

HOUSE BILL No. 1397

DIGEST OF INTRODUCED BILL

Citations Affected: IC 21-12-16.

Synopsis: Education loan information. Requires a postsecondary educational institution to provide information regarding: (1) federal education loans in all printed and online financial aid materials issued or distributed by the institution and with private loan applications provided or made available by the institution; and (2) private loan information with any private loan information included as part of the institution's financial aid or loan package and with any list of private loan lenders provided by the institution. Requires, before December 1 of each year, a postsecondary educational institution to: (1) provide to the commission for higher education; (2) make available on the institution's Internet web site; and (3) make available to the public upon request; certain information regarding student loan debt.

Effective: July 1, 2016.

Austin, Cox

January 13, 2016, read first time and referred to Committee on Education.



Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

HOUSE BILL No. 1397

A BILL FOR AN ACT to amend the Indiana Code concerning higher education.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 21-12-16 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2016]:

4 **Chapter 16. Education Loan Information**

5 **Sec. 1. As used in this chapter, "credential type" means:**

- 6 (1) a certificate;
- 7 (2) an associate degree; or
- 8 (3) a baccalaureate degree.

9 **Sec. 2. As used in this chapter, "federal education loan" means**
10 **a direct loan or loan insured or guaranteed under a federal**
11 **program that is made to assist a student in obtaining**
12 **postsecondary education and that is:**

- 13 (1) made to any student who is an Indiana resident, or to
- 14 either one (1) or both parents or the legal guardian of the
- 15 student, for the purpose of attending a postsecondary
- 16 educational institution in Indiana; or
- 17 (2) made to any student who is not an Indiana resident, or to



- 1 one (1) or both parents or the legal guardian of the student,
 2 for the purpose of attending a postsecondary educational
 3 institution in Indiana.
- 4 **Sec. 3.** As used in this chapter, "postsecondary educational
 5 institution" includes a postsecondary credit bearing proprietary
 6 educational institution.
- 7 **Sec. 4.** (a) Subject to subsection (b), a postsecondary educational
 8 institution shall include the following information in all printed
 9 and online financial aid materials issued or distributed by the
 10 institution and with private loan applications provided or made
 11 available by the institution:
- 12 (1) That federal education loans are required by law to
 13 provide a range of flexible repayment options that other
 14 student loans are not required to provide, including, but not
 15 limited to, the following:
- 16 (A) Income based repayment and income contingent
 17 repayment plans.
 18 (B) Loan forgiveness benefits.
- 19 (2) That federal education loans are available to students
 20 regardless of income.
- 21 (b) A postsecondary educational institution may continue to use
 22 financial aid materials that were printed before July 1, 2015, if the
 23 institution includes, as an insert with the printed financial aid
 24 material, the information required under subsection (a). However,
 25 all financial aid materials printed by a postsecondary educational
 26 institution after June 30, 2016, must include the information
 27 described in subsection (a).
- 28 **Sec. 5.** (a) A postsecondary educational institution shall provide,
 29 in writing with any private loan information included as part of the
 30 institution's financial aid or loan package, all the following:
- 31 (1) Whether the rate for a private loan included as part of the
 32 institution's financial aid or loan package is fixed or variable.
 33 (2) A statement that:
- 34 (A) private student loan lenders can offer variable interest
 35 rates that can increase or decrease over time, depending on
 36 market conditions;
 37 (B) private student loans have a range of interest rates and
 38 fees;
 39 (C) a student should determine the interest rate of, and any
 40 fees associated with, a private student loan included in the
 41 institution's financial aid and loan award package before
 42 accepting the loan;



- 1 **(D) a student should contact the lender of the private**
 2 **student loan or the institution's financial aid office if the**
 3 **student has any questions about a private student loan;**
 4 **and**
 5 **(E) the interest rate on a private loan may depend on the**
 6 **borrower's credit rating.**
- 7 **(b) If a postsecondary institution provides a list of private loan**
 8 **lenders to an applicant or student, the institution shall provide all**
 9 **of the following information with the list:**
- 10 **(1) General information concerning the loans available**
 11 **through each lender.**
- 12 **(2) An explanation regarding the basis for including each**
 13 **lender on the list.**
- 14 **(3) A statement that the applicant or student has the ability to**
 15 **choose any lender.**
- 16 **Sec. 6. (a) As used in this section, "loan" includes a cosigned**
 17 **loan that financed a student's enrollment or attendance in a**
 18 **postsecondary educational institution. The term does not include**
 19 **an education loan borrowed solely by a parent or guardian of a**
 20 **student.**
- 21 **(b) Before December 1 of each year, a postsecondary**
 22 **educational institution shall provide to the commission all the**
 23 **following information:**
- 24 **(1) The total number and percentage of students who:**
- 25 **(A) enrolled in the institution as first time postsecondary**
 26 **education students; and**
- 27 **(B) received a certificate, associate degree, or**
 28 **baccalaureate degree during the previous academic year.**
- 29 **(2) For each credential type, the:**
- 30 **(A) number and percentage of students described in**
 31 **subdivision (1) who borrowed, at any time while enrolled**
 32 **at the institution through any student loan program,**
 33 **money on a loan offered through the institution, including**
 34 **any federal, state, or private loan;**
- 35 **(B) total principal of all loans described in clause (A); and**
 36 **(C) average cumulative principal borrowed, calculated by**
 37 **dividing the total principal amount under clause (B) for**
 38 **each credential type by the number of students who**
 39 **received that credential type during the previous academic**
 40 **year.**
- 41 **(3) For each credential type, the:**
- 42 **(A) number and percentage of the students described in**



1 subdivision (1) who borrowed, at any time while enrolled
2 at the institution, money through a federal education loan;
3 (B) total principal of all loans described in clause (A); and
4 (C) average cumulative principal borrowed, calculated by
5 dividing the total principal amount under clause (B) for
6 each credential type by the number of students who
7 received that credential type during the previous academic
8 year.

9 (c) Before December 1 of each year, a postsecondary
10 educational institution shall make the information described in
11 subsection (b) available:

12 (1) on the institution's Internet web site; and

13 (2) to the public upon request.

14 Sec. 7. (a) Before a postsecondary educational institution
15 approves a student's eligibility for a private loan, the institution
16 shall provide to the student information concerning all unused
17 state and federal financial assistance, including unused federal
18 education loan money available to the student.

19 (b) A postsecondary educational institution that does not
20 participate in a federal education loan program shall inform
21 students, in writing, that:

22 (1) the institution does not participate in federal education
23 loan programs; and

24 (2) students may be eligible for federal education loans at an
25 institution that does participate in federal education loan
26 programs.

