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Voice Telephone: (717) 783-5446

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Pennsylvania Department of Education
School Services Unit Director
333 Market Street, 5th Floor, Harrisburg, PA 17126-0333
Voice Telephone: (717) 783-3750, Fax: (717) 783-6802

If you have any questions about this publication or for additional copies, contact:

Pennsylvania Department of Education
Bureau of Postsecondary and Adult Education
333 Market Street, 12th Floor, Harrisburg, PA 17126-0333
Voice: (717) 787-7013, Fax: (717) 772-3622
www.education.pa.gov

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# Table of Contents

Act 121 of 2018.................................................................................................................. 1
Definitions.............................................................................................................................. 1
Requirements ....................................................................................................................... 1
Templates ............................................................................................................................. 2
Means of Delivery ............................................................................................................... 2
Timing ................................................................................................................................. 2
Contracting for Service ...................................................................................................... 2
Federal Online Aid Counseling Tool and Repayment Calculator .................................. 2
Interest Calculation .......................................................................................................... 3
Assurance of Compliance ................................................................................................. 3
Frequently Asked Questions .............................................................................................. 4
Appendix A: Template for Federal and Non-Federal Student Loan Information .............. 7
Appendix B: Template for Non-Federal Student Loan Information Only ......................... 9
Appendix C: Act 121 of 2018 ............................................................................................. 11
Act 121 of 2018
On October 24, 2018, Governor Wolf signed into law Act 121 of 2018 (Act 121) which created new duties for postsecondary institutions regarding education loans. Beginning in September 2019, institutions of higher education (IHEs), as defined in section 118(c) of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, were required to notify students of the balance of education loans the students have borrowed to date. The first notifications required under Act 121 were required to be sent on or before July 1, 2020.

Definitions
Institution of Higher Education: As defined in section 118(c), an “Institution of higher education” includes any of the following:

1. A community college operating under Article XIX-A.
2. A university within the State System of Higher Education.
3. The Pennsylvania State University.
4. The University of Pittsburgh.
5. Temple University.
6. Lincoln University.
7. Any other institution that is designated as “State-related” by the Commonwealth.
8. Any accredited private or independent college or university.

Student: As defined in section 118(c), is a person who attends an institution of higher education, whether enrolled on a full-time, part-time credit, or noncredit basis.

Requirements
An IHE that receives federal education loan or other student loan information must provide students, on an annual basis, with the following information:

1. An estimate of the total amount of the federal loan(s) or other student loan(s) disbursed by the IHE and borrowed by the student;
2. An estimate of the total payoff amount of the education loans if the loans were to go into repayment as of the date of the annual notification;
3. The number of years used in determining the potential total payoff amount; and

4. Information on how the student can access an online aid counseling tool and repayment calculator.¹

The information provided may include a statement that any estimate or range provided is general in nature and not intended to be a guarantee or promise of an actual projected amount. If included, the statement must include a link to a federal online aid counseling tool and a repayment estimator; and a disclaimer indicating the information provided pertains only to the federal loans or other student loan(s) disbursed at (or directly from) the respective IHE.

Templates
Appendix A and Appendix B contain student loan summary notification templates developed by PDE in consultation with the Pennsylvania Association of School Financial Aid Administrators (PASFAA). Although IHEs are not required to use the provided templates and may create a template of their own to fit the needs of their institutions and students, please be advised that the letter must be inclusive of the items prescribed in Act 121.

Means of Delivery
An IHE must provide the information to students through first class mail, electronic mail, or other communication protocol established by the IHE.

Timing
The communication described above must be provided to students on an annual basis at a time determined by the IHE, but no later than July 1 of each year.

Contracting for Service
An IHE may contract with a student loan servicer, including the Pennsylvania Higher Education Assistance Agency (PHEAA), to provide the communication to students.

Federal Online Aid Counseling Tool and Repayment Calculator
Act 121 requires PDE, in consultation with PHEAA, to approve a federal online aid counseling tool and a repayment calculator. As of September 1, 2019, PDE has approved the following resources:

Aid Counseling Tool and Repayment Calculator:

¹ The online aid counseling tool and repayment calculator must be approved by PDE in consultation with the Pennsylvania Higher Education Assistance Agency (PHEAA).
• Visit www.studentaid.gov to learn more about financial aid options and to access resources for calculating monthly payments and determining repayment options.

Federal and Non-Federal Borrower Information:

• Visit the National Student Loan Data System (NSLDS) at www.studentaid.gov to access information about federal student loans that students may have borrowed from other postsecondary IHEs.

• Visit www.annualcreditreport.com to learn about credit scores and how to request individual credit scores and information regarding non-federal private student loans.

**Interest Calculation**

PDE consulted with PASFAA and other key stakeholders to determine best practices in calculating student interest rates. As a result, PDE recommends IHEs use one of the following methods to calculate interest rates when estimating a student’s payoff amount:

1. Use a weighted average specific to the student;

2. Use an average specific to the student; or

3. Use the current year’s federal interest rate.

Regardless of the method used in the student loan notification, IHEs should identify the interest rate used in the estimated payoff amount and describe how it was calculated.

**Assurance of Compliance**

PDE, in consultation with PASFAA and other key stakeholders, developed a process for IHEs to certify their compliance with the requirements of Act 121. The Assurance of Compliance (AC) form will be available online at PDE’s Higher Education Reporting Site.

The reporting site is open for data collection from January to March of each year, collecting data about notifications sent the prior academic year (e.g., 2019-20 assurances should be submitted during the January-March 2021 collection window).

In addition to the assurance that notifications were sent, reporting also includes:

- Total number of unduplicated students that received student loan notifications, and

- Total dollar value of private or institutional loans awarded to students for the respective academic year.

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2 [https://www.education.pa.gov/Postsecondary-Adult/Institutional%20Reporting/Pages/default.aspx](https://www.education.pa.gov/Postsecondary-Adult/Institutional%20Reporting/Pages/default.aspx)
Frequently Asked Questions

1. **Which students are required to receive notifications under Act 121?**

   Any student, graduate or undergraduate, enrolled at the IHE during the prior year who is the recipient of an education loan disbursed by the IHE is required to receive a notification under the Act.

2. **In an academic year, when do you determine enrollment?**

   Enrollment includes any student who enrolls in at least one course and is still enrolled at the IHE’s census date for financial aid purposes at any point from July 1 to June 30. The IHE may determine which academic year to include students enrolled in summer sessions that may overlap with the June 30/July 1 cutoff.

3. **Which loans are required to be included in the letters under Act 121?**

   IHEs are required to report on any loan taken out by an enrolled student that the IHE receives information about. This may include federal student loans or non-federal, private student loans.

4. **If an IHE does not offer federal student loans, is it still required to send letters to students who take out other types of loans?**

   Yes, Act 121 covers any student loan taken out by the student.

5. **What about loans the student may take out that the IHE does not originate or certify?**

   If the IHE is not involved in the origination or certification of the loan, and therefore does not receive information about the loan, the IHE is not required to include the loan in the student’s loan notification.

6. **What about Parent Plus loans?**

   Parent Plus loans are not taken out by the student and therefore are not required to be included in the letters required by Act 121.

7. **If a student has multiple student loans with different interest rates, how does the IHE calculate the estimated payoff amount?**

   PDE has worked with PASFAA to develop a recommended “best practice” for determining interest rate and estimating payoff terms. The Guidelines outline three methods that PDE recommends IHEs use. (See page 3.) It is also recommended that IHEs disclose to students how the interest rate was calculated.
8. **Do I still have to send student loan notification letters if my program does not use any Title IV funds?**

   If your IHE receives student loan information about loans taken out by any student enrolled at your IHE in the past year, you are required to send a notification letter to each student regarding their student loan debt to date.

9. **Can I send it more than once per year?**

   The minimum requirement, as specified in statute, requires IHEs to send notifications to students by July 1 of each year. This does not preclude IHEs from sending the notification multiple times per year.

10. **We process federal loans but have international students who receive non-federal, alternative loans from our IHE. Are we required to include these loans in the student notification?**

    The statute does not distinguish between students who are residents of Pennsylvania and those who are non-residents. Any student attending an IHE and taking out loans must receive a notification. If the student received only private or alternative loans, and not federal, they still must receive a notification regarding the loan(s) they received.

11. **Do we report loan amounts borrowed or amounts disbursed?**

    IHEs are required to notify students of “an estimate of the total payoff amount” if the loans were to go into repayment as of the date of the annual notification. This would include all amounts borrowed to date.

12. **Can you clarify recommendation vs. requirement for including the amount of federal student loans borrowed at other IHEs that the student may have attended?**

    Based on PDE’s review of the legislation and conversations with the PASFAA leadership, it is recommended that the IHE report to students on all federal education loans available in the National Student Loan Data System (NSLDS). This recommendation is premised on ensuring the efficacy of the program by keeping the students’ best interest in mind.

13. **Will we encounter any issues in accessing loan data from NSLDS for loans borrowed at previous IHEs?**

    It is PDE’s understanding that any IHE with access to NSLDS will be able to access any federal loan taken out by the students enrolled at their IHE.

14. **Can an IHE use an electronic platform to notify students (e.g., online student account or portal) that students can access any time not just once a year?**

    Yes, the law allows the use of “other communication protocols.” The IHE would be required to send a notification to the student on an annual basis directing them to the student portal where they can view their loan information as required by Act 121.
15. Our office processes federal loans and often when a transfer student enrolls at our IHE, we receive an Institutional Student Informational Record (ISIR) that includes previous borrowing. However, the student may not always borrow at our IHE. Are we required to include information about the loans from the student’s previous IHE?

   The statute requires the IHE to provide information on loans disbursed by the IHE taken out by the student. It is PDE’s understanding that any IHE with access to NSLDS will be able to access any federal loan taken out by the students enrolled at their IHE.

16. Does the disbursed amount mean the gross amount or the amount after the fee is deducted?

   The statute speaks to the total payoff amount, which is the gross amount the student borrowed.

17. The statute allows IHEs to contract with student loan servicers to deliver the annual loan summary notifications to students. Please explain what that means.

   The IHE may be considered compliant with the stipulations outlined in Act 121 of 2018 by contracting with a third-party servicer to send out the annual student loan summary notifications. However, this is only the case if the notifications sent out by the servicer contain all the elements required in statute and that the notice is sent out at the direction of the IHE.
Appendix A: Template for Federal and Non-Federal Student Loan Information

Annual Student Loan Summary Notification

<<Month>> <<Day>>, <<Year>>

Dear <<FIRST NAME>> <<LAST NAME>>,

<<Institution Name>> is committed to keeping you informed about your student loan debt and providing you with the guidance necessary to assist you with your financial aid planning throughout your journey toward postsecondary success.

In an effort to fulfill this commitment, we are providing you with a summary of your total estimated student loan liability as of <<Current_Date>>. The student loan summary provided below includes information on the following items:

1. The total amount of Federal Student Loans that you have borrowed at <<Institution Name>> and at other institutions you may have previously attended; and
2. The total amount of Non-Federal Student Loans that you have borrowed at <<Institution Name>>. However, this estimate does not reflect any Non-Federal Student Loan debt you may have incurred at other institutions you previously attended.

It is important to also note that the student loan summary provided does not include information on any student loan funds you may borrow in the upcoming academic year. We ask that you take the time to review the student loan summary information carefully as it may assist you with future borrowing decisions about your student loans.

Student Loan Summary

<table>
<thead>
<tr>
<th>Estimated Federal Student Loans</th>
<th>Estimated Non-Federal Student Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Loan Amount</td>
<td>Principal Loan Amount</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>Interest Rate</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>Monthly Payment</td>
</tr>
<tr>
<td>Total Estimated Payoff Amount</td>
<td>Total Estimated Payoff Amount</td>
</tr>
</tbody>
</table>

While the factors that influence an individual’s decision to borrow student loans may vary, ultimately the responsibility to pay back the student loans rests exclusively with you. The more informed you are about the short- and long-term implications of your borrowing decisions, the better off you will be when it comes time for repayment. For this reason, we encourage you

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1 The interest rate for your student loan estimate was calculated by <<insert interest rate calculation method>>.
2 Please note that this amount is an estimate and does not include any costs related to interest that may accrue while you are in college.
to take advantage of the following resources that are available to students that will help you better understand your loan debt and repayment options:

- Visit [www.studentaid.gov](http://www.studentaid.gov) to learn more about financial aid options and to access resources for calculating monthly payments and determining repayment options. Additionally, you can access information about federal student loans you may have borrowed from other postsecondary IHEs.

- Visit [www.annualcreditreport.com](http://www.annualcreditreport.com) to learn about credit scores and how to request your individual credit score and information on your Non-federal private student loans.

- [INSERT ADDITIONAL SCHOOL RESOURCES HERE]

<<Institution Name>> is committed to your financial well-being and future success and realizes that the best strategy for managing your student loan debt is to stay on track to complete your program in a timely manner. With this in mind, the office of student financial assistance would like to offer up the following advice:

**ADVICE**

- Graduate on Time: Schedule an appointment with an academic advisor to make sure you are on track to graduate.
- Textbook Affordability: Research ways to reduce the cost of textbooks.
- Lower Your Student Loan Payments: Paying down the interest or principal on your loans while you are in school will lower your payments after graduation.
- Loan Forgiveness: Inquire about the various state and federal loan forgiveness opportunities that are available to you.

As always, if you have any questions or believe that the student loan summary provided is not accurate, please contact the financial aid office at <<PHONE NUMBER>> or email us at <<E-MAIL>>.

[Insert Disclaimer Here]
Appendix B: Template for Non-Federal Student Loan Information Only

Annual Student Loan Summary Notification

<<Month>> <<Day>>, <<Year>>

Dear <<FIRST NAME>> <<LAST NAME>>,

<<Institution Name>> is committed to keeping you informed about your student loan debt and providing you with the guidance necessary to assist you with your financial aid planning throughout your journey toward postsecondary success.

In an effort to fulfill this commitment, we are providing you with a summary of your total estimated student loan liability as of <<Current_Date>>. The summary provided below includes information about the total amount of Non-Federal Student Loans that you have borrowed at <<Institution Name>>. However, this estimate does not reflect any Federal or Non-Federal Student Loan debt you may have incurred at other institutions previously attended.

It is important to also note that the student loan summary provided does not include information on any student loan funds you may borrow in the upcoming academic year. We ask that you take the time to review the student loan summary information carefully as it may assist you with future borrowing decisions about your student loans.

Student Loan Summary

<table>
<thead>
<tr>
<th>Estimated Non-Federal Student Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Loan Amount</td>
</tr>
<tr>
<td>Interest Rate¹</td>
</tr>
<tr>
<td>Monthly Payment</td>
</tr>
<tr>
<td>Total Estimated Payoff Amount²</td>
</tr>
</tbody>
</table>

While the factors that influence an individual’s decision to borrow student loans may vary, **ultimately the responsibility to pay back the student loans rests exclusively with you**. The more informed you are about the short- and long-term implications of your borrowing decisions, the better off you will be when it comes time for repayment. For this reason, we encourage you to take advantage of the following resources that are available to students that will help you better understand your loan debt and repayment options:

- Visit [www.studentaid.gov](http://www.studentaid.gov) to learn more about financial aid options and to access resources for calculating monthly payments and determining repayment options. Additionally, you can access information about federal student loans you may have borrowed from other postsecondary IHEs.

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¹ The interest rate for your student loan estimate was calculated by <<insert interest rate calculation method>>.
² Please note that this amount is an estimate and does not include any costs related to interest that may accrue while you are in college.
• Visit www.annualcreditreport.com to learn about credit scores and how to request your individual credit score and information on your Non-federal private student loans.

• [INSERT ADDITIONAL SCHOOL RESOURCES]

<<Institution Name>> is committed to your financial well-being and future success and realize that the best strategy for managing your student loan debt is to stay on track to complete your program in a timely manner. With this in mind, the office of student financial assistance would like to offer up the following advice:

**ADVICE**

• Graduate on Time: Schedule an appointment with an academic advisor to make sure you are on track to graduate.
• Textbook Affordability: Research ways to reduce the cost of textbooks.
• Lower Your Student Loan Payments: Paying down the interest or principal on you loans while you are in school will lower your payments after graduation.
• Loan Forgiveness: Inquire about the various state and federal loan forgiveness opportunities that are available to you.

As always, if you have any questions or believe that the student loan summary provided is not accurate, please contact the financial aid office at <<PHONE NUMBER>> or email us at <<E-MAIL>>.

[Insert Disclaimer Here]
Appendix C: Act 121 of 2018

AN ACT

Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An act relating to the public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto," in preliminary provisions, providing for information regarding education loans.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, is amended by adding a section to read:

Section 127. Information Regarding Education Loans.--(a) An institution of higher education that receives Federal education loan information or other student loan information regarding a student enrolled at the institution of higher education shall provide the following to the student on an annual basis at a time determined by the school, but no later than July 1 each year:

(1) An estimate of the total amount of Federal education loans or other student loans which are disbursed by the institution of higher education taken out by the student.

(2) Subject to subsection (b), an estimate of the total payoff amount of the Federal education loans or other student loans which are disbursed by the institution of higher education incurred by the student enrolled at the institution of higher education, if the loans were to go into repayment as of the date of the annual notification under this subsection.

(3) The number of years used in determining the potential total payoff amount.

(4) Information on how the student can access online repayment calculators.

(b) The information provided to the student under subsection (a) may include a statement that any estimate or range provided is general in nature and not intended to be a guarantee or promise of an actual projected amount. The statement shall include:

(1) a disclaimer that the information provided under subsection (a) pertains only to Federal loans disbursed at the institution that is providing the information or any loans disbursed directly from the institution; and

(2) a link to a Federal online aid counseling tool and a repayment estimator that have been approved by the Department of Education in consultation with the Pennsylvania Higher Education Assistance Agency.

(c) An institution of higher education shall not incur liability for any representation made under this section.

(d) An institution of higher education shall provide the information required under this section annually beginning in September 2019.
(e) An institution of higher education shall provide the information to students through first class mail, electronic mail or other communication protocol established by the institution of higher education.

(f) An institution of higher education that contracts with a student loan servicer, including the Pennsylvania Higher Education Assistance Agency, to provide the information required under subsection(a) to its students in the manner required under subsection (e) shall be deemed to have complied with the provisions of this section.

(g) The Department of Education shall administer and enforce the provisions of this section.

(h) As used in this section, the following words and phrases shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

"Institution of higher education." As defined in section 118(c).

"Student." As defined in section 118(c).

Section 2. This act shall take effect in 60 days.