



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

February 27, 2013

GEN-13-07

Subject: Guidance on Implementing the Net Price Calculator Requirement

Summary: This letter provides guidance pertaining to the Net Price Calculator requirement added to the Higher Education Act by the Higher Education Opportunity Act of 2008. This letter highlights responses to recurring questions that institutions have raised about this requirement.

Dear Colleague:

As required by section 132 of the Higher Education Act of 1965, as amended, (HEA) each institution of higher education that participates in the title IV, HEA programs must post on its Web site a net price calculator that is designed to help current and prospective students, families, and other consumers estimate a student's individual net price at that institution based on what students in similar circumstances paid in a previous year. In meeting this requirement, institutions may develop their own net price calculator or use the template developed by the Department of Education (the Department), which is available at our Net Price Information Center Web site at http://nces.ed.gov/ipeds/resource/net_price_calculator.asp.

The net price calculator requirement is statutory and has no implementing regulations; however, the Department has compiled relevant frequently asked questions (FAQs) based on responses that we have provided to individual institutions. We have posted these FAQs on the Net Price Information Center as a resource for institutions, and we periodically update the list of FAQs as needed. The following are a few recurring FAQs and our posted responses:

1) When and how often do colleges have to update their net price calculators?

We expect institutions to update their calculators on an annual basis when new data become available. Please note that cost of attendance data and grant aid data should align and be from the same year.

Institutions using the Department's net price calculator template will need to update their net price calculators after the Department posts updated versions for each award year. The latest version of the Department template uses 2011-2012 data, and the Department plans to release updated versions in January annually. For example, the Department template for 2012-2013 data is planned to be released in January 2014. We will notify institutions when an updated template is released via the Information for Financial Aid Professionals Web site and other channels, such as "This Week in IPEDS."

1900 K ST. N.W., WASHINGTON, DC 20006
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The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

2) Where on my institution's Web site should the net price calculator reside?

The HEA provides that an institution must make a net price calculator available on its Web site, but it does not specify where on the Web site it must be located. We strongly urge institutions to make their calculators easy to find by posting them prominently in locations where students and families are likely to look for information on costs and aid, such as on the Financial Aid, Prospective Students, or Tuition and Fees pages of the institution's Web site. It might be helpful for institutions to refer to a recent report of the National Postsecondary Education Cooperative, which includes suggestions on how to make required disclosures more accessible and understandable to consumers. The report is available at <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2010831rev>. In particular, the report recommends that information be available with a minimum amount of searching on a Web site, meaning within no more than three clicks from the home page.

3) Can I rename the Net Price Calculator when posting it to my institution's Web site?

Since the HEA provides that institutions must "make publicly available on the institution's website a net price calculator..." the calculator posted to your institution's Web site must be called "Net Price Calculator" in order to be in full statutory compliance.

4) Is there a minimum number of full-time, first-time students for which a Net Price Calculator is required?

An institution that has any full-time, first-time students, no matter how few, must have a net price calculator. If necessary, the institution should consider using data for multiple years of full-time, first-time students in order to make the calculator more robust. An institution that is only a graduate/professional school that does not enroll any full-time, first-time students is not required to have a net price calculator on its Web site.

5) Can I include loans in the net price calculator?

The HEA requires that an institution's net price calculator clearly present a student's estimated individual net price. The definition of net price is the amount that a student pays to attend an institution in a single academic year after subtracting scholarships and grants – forms of financial aid that a student does not have to pay back. To be in full statutory compliance, an institution must provide a net price calculation that does not take loans into consideration.

The National Center for Education Statistics collects the Web addresses for institutional net price calculators through the Integrated Postsecondary Education Data System (IPEDS), and these URLs are subsequently displayed on the Web sites for the College Navigator (<http://nces.ed.gov/collegenavigator/>) and the College Affordability and Transparency Center

(<http://collegecost.ed.gov/>). The URLs are also displayed as part of the Department's College Scorecard tool, accessible at <http://collegecost.ed.gov/scorecard/index.aspx>. Institutions must ensure that the URLs that they provide for their net price calculators are functional and that they link directly to the institution's net price calculator, instead of, for example, to the institution's Web site home page. A downloadable zip file containing the full list of net price calculator URLs is available at the Net Price Calculator Information Center.

We encourage institutions to review the FAQs and other materials that are currently available at the Net Price Calculator Information Center Web site. We also strongly urge schools to review the URL that they have provided to IPEDS for accuracy. Correct and consistent information that is easy to find will make it easier for millions of students and their families to use this tool when comparing postsecondary institutions.

For additional assistance with the net price calculator requirement or the Department's template, please contact our Help Desk at 1-877-299-3593 or npc@inovas.net.

Sincerely,

A handwritten signature in cursive script that reads "David A. Bergeron". The signature is written in black ink and has a fluid, connected style.

David A. Bergeron
Acting Assistant Secretary