

## **Department of Planning and Budget**

### **2018 Fiscal Impact Statement**

**1. Bill Number:** HB 165

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Delegate Yancey

**3. Committee:** Education

**4. Title:** Provide collection information to students who receive loans from public institutions of higher education

- 5. Summary:** This bill requires each public institution that provides student loans to:
- include in the documents for each loan an individual plan for the repayment of principal and interest and the payment of any late fees and clear and detailed information about the collection process for such loan pursuant to the Virginia Debt Collection Act, including information about the agency or entity that is responsible for collection; and
  - establish a process for notifying each student or, in the case of an undergraduate student and as appropriate, the student's parent of any loan payment that is past due no later than 30 days after such payment becomes past due and, if necessary, the end of the academic term during which such payment becomes past due.

This bill also permits each institution to modify the terms of any loan for which payments are past due to provide for repayment forbearance on the loan and repayment to commence on an agreed-upon date in the future. In addition, the repayment will reflect a percentage increase in the interest rate that is less than or equal to the inflation-adjusted annual percentage increase in the Average Consumer Price Index for all items, all urban consumers (CPI-U), for the year immediately preceding such future date.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary (see Section 8)

- 8. Fiscal Implications:** Virginia's public institutions of higher education report that the requirements of this bill are already largely in place. However, administrative costs would result from being in full compliance with the notification requirements. For the most part, those costs should be absorbed using existing resources. Although, depending upon the volume of loans managed by each of the public institutions of higher education, some may be require additional positions to fully implement and administer the requirements of this proposed legislation.

**9. Specific Agency or Political Subdivisions Affected:** Virginia's public institutions of higher education

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 01/19/18

c: Secretary of Education