

Oral Testimony to Senate HELP Committee Hearing on Financial Aid and Simplification January 18, 2018

*Submitted by
Laura Keane, Chief Policy Officer, uAspire*

Mr. Chairman, Ranking Member Murray, and members of the committee, thank you for this opportunity to testify on Financial Aid Simplification and Transparency. uAspire, is a national nonprofit hyper-focused on college affordability as a way to close the achievement gap in this country. We advise over 10,000 high school and college students a year to find an affordable pathway to a college degree. We also train front-line staff in 27 states to do the same.

Choosing to attend and pay for college is an investment in one's future. Millions of students make this decision every year. Yet, just 55% of those who start college, finish. A major reason for this, is that college costs aren't transparent.

We advise our students: "Celebrate, then Decide." Celebrate when you get accepted, but Decide only after you review the financial aid award letter. This IS the deciding moment for our students, who are predominantly low-income, first-generation, and students of color.

But award letters are confusing, if not misleading. They fail to provide the consumer – in this case, students and families – with key financial information.

Let me tell you about Ella. Ella was granted a state-school scholarship that covered her tuition, fees, room and board. Her award letter showed no further costs. Ella's family was elated! Her father had passed away, and this was his alma mater. Her mother worked tirelessly as a social worker, so funds were tight. Once on campus, Ella realized how expensive textbooks were. Although she worked, she didn't have enough money to buy expensive science textbooks, and her grades suffered. When her GPA fell below a 3.0, she lost her aid and was forced to drop out. Now she has debt and no degree.

This is why, at uAspire, we've held over 10,000 award letter conversations with our students, and collected over 50,000 letters. And, we've discovered three troubling trends:

First, the Cost of Attendance is often incomplete, or missing altogether.

- One-third of the letters we analyzed don't list ANY cost at all. There is literally NO price tag.
- One-third of the letters mention only "direct costs" - what is needed to pay the school to enroll.
- And only one-third of these letters did what we believe they should, which is to include both direct costs and the "indirect expenses" like books and transportation. That is what pulled Ella off track.

Second, the formatting of the award letters often doesn't make sense. How schools list the aid affects how students do the math. Over two-thirds of the letters we analyzed lump grant aid and loans together. It is unclear what is gift aid and what needs to be paid back.

And third, there is no standard terminology for students to compare offers. We found financial aid terms titled differently from one letter to the next. For example, we found the federal unsubsidized loan

presented in 143 different ways. In 26 of those cases, the college did not even use the word "Loan" to describe it.

On the heels of complicated FAFSA & verification, these award letters continue to trip-up the students we serve.

Students like Leon. Leon was a bright, but unmotivated young man, who had a difficult home life. An athletic program provided him with a love of learning and an ambition to attend college. Leon excitedly shared the news of a \$20,000 scholarship to his top choice and committed to the college. In August, he faced an unexpected \$17,000 bill. Leon didn't go to college that year. This is an example of "summer melt" - a phenomenon when students who are college-ready, and college-intending never reach campus.

Which brings me back to how you can help. While these letters lack consistent transparency, there is a proven federal strategy of guidelines for providing clear information to consumers. It's been done successfully in other areas of commerce including FDA food labels, the HUD-1 Settlement, and credit card statements.

Please do the same for our nation's students. There are not enough counselors to help all students; the system must be clearer. This is a system-wide problem and needs a systems-level solution. We have a clear ask: set standard requirements for financial aid terms, definitions, and formatting to protect both our students' and our taxpayers' investment in higher education.

While these efforts do not directly tackle the much discussed cost-barrier, increased transparency will make a real and measurable impact on students. Simplifying award letter communication is vital. Simplification of grants and loans should NOT mean a reduction of funds for students who need it most.

In closing, we are so grateful you invited a student-centered organization to be part of this important conversation for our country. We know students, & those who serve them, have insights that will help make policy work.

Thank you.