

TESTIMONY

House Appropriations Committee

HB 262 – Student Debt Disclosure Act of 2017

Tina Bjarekull, President

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On behalf of Maryland's 15 independent colleges and universities, I write to oppose HB 262. This legislation requires colleges and universities that receive State funds to provide specified information related to student loan debt, including:

- The potential total payoff amount;
- The monthly repayment amounts;
- The borrowing limit reached; and
- The address of the financial aid office where the student may seek financial aid counseling.

In addition, HB 262 requires colleges and universities to provide information on potential loan repayments relative to potential earnings. This provision is particularly troublesome. It would be difficult if not impossible to administer and undermines the value of a liberal arts education. A liberal arts education is a broad and deep education in the humanities, social sciences, arts, math, and science. Students learn through inquiry and are encouraged to think critically, communicate effectively, engage socially and culturally, and participate in a democratic society. Graduates of the liberal arts are prepared for jobs that exist today and jobs that will exist tomorrow. Studies routinely show that liberal arts graduates possess the qualities and training most in demand by employers across the spectrum. However, starting salaries rarely reflect the significant earning power of a liberal arts education in the mid and later career years. Liberal arts graduates go on to lead professionally and personally successful and rewarding lives.

HB 262 would require colleges and universities to pigeon-hole students into certain career paths and make impossible assumptions about their lives and ambitions. This presumes career and academic choices based on short-term economic prospects which could lead to mismatched, unfulfilled, and ultimately unsuccessful careers. It is important to note that the number of factors involved in translating an academic career into projected earnings almost necessarily leads to inaccuracies at the level of detail required by

this bill. Geographic location, temporal labor market influences, academic performance, and graduating institution each could play an equal or greater role in determining a graduate's earning potential over time.

In addition, MICUA believes students should be encouraged to use the U.S. Department of Education's online repayment calculator tool. This interactive tool provides students and families with robust information on student loan repayment policies and options. The federal government offers numerous deferment, repayment, and forgiveness options. Students should be encouraged to pursue these options, as appropriate, and should consider the ramifications these options may have on future loan payments.

Several other provisions of the legislation are also problematic. First, colleges and universities do not have full access to private student loans or Parent PLUS loans. State and federal privacy laws prohibit institutions from accessing this data.

Second, the bill requires institutions to provide the required disclosures annually and concurrent with the student's first tuition bill of the calendar semester. Some of the disclosures required by this legislation are not available until the institution receives the student's Free Application for Federal Student Aid (FAFSA) for the applicable award year.

Third, the legislation allows students to select a delivery method for the information. Colleges and universities report important information to enrolled students throughout the academic year based on an established communication process. Allowing students to select a delivery method for specific information would be overly burdensome for the institutions and could cause confusion for students.

For the reasons stated above, MICUA opposes HB 262 and urges an unfavorable Committee report.