

SENATE BILL NO. 87

INTRODUCED BY K. REGIER

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A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE FINANCIAL LITERACY OF STUDENTS WHO BORROW MONEY TO PAY FOR COLLEGE; REQUIRING UNITS OF THE MONTANA UNIVERSITY SYSTEM TO PROVIDE FINANCIAL LITERACY WORKSHOPS AND REPORTS TO STUDENTS INCURRING FEDERAL STUDENT LOAN DEBT; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Student loans -- financial literacy requirements.** (1) Units of the Montana

university system, as designated in 20-25-201, that include federal student loans as a component of financial assistance and utilize money from state-funded financial aid programs shall provide financial literacy information to students as follows:

(a) For a student applying for a federal student loan for the first time, prior to the student receiving loan funds, the student shall attend in person a student loan education workshop that includes information regarding:

(i) the future consequences of incurring student loan debt, such as monthly payments and total interest paid;

(ii) the rate of employment, average starting salary, and average student debt for programs of study offered by the unit; and

(iii) strategies for avoiding delinquencies and default.

(b) For an enrolled student who has incurred federal student loan debt, with each grade report or at least twice annually, the student must receive a report that includes information regarding:

(i) the current amount of student loan debt the student has incurred;

(ii) the interest rate and estimated monthly payment for the student's current level of debt; and

(iii) if the student has selected a program of study, the employment rate in that field, the average starting salary, and the average amount of student debt for graduates of that program of study.

(2) The legislature intends that students borrowing money to finance their college education are empowered with an understanding of the consequences of incurring debt and knowledge about the earning potential of their chosen programs of study.

1 (3) The commissioner of higher education shall annually report to the education interim committee and
2 provide information on:

3 (a) the types of workshops and reports provided by units of the university system to students pursuant
4 to this section; and

5 (b) trend data for each unit on the amount of total loan debt incurred by students and rates of loan default.

6 (4) The commissioner of higher education shall withhold all state-funded financial aid from any unit of the
7 university system that does not comply with the requirements of this section.

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9 NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an
10 integral part of Title 20, chapter 26, and the provisions of Title 20, chapter 26, apply to [section 1].

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12 NEW SECTION. Section 3. Severability. If a part of [this act] is invalid, all valid parts that are severable
13 from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part
14 remains in effect in all valid applications that are severable from the invalid applications.

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16 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 2019.

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