

COLLEGE COST TRANSPARENCY AND STUDENT PROTECTION ACT

Students make one of the most critical financial decisions of their lives when they accept their financial aid offer. However, schools have made it difficult for families to understand what they actually owe. This confusion can lead to students [blindly over-borrowing](#), [dropping out](#), or [deciding not to enroll](#) in the first place. Colleges have [guidance](#), [templates](#), and [other assistance](#) to help provide clearer information to students in aid offers, but evidence suggests they are ignored.

THE PROBLEM:

Previous studies found many colleges were [excluding key information](#) on costs, while others showed that nearly two thirds of students found the Department's aid offer template for schools to follow [confusing or unclear](#). A report from the Government Accountability Office paints a shocking picture:

- ✘ **55 percent of institutions do not itemize key direct and indirect costs** in their aid offers, including nearly one-third who do not itemize tuition or any costs at all;
- ✘ **24 percent of institutions do not provide a total cost of attendance**, despite it being one of the most important [factors](#) in students' college-going decision; and
- ✘ **91 percent of institutions do not provide an out-of-pocket estimate to students**, with nearly half packaging loans in ways that mislead students about what they are obligated to pay.

Such practices are misleading at best and outright dishonest at worse. Among other concerning examples in the report, one institution presented its aid offer to a low-income student claiming out-of-pocket costs would be \$350 for the academic year; however, this estimate was off by more than \$47,000.



THE SOLUTION:

Prospective students need clear information to make smart choices about their unique financial circumstances. The college decision process should be [consumer friendly](#), providing critical information with clearly understood terms in a straightforward format. This means an aid process that clearly distinguishes what costs students are and are not required to pay and maximizing students' choices when it comes to financing. The ***College Cost Transparency and Student Protection Act*** is the first step to do just that. The bill:

- ✓ **Ensures aid offers are clear and comparable for students and families** by establishing standardized terms and definitions for key information on costs, grant aid, and other financing options that schools must obey.
- ✓ **Streamlines and improves the college shopping process for today's learners** by requiring aid offers to be sequenced such that students are first presented the direct costs they must pay to enroll, and then an itemized list of indirect costs they have the option to finance and what resources they have available to do so.
- ✓ **Increases transparency about financial aid and reduces sticker shock** by ensuring all students are aware of the financial support available that covers both direct and indirect costs. The bill will make these costs public through the College Scorecard, which will help ensure students understand the choices they have and what they can expect when it comes to borrowing and post-graduate earnings.

BOTTOM LINE:

The consequences of today's college cost crisis are significant. Bad financing choices can lead to poor enrollment decisions which contribute to dismal student loan outcomes. Greater transparency around what students must pay for their credential compared to what they may finance will empower students to make financial decisions that are in *their* best interest.

The ***College Cost Transparency and Student Protection Act*** will maximize choice for the millions of Americans financing postsecondary education, and lower the cost of college for students, families, and taxpayers.

