



NEW JERSEY

# Association of State Colleges and Universities

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**QuickTakes!**

## **New Laws Will Help Students Understand the True Cost of College and Protect Student Loan Borrowers**

August 1, 2019

Acting Governor Sheila Oliver, joined by Higher Education Student Assistance Authority Executive Director David Socolow, Department of Banking and Insurance Commissioner Marlene Caride, and Deputy Secretary of Higher Education Diana Gonzalez, on July 30, 2019, signed two bills into law to provide clear and comprehensible financial information to students and protect student borrowers.

The first law (S-2046) requires institutions of higher education to improve transparency of tuition and fees by providing a financial aid “shopping sheet” to prospective students. This college financing worksheet, or “shopping sheet,” will provide clear information on costs, loan options, and estimated debt levels, so students and their families can better understand the net price of attending college and can more easily compare financial aid package offers from institutions across New Jersey. The prime sponsors of this bill are Senator Shirley Turner, Assemblywoman Pamela Lampitt, Assemblyman Gary Schaer, and Assemblyman Raj Mukherji.

“The laws I signed today continue our Administration’s ongoing commitment to making college more affordable and accessible, said Acting Governor Sheila Y. Oliver. “We have seen the negative impact that predatory lenders and misinformation can have on our students and these vital new consumer protection laws will help to protect and support them as they pursue postsecondary education. Students will be able to better understand the true cost of college, so they can make wise choices and determine the appropriate amount to borrow, and with strong standards and a new state watchdog, we will ensure they are treated fairly by the companies that service their loans. Governor Murphy and I proudly support these laws, which will help put New Jersey students in control when it comes to their education.”

Senator Sandra Cunningham, Senator Chris Brown, Assemblyman Gary Schaer, Assemblywoman Annette Quijano, Assemblyman Raj Mukherji, Assemblyman Jamel Holley, and Assemblyman Joe Danielsen are the prime sponsors of the other bill (S-1149) signed into law, which creates strong new protections for student loan borrowers by regulating the companies that service student loans. This new law will require student loan serving

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companies to be licensed by the New Jersey Department of Banking and Insurance (DOBI), and will crack down on deceptive practices by servicers that provide flawed information to student borrowers, apply payments in ways that cause unnecessary late fees and harm borrowers' credit scores, or fail to place them in repayment plans that are best designed to assist in paying off their loans. The bill also creates a New Jersey Student Loan Ombudsman within DOBI, who will help borrowers with complaints or unanswered questions about student loans and monitor and review complaints about student loan servicers operating in our state.

"This bill appoints an ombudsman who will advocate on behalf of families as they prepare to finance the education of their children," said Senator Sandra Cunningham. "Aspiring to a college degree should never threaten the financial viability of your household."

"This issue is personal for me – I worked with students, first-hand figuring out how to pay for college and then went on to develop the original Department of Education Financial Aid Shopping Sheet during the Obama administration. Those experiences helped me see the deficiencies in our aid information system. No student should be left in the dark about what college costs or whether their financial aid is a grant or a loan. Today, the State of New Jersey is taking a meaningful step to shed light on this process. Our higher education state plan stresses the importance of clear and comprehensible financial information, including information about loan repayment and college outcomes, before students decide to attend an institution and potentially sign up for debt," said Secretary of Higher Education Zakiya Smith Ellis. "The signature of the Acting Governor today makes good on the vision announced in that plan."

"New Jersey students are fortunate to have these additional protections in place. The new laws signed today will deliver cost transparency to benefit students who are just entering college, as well as financial security for those who are striving to repay their student loan debt," said David Socolow, Executive Director of the New Jersey Higher Education Student Assistance Authority. "Because students and families deserve to know the true cost of college up front, today New Jersey is taking a stand against college financial aid packages that cause confusion by lumping loans together with grants and scholarships to mask the net cost. And the new consumer protections enacted today will help student borrowers get treated fairly by the national student loan servicing companies. From before matriculation to after graduation, students should know that the State is on their side."

"Access to higher education is a key priority of the Murphy Administration and I am proud that we are establishing new protections for students working to achieve their dreams of attending college and attaining long-term financial security. These new laws will better ensure borrowers are treated fairly by loan servicers and have access to clear information about the impact of student loans over the course of repayment," said Department of Banking and Insurance Commissioner Marlene Caride. "Through the licensing of student loan servicers and enhanced consumer protections under the law, the Department of Banking and Insurance will advocate on behalf of our residents to help them navigate the

loan process and will assist in resolving disputes. Under the law's provisions, the department will also hold accountable companies that do not comply with the law."

"As the cost of attending college continues to rise, a record number of New Jersey residents are taking on student loans, so they can receive the benefits of a college education," said Assemblymembers Gary Schaer, Annette Quijano, Raj Mukherji, Jamel Holley, and Joseph Daniels. "With the creation of the Office of Student Loan Ombudsman, we will provide essential resources for student loan borrowers to understand their rights and responsibilities. The core functions of the Office will be to mediate grievance, address concerns, provide education about the student loan process, and monitor implementation of student loan policies. The new law will also establish regulations on student loan providers and ensure that all providers are properly licensed. This will establish further protection and transparency for our college students and their families. This law will give our students the necessary resources to become the future innovators and trailblazers that will lead New Jersey."

"Too often, a term bill will just say 'campus fee' or 'school fee' without any explanation of how the money will be used, and there's an expectation that students will just pay," said Assemblywoman Pamela Lampitt. "When many students are taking on unbearable debt in order to pay for higher education, they at least deserve to know how these fees are spent."

"Student fees often comprise a significant portion of an already exorbitant college price tag," said Assemblyman Gary Schaer. "Students and their parents deserve to know where their money is going and what the full cost will be before they make one of the biggest decisions of their life."

"Students sometimes pay upwards of \$2,000 in fees alone each semester on top of tuition that goes up year after year," said Assemblyman Raj Mukherji. "Increasing transparency and accountability, along with the creation of a standardized financial aid shopping sheet, are just a few steps we can take to help students who continue to incur debt in pursuit of their dreams."

"As college costs rose, more and more young people began turning to private entities for loans to fund their education," said Senator Sandra Cunningham. "Now, as a generation struggles to make monthly payments and navigate their financial futures, it is our responsibility to ensure they are not being exploited. This legislation will allow us to monitor the student loan industry, so we can step in and take action when necessary."

"Given the rising cost of a degree and the mounting student debt crisis, it is crucial students understand the costs they will incur and the likelihood they will be able to repay their student loans," said Senator Shirley Turner. "Providing students with a comprehensive breakdown prior to choosing where to attend school will allow them to make a more informed decision that takes into account their long-term financial health."

“With Washington turning its back on student loan borrowers, it is more important than ever that states fight for their citizens,” said Student Borrower Protection Center Executive Director and former Consumer Financial Protection Bureau student loan ombudsman Seth Frotman. “This legislation is an important step toward ensuring that the over one million New Jersey student loan borrowers have critical protections against predatory players.”