

Apples to Apples: Implementing a Standard Financial Aid Letter

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What Problem Are We Trying to Solve?

- How do we help students and families understand what college will cost them?
 - The limitations of net price calculators
 - The challenges of tuition discounting
- According to a recent Strada Education Foundation report, only 32% of a survey of parents, traditional age students, and adult learners found the financial aid experience to be “straightforward”
- Understanding the actual cost of attendance was a primary source of confusion
 - Almost 70% of survey respondents said that “cost transparency” was critical to making getting a college education more affordable (most frequently selected option)
 - Over 80% express support for governmental action that requires “colleges and universities to provide accurate and complete information about the costs of education up front, in a way that is consistent across all colleges”

Transparency and Trust

- 76% of Strada Education Foundation survey recipients said colleges that have “very confusing” financial aid processes “care more about making money than educating students”
 - 49% said that colleges with “straightforward” processes “care more about making money than educating students”
 - **Clear communication about costs, financial aid, and ways to pay is critical to building trust in higher education institutions**

Parent Voices

- “A few of the letters were good but sometimes it was really hard to tell what we actually owed”
- “I was surprised that most of our offers didn’t include any information about how to actually pay our bill or about payments plan options. We just got a big number on the bottom and didn’t know what to do next.”
- “We got a letter that my son got a scholarship but that we had to log in to some portal to see what it was. That was annoying and then we didn’t know if we were going to get an actual letter for financial aid or if that would be in the portal too.”
- “I only learned about SELF Loans from a friend and I was surprised that state schools don’t include information about that program. We needed more loans than we got offered and we thought we’d have to do parent loans to make up the difference but we didn’t want to do that, so SELF is a better option, so I don’t know why they don’t talk about it more?”
- “I didn’t go to college. I thought work-study was like a scholarship and so we were confused when we got the bill because I was thinking we didn’t owe that much.”
- “It was kind of hard to tell which school was going to be cheaper in the long run because we we’re always sure which scholarships would renew and which ones were one time.”
- “Some of the letters are so bare bones and some give you a lot more information – just inconsistent, I guess”
- “One of our letters showed us \$0 for student loans but also said we could use student loans for off-campus housing. It didn’t tell us how to get student loans so it was confusing because we had loans listed on other letters.”

Apples to Apples

- Financial aid award notices are not consistent, often having jargon and complex terminology.
- Many, but not all, schools already differentiated between gift aid and loans, but some include work-study and loans in the same section
- Indirect versus direct costs aren't always clear
- “Next steps” information isn't consistently provided, nor is information about payment plan availability
- Letters don't include information about the state's student loan program
- Even schools within the same systems had significant variations in how information was presented

College Financing Literacy Act (CFLA)

- Proposed by DFL senator and passed in 2025 legislative session
 - <https://www.revisor.mn.gov/statutes/cite/136A.0901>
- Any institution that participates in Minnesota's state financial aid programs will be required to adopt the standardized form and standard terminology and definitions
- Separate forms may be created for:
 - Undergraduate students
 - Graduate students
 - First-time students
 - Returning students

[2025 Minnesota Statutes](#) > [POSTSECONDARY EDUCATION](#) > [Chapter 136A](#) > [Section 136A.0901](#)

◀ [136A.09](#)

2025 Minnesota Statutes

136A.0901 STANDARD FINANCIAL AID OFFER FORM FOR HIGHER EDUCATION INSTITUTIONS.

Subdivision 1. **Citation.** Sections [136A.0901](#) to [136A.0905](#) may be cited as the "College Financing Literacy Act."

Subd. 2. **Standard format and terminology.** The commissioner must develop standard terminology and financial aid offer forms. The commissioner may develop separate financial aid offer forms for:

- (1) undergraduate students;
- (2) graduate students;
- (3) first-time students; and
- (4) returning students.

Subd. 3. **Consultation with stakeholders.** In developing the financial aid offer form, the commissioner must consult with and consider the recommendations of stakeholders, including the student loan advocate in the Department of Commerce, representatives of students, institutions of higher education, financial aid administrators and counselors, school counselors, and any other relevant stakeholders as determined by the commissioner. The commissioner must begin consulting with and soliciting recommendations from stakeholders by September 1, 2025. By September 1, 2026, the commissioner must publish on the department's website a draft of the form created under subdivision 2 and solicit feedback from stakeholders regarding the form.

Subd. 4. **Final form.** The commissioner must publish on the department's website the final financial aid offer form with sufficient time for institutions to implement use of the form for the 2028-2029 academic year.

Subd. 5. **Authority to modify.** The commissioner may update and modify the definitions, terms, formatting, and design of the financial aid offer form based on changes in laws, in process, or for purposes of clarity.

Subd. 6. **Use of standard financial aid offer forms and terms.** Beginning with the 2028-2029 academic year, institutions of higher education that receive state grant aid must:

- (1) use the financial aid offer form developed under this section in providing official and unofficial offers, including paper, mobile-optimized, or other electronic offers to all students who are accepted at the institution and apply for aid; and
- (2) use the standard terminology and definitions developed by the commissioner for all communications from the institution related to financial aid offers.

History: [1Sp2025 c.5 art.2 s.8](#)

College Financing Literacy Act

- Commissioner of the Office of Higher Education responsible for ensuring the development of the standardized financial aid offer forms
- Institutions may still use their own logos, branding, and other identifiers in designated spaces
- Institutions required to use standard terminology and definitions for all communications from the institutions related to financial aid offers
- Institutions must use the standardized form for:
 - Official and unofficial aid offers
 - Mobile-optimized offers and other electronic offers to all students who are accepted at the institution and apply for aid

Initial Reactions

- Students and parents
- Financial aid staff and administrators
 - Implementation anxiety
 - Concerns about required content elements
 - “Unfunded mandate”
- Agency staff

Required Content

- Form will likely be divided into multiple sections
- Required elements include:
 - Total direct costs, including differential tuition
 - Total estimated other costs including housing, food, books, materials, supplies, misc. personal expenses
 - Academic period covered by offer and enrollment factors (full or part-time, banded tuition or per credit hour, based on prior year tuition or aid year tuition)
 - Grants and scholarships (all sources)
 - Net price after grants and scholarships, with disclosure that net price is not equivalent to billed costs
 - Loan information, including disclosure that student may borrow less than what is offered, link to repayment calculator, plain language description of loan terminology
 - Supplemental information for students with dependent children including disclosure that student may request a dependent care allowance and information on the Minnesota Child Care Grant program
 - Process for accepting or declining aid and clear next steps (how to make payments, information on payment plans)

Discretionary Content

- Format still determined by the OHE Commissioner
- At the institution's discretion, offer letters may include:
 - Information on private student loans, including guidance that students should consider federal and state student loan options prior to applying for private loans and plain language about why
 - Information on work-study employment opportunities. Work-study information may not be included in the section for grants and scholarships
 - Other additional information determined by the institution provided that the information supplements the financial aid offer form, is not located on the financial aid offer form, and utilized the standard terminology developed by the commissioner under this legislation

Template Checklist

Standard Financial Aid Letter: Required Elements

- Must be called “Financial Aid Offer”
- Must include space for institutional branding
- Uses titles of federal financial aid programs as required by Title IV regulations
- Must list costs first (A)
 - Cost of Attendance
 - Total direct costs (including tuition & fees plus differential tuition, institutional housing, and meal plans if applicable)
 - Total indirect costs (books, materials supplies, transportation, misc personal expenses) (housing and food if off campus)
- Must have grants/scholarship section next, under a separate heading (B)
 - Itemized by source (e.g. Title IV, state, institutional)
 - Include disclosure that grants and scholarships do not have to be repaid
 - Institutional aid:
 - Is award renewal and, if so, under what conditions
 - If applicable: will award change if grants or scholarships from outside sources are applied after aid offer was generated and how that aid will change, if applicable
- Estimated net price (C)
 - $A-B=C$
 - Note that this is estimate and not equivalent to costs directly paid to institution
- Loans (D)
 - Federal Direct Loan info
 - Sub
 - Unsub
 - Plain language description of difference
 - Disclosure that loans must be repaid
 - Disclosure that students can borrow less (or more, if applicable) than amount offered
 - Disclosure that interest rates and fees are set annually
 - Include link to ED and OHE website with current info on interest rates and fees
 - Link to ED repayment calculator
- Additional required items:
 - Academic period covered
 - Notification that offer may change for academic periods not covered by aid or if program or enrollment status changes
 - Enrollment status (PT or FT)
 - Explanation if tuition and fees are based on banded or per credit
 - Explanation if tuition fees are based on previous year’s rates or represent rate for academic period covered by aid offer
 - Provide information on how to request COA adjustment
- Supplement requirement for students with dependents:
 - Dependent care allowance disclosure
 - Info on CCG (if school participates)
- Process for accepting/declining aid
 - Deadlines and process
 - How to request higher loan amounts
 - How to decline aid offered
 - Info on when and how to pay direct costs; payment plan info
 - Verification disclosure
 - Info on additional resources, help
- At institution’s discretion:
 - Additional options or resources for paying disclosed net price
- Information about private student loans
 - Statement that students should consider federal and SELF loans first and why
 - Statement that student can select their own lender
 - Impact of proposed private student loans on student’s eligibility for other financial assistance
- Information about work study
 - Info if they qualify
 - Disclosure that work-study aid is offered subject to availability of qualified work opportunities
 - Disclosure that work-study is disbursed over time as earned by student
 - Not included in grant and scholarship section

Implementation Process and Timelines

- OHE began consultation process in August 2025
- Consultation required:
 - Student Loan Advocate with state Dept. of Commerce
 - Student representatives
 - Higher education institutions
 - Financial aid staff and administrators
 - High school counselors
 - Others as determined by OHE:
 - Parents
 - College access advocates/community partners

Implementation Process and Timeline

- Must have draft of form available online by Sept. 1, 2026 and provide opportunity for stakeholder feedback
- The final version of the form must be available on the OHE website with “sufficient time for institutions to implement use of the form for the 2028-2029 academic year”
- OHE will retain the ability to update the form as needed following the 2028-2029 academic year in the event of changes in law and/or to provide additional clarity
- Tracking possible federal legislation
 - H.R. 6502 “College Financial Aid Clarity Act”
 - Senate’s Improving Financial Aid Offers for Students Act

- OHE will lead this work in several phases:
 - Phase 1: OHE internal working group to develop work plan, conduct necessary research, develop draft list of standard terminology, create website
 - Internal work group: Lead (AC), financial aid director, comms department, audit department, and others as needed
 - Creating the “parking lot”
 - Identify any possible conflicts with federal guidance or best practices
 - Collecting additional example letters from state institutions
 - Phase 2: Solicit feedback on standard terminology; refine drafts of standard terms
 - Surveys, emails, and meetings ... oh my!
 - Phase 3: Develop drafts of template options
 - The hard part!
 - Phase 4: Solicit feedback from students, families, high school counselors, and advocacy groups
 - Phase 5: Identify draft(s) to be posted by Sept 1, 2026, in consultation with higher education stakeholders
 - Phase 6: Review draft feedback, make revisions in consultation with stakeholders, determine final draft
 - Phase 7: Release final drafts of templates for campus/system implementation (target: Dec 2026/Jan 2027)

Standard Terminology

- **Goals:**
 - Plain language explanation to increase student/parent understanding
 - Consistent with federal regulations as applicable
 - Not meant to replace language in non-student facing documents/communication (e.g. financial aid manuals may have a more detailed definition)
- Current list of terms can be found on OHE's website (<https://ohe.mn.gov/CFLA>)
- Current list should be considered “mostly final”
 - OHE reserves the right to modify if needed until final version of letter templates are released
- **Expectations for use of standard terminology:**
 - If defining a term in a student facing communication that is related to a financial aid offer, default should be to use the definition provided
 - Terms may be used without providing the definition, depending on the nature of the communication
 - Terms and definitions may be added/used in other institutional communications, websites, etc if desired

Template Development: Process

- Paper first development approach
 - Adapting the templates to mobile versions will be institutional/system responsibility
 - Mobile versions should be consistent with paper templates and include all required elements
- Each draft will likely have 4-6 versions to review:
 - New undergrad student (low need)
 - New undergrad student (high need)
 - New grad student
 - Returning undergrad student
 - Returning grad student
- Each draft will include space for institutional branding (likely header and footers)

Lessons Learned

- Be clear about what problem you are trying to solve and center student voices
- Aligning implementation with financial aid calendar, not legislative one
- Offer multiple modalities to get stakeholder engagement
- Recognize that consensus might not be possible
- A little bit of budget helps
- Remember the little guy... what about cosmetology, massage, barbering programs?

Questions or Discussion?

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