AN ACT to create 39.53 of the statutes; relating to: requiring institutions of higher education to provide information to students relating to educational costs and financial literacy.

Analysis by the Legislative Reference Bureau

This bill requires any institution of higher education in this state that offers an associate degree or higher (institution) to annually provide a letter to each student that contains certain information, including all of the following: 1) information about each of the student’s student loans, including the total amount of debt accrued under the loan, the loan’s interest rate, the estimated future monthly payment under the loan, and the total projected cost of the loan; 2) the estimated total cost of attendance at the institution for the academic year, including actual or estimated costs of tuition, fees, and room and board; and 3) the cumulative amount of state, federal, and institutional grants that the student receives. This letter must be provided to the student at the beginning of the academic year. The bill also requires the institution to provide to students information on financial literacy within the student’s first semester of enrollment.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:
SECTION 1. 39.53 of the statutes is created to read:

39.53 Information for students relating to higher education costs. (1)

DEFINITION. In this section, “institution of higher education” means an institution or college campus within the University of Wisconsin System, a technical college under ch. 38, or any private postsecondary institution located in this state that provides an educational program for which it awards an associate degree or higher.

(2) STUDENT LETTER. (a) An institution of higher education shall annually provide a letter to all students to inform them of the cost of their education. The letter shall include all of the following:

1. For each student loan obtained by the student for which the student loan funds are distributed by the institution as part of the student’s financial aid package, all of the following information with respect to that loan:
   a. The total amount of debt accrued under the loan to date.
   b. The interest rate applicable to the loan.
   c. Standard repayment terms for the type of loan.
   d. The estimated monthly payment due under the loan when the repayment period commences.
   e. The total projected amount of interest to be paid over the term of the loan.
   f. The total projected amount, including both principal and interest, to be paid over the term of the loan.

2. The estimated total cost of attendance at the institution of higher education for the academic year, including actual or estimated costs of tuition, fees, and room and board.
3. The cumulative amount of each of the following, stated separately, that the student receives through the institution as part of the student’s financial aid package:
   
a. State grants.
   
b. Federal grants.
   
c. Institutional grants.

4. Identification of resources for students to learn more about student loans and identification of other financial literacy sources.

   (b) The letter under par. (a) shall be provided to each student at the beginning of the academic year. Whenever possible, the letter shall be transmitted to the student electronically, but the institution of higher education shall provide a printed copy of the letter delivered by hand, mail, facsimile transmission, commercial delivery, or other suitable means if the student does not have the ability to receive the letter electronically.

   (3) Financial literacy. Each institution of higher education shall provide to newly entering students information on financial literacy within the student’s first semester of enrollment.

SECTION 2. Initial applicability.

(1) This act first applies to the academic year beginning after the effective date of this subsection.

SECTION 3. Effective date.

(1) This act takes effect on the first day of the 7th month beginning after publication.