to the complexity. Congress must act now to ensure that these communications cut through the distractions and give students the essential information they need to know about their aid options and the cost of college.

EFC urges you to come together to negotiate a bipartisan and bicameral proposal that President Biden can sign into law this year. Importantly, the compromise agreement must focus on creating a consumer-tested standard aid offer form that defines federal student aid programs consistently, emphasizes the key points students need to understand their financial aid eligibility and prospective college costs, and gives institutions the flexibility to send the information in a convenient manner. We caution against oversaturating the offer letter with information irrelevant to the student's college financing decision.

Lastly, EFC encourages you to carefully consider how the uniform financial aid offer lets families know about the availability of private student loans. In contrast to for-profit companies, state-based and nonprofit organizations provide eligible families with affordable rates because of their access to lower-cost capital and commitment to their public purpose missions.⁵ Students should know that these entities can help them understand their offers and reduce the cost of borrowing for postsecondary education.

Students and their families deserve a transparent financial aid process. EFC believes this is the year you can come together to empower students with better financial aid offer information. Our members thank you for your leadership on this critical issue, and we look forward to working with you and your colleagues to make college more affordable.

Sincerely,



Gail daMota
President

⁴ College Cost Transparency Initiative. Retrieved from <https://www.collegeprice.org/home>.

⁵ Guiding Principles for Education Finance Council Members' Private Student Loan Programs. Retrieved from <https://www.efc.org/guiding-principles/>