

# HOUSE BILL No. 1397

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## 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.

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## Austin, Cox

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

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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.

