

**TESTIMONY**

**Senate Education, Health, and Environmental Affairs  
Committee**

***SB 429 – Higher Education - Student Loan Notification Letter***

**Tina Bjarekull, President**

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On behalf of Maryland's 15 independent colleges and universities, I write to support SB 429 with amendments. This legislation requires colleges and universities that receive State funds to provide specified information related to student loan debt, including:

- The potential total payoff amount;
- The monthly repayment amounts;
- The borrowing limit reached; and
- The address of the financial aid office where the student may seek financial aid counseling.

The information must be provided annually concurrent with the student's first tuition bill of the calendar semester. As drafted, the legislation raises some logistical challenges and policy questions. MICUA respectfully suggests amendments to overcome these challenges and improve the usefulness of the information disclosed to students and families.

First, colleges and universities do not have full access to private student loans or Parent PLUS loans. Therefore, the disclosure requirements of SB 429 should be limited to federal student loans.

Second, the annual notification requirements of the legislation should be provided after receiving the student's Free Application for Federal Student Aid (FAFSA) for the applicable award year and should be included in the student's "award notice," not the student's tuition bill. The FAFSA includes the most recent and accurate debt figures and the award notice is the appropriate vehicle for communicating this information to students and families.

Third, rather than reporting the estimated monthly repayment amounts that similarly situated borrowers may incur, the institutions should direct students to the U.S. Department of Education's online repayment

calculator tool. This interactive tool provides students and families with robust information on student loan repayment policies and options. Furthermore, institutions should remind borrowers in the disclosure statement that the federal government offers numerous deferment, repayment, and forgiveness options. Students should be encouraged to pursue these options as appropriate.

Finally, colleges and universities should be allowed to use the institution's customary communication procedures to distribute information to students. The provision allowing students to select a delivery method is overly burdensome. Colleges and universities report important information to enrolled students throughout the academic year. The institution should use its established procedures for communicating with students and should not develop a new process or new procedures solely for this communication.

The MICUA member institutions seek to limit student loan debt and support efforts to educate students and families on paying for college. For example, MICUA sponsors the "Student Loan Marketplace" – an online tool to help students and families navigate college financing. The Marketplace provides students with a transparent process to evaluate private student loans and encourages students to engage in smart borrowing practices. MICUA's Marketplace includes the "Learning Center," which is a proprietary tool to educate students and families on financing college. The site encourages students to apply for grants and scholarships first, federally subsidized student loans second, and private student loans as a last resort.

MICUA supports legislation to create transparency and improve understanding of student loan debt. If amended to address the issues raised above, MICUA would support SB 429.