

ASSEMBLY, No. 2496

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:

Assemblyman LOUIS D. GREENWALD

District 6 (Burlington and Camden)

Assemblywoman ANNETTE CHAPARRO

District 33 (Hudson)

Assemblyman WILLIAM F. MOEN, JR.

District 5 (Camden and Gloucester)

Co-Sponsored by:

Assemblyman Caputo and Assemblywoman Timberlake

SYNOPSIS

Requires institutions of higher education to send out annual student debt letters; requires students enrolled in public institutions of higher education to complete course on student loan debt repayment.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/13/2020)

1 AN ACT concerning certain financial information provided by
2 institutions of higher education and supplementing chapter 3B
3 and chapter 62 of Title 18A of the New Jersey Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. This act shall be known and may be cited as the “Know
9 Before You Owe Student Loan Debt Act.”

10

11 2. a. Prior to the start of each academic semester, an institution
12 of higher education that receives student loan information for a
13 student enrolled in the institution shall send to the student by
14 regular mail a letter that includes the following:

15 (1) an estimate of the total amount of student loans taken out by
16 the student;

17 (2) an estimate of the potential total payoff amount of the
18 student loans incurred or a range of the total payoff amount;

19 (3) an estimate of monthly repayment amounts that a similarly
20 situated borrower may incur, including principal and interest, for
21 the amount of loans the student has taken out at the time the
22 information is provided;

23 (4) the percentage of the borrowing limit the student has reached
24 at the time the information is provided;

25 (5) a statement that the student should contact the lender to
26 determine when the borrower is authorized to begin making
27 repayments, and whether those repayments would include both the
28 principal and interest amount of the loans;

29 (6) a warning that the higher the borrower’s debt-to-income
30 ratio is, the more difficulty the borrower is likely to experience in
31 repaying the loans;

32 (7) information concerning options for reducing borrowing
33 through scholarships, reduced expenses, work-study, or other work
34 opportunities; and

35 (8) an explanation of the importance of graduating on time to
36 avoid additional borrowing, the requisite course load necessary to
37 graduate on time, and information on how additional years of study
38 impact total indebtedness.

39 The information provided pursuant to paragraphs (1), (2), and (3)
40 of this subsection may include a statement that the estimates and
41 ranges provided are general in nature and not meant as a guarantee
42 or promise of the actual projected amount.

43 b. An institution shall not incur liability for any representations
44 made pursuant to this section.

45

46 3. Beginning with the 2020-2021 academic year, the governing
47 board of a public institution of higher education shall require a full-
48 time undergraduate student who has student loan debt to complete

1 an on-line course, or receive in-person counseling from a qualified
2 member of the institution, on the repayment of student loan debt
3 and the consequences of the failure to make required repayments.
4 The on-line course or in-person counseling shall be required during
5 the student's final semester prior to graduating from the institution.

6
7 4. This act shall take effect immediately.
8
9

10 STATEMENT
11

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

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

- 21 • an estimate of the total amount of student loans taken out by
22 the student;
- 23 • an estimate of the potential total payoff amount of the
24 student loans incurred or a range of the total payoff amount;
- 25 • an estimate of monthly repayment amounts that a similarly
26 situated borrower may incur, including principal and
27 interest, for the amount of loans the student has taken out at
28 the time the information is provided;
- 29 • the percentage of the borrowing limit the student has reached
30 at the time the information is provided; and
- 31 • a statement that the student should contact the lender to
32 determine when the borrower is authorized to begin making
33 repayments, and whether those repayments would include
34 both the principle and interest amount of the loans.

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

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

40 The bill also requires each full-time undergraduate student at a
41 public institution of higher education who has student loan debt to
42 complete an on-line course, or receive in-person counseling from a
43 qualified member of the institution, on the repayment of student
44 loan debt and the consequences of the failure to make required
45 repayments. The on-line course or in-person counseling will be
46 required during the student's final semester prior to graduating from
47 the institution.