

To: Academic and Financial Aid Officials
From: Sarah Ancel, Associate Commissioner for Policy and Legislation
Date: July 15, 2015
RE: House Enrolled Act 1042-2015/IC 21-12-15 (effective July 1, 2015)

House Enrolled Act 1042 (“HEA 1042”), passed by the 119th Indiana General Assembly and signed into law by Governor Pence in April of this year, aims to educate and empower students as they decide how to finance their postsecondary education. The law applies to any postsecondary institution, public or private, whose students receive state financial aid administered by the Commission for Higher Education.

Institutions subject to the law must provide four pieces of data to students:

- An estimate of the total amount of education loans the student has taken out
- An estimate of the total amount the student will have to pay off, based on the amount of loans the student has taken out at the time the information is provided (*Please note: this estimate can be a range*)
- An estimate of the monthly repayment amounts that a borrower in similar financial circumstances could expect to make, including principal and interest, for the amount of loans the student has taken out at the time the information is provided (*Please note: this estimate can be a range*)
- The percentage of the cumulative federal borrowing limit a student has reached at the time the information is provided

Institutions must provide this information (a) **on an annual basis** (b) **to any student for which they receive education loan information**, where “education loan” has the meaning set forth in IC 21-16-1-5, which defines it as “a direct loan or loan insured or guaranteed under a federal or state program or a program of private insurance” that is:

- Made to assist a student in obtaining postsecondary education;
- Made to any Indiana or non-Indiana student, or to one (1) or both parents or the legal guardian of the student; and
- Made or owned by any lending institution:
 - with an office in Indiana; or
 - whose affiliate has an office in Indiana; or
 - whose affiliate is located in a state in which an Indiana bank or an Indiana bank holding company is entitled, under Indiana law, to acquire a bank or bank holding company¹

Because most students rely on a combination of federal and private loans, and because private loan information is not always provided to postsecondary institutions, the Commission recognizes that

¹ See <http://iga.in.gov/legislative/laws/2014/ic/titles/021/articles/016/chapters/001/>.

institutions may in some instances have difficulty providing a complete, comprehensive picture of the student's loan repayment outlook. To account for these scenarios, the Commission has provided the following additional guidelines.

Federal Loans	The Commission expects that all institutions will rely on the National Student Loan Data System (NSLDS) to provide federal loan information to students.
Private Loans	With respect to private loans, institutions ought to provide any and all information they currently receive. The Commission does not expect an institution to collect from private lenders any information it does not already receive.
Incomplete Data	If institutions know the balance of a loan but do not know the interest rate or repayment terms, they should make reasonable estimates to provide to students.
Full Disclosure	In their letters to students, institutions should specify whether the loan information includes only federal or federal <i>and</i> private loan information. They should also note that the loan information may be incomplete.

The Commission urges institutions to send the letters in the early phases of the financial aid process – that is, close enough to when most students decide how much to borrow for the following academic year, but early enough to maximize the letter's impact in informing students' decision-making. For most institutions, this means sending the letters in mid- to late-summer. Based on the effective date of the law, the first round of disclosures must be sent no later than June 30, 2016. Please note that institutions may convey the information by email and/or postal mail.

Although not required by statute, the Commission also requests that institutions include guidance and resources to help students contain the costs of college. In particular, the Commission recommends including information – or web links to information – about degree maps, on-time completion, and general financial planning strategies.

Please note that institutions do not incur any legal liability for the data or estimates provided to students in these letters. However, institutions should be as accurate as possible to provide useful information to students and reduce the need for follow-up explanations or counseling.

Enclosures

In addition to this guidance memo, the Commission is providing each institution with the following documents.

- A short document produced by the U.S. Department of Education advising students on how to be responsible borrowers. **Note: We encourage all institutions to include this document along with their letters to students.**
- A Microsoft Word template and Excel spreadsheet institutions may use to perform a mail merge (see additional instructions below)

Instructions for Performing Mail Merge

As a courtesy to its institutional partners, the Commission is providing Microsoft Word and Excel files that can be used to perform a “mail merge.” The Word document has been pre-populated with blank text fields that correspond to columns in the Excel spreadsheet.

To execute the mail merge, institutions will need to perform the following steps:

First, institutions should populate the Excel file with the relevant data.

Next, open the “Loan Disclosure Template for Mail Merge” Word document. (*Note: Because you have received the Word document via email, it may automatically open in a “protected” mode, which will distort the formatting. To correct this problem, simply enable editing and make sure you are viewing the document in the standard print layout.*) Navigate to the “MAILINGS” tab at the top of the formatting ribbon and select “Start Mail Merge.” Navigate to the bottom of the corresponding drop-down menu and select “Step-by-Step Mail Merge Wizard.”

- Under “select document type,” select “Letters.” At the bottom of the Mail Merge Wizard, proceed to Step 2 by selecting “Next: Starting document.”
- Under Step 2 of the Mail Merge Wizard, select “Use the current document.” Then proceed to Step 3 of the Mail Merge Wizard by selecting “Next: Select recipients.”
- Under Step 3 of the Mail Merge Wizard, select the “Browse” option under “Use an existing list.” This will allow you to link the Word document to the Excel file containing student loan data.
- After you have linked the Word document to the Excel data, you are ready to proceed to Step 4 by selecting “Next: Write your letter.” Because the letter has already been written and formatted by the Commission, you may immediately proceed to Step 5 by selecting “Next: Preview your letters.”
- The letter should automatically populate with the data in the first row of the Excel spreadsheet. To preview data in subsequent (or previous) rows, you can scroll forward (or backward) using the arrows at the top of the Mail Merge Wizard.
- Proceed to the last step of the Mail Merge Wizard to complete the merge and print or save your letters.

Once you have linked the Word document and the Excel file, you may make changes or additions to the data in one of two ways:

- Modify the data directly in the Excel file and select “save.” Select “Edit recipient list” in the Mail Merge tab of the Word document, select the name of the document under “Data Source,” and then select “Refresh.”

- You may also modify the data directly in the Word document by selecting “Edit Recipient List,” selecting the name of the document under “Data Source,” and then selecting “Edit.”

In the event you encounter an error linking the Word document and Excel file, we advise that you copy the Excel data into a new Excel spreadsheet and then re-link the two documents.

Please note that the instructions above pertain to **Microsoft Word 2013**. For additional details and instructions on the Mail Merge function, see the following link on the Office Support website: <https://support.office.com/en-ca/article/Use-mail-merge-to-create-and-print-letters-and-other-documents-f488ed5b-b849-4c11-9cff-932c49474705>

Finally, please note that institutions may modify the formatting, language, and data fields in any part of the letter.