REPORT OF THE SECRETARY OF EDUCATION

Report on Student Debt Collection Practices and Policies at Public Institutions of Higher Education (2022 Appropriation Act, Item 128.C.)

TO THE GENERAL ASSEMBLY OF VIRGINIA

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Report on Student Debt Collection Practices and Policies at Public Institutions of Higher Education

Overview

During the 2022 session, several legislators supported bills that would allow students with institutional debt to access their withheld transcripts—a current practice used by institutions to encourage students to pay their debt. There is concern that the withholding of transcripts could harm a student's ability to enroll in another institution to complete a degree or provide academic records to a potential employer. Either outcome could affect future earning and limit their ability to pay off the debt.

This issue was described in several papers written by Ithaka S+R. The first paper in the series issued in October 2020, "Solving Stranded Credits: Assessing the Scope and Effects of Transcript Withholding on Students, States and Institutions" provides an overview of the issue and identifies that those most likely to be impacted by these policies and practices are adult learners, lower-income students, and racial and ethnic minority students.

Virginia Public Media (VPM) also covered the issue in fall 2021 when it released a series called "Dreams Deferred: How an overlooked type of school debt is affecting thousands of students in Virginia." The series included eight articles specific to Virginia and included stories based on interviews with 20 students.

As a result of the increased concern both nationally and in Virginia, legislators introduced House Bill 732 (Carr) and Senate Bill 159 (Hashmi) during the 2022 General Assembly session that attempted to stop the practice of transcript withholding. The House Bill also required a report on student debt collection practices and policies. Neither bills passed the General Assembly, but similar language regarding the report was added in the budget to better understand the topic. The specific language is included in the text below.

> *The Secretary of Education, in collaboration with the Office of Attorney General, Debt Collection Division, and with the cooperation and assistance of the State Council of Higher Education for Virginia and public institutions of higher education and their affiliated entities, shall evaluate and submit to the General Assembly no later than December 1, 2022, a report on student debt collection practices and policies at public institutions of higher education in the Commonwealth. Such report shall include, but not be limited to: (i) the age of the debt; (ii) the institutional practices or policies governing student debt and the ability of the student to receive a transcript; (iii) demographic factors of the student such as race, age, domicile, income, and whether or not the student is a first generation college student; (iv) the unique circumstances that led to the student's debt in the first place; (v) similar practices and policies in neighboring*

states;(vi) financial counseling students receive upon entering the institution; and (vii) financial counseling students receive when preparing to leave the institution.

This report is provided in response to the budget language and includes five sections that are intended to address the items outlined. The sections include:

- **State debt collection requirements.** This section provides an overview of existing state code requirements, entities charged with the guidance and regulation of state debt
- **Institution policies and procedures.** This section provides a summary of institution practices and policies related to student debt.
- **Practices in other states.** This section includes a summary of practices in other states and provides specific practices related to transcript withholding.
- **Student data related to institutional debt.** This section includes data related to the age of the student debt, student demographics and a description of unique circumstances related to the debt.
- **Financial counseling and financial literacy practices.** This section provides an overview of required counseling services and additional practices that institutions may provide.

State debt collection requirements

Virginia public institutions are bound by the Virginia Debt Collection Act, §2.2-4800-4809 to administer and collect outstanding debt. The statute authorizes institutions to "...aggressively collect all accounts receivable."

> § 2.2-4800. Policy of the Commonwealth; collection of accounts receivable
> This chapter establishes the policy of the Commonwealth as it relates to the accounting for, management and collection of all accounts receivable due to the Commonwealth. It shall be the policy of the Commonwealth that all state agencies and institutions shall take all appropriate and cost-effective actions to aggressively collect all accounts receivable. All state agencies and institutions shall be subject to this chapter and shall establish internal policies and procedures for the management and collection of accounts receivable that are in accordance with regulations adopted by the Department of Accounts and the Office of the Attorney General.

The statute authorizes the Department of Accounts to provide guidance which is included in the Commonwealth's Administrative Policies and Procedures (CAPP) manual (accounts receivable section) and designates the Office of the Attorney General (OAG) to provide legal services and policies and procedures for legal matters. The statute also provides overall guidance on:

- Interest, administrative charges and penalty fees (§ 2.2-4805): Interest fees are allowable in accordance with guidance from the Department of Accounts. Past due accounts may charge a penalty fee not to exceed 10 percent.
- Collection techniques including use of collection agencies, garnishment, liens and debt set-off (§ 2.2-4806): Debts that are equal to or above $3,000 and 60 days past due are

required to be sent to the OAG Division of Debt Collection for review. Debts under $3,000 and 60 days past due are required to contract with a private collection agency. Institutions are allowed to refer these accounts to the Division prior to seeking a private collection agency. The Division may accept the account or return it to the institution. In 2018, additional leniency was provided to institutions regarding debt collection (item E). The language permits institutions to extend the repayment period for currently enrolled students as long as the student continues to make prompt payments until the account it satisfied; however, this provision does not necessarily extend to those no longer enrolled.

In the same year, section § 23.1-619 of the Code was modified to allow institutions, with mutual consent from the student, to extend repayment of student loans beyond the initial deadline to ease the repayment process and avoid collection proceedings. This legislation also requires disclosure of the terms of the loan in the initial loan documents and notification to student and parents as soon as the loan is past due. Student loans are one way a student may incur a debt to the institution and it is not clear whether these pieces of legislation extend to other forms of student debt to the institution. A copy of the Code is included in Appendix A.

- Authorization to withhold certain services to those failing to pay their debts (§ 2.2-4808): This section states that "each state agency and institution shall develop internal policies and practices, in accordance with accounts receivable policies of the Department of Accounts and the Attorney General, for delaying or withholding certain state services to those persons who refuse to pay their debts."

Further, institutions that are authorized with Level III Authority as outlined in item 4-9.03 of the budget may have further flexibility in the area of accounts receivable. Institutions with this level of authority include, William & Mary, Virginia Tech, Mason, UVA, VCU and James Madison.

Institution policies and procedures

Institutions make students aware of their fiscal responsibilities through various policies and procedures and handbooks available on their respective websites. Institutions also frequently provide notices on billing statements and signed fiscal responsibility agreements. Once an account is past due, institutions provide multiple direct notifications via telephone calls, email and/or mailed letters. Services that are typically withheld include prohibiting registration and enrollment and denying the release of official transcripts.

Most public four-year institutions will release transcripts by exception, such as for debts below a certain threshold (if arrangements have been made to resolve the debt), in the case of bankruptcy or if required by a prospective employer.

Institutions report the value of withholding services, including a transcript as a means to remind the student of their debt and create opportunities to discuss how to resolve the debt to avoid sending it to collections.

With few exceptions, the typical student debt cycle at an institution involves:
1. The student incurs an outstanding balance at the institution.
2. Students generally have 60-90 days, or the end of the term, to resolve the debt. If scheduled payments are missed, then the account can become past due.
3. For the first 30-90 days of being past due, some services such as registration and receipt of a transcript may be suspended, depending on the amount and age of the debt. Institutions send regular notices of the debt with expectations and potential consequences if the debt is not resolved.
4. After 30-90 days of debt being past due, collection efforts will begin, either internally with the institution or through a private contractor.
5. Debts equal to or over $3,000 may be referred to the Virginia Office of the Attorney General.
6. The period of debt collection varies from a couple of months to up to a year.
7. The conclusion of this cycle results in either the debt being satisfied or written off. If a debt is written off, the institution is no longer pursuing collection, but the debt and the withholding of services remain on the student's record.
8. Institutions report that currently enrolled students are rarely sent to collections.

Practices and policies
SCHEV surveyed the institutions on policies and procedures used to address student debt. The following is a high-level summary of those questions and responses.

<u>Policies and response to debt</u>
Question: What are the institution's practices and policies related to student debt and the collection of outstanding debts and/or delinquent accounts? The policy should indicate the amount of debt that triggers a particular action, such as a transcript hold, referral to collections, and/or referral to the Attorney General's office.

- Public four-year institutions: Most institutions follow a similar ~60-day notice of outstanding balance with multiple notifications notifying students of outstanding balances. Most institutions refer the debt to the OAG after $3,000 is owed. The minimum amount of outstanding debt sent to the OAG ranges from $1,000 (VT: if there is no communication responses from the student) to $25,000 (VCU).
- Community colleges: The minimum debt that triggers an internal response varies by individual community colleges, but it ranges anywhere from $1.00 and above to a $50.00 minimum. VCCS policy requires that any student owing a debt greater than $500 cannot register for classes anywhere in the VCCS.

Notifications

Question: How are students notified of these practices and policies? If a notification is posted on the institution's website, please provide a link to it. If the policy is embedded in a PDF, please provide the page number for the policy in addition to the link.

- Public four-year institutions: Institutions have students sign and acknowledge their payment plans and outstanding balance policies. When a student has an outstanding balance, notifications are sent out at regular intervals. Most institutions contact students via email or a phone call if due dates are imminent or balances are significant. Students are also notified when it is time to register for the following semester.
- Community colleges: Broadly, students are notified of outstanding debt statements at certain intervals, such as when the outstanding balance is incurred, a month after a hold has been put on an account, and on/before the last day to drop classes with full and partial refund. Most follow the official VCCS policies and notify a student at least 3 times within a 60-day period.

Withholding transcripts

Question: What is your official policy on withholding transcripts if a student owes money to the institution?

- Public four-year institutions: Most institutions have a policy to not provide official transcripts if any debt is owed, but some exceptions are allowed (see below).
- Community colleges: If there is any outstanding debt, a student cannot receive transcripts. This is the official VCCS policy. Exceptions are made if a student's debts are discharged in bankruptcy.

Threshold to withhold transcripts

Question: If it is your policy to withhold transcripts when a student owes money to the institution, what is the dollar threshold required to trigger this? (e.g. a hold on a student account will prevent a transcript from being issued, but the Bursar's Office does not place a hold on a student account unless an amount is owed in excess of $100).

- Public four-year institutions: With the exception of three institutions, all withhold transcripts if any balance is owed. Exceptions: UVA will give transcripts to current students with outstanding balances, but not former students. VCU “after a discussion with” students with debt up to $500 can receive a transcript; UMW withholds transcripts for debts of $5 or more.
- Community colleges: Most institutions will issue a hold at any amount. Brightpoint starts at $25, Mountain Gateway and Northern Virginia at $1, Patrick and Henry at $10.

Practices or procedures related to transcript withholds

Question: Does your institution have any unwritten policies about withholding transcripts? (e.g. the official policy is to not issue a transcript if money is owed, but exceptions are made in cases where less than $25 is owed)

- Public four-year institutions: About half the institutions have unofficial conditions or standards for granting exceptions. Some will work with students given “extenuating circumstances” or if a certain percent of the balance is paid. Several institutions will

release transcripts if a student is applying for a job or to grad school, pending an "internal agreement" acknowledging the debt.
- Community colleges: Most institutions report not having any additional policies.

A summary table by institution related to these practices is included in Appendix B.

Practices in other states

The topic of how to handle students owing a debt to institutions gained state and national attention in 2019 when California passed a law (AB 1313) prohibiting institutions from withholding academic transcripts. In the fall of 2021, the Congressional Committee on Oversight & Reform conducted a survey of select states, including Virginia, in order to obtain a deeper understanding of the origination of these debts, the students most impacted and the institutional policies. While Virginia submitted data for the inquiry, the Committee did not issue a report.

The majority of states permit institutions to aggressively collect on outstanding student debts, including sending delinquent accounts to collections and withholding certain services such as registration and academic transcripts; however, there is a growing trend towards revisiting these policies. Ithaka S+R has monitored the issue since at least spring 2021. The information that follows is a summary of an August 15, 2022 blog posted by the research organization.

As of June 15, 2022, five states have pending bills and eight states enacted bills that prohibit postsecondary institutions from withholding transcripts in some circumstances. By removing this action, students are still responsible for their debts but are able to transfer to another institution or verify education for potential employers. The rational is that debtors would be in a potentially better position to repay institutional debts if they can continue and complete their education. In contrast, four states have laws that require universities to withhold transcripts in certain scenarios.

Alternatively, Ohio has initiated the Ohio Comeback Compact, which provides a resolution of student debt while enabling students to return to college. Under this approach, students can have a portion of their prior debt forgiven if they transfer, maintain enrollment and meet certain eligibility requirements. The institution holding the student debt forgives up to $5,000 if the student is enrolled at a participating institution and the receiving institution pays the former institution $500 for the first semester of enrollment and $250 for students who continue for a second semester. Eight Ohio institutions participate in the program.

Staff at Ithaka S+R compiled a list of states taking action on whether institutions may permit or refuse the release of academic transcripts based on student debt to the institution. The following list is provided within the August 15, 2022 blog by Alessandra Cipriani-Detres and Sarah Pingel.

Summary of transcript withholding practices in other states

State	Conditions							
	Any type or amount of debt	Policy sets minimum debt threshold	Charges other than tuition, room, board, or fees	Potential Employment	Transfer	Aid Applications	Military	Debts that have been sent to a state collections agency
States that prohibit holds								
California	✓							
Colorado			✓	✓	✓	✓	✓	
Illinois				✓				
Maine		under $500 in a 2-year institution; under $2,500 in a 4-year institution						
Minnesota		under $250		✓				✓
New York (Senate) (Assembly)	✓							
Ohio				✓				
Washington			✓	✓	✓	✓	✓	
States that allow holds								
Alaska	✓							
Florida			✓					
Tennessee		any debt over $100						
Texas	in career schools only							

Source: Stranded Credits: State-Level Actions and Opportunities, August 15, 2022 blog by Alessandra Cipriani-Detres and Sarah Pingel

Other articles and resources from Ithaka S+R include the following:

- Stranded Credits: State-Level Actions and Opportunities by Alessandra Cipriani-Detres and Sarah Pingel; August 15, 2022
- A State-by-State Snapshot of Stranded Credits Data and Policy by Julia Karon and James Dean Ward; May 4, 2021
- Lost and Found: State and Institutional Actions to Resolve Stranded Credits by Sarah Pingel; July 7, 2022

Student data related to institutional debt

To better understand the impact of the debt on students, institutions were asked to submit five years of student debt data that required recovery action on the part of the institution. For each identified student, institutions were asked to provide demographic data. In addition, in a follow up call with the institution, staff were asked to describe the circumstances that led to a student incurring debt.

Circumstances related to student debt

Based on discussion with institutions, the circumstances to which a student may incur debt can vary by institution and student. The following is a list of the most common examples cited:

- Failing to complete payment arrangements. A student may state they have a private loan, but do not find a credit-worthy cosigner or are unable to complete payment plan arrangements.
- Failing to complete financial aid or loan requirements. A student may not meet due dates, respond to requests for information or complete required entrance counseling.
- Changing financial aid eligibility. A student may change their course load from full-time to less than half-time; not meet satisfactory academic progress (a federal requirement); not meet outside sponsor academic requirements (if tied to a scholarship), or have a change in their expected family contribution (a federal estimate of a family's contribution to their education). Any of these changes can result in a reduction of financial aid and could require the student to owe money to the institution.
- Changing financial circumstances. A student may lose their income, their parent may lose their income, or other planned resources may fail to materialize.
- Withdrawing from a course(s) or not attending without notifying the institution after the "full refund" period. A student may attend and withdraw or enroll and expected to attend, but do not notify the institution of their leaving (student never officially cancels or withdraws or withdraws after the refund period).
- Incurring new charges during the term. This can include fines, parking tickets or other costs applied to their account.
- Signing a student loan agreement. A student may sign a loan with an institution to provide payments over a period of time.

Student data related to debt

Data related to student-level debt is provided based on the time the debt was incurred, the date the debt incurred and demographic descriptors, such as age, race, resident and income status. Where data are available, these descriptors are compared to current enrollment data to identify if certain students are disproportionately impacted.

Note: Based on conversations with institutions, the collection of consistent data is difficult due to changes in a student's debt status and how an institution's practice or policy requires a student's debt to be managed. When institutions were asked to provide data, they were told to include any debt that required action by the institution. For some institutions, that occurs the day a student incurs a balance–resulting in a high number of records. For others, that can occur after a balance is determined to be overdue-resulting in a lower number of records. In addition, institutions described how students may incur a debt and then pay off the balance within a few weeks. For others, this can take longer and they may work with the student for up to a year. All of these practices appear to be allowable under current state law.

Year and amount of debt incurred

The following includes a breakout of the year debt was incurred, the total debt amount and average debt amount by two and public four-year institutions. The amount of debt owed is higher at public four-year institutions. This likely is due to the higher costs to attend public four-year institutions both in their higher tuition and fee charges and because public four-year institutions can charge students room and board for those that stay on campus.

Year and amount of debt incurred: public two-year institutions

Year	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
2017	1,286	9%	$1,059,199	10%	$824
2018	3,262	22%	$2,388,020	23%	$732
2019	2,825	19%	$2,042,532	20%	$723
2020	1,904	13%	$885,965	9%	$465
2021	3,222	22%	$1,792,417	18%	$556
2022	2,328	16%	$2,014,455	20%	$865
Total	**14,827**	**100%**	**$10,182,588**	**100%**	**$687**

Note: 2017 and 2022 data are based on one semester of data and show lower amounts.

Year and amount of debt incurred: public four-year institutions

Year	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
2017	6,016	7%	$24,770,483	7%	$4,117
2018	16,466	20%	$59,541,830	18%	$3,616
2019	19,175	23%	$66,024,849	20%	$3,443
2020	13,056	16%	$47,436,319	14%	$3,633
2021	19,449	24%	$91,625,202	27%	$4,711
2022	8,340	10%	$45,922,613	14%	$5,506
Not Available	133	0%	$375,008	0%	$2,820
Total	**82,635**	**100%**	**335,696,304**	**100%**	**$4,062**

Note: 2017 and 2022 data are based on one semester of data and show lower amounts.

Time from initial enrollment to when debt was incurred

The report requested institutions to provide the age of the debt. Due to challenges in determining the actual age as some students may have debt, make payments and then fall behind again, the calculation provided is based on when the student first enrolled and the date from when the student first incurred the debt. This helps to identify if students are more likely to incur debt in their first year of enrollment or later.

Time from initial enrollment to debt incurred: public two-year institutions

Years from enrollment to debt incurred	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
One year	3,005	20%	$1,931,219	19%	$643
Two years	3,596	24%	$2,246,586	22%	$625
Three years	701	5%	$383,318	4%	$547
Four years	4,933	33%	$3,883,299	38%	$787
Five +	1,615	11%	$1,085,826	11%	$672
Not Available	977	7%	$652,340	6%	$668
Total	**14,827**	**100%**	**$10,182,588**	**100%**	**$687**

Time from initial enrollment to debt incurred: public four-year institutions

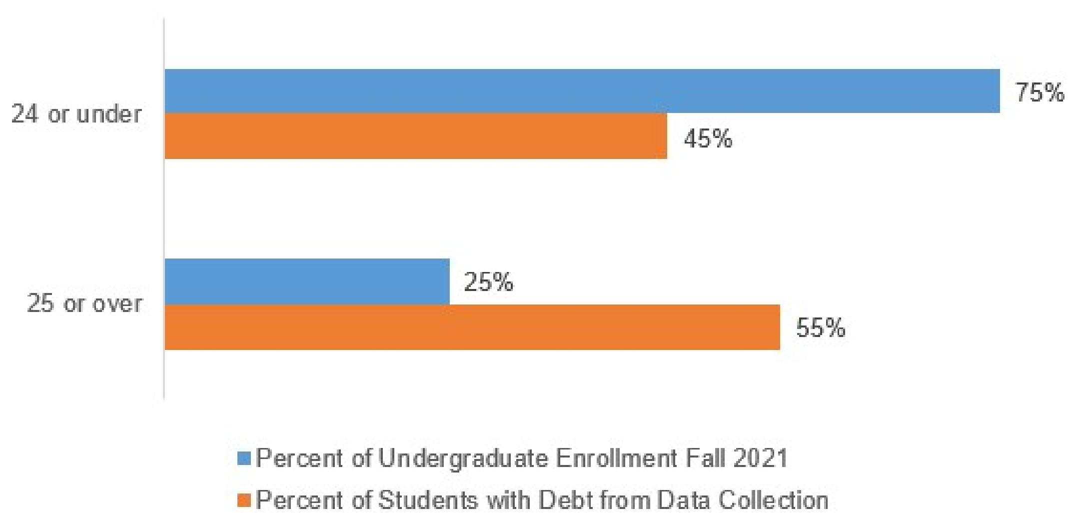
Years from enrollment to debt incurred	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
One year	16,098	19%	$71,957,889	21%	$4,470
Two years	19,434	24%	$82,876,488	25%	$4,265
Three years	15,377	19%	$64,210,749	19%	$4,176
Four years	11,886	14%	$49,841,678	15%	$4,193
Five +	19,707	24%	$66,434,491	20%	$3,371
Not Available	133	0%	$375,008	0%	$2,820
Total	**82,635**	**100%**	**$335,696,304**	**100%**	**$4,062**

__Age of the student:__
The majority of students that incur debt are those over the age of 25. Data also are compared to fall 2021 enrollments to identify if there are differences in those with debt to the student population.

Student debt by age: public two-year institutions

Age	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
24 or under	6,668	45%	$4,291,685	42%	$644
25 or over	8,159	55%	$5,890,904	58%	$722
Total	**14,827**	**100%**	**$10,182,588**	**100%**	**$687**

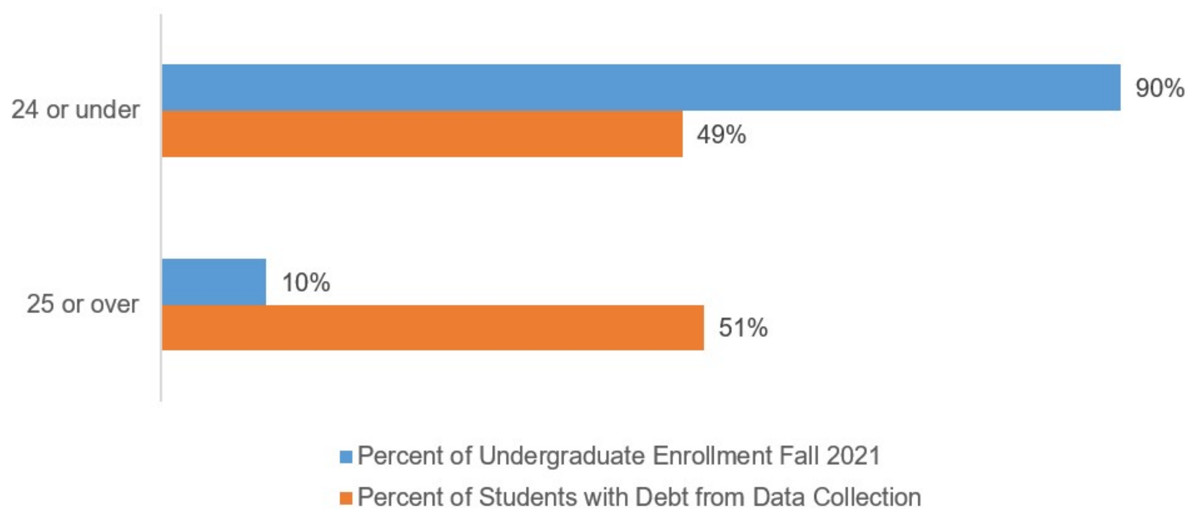
Comparison of undergraduate enrollment and student debt by age: public two-year institutions



Student debt by age: public four-year institutions

Student Age	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
24 or under	40,453	49%	$193,153,632	58%	$4,775
25 or over	42,130	51%	$142,525,985	42%	$3,383
Not Available	52	0%	$16,686	0%	$321
Total	**82,635**	**100%**	**$335,696,304**	**100%**	**$4,062**

Comparison of undergraduate enrollment and student debt by age: public four-year institutions



Domicile (in-state status)

Domicile is a determination of whether a student is eligible to receive in-state tuition. The following includes two- and public four-year institutions data from the data collection and also includes a comparison to Fall 2021 enrollment percentages.

Student debt by domicile at public two-year institutions

Domicile	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
In-State	13,432	91%	$8,816,640	87%	$656
Out-of-State	1,266	9%	$1,322,331	13%	$1,044
N/A	129	1%	$43,617	0%	$338
Total	**14,827**	**100%**	**$10,182,588**	**100%**	**$687**

Student debt by domicile at public four-year institutions

Domicile	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
In-State	59,660	72%	$190,467,131	57%	$3,193
Out-of-State	22,968	28%	$145,217,137	43%	$6,323
N/A	7	0%	$12,035	0%	$1,719
Total	**82,635**	**100%**	**$335,696,304**	**100%**	**$4,062**

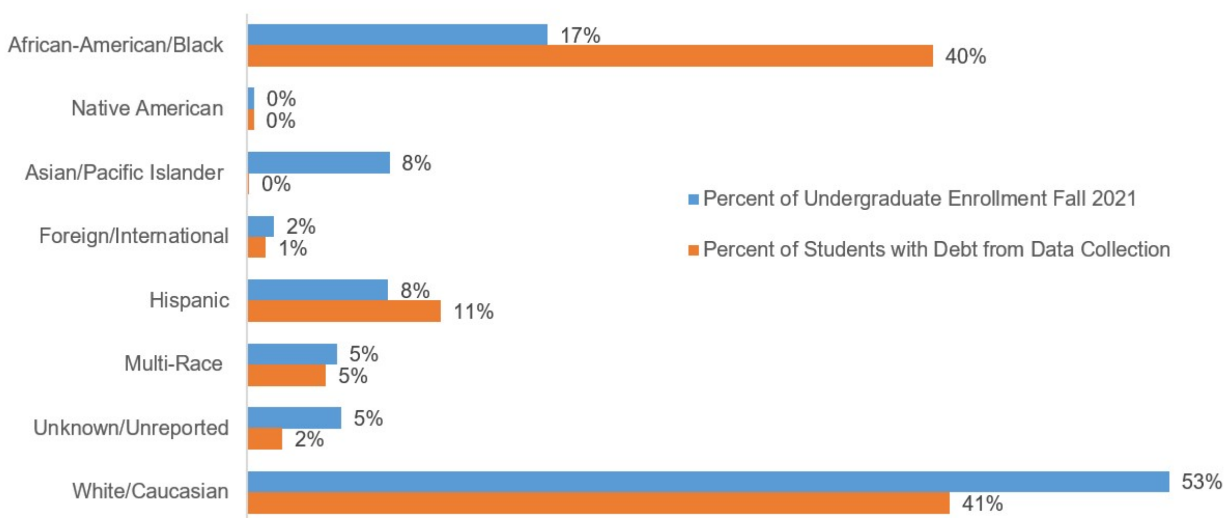
Race/ethnicity

Race/ethnicity data for the data collected are included for two- and four-year public institutions and are compared to fall enrollment percentages for 2021. The largest gaps when compared to the enrollment percentages occur with African American/black and Hispanic students at two year institutions.

Student debt by ethnicity at public two-year institutions

Ethnicity	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
African American/Black	5,897	40%	$4,397,713	43%	$746
Native American	59	0%	$45,834	0%	$777
Asian/Pacific Islander	20	0%	$11,232	0%	$562
Foreign/International	160	1%	$136,730	1%	$855
Hispanic	1,663	11%	$1,125,057	11%	$677
Multi-Race	680	5%	$481,312	5%	$708
Unknown/Unreported	305	2%	$212,136	2%	$696
White/Caucasian	6,043	41%	$3,772,575	37%	$624
Total	**14,827**	**100%**	**$10,182,588**	**100%**	**$687**

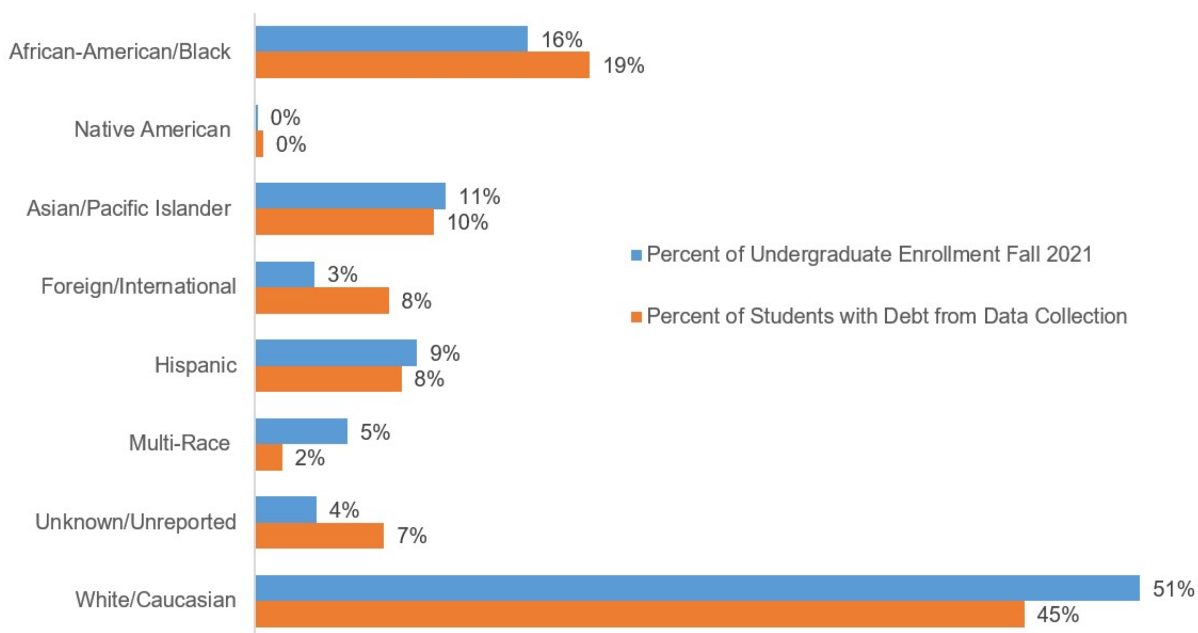
Comparison of undergraduate enrollment and student debt by race/ethnicity at public two-year institutions



Student debt by race/ethnicity at public four-year institutions

Ethnicity	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
African American/Black	16,016	19%	$62,266,010	19%	$3,888
Native American	398	0%	$1,559,221	0%	$3,918
Asian/Pacific Islander	8,544	10%	$32,832,493	10%	$3,843
Foreign/International	6,392	8%	$42,883,506	13%	$6,709
Hispanic	7,006	8%	$27,962,331	8%	$3,991
Multi-Race	1,298	2%	$5,568,677	2%	$4,290
Unknown/Unreported	6,181	7%	$21,529,614	6%	$3,483
White/Caucasian	36,800	45%	$141,094,451	42%	$3,834
Total	**82,635**	**100%**	**$335,696,304**	**100%**	**$4,062**

Comparison of undergraduate enrollment and student debt by race/ethnicity at public four-year institutions



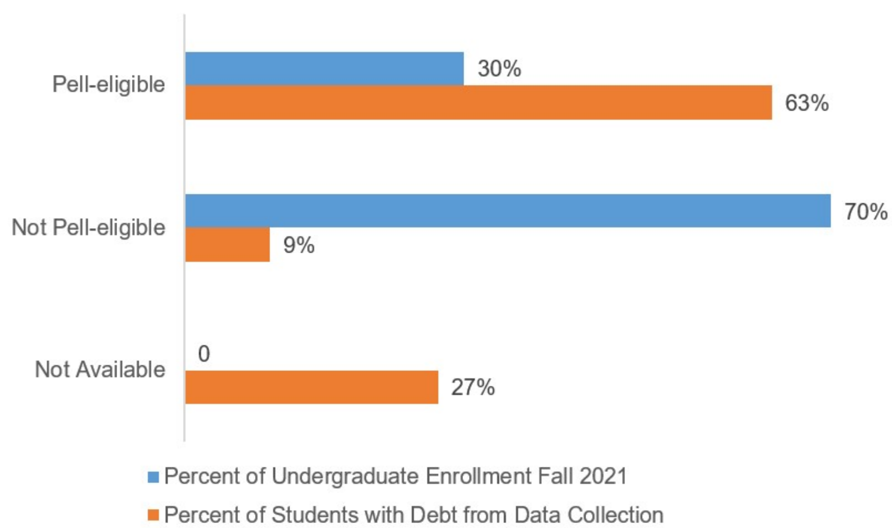
Income status/Pell-eligibility

The report also requested data by student income status. Data are provided based on a student's Pell-eligibility status. Students eligible for federal Pell grants are generally considered low-income, but there are several factors to determine this status. Data are provided for two- and four-year public institutions. As a note, there is a large number of data that was not available at the public two-year institutions. This is likely due to students who may not complete a financial aid form. This can occur for students who may attend part-time and do not meet the minimum course requirements to be eligible for federal aid.

Pell-eligible students with debt at public two-year institutions

Student Type	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
Pell-eligible	9,402	63%	$7,221,639	71%	$768
Not Pell-eligible	1,369	9%	$1,121,655	11%	$819
Not Available	4,056	27%	$1,839,295	18%	$453
Total	**14,827**	**100%**	**$10,182,588**	**100%**	**$687**

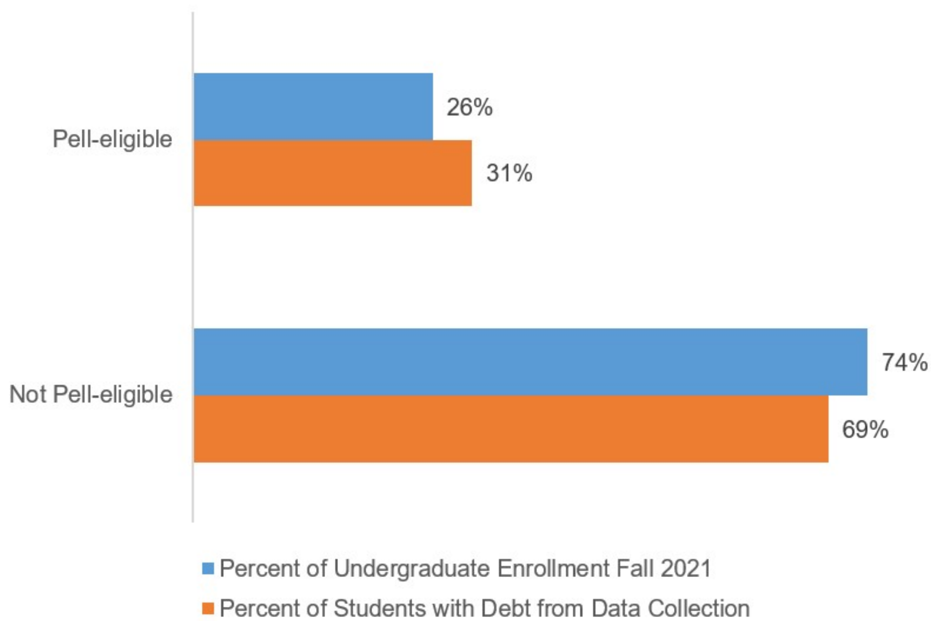
Comparison of undergraduate enrollment and Pell-eligible students: public two-year institutions



Pell-eligible students with debt at public four-year institutions

Type	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Averag e Debt Amount
Pell-eligible	25,236	31%	$93,723,871	28%	$3,714
Not Pell-eligible	57,399	69%	$241,972,433	72%	$4,216
Total	**82,635**	**100%**	**$335,696,304**	**100%**	**$4,062**

Comparison of undergraduate enrollment and Pell-eligible students: public four-year institutions



First-generation students

First-generation students are typically those students who are the first to attend college. Definitions can vary and SCHEV does not currently collect student-level enrollment data to provide a comparison. Based on the data submitted, the majority of students reported were not first-generation.

Students of first-generation with debt at public two-year institutions

Student Type	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Averag e Debt Amount
First-generation	3,604	24%	$2,651,529	26%	$736
Not first generation	7,533	51%	$5,301,141	52%	$704
Not Available	3,690	25%	$2,229,918	22%	$604
Total	**14,827**	**100%**	**$10,182,588**	**100%**	**$687**

Students of first generation with debt at public four-year institutions

Type	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
First-generation	12,082	15%	$50,574,218	15%	$4,186
Not first generation	69,642	84%	$282,751,334	84%	$4,060
Not Available	911	1%	$2,370,751	1%	$2,602
Total	**82,635**	**100%**	**$335,696,304**	**100%**	**$4,062**

Office of the Attorney General debt collection data

Under Virginia statute, all state agencies including institutions of higher education can enlist the service of the Division of Debt Collection at the Attorney General's office to help with collecting debts equal to or above $3,000. This service is provided for a fee, which was recently reduced to a maximum of 15%. Virginia's Debt Cancellation Act (§ 2.2-4800. Policy of the Commonwealth; collection of accounts receivable) is listed in Appendix A.

The Division of Debt Collection submitted data on the number of accounts referred to them from public institutions for fiscal years 2018-2022. Because the collection process for some accounts overlapped multiple fiscal years, all five years of data were combined to provide an overview of the accounts referred and the accounts recovered for the last five years from institutions of higher education.

As a note, not all public institutions sent debts to collections to the Attorney General's office in the last five years. In the survey conducted for this report, most of the community colleges reported that instances of debts equal to or over $3,000 were rare. For that reason, only four of the 23 community colleges are represented in this data set. In addition, some four-year institutions are allowed to utilize other methods for debts equal to or over $3,000. For that reason, a few of the 16 institutions are not reported in this data set. Results are below.

Number of accounts, amounts and net recovered of those referred to the Office of the Attorney General from FY 2018 to FY 2022

Type of Institution	Accounts Referred	Amount Referred	Amount Recovered*
2-year (N=4)	249	$1,516,241	$670,109
4-year/RBC (N=13)	1,475	$10,003,810	$6,052,859

*Amounts recovered during the time frame may include funds referred from prior years

Institutions were asked to provide comments related to the use of outside assistance with the collection of debts. Most institutions referenced internal processes that they utilize to collect debts and prefer that the use of external collection agencies or the Division of Debt Collection is a last resort. Institutions use an immediate hold on a transcript as a method to encourage a conversation between the institution and the student to attempt to resolve the debt. Courtesy calls, emails and letters via US mail are sent to initiate that conversation. In some cases, debts are paid within a few days. For students without the resources to pay the debt, institutions utilize in-house payment plans. As long as the student makes regular payments, the student is allowed to remain enrolled and re-enroll to stay on track for degree completion.

As a note, the time period for this study included the pandemic, which allowed some institutions to use federal HEERF funds to assist students with balances on their accounts.

Financial counseling and financial literacy practices

Financial counseling

All students who qualify for student loans and attend institutions of higher education that are eligible to issue federal grants and student loans must participate in entrance and exit counseling prior to discharging the first undergraduate or graduate loan. The financial aid office at the institution establishes the delivery method for the counseling, either using the tools provided on the studentaid.gov website or by providing their own. Entrance counseling is required for students prior to their first loan and exit counseling is required when the student graduates, leaves school or drops below half-time enrollment. The latter focuses on preparing the student for the process of repaying the loan.

The U.S. Department of Education Office of Federal Student Aid is planning to make Annual Student Loan Acknowledgement (ASLA) mandatory for all students who continue to take out loans each year. The purpose of the ASLA is to ensure that students understand their growing loan balance and the impact it has on monthly repayment obligations once the student exits the institution. As a note, all public four-year institutions in Virginia issue federal student loans and provide the required financial counseling, only a few community colleges provide access to student loans.

Because of the complexities involved with identifying internal and external sources for funding higher education and establishing and maintaining eligibility for financial aid, students need guidance on how to navigate the process from beginning to end. Institutions were asked to share their approach to providing financial literacy to some or all students beyond what is required by recipients of federal student loans.

Virginia's community colleges

All degree-seeking community college students must enroll and complete a student development course. The course includes information about applying for financial aid and scholarships, as well as general information about being a college student. In FY 2021, the VCCS added a financial obligations contract on the student's "to-do" list in the Student Center within the Student Information System (SIS); however, if the student does not complete the contract, they are not prevented from registering for classes.

Some institutions assign a counselor, graduation coach, college success coach and/or navigator to discuss the academic programs of interest and the total costs for completion of the program. Others begin the process earlier by conducting financial aid presentations in the community to make future students aware of the options for making higher education affordable.

ECMC contracts with the Office of Federal Student Aid to provide default aversion services to students who attended Virginia institutions. Some institutions contract with ECMC to issue an annual debt letter that reminds the student of the amount borrowed to date and the repayment strategy required to discharge that amount. Additional strategies include monthly financial aid presentations on topics that impact a student's ability to afford education and to remain on a path to maintaining Satisfactory Academic Progress.

Public four-year institutions public institutions and Richard Bland College

In addition to the required entrance and exit counseling, most institutions conduct outreach to remind students to submit their financial aid forms (FAFSA) and host FAFSA completion workshops. Other institutions include financial literacy during the new student welcome activities. Several institutions require all incoming freshmen and transfer students to attend sessions on topics like paying for tuition during new student orientation.

Some public four-year institutions have already started annual notification by issuing Annual Debt Notices to all students with loan debt. Content includes the total amount borrowed and the estimated monthly repayment amounts. Many institutions take the opportunity during April's Financial Literacy month to offer helpful information related to financial higher education and life expenses.

Financial Literacy

Understanding all aspects of affording education-related expenses and developing good budgeting and spending habits is not just the responsibility of the office of financial aid at the institution. Some institutions have gone beyond the required financial counseling for federal loan borrowers by offering financial literacy programs or centers. Below are some examples:

Public two year:

- Blue Ridge's Financial Avenue offers financial literacy services - fa.financialavenue.org
- Northern Virginia's Financial Literacy Program provides educational resources to increase awareness of personal financial management topics such as budgeting spending, saving and borrowing - blogs.nvcc.edu/financial-literacy/ and Financial Stability and Advocacy Centers provide personalized services to build strong financial foundations and access to community resources - nvcc.edu/financial-stability/index.htm (page not found from link)
- Central Virginia partners with Liberty University to offer free in-person financial literacy training to all students
- Germanna and Virginia Highlands offer financial wellness services through ECMC - www.ecmclearning.org
- Mountain Empire offers services through Money Wise
- Tidewater offers iGrad to assist students with financial literacy - help.tcc.edu/s/articles/Learn-how-to-manage-money-with-iGrad

Public four-year institutions

- Mason's Student Support and Advocacy Center provides comprehensive financial literacy programming to all students - ssac.gmu.edu/fwb/
- Norfolk State partners with Bank of America to provide financial literacy training
- Old Dominion partners with PNC Bank to offer programming called Monarch Money Matters

- UVA offers Peer Financial Counseling - sfs.virginia.edu/resources-personal-finance/peer-financial-counseling
- VCU partners with the Virginia Credit Union to provide a Financial Success Center with peer-to-peer financial workshops
- Virginia Tech offers one-on-one financial counseling through Hokie Wellness - hokiewellness.vt.edu/financial-wellness-resources.html
- William & Mary has a student-led Financial Literacy Group – https://boehlycenter.mason.wm.edu/programs-clubs/financial-literacy-programs

During a follow up call with institutional financial officers, representatives agreed across the board that students do not understand all the aspects of financing higher education. Financial literacy should begin at the secondary level and continue on through the post-secondary level. Supporting continuity of service models that reinforce higher education expenses and sources of aid will help ensure that students become smarter consumers of higher education.

SCHEV's Office of the Qualified Education Loan Ombudsman

In order to address the need for financial literacy revolving around higher education expenses, SCHEV launched virginiastudentloanhelp.org to help students and families navigate college financing and student loan repayment. Content is grouped together for three primary audiences: high school students looking to make smart decisions about paying for college; current college students exploring loan repayment options and forgiveness programs; and exited students seeking assistance with the unique aspects of their student loan situation. The site encourages people to set up an account and to use additional financial literacy tools that help put the expenses of higher education into the context of maintaining the desired lifestyle. Virginians who are unable to get the answers to their questions or need help with their own student loans can contact the student loan advocate through the site or at studentloan@schev.edu .

Appendix A: Virginia Debt Collection Act

§ 2.2-4800. Policy of the Commonwealth; collection of accounts receivable
This chapter establishes the policy of the Commonwealth as it relates to the accounting for, management and collection of all accounts receivable due to the Commonwealth. It shall be the policy of the Commonwealth that all state agencies and institutions shall take all appropriate and cost-effective actions to aggressively collect all accounts receivable. All state agencies and institutions shall be subject to this chapter and shall establish internal policies and procedures for the management and collection of accounts receivable that are in accordance with regulations adopted by the Department of Accounts and the Office of the Attorney General.

1988, c. 544, § 2.1-727; 2001, c. 844.

§ 2.2-4801. Definitions
As used in this chapter, unless the context requires a different meaning:

"Administrative offset" includes, but is not limited to, offsetting any monies, except those specifically exempted by state or federal law, paid by agency or institution for a debt owed to any other state agency or institution.

"Accounts receivable" refers to the classification of debts due the Commonwealth, including judgments, fines, costs, and penalties imposed upon conviction for criminal and traffic offenses, and as defined in the guidelines adopted by the State Comptroller.

"Discharge" means the compromise and settlement of disputes, claims, and controversies of the Commonwealth by the Office of the Attorney General as authorized by § 2.2-514.

"Division" means the Division of Debt Collection of the Office of the Attorney General created pursuant to § 2.2-518.

"Past-due" means any account receivable for which payment has not been received by the payment due date.

"State agency and institution" means any authority, board, department, instrumentality, agency or other unit in any branch of state government. The term shall not include any county, city or town, or any local or regional governmental authority or any "nonstate agency" as defined in the appropriation act.

"Write-off" means a transaction to remove from an agency's financial accounting records an account receivable that management has determined to be uncollectible.

1988, c. 544, § 2.1-726; 1994, c. 565; 2001, c. 844; 2009, c. 797.

§ 2.2-4802. Responsibility for accounts receivable policy; reports
The Department of Accounts shall be the primary state agency responsible for the oversight, reporting and monitoring of the Commonwealth's accounts receivable program.

The Department of Accounts shall adopt necessary policies and procedures for reporting, accounting for, and collecting the Commonwealth's accounts receivable. The Department of Accounts is also charged with adopting regulations concerning guidelines and procedures for writing off accounts receivable.

1988, c. 544, § 2.1-728; 2001, c. 844.

§ 2.2-4803. Legal counsel
The Office of the Attorney General shall be the primary agency responsible for the provision of all legal services and advice related to the collection of accounts receivable, pursuant to § 2.2-507.

The Attorney General shall adopt necessary policies and procedures pertaining to all accounts receivable legal matters and the litigation of past-due accounts receivable that shall be published together with the policies and procedures adopted by the Department of Accounts.

1988, c. 544, § 2.1-729; 2001, c. 844.

§ 2.2-4804. Annual reports
The Department of Accounts and the Attorney General shall annually report to the Governor, the Secretary of Finance and the Chairmen of the Senate Committee on Finance and Appropriations and the House Committee on Appropriations those agencies and institutions that are not making satisfactory progress toward implementing the provisions of this chapter and establishing effective accounts receivable programs.

1988, c. 544, § 2.1-730; 2001, c. 844.

§ 2.2-4805. Interest, administrative charges and penalty fees
A. Each state agency and institution may charge interest on all past due accounts receivable in accordance with guidelines adopted by the Department of Accounts. Each past due accounts receivable may also be charged an additional amount that shall approximate the administrative costs arising under § 2.2-4806. Agencies and institutions may also assess late penalty fees, not in excess of ten percent of the past-due account on past-due accounts receivable. The Department of Accounts shall adopt regulations concerning the imposition of administrative charges and late penalty fees.

B. Failure to pay in full at the time goods, services, or treatment are rendered by the Commonwealth or when billed for a debt owed to any agency of the Commonwealth shall result in the imposition of interest at the judgment rate as provided in § 6.2-302 on the unpaid balance unless a higher interest rate is authorized by contract with the debtor or provided otherwise by statute. Interest shall begin to accrue on the 60th day after the date of the initial written demand for payment. A public institution of higher education in the Commonwealth may elect to impose a late fee in addition to, or in lieu of, interest for such time as the institution retains the claim pursuant to subsection D of § 2.2-4806. Returned checks or dishonored credit card or debit card payments shall incur a handling fee of $50 unless a higher amount is authorized by statute to be added to the principal account balance.

C. If the matter is referred for collection to the Division, the debtor shall be liable for reasonable attorney fees unless higher attorney fees are authorized by contract with the debtor.

D. A request for or acceptance of goods or services from the Commonwealth, including medical treatment, shall be deemed to be acceptance of the terms specified in this section.

1988, c. 544, § 2.1-732; 2001, c. 844; 2009, c. 797.

§ 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.

1988, c. 544, § 2.1-733; 2001, c. 844; 2004, c. 919; 2008, cc. 314, 637; 2009, c. 797; 2018, c. 386; 2020, c. 577.

§ 2.2-4807. Debtor information and skip-tracing
Each agency and institution shall collect minimum prescribed information from clients, debtors, and payees. Debtor information available from state agencies, credit reporting bureaus and other appropriate sources shall be used for the purpose of skip-tracing debtors, as specified in the guidelines of the Department of Accounts and the Attorney General. The minimum prescribed information to be collected shall include the federal employer identification number of partnerships, proprietorships, and corporate clients, debtors, and payees. This minimum prescribed information shall be included in the contract payment clause required by § 2.2-4354. The Department of Accounts may require that the minimum prescribed information be supplied on any request for payment, including invoices.

1988, c. 544, § 2.1-734; 1992, c. 110; 2001, c. 844.

§ 2.2-4808. Provision of state services to delinquent debtors
Each state agency and institution shall develop internal policies and procedures, in accordance with accounts receivable policies of the Department of Accounts and the Attorney General, for delaying or withholding certain state services to those persons who refuse to pay their debts.

1988, c. 544, § 2.1-735; 2001, c. 844.

§ 2.2-4809. Agreement authorized; setoff federal debts
A. The Comptroller is authorized to enter into an agreement with the United States to participate in the Treasury Offset Program pursuant to 31 U.S.C. § 3716 for the collection of any debts owed to state agencies. The agreement may provide for the United States to submit debts owed to federal agencies for offset against state payments similar to the procedures for offsetting debts owed to state agencies.

B. The Treasurer shall reduce any state payment by the amount of any federal debt submitted in accordance with the agreement authorized by this section, and pay such amount to the appropriate federal official in accordance with the procedures specified in such agreement.

§ 23.1-619. Collection of loans.
For each loan made from its fund, each institution shall:

1. Include in loan 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 (§ 2.2-4800 et seq.), including information about the agency or entity that is responsible for collection;

2. 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 (i) 30 days after the payments become past due and (ii) if necessary, the end of the academic term during which such payment becomes past due; and

3. Make every effort to collect each loan and comply with the Virginia Debt Collection Act (§ 2.2-4800 et seq.) with regard to the collection of such loans, provided that, notwithstanding §§ 2.2-4805 and 2.2-4806, the institution may, with the consent of the borrower, modify the terms of any loan for which payments are past due to provide for repayment forbearance on such loan and repayment to commence on a mutually agreed-upon date in the future. Prior to entering into

any such agreement, the institution shall provide the borrower with information regarding the effect of a forbearance on the loan amount, including (i) the amount of any additional accumulated principal and interest and (ii) the estimated total amount to be owed upon recommenced payments.

1978, c. 745, § 23-38.10:4; 1988, c. 544; 2016, c. 588; 2018, c. 786.

Appendix B: Summary of practices by institution

Name	Threshold to report to collection agency	Debt limit to withhold transcript	Does the institution have exceptions to account holds?	Notification Policy
CNU	60 days after due, when less than $3,000 and greater than $50	$50 or more	Yes, for transcripts after appeal to manager if total is <$1,000	Online, mail, formal agreement
GMU	After the next semester's "deadline to add classes" when greater than $1,500. Exclude actively enrolled students.	$25 or more	Yes, when "extenuating circumstances exist"	Web-based Catalog, Billing Notices (each semester), In-House Collection Notices (twice each semester), Direct Contact
JMU	After 60 days past due if between $100 and $10,000	$10 or more	On a case by case basis, particularly for employment	Policies are on-line; letter 30 days past due, at least two phone calls
LU	30 days after pre-collection notice	Any amount for a prior student and $500 in the term for current students	Only if student needs a transcript for a job, released directly to the employer	Notifications via email and onlline
NSU	60 days after start of following term. If greater than $50	Any amount	Exceptions if applying for a job or grad school, pending payment agreement	webpages; phone calls prior to past due account notices for 30 days past due; 60 day delinquent notice and then a final demand notice.
ODU	Any amount after 120 days past due	Any amount after 10 days past due	Unofficial transcripts are not withheld	Mandatory session for FR; multiple policies online; email and billing notices monthly; monthly notices after past due.
RU	Between $75 and $3,000	$200 if enrolled; $5 if not enrolled	Exceptions can be made if half of balance is paid, also consider case-by-case	Policies online; disclosure on signed application for admission; notice on onlline student portal; letters sent 20 days prior to being sent to collections.
UMW	$5 or above if past due for a billing cycle	$5 or above if past due for a billing cycle	None	Multiple policies and catalog online; emails sent when past due.
UVA	Debt is past due for 365 days. Collections remain internal until then	No hold for active students; if inactive >$1 past due	Exceptions made on case-by-case basis if arrangements are made to satisfy debt	Active student: Website, signed agreement annually, multiple past due emails. Inactive Student: multiple calls, mailed letters, weekly emails
UVAW	Does not specify	$35 for current student; any past due amount for former student	None indicated	Policies onlline; email when acct is past due
VCU	Collections is handled internally	$5 is "past due" but transcript can be released up to $500 account balance	Transcripts may be released for debts below $500 after student discusses obligation with internal financial staff.	Website, multiple emails when account is past due; after semester ends paper letters are mailed; Letter is also sent when submitted to Collections Agency or OAG.
VMI	If under $3,000 submit to a collection agency after 60 days	Any amount	Exceptions made on case-by-case basis if arrangements are made to satisfy debt	Email Notifications,PostView online account and website
VSU	Debt is past due for 120 days	$5+ outstanding at end of term	None indicated	Website
VT	Debt is delinquent, typically 30 days. Students not currently enrolled with charges greater than $200 are sent to an external collection agency after 90+ days have elapsed.	Unresolved past-due debt over $200 results in a hold until paid (released every 15 minutes) or an exception is granted.	Exceptions are formally published and approved through the Bursar's office if payment arrangements are made, if applying for a job or grad school, or for further enrollment at the university.	Multiple policies online; handbooks, financial responsibility agreements; monthly billing statements issued every 30 days; multiple past due-emails, and mailed demand letters before collections and OAG assignment.
WM	Internal collections until end of semester or student becomes inactive and balance <$10,000.	$5 or more	Provide transcript directly to employer if needed for a job or on a case by case basis	Website notification; multiple direct notices via email, letters and phone calls once account becomes past due.
RBC	Less than $3,000	Any amount	None	Policies are online; email, call and text
VCCS	60 days past due when less than $3,000; some collect balances between $1 and $100 internally.	$0 to $250; TCC does not withhold transcripts	None indicated for the majority; bankruptcy exception	Regular notices one past due