

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

BILL NO. House Bill 2124

PRINTER NO. 3674

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

March 6, 2018

PRIME SPONSOR

Representative C. Quinn

DESCRIPTION

House Bill 2124 amends the Public School Code by adding a new Section 127 (Information Regarding Education Loans) to require institutions of higher education to provide information regarding education loan debt to students annually beginning September of 2019.

The bill requires an institution of higher education that receives federal education loan information or other student loan information regarding an enrolled student to provide the following to the student through first class mail, electronic mail or other communication protocol established by the institution of higher education:

- (1) An estimate of the total amount of federal education loans or other student loans which are disbursed by the institution to the student;
- (2) An estimate of the total payoff amount of all student loans incurred by the student, if the loans were to go into repayment as of the date of the annual notification;
- (3) The number of years used in determining the potential total payoff amount; and
- (4) Information on how the student can access online repayment calculators.

The bill allows the notification provided to the student to include a statement that any estimate provided is general in nature and is not intended to be a guarantee of an actual projected loan amount. It provides that the statement may include a disclaimer that the information provided pertains only to federal loans dispersed at the institution that is providing the information or any loans dispersed directly by the institution. It also provides that an institution of higher education shall not incur liability for any representation made under this section and for the Department of Education to administer and enforce provisions contained in the legislation.

The provisions contained in the legislation apply to the community colleges, state-owned universities, state-related universities, private and independent colleges and universities and private licensed schools.

The legislation is scheduled to take effect in 60 days.

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FISCAL IMPACT:

The costs for institutions of higher education to accomplish the provisions contained in House Bill 2124 will likely vary by institution based on the current information technology and software systems, procedures and staffing utilized to manage the institution's student financial aid office and the need to make changes to or augment those areas resulting from the legislation.

The State System of Higher Education and the Pennsylvania Commission for Community Colleges estimate that to accomplish the provisions contained in the legislation internally, it would cost approximately \$100,000 per university/college (\$2.8 million in total) for information technology and software upgrades and additional staff support.

However, student loan servicers currently offer software to colleges and universities for a fee that enables the generation of student debt letters, including data such as, the loan amount, estimated payment, interest rate, capitalization, and percent of borrowing. The software is offered by subscription for as little as \$2,500 annually.

Penn State University, Temple University and The University of Pittsburgh have indicated that the costs to implement the provisions contained in the legislation should be minimal as their student financial aid offices are currently equipped to provide similar information to students.