

# Session #42

## Model Aid Offer

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FEDERAL STUDENT AID

# Today's Session

- To update you on—
  - The HEOA requirements
  - The public comments
  - The public meeting
- To share a “thought-starter” format and hear your comments

# Use of Aid Offer

- Changed over time
- To notify student about aid awards
- To permit student to accept/decline awards
- Also a way to compare aid offers

# Background

- Regulatory requirement through the late 1980s
  - Signed student statement accepting or declining the financial aid offered
- Removed from the regulations in late 1987
  - Replaced by disclosure requirement

# Background

- In 1986, law required ED to develop a single form—
  - The “Federal Student Assistance Report”
  - For annual use by schools
  - To include Great Seal of the U.S.
  - To be printed on U.S. Treasury paper for checks

# Background

- In 1988, ED requested public comments on the single form and as a result, determined it was “unworkable”
- In 1992, Congress added “Federal” to Title IV program names
  - To help students understand which aid comes from the Federal student financial aid programs
- Associations’ on-going interest

# HEOA Directive

- 2008 requirement refocused attention on communicating aid offers
- Goal to help students and parents make informed decisions about college
- Required meeting for interested parties
  - Discuss improvements
  - Offer recommendations
- Required development & distribution of model aid offer format

# HEOA Directive

- Specified elements for model format
  - Cost of Attendance (COA)
  - Non-loan aid
  - Loan aid
  - Net amount student will pay
  - How to get additional info
  - Any other necessary information

# OPE Preliminary Work

- Informal conversations with individuals and groups
  - About work underway or completed
  - About ways to proceed
- Discussions with ED staff who work with students and families

# Federal Register Notice

- Published July 29, 2011
- Announced Model Aid Offer web page
- Solicited public comments
- Announced meeting on 9/13/11

# Model Aid Offer Web Page

- Assembles information about our activities
- Provides statutory language
- Includes sample award letters from different institutions
  - For illustrative purposes only
  - To stimulate discussion
- Reports on ED activities

# Comments Requested

Federal Register Notice—

- Invited written comments on ways to improve information in aid offer forms
- Permitted broader public participation
- Used comments to inform public meeting discussion

# 9/13/11 Public Meeting

- Morning—two panels
- Afternoon—small group discussions
- 50+ attendees—
  - Community organizations
  - Higher education professionals
  - Trade groups
  - Others

# Public Meeting Outcomes

- Agreement on concept of standard format
- No agreement on design of specific form
- More work needed to name and define terms
- Agreement to get more student and parent comments

# Public Meeting Outcomes

- Agreement to address some elements
  - Terms and language
  - Cost of Attendance (COA)
  - Aid by types
  - Net price (COA minus grants/scholarships)
  - Aid office contact details
  - Student's next steps

# Recent Activities

- Working with Consumer Financial Protection Bureau (the Bureau)
- Building on their work to help consumers get the information they need to make good financial decisions for themselves and their families
- Award letter sets up conditions for financial transaction between student & school

# Recent Activities

- Bureau town hall meeting in Minnesota
- Bureau “thought-starter” format for discussion
- Bureau interactive web tool to prioritize elements
- Opportunity to hear more from students and families

# CFPB "Thought-Starter"


**University of the United States (UUS)**  
 Private 4-year Example only, fictional data

How to pay for college Prepared for Abigail Adams, first year student

**How much will it cost each year?**

TOTAL COST FOR FULL TIME ATTENDANCE		\$ 29,000 / yr
Tuition and Fees	\$ 21,000	
Housing and Meals	\$ 5,000	
Books and Supplies	\$ 2,000	
Transportation and other personal expenses	\$ 1,000	
<b>TOTAL GRANTS AND SCHOLARSHIPS</b>		<b>\$ 11,000 / yr</b>
Grants from your school	\$ 5,000	
Federal Pell Grant	\$ 4,500	
Grants from your state	\$ 500	
Other scholarships you can use	\$ 1,000	
<b>What you will pay for one year</b>		<b>\$ 18,000 / yr</b>



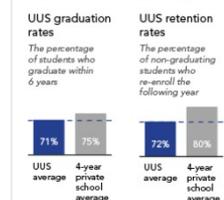
**What are your loan and work study options?**

FEDERAL LOANS THAT YOU ARE ELIGIBLE FOR		\$ 8,000 / yr
Perkins Loan	\$ 2,500	
Subsidized Stafford Loan	\$ 3,000	
Unsubsidized Stafford Loan	\$ 2,500	
<b>FEDERAL WORK STUDY</b>		<b>\$ 4,000 / yr</b>
<b>PRIVATE STUDENT LOANS</b>		<b>\$ 6,000 / yr</b>



**After graduation, how much will you owe?**

ESTIMATED MONTHLY PAYMENT FOR FEDERAL LOANS		\$ 411 / mth
Estimated total federal loan debt	\$ 37,000	
<b>ESTIMATED MONTHLY PAYMENT FOR PRIVATE LOANS</b>		<b>\$ 297 / mth</b>
Estimated total private loan debt	\$ 26,000	
<b>YOUR TOTAL ESTIMATED DEBT</b>	<b>\$ 63,000</b>	
<b>Your estimated monthly payment for all loans</b>		<b>\$ 708 / mth</b>



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 (123) 456-7890  
 financialaid@uus.edu

For further explanation and next steps, visit <http://www.url.com/school/personalurl>

# Questions/Comments

- We need to hear from you!
- Comments on “thought-starter” format?
- Best way to arrange important items?
- Best way to standardize terms?

# For Additional Information

- Link to OPE Model Aid Offer Web page:

<http://www2.ed.gov/policy/highered/guid/aid-offer/index.html>

- Link to CFPB material:

<http://www.consumerfinance.gov/students/knowbeforeyouowe/>

# Contact Information

We appreciate your feedback & comments and can be reached at:

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