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## ***Before Deciding on a College, Look Closely at the Financial Aid Letter***

**By Ann Carrns**

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High school students opening their college financial aid offers may be excited to see that they have received an “award.” After all, it sounds like a prize, but “award” has its own meaning in the student aid world.

An award could be a grant or scholarship. It could also include a loan that must be repaid, with interest, or work-study aid that requires a student to first land a job to earn the money.

“Celebrate,” said Laura Keane, the chief policy officer at uAspire, a nonprofit group that aims to help students afford college with less debt. “Then, decide.”

Industry jargon and arcane terminology can make it challenging for students to figure out just how much money they are being offered by each college, and how much more they’ll need to come up with to pay for their college education, student advocates say.

Colleges and universities are not required to use similar terminology or formats when sending out financial aid packages to accepted students. Schools are not even required to include specific financial details, like the full cost of attending, in their offers.

“There is no standardization,” said Rachel Fishman, deputy director for research with the education policy program at New America, a think tank that recently teamed with uAspire to analyze financial aid offers sent by hundreds of colleges.

Their 2018 study identified, for example, 136 different terms used to describe a single type of federal student loan — including two dozen labels that did not actually include the word “loan.”

In some cases, Ms. Fishman said, the word was lost because software used to list the loans simply cut off words that did not fit. Other colleges used abbreviations of the sometimes cumbersome titles of federal student loan programs.

The hodgepodge can leave students baffled and struggling to compare offers from different colleges, said Lindsay Ahlman, a senior policy analyst with the Institute for College Access and Success, a nonprofit group that analyzed a smaller sample of student aid letters and came to a similar conclusion.

“It’s hard to make an apples-to-apples comparison,” Ms. Ahlman said. “We shouldn’t be putting this burden on students.”

Some colleges voluntarily use a financial aid “shopping sheet” template devised several years ago by the federal Department of Education and the Consumer Financial Protection Bureau to help bring clarity to financial aid offers, but most do not.

The Education Department recently renamed the form and is testing a revision, but use of the form remains optional.

This week, however, the department issued guidelines urging colleges to avoid using terms like “award” when notifying students of financial aid packages.

Rather, the department said, they should use terms like “college aid offer” or “college financing,” which better reflect that offers may include loans, as well as aid that does not need to be repaid.

“Loans,” the department said, “are not awards.”

The guidelines also recommend that aid offers should list “gift aid” like grants and scholarships separately from loans. The letters should also include the total cost of attending a school — not just tuition and fees, but also costs like housing, meals, books, supplies and travel — as well as the “net” cost to the student, after deducting grants and scholarships.

When evaluating an aid package, Ms. Keane said, students should calculate the “all in” cost of attendance, if it is not cited in the offer document.

Psychologically, scholarships can be exciting and make students feel wanted, Ms. Keane said, but students need to consider the full picture. Think of scholarships as “coupons,” she said, and consider the percentage of the total cost that such aid will cover. If you get a \$10,000 scholarship but need to cover costs of \$20,000, that’s like a half-off coupon — not bad. But if you need to cover \$60,000, “that’s not the same coupon,” she said.

Here are some questions and answers about evaluating financial aid offers:

### **What if I don’t understand the terms of my financial aid offer?**

Students and families can find definitions of many financial aid terms on the Education Department’s website. The Institute for College Access and Success offers a tip sheet for decoding aid offers, and helps define common terms.

Still unclear? Call the financial aid office at the college making the offer for clarification. “Make sure you find the information you need,” Ms. Keane said. Many schools require deposits by May 1, so the clock is ticking.

### **Are there any online tools that can help me compare financial aid offers?**

The Consumer Financial Protection Bureau offers a tool on its website, as does the College Board.

The Hechinger Report, a website that specializes in reporting on education, recently began offering a “decoder” tool that lets users upload a copy of their financial aid letters.

### **Will colleges be required to use standardized financial aid offers anytime soon?**

Legislation was filed in March in the Senate that would compel colleges to use a standard format. The measure, called the Understanding the True Cost of College Act, had been introduced several times before — first in 2012 — but failed to gain traction. This year, however, advocates say they are more hopeful that the bill may advance, because it has bipartisan support and offers a relatively straightforward fix to a vexing problem.