

Department of Planning and Budget

2023 Fiscal Impact Statement

1. Bill Number: HB2425

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

2. Patron: Bagby

3. Committee: Education

4. Title: Secretary of Education; institutions of higher education; information about institutional debt.

5. Summary: Requires certain institutions of higher education in the Commonwealth to report to the Secretary of Education on January 1 of each calendar year certain information and documents relating to certain educational debts owed to the institution by current and former students as of the end of the prior calendar year and requires the Secretary, with the cooperation and assistance of the State Council of Higher Education for Virginia, to issue a report that includes the information and documents provided by each such institution no later than July 1 of each calendar year. The bill also allows the Secretary to impose a civil penalty of not more than \$10,000 for each violation on an institution of higher education that fails to comply with the reporting requirements of the bill.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate. See Item 8.

8. Fiscal Implications: The fiscal impact of this bill is indeterminate at this time.

Public institutions of higher education (IHEs) will need to undergo substantial reviews to determine what data elements are readily available through existing systems and what data elements require manual review of each student, in turn, requiring extensive personnel resources. It is anticipated that many IHEs would need to hire additional personnel to meet the provisions of this bill. Overall fiscal implications are associated with the time associated with revising processes and gathering any data that is not currently collected. Additionally, some IHEs utilize third-party vendors and collections agencies to manage and issue transcripts; these IHEs will need to coordinate with the vendors to assess their reporting capabilities for students whose transcripts were withheld. Although fiscal impact is indeterminate, it is anticipated that costs could be significant.

HB 1400/SB800, 2023 General Assembly Session, includes three additional positions in the Office of the Secretary of Education, including a position intended to work as a

postsecondary advisor. With this position, the Secretary's office will be able to meet the requirements of this bill.

The Division of Debt Collection (DDC) of the Office of the Attorney General and Department of Law (OAG) is responsible for state debt collection, including higher ed collections, and anticipates that IHEs will require assistance to meet the requirements of the bill. It is unclear at this time the true number of additional support staff required to achieve the adequate assistance. DDC is allowed to retain up to 30% of receivables collected. If the amount collected at the end of the year is higher than DDC operating expenses, then funds are returned to institutions. As a result of any additional work required by DDC, there is a potential for DDC to reduce their refunds to agencies by retaining a larger percentage of receivables collected, though no more than 30%.

- 9. Specific Agency or Political Subdivisions Affected:** Office of the Attorney General, Public institutions of higher education, Secretary of Education, State Council of Higher Education for Virginia

- 10. Technical Amendment Necessary:** No

- 11. Other Comments:** None