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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 32
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 32's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. Miranda and Ingram

Local Impact Statement Procedure Required: No

Jason Glover, Budget Analyst, and other LBO staff

Highlights

- For the duration of the Governor's COVID-19 state of emergency declaration, the bill delays certification, collection, and accrual of fees, fines, and interest on student debt owed state institutions of higher education, and hospitals operated by those institutions of higher education.
- The Ohio Attorney General's Office generally retains up to 10% of the amount collected as a collections fee.

Detailed Analysis

The bill prohibits the state from commencing collection proceedings on debt owed to state institutions of higher education or a hospital operated by those institutions of higher education for the duration of the Governor's state of emergency declaration related to the COVID-19 pandemic. The bill does not forgive any debts owed; it merely suspends the collection of those debts. The bill also states that no interest can accrue on any debt owed and no fees are to be collected during this time. Thus, the bill delays the receipt of debt owed to some point in the future once the emergency order ends. The bill declares an emergency so it will go into immediate effect upon enactment.

The Attorney General collects certified student debt owed the state's 14 four-year public universities and 23 community colleges. Over the five-year period from FY 2015 to FY 2020, the Attorney General's higher education collections averaged \$51.3 million annually, with up to \$5.1 million retained annually in collection fees. LBO is not certain as to the amount of debt collected for hospitals operated by those institutions of higher education during that five-year period.

The bill temporarily halts the certification of new debt and the collection of active debt accounts, and will result in the loss of late fees, fines, and interest that otherwise would have accrued and been added to the amount of debt owed.

The Attorney General's collections process uses its in-house Collections Enforcement staff, third-party vendors (collection letters and calls), and special counsel (litigation to potentially obtain a judgement, garnish bank accounts or wages). The Attorney General's collections fee is up to 10% of the amount collected on claims certified, with revenue credited to the agency's Claims Fund (Fund 4190). Contracted debt collectors are paid 21% on a contingency basis, and special counsel charges up to 33% depending on the type of debt.¹

Money appropriated from Fund 4190 is used by the Attorney General to pay the costs of numerous criminal justice, legal service, and program management functions, including the Collections Enforcement Section. Any decrease in revenue from the fees on the debt included in the bill, could create disruptions, albeit temporary, for certain operations within the Attorney General's Office.

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¹ van Lier, P. (2020). *Collecting against the future*. Policy Matters Ohio. <https://www.policymattersohio.org/files/research/collectagainstfuture1.pdf>.