



AFFILIATES



House Appropriations Committee

House Bill 384 - Institutions of Higher Education – Transcripts – Prohibition on Punitive Measures Related to Student Debt

Matt Power, President

February 14, 2023

mpower@micua.org

On behalf of Maryland's 13 state-aided private nonprofit colleges and universities and the 56,000 students that we serve, I thank you for the opportunity to provide this testimony in support, with amendments, of House Bill 384. We share the concerns that a complete prohibition on the release of transcripts for some students seeking gainful employment could prevent students from the means to begin repaying their debt or the ability to continue to enroll in higher education.

We support the spirit of the bill and want to make sure that students who are least able to pay tuition and fees are not penalized due to either a short term cash flow issue or as a result of a change in life circumstances. Our institutions believe it is important to work with these students to find ways to allow their education or employment to proceed, while also providing a means for the institutions to recoup the tuition and fees that are owed.

The amendments offered in support of this bill, and in concert with the University System of Maryland (USM), attempt to help the students in the greatest need, while not prohibiting an institution from receiving tuition and fees that are owed. Many of our institutions have had success utilizing the withholding of a transcript in order to begin conversations with students about settling past due accounts. As a result of those conversations, numerous students have entered repayment plans and therefore are not sent to a collection agency.

The ability to begin a conversation with a student about unpaid tuition and fees due to the need for a transcript is generally much more congenial and constructive than a conversation that starts with notification that they will be sent to a collection agency for unpaid tuition and fees.

It has been noted many times that nothing in the bill prevents an institution from sending a student to a collection agency, and we agree. However, that point ignores the fact that being sent to a collection agency can do more long-term harm to a student than the delay of a transcript. Institutions only attempt to send students to a collection agency as a last resort and our fear is that this bill will result in it happening faster and more frequently. The implications of credit damage can linger with a student for years, preventing them from buying a car, a home, or preventing their ability to pass a standard background check or receive a security clearance.

MICUA believes that the proposed amendments offer relief for our low-income students and ensure that balances of under a \$1,000 won't prevent students from either employment or the ability to earn more credits. MICUA must also note that while we support the same amendments as USM, our institutions are in a less advantageous position than USM schools with respect to debt collection. As a State agency, USM schools can utilize the State's Central Collections Unit (CCU) to recoup funds from a student with a delinquent account. If the student stays in the State of Maryland, the USM members are quite likely to recover the funds because of the numerous and varied mechanisms that CCU has at its disposal. MICUA members on the other hand have no resort other than third party collection agencies that have a lower probability of successfully collecting the amount owed, and take a much higher percentage if the funds are collected.

Nonetheless, MICUA and its members want to work with the sponsor and the General Assembly to find a middle ground that protects low income students and sets a reasonable threshold for the amount owed that warrants the automatic release of a student transcript.

For these reasons, MICUA requests a favorable report of HB 384 with the USM/MICUA amendments.