

- SUBJECT:** Providing loan debt information to certain students
- COMMITTEE:** Higher Education — committee substitute recommended
- VOTE:** 9 ayes — Lozano, Raney, Alonzo, Alvarado, Button, Clardy, Howard, Morrison, Turner
- 0 nays
- WITNESSES:** For — (*Registered, but did not testify:* Garrett Groves, Center for Public Policy Priorities; Miranda Goodsheller, Texas Association of Business; Trevor McGuire, Texas Public Policy Foundation; James Thurston, United Ways of Texas)
- Against — None
- On — Lisa Blazer, the University of Texas at San Antonio; (*Registered, but did not testify:* Ginger Gossman, Texas Higher Education Coordinating Board; Christopher Murr, Texas State University)
- DIGEST:** CSHB 836 would require certain higher education institutions annually to provide information through an electronic communication to students who initially enrolled as first-time freshmen about the status of their state and federal loans. The disclosure would include:
- an estimate of the total amount of their current state and federal loans and information about the types of loans included in the estimate;
 - an estimate of or range for a student's total loan payoff amount, including principal and interest;
 - an estimate of future monthly loan payment amounts, including principal and interest;
 - a statement that the disclosure was not a complete and official record of the student's loan debt; and
 - a statement that information provided was an estimate, not a

guarantee or promise.

Institutions would not incur liability for any information provided to students.

The bill would take immediate effect if finally passed by a two-thirds vote of the membership of each house. Otherwise, it would take effect September 1, 2017, and would apply beginning with the 2018-19 academic year.

**SUPPORTERS
SAY:**

CSHB 836 would provide a valuable and needed resource for students by annually providing them with information on their loan debt. Research has shown that a significant number of undergraduate students are unclear on how much they are paying for college or what their debt will be upon graduation. The bill would help students make more informed decisions about loans, minimizing their debt.

One goal of the Texas Higher Education Coordinating Board's 60x30TX Texas plan is that undergraduate student loan debt will not exceed 60 percent of first-year wages for graduates of Texas public institutions by 2030. Attaining this goal depends on students understanding the short-term and long-term consequences of the choices they make about loans. By informing students about their debt, CSHB 836 would help the state achieve the goals set forth in 60x30TX.

CSHB 836 also would protect institutions of higher education from liability in providing the disclosure. The bill specifies that the information it would provide was a general estimate and not a complete or official record of the student's loan debt amount. CSHB 836 is modeled on similar reporting at the Indiana University, which has not had problems with transmitting information or with liability issues.

The bill would have no significant fiscal implication to the state. Institutions of higher education would have to provide only the administrative overhead costs associated with electronically communicating the loan information to students.

The numerous resources on loan debt can confuse students. The bill would create one source for loan information that encapsulated both state and federal loans. This especially would assist first-generation students and their families who might not be as familiar with financial assistance programs and could benefit from a single resource about their debt.

OPPONENTS
SAY:

CSHB 386 would require higher education institutions to dedicate resources and staff time to providing information to students on their state and federal loan debts that already is available to them. Resources such as entrance and exit counseling and online materials help keep students informed about their loans.

The bill would provide only estimates and limited information to students on their state and federal loan debt, which could confuse them if it did not match other existing sources. The state currently does not have a system that can track debt from other institutions of higher education within Texas, so the information provided could be incomplete.

OTHER
OPPONENTS
SAY:

While the bill would create a needed resource for college students to better understand their debt, more tools are needed, such as one-on-one counseling and debt literacy courses. In addition, students should be sent information through communication tools relevant to their generation, including text messages or mobile apps.

CSHB 836 would provide debt information only to students who initially enrolled at an institution as first-time freshmen. The bill should extend this benefit to transfer students.

NOTES:

A companion bill, SB 887 by Seliger, was approved by the Senate on March 20 and referred to the House Committee on Higher Education on April 18.