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## **Response to CFPB “Shopping Sheet”**

While NASFAA believes that improvements to award notifications are necessary and desirable, we are concerned that regulation of award letters will interfere with an institution’s ability to meet the specific needs of its unique student body, and will restrict innovation. However, a model for financial aid award notifications can be both instructive and very useful so long as it does not become a required and inflexible standard.

NASFAA has long had tools available for institutions to evaluate their award letters and for students to understand and compare award letters from multiple schools. However, we believe that a thorough review by the higher education community of award notification policies is needed. To this end, NASFAA’s Board of Directors has appointed a task force of respected financial aid professionals to identify best practices, standardize terminology, explore models, and make recommendations regarding the effectiveness of both award letters and associated student consumer information.

We are pleased to see a cooperative relationship develop between the U.S. Department of Education and the Consumer Financial Protection Bureau. We hope that cooperative relationship will extend to schools and consumers as we jointly seek to improve this process for students. To help inform the CFPB, we offer the following comments, and extend an offer to work with the CFPB in the future on this issue.

### **The “Shopping Sheet”**

The award letter was developed as a vehicle for the institution to convey financial information to its students: how much it will cost to attend and where the student can find the resources to cover that cost. Although sending out award letters has also become a logical trigger for disseminating certain disclosures regarding financial aid and bill payment, the primary purpose remains communication of cost and resources from the institution to the student.

The CFPB’s concept of a “shopping sheet” is very different from the purpose of an award notification. Most of an institution’s students are no longer “shopping”—they are returning students or transfer students who are not looking at alternative schools. Requiring an institution to use limited real estate on the letter to publicize information for which the student no longer has use—such as cost comparisons, default rate comparisons and persistence rates—is counterproductive and may necessitate expansion of award letter materials to a degree that can

be more confusing than helpful.

For some schools, even most incoming freshmen are not shopping around. For example, students at a rural community college that draws most of its student body from its home area, where there are few if any feasible alternatives, would not have a need for the same kind of comparative data as students for whom several schools are viable possibilities.

A student who is still trying to reach a decision about school choice has already been shown the information that is proposed on the shopping sheet. Upon completion of the FAFSA on the Web, graduation rate, retention rate, and transfer rate for schools listed by the student appears, and links are provided to the school websites and to College Navigator for more comprehensive information.

The use of paper versus electronic notifications also leads to variations in format. The idea that all schools send notifications through an actual award letter is extremely outmoded. Many schools use electronic correspondence to convey information and interact with students. Some schools use different formats for different populations.

Award notifications encompass more than a single sheet of paper. Accompanying materials or clear cross-references to information located elsewhere on the institution's website allow the most important information to be presented as cleanly as possible on an actual award notification. Schools need the ability to decide, based on the needs of their particular populations, what information belongs on the prime real estate of the award notification, what information can be included in accompanying materials, and what information can be relegated to other locations for which clear links or cross-references are sufficient.

These issues argue for multiple templates or, better yet, flexibility for schools to design their own formats with templates or models as guides. A standardized required letter simply cannot serve the best interests of all students at all schools. That said, however, we believe there is need for significant improvement in award notification design and content, and that it is best achieved as a concerted community effort.

### **Considerations for Improvements**

Terminology used in award letters should be standardized to the maximum extent possible. For example, a student should be able to recognize the same loan when it appears on award letters from different schools. A Direct Loan, Federal Direct Loan, DL, Subsidized Direct Loan, Direct Subsidized Loan, Subsidized Stafford Loan, Federal Direct Stafford Loan, or Subsidized Stafford/Ford Program Loan can all refer to the same loan. The Department of Education needs to assist in this effort.

Certain elements that are key to understanding a student's financial commitment should also be expected on an award notification, but the way in which they are presented may vary according to the institution's experience with, and knowledge of, its students. Good examples are cost of

attendance and unmet need.

Cost of attendance is defined in the law, yet different schools have experiences about what results in clarity versus confusion among their students about costs relative to offered aid. We believe that the standardization already inherent in “cost of attendance” should generally be observed in award letters by giving a complete picture. However, showing all reasonable costs associated with attending school, as defined in law, should not preclude schools from organizing costs in a way that conveys necessary information about direct costs vs. indirect expenses.

We believe there are four elements, also subject to standardization of terminology, that belong in an award letter because they foster informed decisions about accepting aid, assist families in financial planning, and facilitate apples to apples comparisons between schools by students still trying to decide where to attend. These elements are:

- Cost of attendance
- Estimated costs that remain after gift aid
- Self-help aid offered or recommended by the school and the amount remaining for the student and family to fund
- Cost of borrowing

We regard inclusion of these elements as a best practice for the presentation of information in a complete, consistent, and transparent manner and location. One of the benefits of a model, which formalizes and clearly illustrates best practices, is increased likelihood of widespread adoption of such best practices.

The purposes and roles of award letters should not be confused with those of net price calculators. An NPC is an early informational tool for students and families; because the NPC is a requirement imposed by Congress for the explicit purpose of providing students with comparative data across schools, using defined and standardized elements, it should have a standardized format. NPCs convey the “what if” about possible attendance at different colleges. Award letters convey the “what is” about actual attendance at a given college.

While we would like to see an enhanced ability for students to compare offers of aid from different schools, the award letter should not be the only focus for improvements. Students and their families need knowledgeable counseling and financial planning instruction all along the education continuum.