

# SENATE HIGHER EDUCATION COMMITTEE

## STATEMENT TO

### SENATE, No. 1794

# STATE OF NEW JERSEY

DATED: JUNE 18, 2018

The Senate Higher Education Committee reports favorably Senate Bill No. 1794.

This bill is known as the “Know Before You Owe Student Loan Debt Act.” The purpose of the bill is to increase student awareness concerning student debt, and to encourage students to borrow less than the maximum amounts they are awarded and begin making repayments earlier.

This bill requires an institution of higher education that receives student loan information for a student in the institution to send the student by regular mail each semester a student debt letter. Under the bill, the student debt letter would include:

- an estimate of the total amount of student loans taken out by the student;
- an estimate of the potential total payoff amount of the student loans incurred or a range of the total payoff amount;
- an estimate of monthly repayment amounts that a similarly situated borrower may incur, including principal and interest, for the amount of loans the student has taken out at the time the information is provided;
- the percentage of the borrowing limit the student has reached at the time the information is provided; and
- a statement that the student should contact the lender to determine when the borrower is authorized to begin making repayments, and whether those repayments would include both the principal and interest amount of the loans.

The letter would also include information concerning options for reducing borrowing through scholarships, reduced expenses, work-study, or other opportunities.

An institution would not incur liability for any information provided under the bill.

The bill also requires each full-time undergraduate student at a public institution of higher education who has student loan debt to complete an on-line course, or receive in-person counseling from a qualified member of the institution, on the repayment of student loan debt and the consequences of the failure to make required repayments. The on-line course or in-person counseling will be required each time the student takes out a new loan.