FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: SB 424**

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Legislative Fiscal Office
Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Prohibits post-secondary institutions of education that are based in Oregon from refusing to provide transcript to current or former student because student owes debt to institution.

Government Unit(s) Affected:
Public Universities, Community Colleges, Higher Education Coordinating Commission, Department of Revenue

Summary of Fiscal Impact:
Costs related to the measure are indeterminate and may require budgetary action - See analysis.

Analysis:
Senate Bill 424 prohibits post-secondary institutions of education based in Oregon from withholding academic transcripts from current or former students who owe an outstanding debt to the institution. The measure also prohibits institutions from charging current or former students higher fees for transcripts or from otherwise using access to transcripts as a means of debt collection. The measure requires institutions to file a report with the Higher Education Coordinating Commission (HECC) by September 15, 2024, detailing each institution's policies relating to providing transcripts and transcript holds. The measure takes effect on January 1, 2024 and applies to the 2024-25 academic year. The measure's reporting requirement sunsets on July 2, 2025.

Public Universities and Community Colleges
There is a potentially significant, but indeterminate, fiscal impact to public universities and community colleges. Currently, the transcript request process for most universities and colleges does not allow a student to request a transcript if they have a hold on their account. Public universities and community colleges do not collect data on the number of students that attempt to collect transcripts but are denied because they have unpaid debts. To comply with the measure's reporting requirements for institutions, public universities and community colleges will likely incur costs for either software updates or new software implementation.

Currently, transcript holds allow for students to be made aware of a balance owed on their account and for institutions and students to be able to negotiate payment arrangements that are less onerous to the student than other debt collection methods that might be deployed once the student has left the institution. By prohibiting transcript holds, students are no longer incentivized to make payments on their account to obtain their transcripts, and for that reason, public universities and community colleges might experience a decrease in fee revenues once transcript holds are prohibited.

Higher Education Coordinating Commission
HECC will need to update its administrative rules authorizing transcript holds for private career schools. HECC staff would need to implement a rule change for the approximately 200 private career schools in Oregon and monitor them for compliance within the first year of the rule change. HECC will also need to compile and analyze report filed post-secondary institutions of education, detailing each institution's policies relating to providing transcripts and transcript holds. Overall, the measure is anticipated to have a minimal fiscal impact on HECC.

Department of Revenue

Most universities and colleges do not write off student debt; they refer unresolved student debt cases to the Department of Revenue (DOR) for collection and tax offset and/or use private collections agencies. The measure would not impact that practice.

DOR collects debts for post-secondary institutions of education under the Other Agency Accounts program by utilizing collection tools such as letters, calls, or payment agreements. When funds are collected, they are distributed to the institution that assigned the debt to DOR for collections. It should be noted, though, that removing official transcript withholding as a tool will likely result in student debts being reported to DOR and/or private collection agencies more quickly than it is now. However, because the measure does not require any change to DOR's collection processes or systems, it is anticipated to have no fiscal impact on DOR.