



August 29, 2022

Ms. Emily Gallagher  
Senior Counsel  
California Department of Financial Protection and Innovation, Legal Division  
2101 Arena Blvd.  
Sacramento, CA 95834

Re: PRO 05-21

Dear Ms. Gallagher:

The National Association of College and University Business Officers (NACUBO) appreciates the opportunity to comment on the Department of Financial Protection and Innovation's (DFPI) proposed regulations related to the scope, annual report, and documentation requirements of the Debt Collection Licensing Act (DCLA).

NACUBO, founded in 1962, is a nonprofit professional organization representing chief administrative and financial officers at more than 1,700 public and nonprofit colleges and universities across the country. NACUBO's mission is to advance the economic vitality, business practices, and support of higher education institutions in pursuit of their missions.

At most colleges and universities, the bursar's office (also known as the office of student accounts or student financial services department) is housed within the business office. The bursar's office is responsible for accepting, processing, and applying payments from students and families, processing refunds, and in some cases, collecting balances owed to the institution.

It is through that lens that NACUBO submits these comments to DFPI on two components of the proposal: the definitions and the scope of the licensing requirement.

#### §1850. Definitions.

Colleges and universities do not "engage in the business of debt collection." Higher education institutions are mission-driven to educate students, conduct research, and serve their communities. Institutions do not collect debts "for profit or gain." The financial model of public and private nonprofit institutions is not dependent on additional revenue generated from collection activities. Colleges and universities collect debts to make their organizations whole for amounts that are owed by students and borrowers so that they may continue their educational missions.

Additionally, debt collection by public and private nonprofit higher education institutions is not of a regular, frequent, or continuous nature. According to the NACUBO *2019 Student Financial Services Policies and Procedures Report*<sup>1</sup>, 89.2 percent of the 454 institutions that responded indicated that they use outside (third-party) collection agencies to collect debts. While 82.7

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<sup>1</sup> <https://www.nacubo.org/Research/2020/Student-Financial-Services-Policies-and-Procedures-Report>

percent of respondents shared that they may work those accounts internally before assigning the debts to agencies, the study found that the majority (nearly 23 percent) work unpaid accounts of former students between 90 and 119 days before turning them over to collections.

We request that DFPI amend 1850(j) to state “For the purposes of this chapter, public and private nonprofit colleges and universities are exempt, as they do not engage in the business of debt collection” for profit or gain.

#### §1850.1 Scope of Licensing requirement.

Neither public nor private nonprofit institutions operate for the purpose of providing financial services (or aren't primarily financial service providers, or to generate profits that benefit individuals. Rather, they exist and are tax-exempt—either through state or federal government—because they serve the greater good through teaching, research, and public service.

NACUBO appreciates the exemption for state-chartered public colleges and universities provided in subdivision (f) for government bodies, indicating that they are not engaged in the business of debt collection for purposes of licensure under the DCLA. However, we believe that there should not be disparate treatment of private nonprofit colleges and universities; they should be treated equally under the regulations.

NACUBO recognizes DFPI's need to clarify the scope of DCLA regulations, and we appreciate the opportunity to comment on this proposal. We hope you will take our suggestions into consideration and urge you to revise the rules before final publication. Please contact Ashley Jackson, director of government affairs (202.861.2522, [ajackson@nacubo.org](mailto:ajackson@nacubo.org)) or Bryan Dickson, director of student financial services and educational programs (202.861.2505, [bdickson@nacubo.org](mailto:bdickson@nacubo.org)), with any questions.

Sincerely yours,



Elizabeth L. Clark  
Vice President, Policy and Research

