



Summary of SB 0887 Student Debt Notification Letter

In the 2017 85th Regular Legislative Session, the Texas Legislature passed [Senate Bill \(SB\) 0887](#), which requires institutions of higher education (IHEs) in Texas that participate in a state financial aid program administered by the THECB to provide students with a letter notifying of them of the amount of education loan borrowed to date and estimates of future payments. Sponsored by State Senator Kel Seliger, this bill takes effect September 1, 2017, but its implementation begins in the 2018-2019 academic year. This bill was modeled after [House Enrolled Act \(HEA\) 1042](#) passed by the Indiana State Legislature in 2015.

Which IHEs are subject to SB 0887?

SB 0887 applies to any IHEs that enrolls at least one student who receives state financial aid administered by the THECB. State financial aid programs include grant and loan programs.

Which students will receive a debt letter?

SB 0887 does not specify if all or just students with documented debt will receive a student debt letter.

How often must the debt letter be sent?

At least once a year.

What types of information are IHEs required to provide in the student debt letter?

SB 0887 requires IHEs affected by this legislation to provide the following information to students:

Estimates of student debt, total payoff, monthly payments

- An estimate of the total amount of state and federal education loans incurred by the student
- An estimate of the total payoff amount, including principal and interest
 - In cases where state and federal loan information is unknown, a range for that amount may be provided
- An estimate of the monthly repayment amount that student may incur for the repayment of the estimated total amount, including principal and interest

Other information

- The types of education loans on which the estimates were based
- A statement that the disclosure is not a complete and official record of the student's education loan debt
- An explanation for why the disclosure may be incomplete or inaccurate (i.e. IHE may not have complete loan information for transfer students)
- A statement that the institution's estimates are general in nature and are not intended as a guarantee or promise

Which data sources do higher education institutions use to calculate debt estimates?

SB 0887 stipulates that IHEs base debt estimates on federal and state education loans that the student has incurred according to institutional records

- These estimates may exclude private loans since a higher education institution may not collect that information
- These estimates may exclude student debt that may have been incurred at another institution, and has not been recorded at the institution where the student is enrolled

Does SB 0877 require institutions use a particular form of communication to send a student debt letter?

Yes. SB 0887 requires affected IHEs to send student debt letters electronically.

Is there a required template that affected IHEs can use to design their student debt letter?

No. However, the Coordinating Board is planning to offer a suggested, voluntary template.

Are IHEs held liable for student debt estimates provided in the student debt letter?

No.

What is the role of the THECB in guiding the implementation of SB 0877?

SB 0887 gives the THECB rule-making authority to administer the implementation of the student debt letter. We will also provide guidance and support for implementation. We plan to accomplish the following by this fall:

- Update IHE financial aid officers on plans for implementation
- Contact information systems vendors to advise them of SB 0887
- Draft rules for implementation
- Draft an optional template for letter
- Host a webinar(s) to inform IHEs on the logistics of sending the electronic letter
- Present SB 0887 at TASFAA in October