

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB510S1

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: McEachin

3. Committee: Education and Health

4. Title: Institutions of higher education; reporting of student lending policies

5. Summary: Directs the State Council of Higher Education for Virginia (SCHEV), with the advice and input of the governing boards of each public institution of higher education, to develop policies and procedures for disclosure of information by public higher education institutions on their lending practices. This information shall include (i) criteria used to determine which lenders, if any, are recommended or endorsed by the school, or included on a preferred lender list made available to students, and (ii) explicit notification that students are free to borrow from any lender of their choosing and are not limited to any lender or lenders suggested by the school. This legislation also authorizes criminal penalties for any employee violating this section, or any student loan vendor offering any payment, loan, advance, deposit of money, services or anything, present or promised, as an inducement for promoting such vendor at a Virginia public institution of higher education shall be guilty of a misdemeanor.

6. Fiscal Impact Estimates: Preliminary, see item 8.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: This legislation directs State Council of Higher Education for Virginia to develop policies and procedures for disclosure of information on higher education's lending practices with the advice and input of the governing boards of each public institution of higher education. It is anticipated this legislation would have a minimal fiscal impact on the state public colleges and universities, but could have a potential fiscal impact on the State Council of Higher Education for Virginia of staff resources to develop these policies. It is estimated that the staff resources would be minimal, up to \$5,000 as a one-time cost.

The proposed legislation would make violation of its provisions a misdemeanor. State law stipulates that an offense which is defined as a misdemeanor without specifying the level of misdemeanor shall carry the possible punishment provided for a Class 1 misdemeanor. Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail. There is not enough information available to reliably estimate how many additional inmates in jail could result from this proposal. Any increase in jail population will increase

costs to the state. The Commonwealth pays the localities \$8.00 a day for each misdemeanor or otherwise local responsible prisoner held in a jail. It also funds most of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2007), the estimated total state support for local jails averaged \$28.42 per inmate, per day in FY 2006.

9. Specific Agency or Political Subdivisions Affected: State public colleges and universities, State Council of Higher Education for Virginia, Boards of Visitors of public institutions of higher education.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/1/2008/rsa

C: Secretary of Education

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