Proposal to standardize college financial aid forms supported

By Jon Swedien
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The standardized college "shopping sheet" President Barack Obama proposed last week would be helpful to college-bound students and their families, said Kathy Sahlhoff, UW-Eau Claire's director of financial aid.

The U.S. Education Department is urging colleges and universities to adopt the financial aid form. The one-page document would help students figure out how much they would receive in grants and scholarships and what options are available for loans. It also would provide details on the percentage of students who graduate from a school, how much the average student pays monthly on federal loans after graduation and the default rate.

"This is a revised version of the form that I'm feeling fairly comfortable with," Sahlhoff said. "And certainly, as a university, up through the chancellor, (we are) concerned about student debt and doing anything within our power to let students make informed decisions that would allow them to keep their loan indebtedness as low as possible. And if this will be a helpful tool we want to support that."

The proposed form has been made simpler and better compared to earlier versions, said David Giroux, a UW System spokesman. Sahlhoff agreed.

Sahlhoff said the university already compiles the information included in the form. So does UW-Stout, said Beth Boisen, the Menomonie university's director of financial aid.

She said the biggest challenge will be in making the university's current financial aid software conform to the proposed form.

While the Obama administration is encouraging colleges and universities to adopt the form, it will not be required. Some fear not enough schools will adopt the new form, which would undermine the effort.
"Something like this, a standardized form, would be extremely helpful to families if every school used it," Boisen said, but also warning, "If I'm not going to use it and 10 schools have declared they are, then families are still comparing apples to oranges."

The proposal comes at a time when the rising cost of higher education is making headlines.

The U.S. Department of Education and the Consumer Financial Protection Bureau recently released findings from a report concluding that risky lending caused private student loan debt to balloon over the past decade, leaving many Americans struggling to pay off loans they cannot afford.

The study focused on private student loans, which spiked from $5 billion in 2001 to more than $20 billion in 2008. The market shrunk to $6 billion in 2011 after the financial crisis and a tightening of lending standards. Student loan debt has surpassed credit cards as the largest source of unsecured debt for U.S. consumers; Americans now owe more than $1 trillion in student loans.

U.S. Education Secretary Arne Duncan said many colleges and universities use student aid letters that are confusing to understand and don't make clear exactly how much is being offered in aid and scholarships, making it difficult for families to comparison shop.

He called the shopping sheet a "step in the right direction."

*The Associated Press contributed to this story.*

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