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HOUSE BILL NO. 732

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Education
on February 7, 2022)

(Patron Prior to Substitute—Delegate Carr)

A *BILL to amend and reenact § 2.2-4806 of the Code of Virginia, relating to public institutions of higher education; debt collection; transcripts and degrees.*

Be it enacted by the General Assembly of Virginia:

1. That § 2.2-4806 of the Code of Virginia is amended and reenacted as follows:

§ 2.2-4806. Utilization of certain collection techniques.

A. Each state agency and institution shall take all appropriate and cost-effective actions to aggressively collect its accounts receivable. Each agency and institution shall utilize, but not be limited to, the following collection techniques, according to the policies and procedures required by the Department of Accounts and the Division: (i) credit reporting bureaus, (ii) collection agencies, (iii) garnishments, liens and judgments, (iv) administrative offset, and (v) participation in the Treasury Offset Program of the United States under 31 U.S.C. § 3716.

B. Except as provided otherwise herein, for collection of accounts receivable of \$3,000 or more that are 60 days past due, each agency and institution shall forward those claims to the Division for collection. The Division shall review forwarded accounts, determine the appropriate collection efforts, if any, for each account, and take such actions on the accounts as the Division may so determine.

C. Except as provided otherwise herein, for collection of accounts receivable under \$3,000 that are 60 days past due, each agency and institution shall contract with a private collection agency for the collection of those debts. Prior to referring accounts receivable of less than \$3,000, agencies and institutions may refer such accounts to the Division. The Division may accept the account for collection or return it to the agency or institution for collection by a private collection agency.

D. Except as otherwise provided in this subsection, where a debtor is paying a debt in periodic payments to an agency or institution, the agency or institution may elect to retain the claim in excess of 60 days provided that such periodic payments are promptly paid until the account is satisfied. In the event the debtor is delinquent (i) by 60 days in paying a periodic payment or (ii) for such other period of time approved by the Division, the account shall be handled in the manner provided by subsections B and C of this section.

E. A public institution of higher education shall provide a debtor who is currently enrolled in such institution the option to pay his debt in periodic payments over the course of the term or semester in which the account became past due or, at the discretion of such institution, over a longer period, provided that such periodic payments are promptly paid until the account is satisfied. In the event that the debtor is delinquent (i) by 60 days in paying a periodic payment or (ii) for such other period of time approved by the Division, the account shall be handled in the manner provided by subsections B and C.

F. Notwithstanding any other provision of this chapter or any other law to the contrary, neither the Virginia Commonwealth University Health System Authority (the Authority) nor the University of Virginia Medical Center (the Center) shall engage in extraordinary collection actions, as defined in § 501(r) of the Internal Revenue Code as it was in effect on January 1, 2020, to collect patient accounts receivable related to medical treatment at such Authority or Center or its affiliated facilities unless the Authority or Center has undertaken all reasonable efforts to determine whether an individual with delinquent debt is eligible for Medicaid or other assistance under the Authority's or Center's financial assistance policy.

G. Each state agency and institution shall report and pay required fees to the Division as required by subsection C of § 2.2-518.

H. Notwithstanding any other provision of law, a public institution of higher education shall not, due to an outstanding balance on a current or former student's account:

1. Refuse to provide a transcript or degree for a current or former student on the grounds that the student owes a debt;

2. Condition the provision of a transcript or degree for a current or former student on the payment of a debt, other than a fee charged to provide the transcript or degree;

3. Charge a higher fee to a current or former student for obtaining a transcript or degree, or provide less favorable treatment of a transcript or degree request because a current or former student owes a debt; or

4. Use transcript or degree issuance as a tool for debt collection.

2. That the State Council of Higher Education for Virginia shall evaluate and submit to the General Assembly no later than November 1, 2022, a report on student debt collection practices

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60 and policies at public institutions of higher education in the Commonwealth. Such report shall
61 include (i) the age of the debt, (ii) the institutional practices or policies governing student debt and
62 the ability of the student to receive his transcript, (iii) the income level of the student with debt
63 who requests his transcript, (iv) other demographic factors of the student such as race, age,
64 gender, and whether or not the student is a first generation college student, (v) the unique
65 circumstances that led to the student's debt in the first place, (vi) similar practices and policies in
66 neighboring states, (vii) financial counseling students receive upon entering the institution, and
67 (viii) financial counseling students receive when preparing to leave the institution.