

# **SB248AidenWechslerSGA\_fav.pdf**

Uploaded by: Aiden Wechsler

Position: FAV

**Committees:** Education, Energy and the Environment

**Testimony on:** SB248

**Position:** Favorable

30 January 2022

Chair Feldman, Vice Chair Kagan, and the members of the Education, Energy and the Environment Committee,

The University of Maryland – College Park, Student Government Association supports SB248 that prohibits an institution of higher education from refusing to provide a current or former student with a transcript because the student owes a debt to the institution of higher education.

The current practice of allowing the University of Maryland System to withhold transcripts from students for even the most minor amounts of debt can cause a significant amount of harm to a student's financial wellbeing and disproportionately hurts low income and working students.

Like thousands of students I attend college because of the opportunities it can provide to get a higher paying job that will support me and my family. When students are denied the ability to receive their transcripts colleges and universities fail to provide these same opportunities to students in-debt and especially low income and working students.

When students have their transcripts withheld it becomes difficult for them to prove they earned a degree to a potential employer and as a result find a job. Withholding transcripts due to unpaid debt keeps graduates in a cycle of debt because they cannot pay off their debt without a job and cannot get a job without their transcript. Students should not be denied job opportunities, graduate schooling, or any chance to improve their life because an institution of higher education is holding their transcript as a form of coercion. This policy denies equal opportunity to students in-debt and as a result institutions of higher education are failing to live up to their promise.

By enacting this bill into law, students in-debt will be treated the same as any other student, and all students will have the same opportunities to succeed and make the most of their education.

I respectfully request a favorable vote on SB248.

Thank you,



Aiden Wechsler, Student Government Association Director of Academic Affairs

University of Maryland — College Park,  
awechs12@terpmail.umd.edu

**SB248CarolineThorneSGA\_fav.pdf**

Uploaded by: Caroline Thorne

Position: FAV

**Committees:** Education, Energy and the Environment

**Testimony on:** SB248

**Position:** Favorable

6 February 2023

Chair Feldman, Vice Chair Kagan, and the members of the Education, Energy and the Environment Committee,

The University of Maryland – College Park, Student Government Association supports SB248 that prohibits an institution of higher education from refusing to provide a current or former student with a transcript because the student owes a debt to the institution of higher education.

Thank you for the opportunity to testify today. My name is Caroline Thorne and I am the Director of Government Affairs for the University of Maryland Student Government Association. On behalf of the SGA, I respectfully request a favorable report of Senate Bill 248, which would end the practice of transcript withholding in the state of Maryland.

Former students need access to official transcripts to continue their education. They often serve as conditions of employment, or to gain an occupational license. Transcript holding is counterintuitive. It prevents former students from getting a job or furthering their education, which are steps they need to take in order to pay off the debt. Outside of repaying the debt, these individuals are unable to partake in the local economy to their fullest extent.

According to the Consumer Financial Protection Bureau, there are over 6.5 million people in the United States who have had their transcripts withheld for balances, with high shares of lower-income, black, hispanic and indigenous students victim to this practice. Transcript withholding disproportionately impacts these vulnerable populations, and holds them back from employment and further educational opportunities.

On behalf of University of Maryland's Student Government Association (SGA), I respectfully request a favorable vote on SB248, as this rectifies the burden.

Thank you,



*Caroline Thorne, Student Government Association Director of Government Affairs*

*University of Maryland — College Park,  
cthorne@terpmail.umd.edu*

# **SB 248 - Institutions of Higher Education - Requir**

Uploaded by: Denise Riley

Position: FAV



*A Union of Professionals*  
**AFT-Maryland**

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Kenya Campbell  
PRESIDENT

LaBrina Hopkins  
SECRETARY-TREASURER

**Written Testimony before the Maryland Senate Education, Energy,  
and Environmental Affairs Committee  
SB 248 - Institutions of Higher Education - Transcripts –  
Prohibition on Punitive Measures Related to Student Debt  
February 7, 2023**

**SUPPORT**

Chair Feldman and members of the committee. On behalf of the 20,000 members of the American Federation of Teachers – Maryland (AFT-Maryland), we ask for a favorable report on SB 248, which will require Maryland institutions of higher education to report on the withholding of transcripts and other information due to a student's unpaid fees and services.

Colleges use students' academic transcripts and diplomas as a debt collection tool to fulfill their financial obligations to the university. These financial obligations include unpaid library fines, parking tickets, and tuition and fees. Many of these fines are for small amounts.

When a school prevents a student from accessing their academic transcripts, they are also preventing a student from accessing financial aid, scholarships, internships, and job opportunities.

Rather than prohibiting this practice SB 152 seeks to understand the scope of the problem. It requires colleges and universities to collect information on the number of transcripts withheld and the amount owed by the college student. With this data, policymakers can then consider appropriate measures to remedy the situation.

For all these reasons, we urge you to move favorably on SB 248. Thank you.



**SB248GannonSprinkleSGA\_fav.pdf**

Uploaded by: Gannon Sprinkle

Position: FAV



**Committees:** Education, Energy and the Environment

**Testimony on:** SB248

**Position:** Favorable

30 January 2022

Chair Feldman, Vice Chair Kagan, and the members of the Education, Energy and the Environment Committee,

The University of Maryland – College Park, Student Government Association supports SB248 that prohibits an institution of higher education from refusing to provide a current or former student with a transcript because the student owes a debt to the institution of higher education.

We live in a national community where wealth encourages wealth, and low-income families are consistently kept under. If our state-sponsored colleges hold this debt against them, and disable them from acquiring their hard-earned college transcripts, we live in a negative feedback cycle. Our tertiary education system already accrues so much debt among American families. Our collegiate program already has so many financial issues already, you can not hold students who are victims of this flawed institution accountable. Education should be readily available to all. Education is a human right.

This is what I believe. This is what millions of Americans, your constituents, believe. I understand we can't fix that. I understand that some of you don't want socialized education, however, our students should not be answerable to this system. These are well-respected Americans, our citizens, our neighbors, who just want to get a job. They want to work their way out of the system of poverty that our financial institutions keep them in. We cannot hinder their progress. We must work together to fight inequality in all aspects. You can be a part of that change, you can be the answer.

I respectfully request a favorable vote on SB248.

Thank you,



*Gannon Sprinkle*  
*University of Maryland — College Park,*

# **SB248MeghanaKotraiahSGA\_fav.pdf**

Uploaded by: Meghana Kotraiah

Position: FAV

**Committees:** Education, Energy and the Environment

**Testimony on:** SB248

**Position:** Favorable

5 February 2023

Chair Feldman, Vice Chair Kagan, and the members of the Education, Energy and the Environment Committee,

The University of Maryland – College Park, Student Government Association supports SB248 that prohibits an institution of higher education from refusing to provide a current or former student with a transcript because the student owes a debt to the institution of higher education.

Currently, our nation is facing a student debt crisis. As the number of individuals attending college increases, so does the number of students in debt. According to the Council on Foreign Relations, student debt has more than doubled over the last two decades. The cost of college is increasing, making it more difficult for individuals to afford college without taking out loans. Being in debt is a sacrifice that many Americans make for the opportunity to attend a higher education institution, but this should not hinder their ability in the future.

This bill would enable equal opportunity for all students who have attended a higher education institution to pursue their goals, regardless of difficult financial circumstances. This is essential, as we prioritize equity for those seeking jobs, professional opportunities, further academic experiences, and more. A transcript request may be asked of applicants to a number of these positions and spaces, and not being able to request one would be a barrier to those who may have had difficulty affording higher education.

Not only would this bill prioritize equity, but it would prevent institutions of higher education from employing discriminatory treatment towards those who are in debt. We should be supporting individuals as they seek further career and academic growth, without the barrier of financial hardship.

With that, I respectfully request a favorable vote on SB248.

Thank you,



*Meghana Kotraiah*  
*University of Maryland — College Park,*  
*mkotraia@umd.edu*

# **SB 248- Institutions of Higher Education - Transcr**

Uploaded by: Robin McKinney

Position: FAV



**SB 248- Institutions of Higher Education - Transcripts - Prohibition on Punitive Measures  
Related to Student Debt**

**Senate Education, Energy, and the Environment Committee**

**February 8<sup>th</sup>, 2023**

**SUPPORT**

Chairman Feldman, Vice-Chair and members of the committee thank you for the opportunity to submit testimony in support of Senate Bill 248. This bill will prevent higher education institutions from holding students' transcripts due to institutional debt.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Higher education is a necessary investment for many people to ensure future financial stability. According to the Harvard Business Review, more jobs require higher educational levels, particularly 4-year degrees, now more than any other time. This is known as degree inflation<sup>1</sup>. This means that for people to obtain jobs that are substantial enough to provide a living, they have to pursue education after high school. Seeking forms of higher education put excessive strain on the financial well-being of low-income students. However, they face limited job aspects if they do not have some sort of postsecondary education.

The cost of higher education is increasingly becoming a barrier for people receiving an education. One of those barriers is the numerous fees that universities can apply to student's accounts. If these fees go unpaid, students can face consequences like not being able to graduate, or not being able to access their transcripts. This means that low-income students are left without an education, in debt, and scrambling to figure out future career goals. This leaves them in a situation that makes it difficult for them to achieve financial stability, and it exposes a person to food insecurity, homelessness, and overall financial hardship.

SB 248 will allow for students to continue their educational and career goals, which in turn will put them in a better position to pay their debts. Punitive actions on student facing financial hardships will limit not only the student's potential to pay their debts, but it will also limit the institutions ability to collect.

***Thus, we encourage you to return a favorable report for SB 248.***

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<sup>1</sup> Dismissed by Degrees (2017)

**SB248\_HB384ShivaniSidhSGA\_Fav.pdf**

Uploaded by: Shivani Sidh

Position: FAV

**Committees:** Education, Energy and the Environment

**Testimony on:** SB248

**Position:** Favorable

7 February 2023

Chair Feldman, Vice Chair Kagan, and the members of the Education, Energy and the Environment Committee,

The University of Maryland – College Park, Student Government Association supports SB248 that prohibits an institution of higher education from refusing to provide a current or former student with a transcript because the student owes a debt to the institution of higher education.

Members of the Committee, thank you for the opportunity to testify before you. My name is Shivani Sidh and I respectfully request a favorable vote on SB248.

Punitive measures within the academic realm must be eradicated. Such practices stifle the pursuit of progress and educational experiences, each of which are lauded and promoted by higher education institutions. Whether a transcript will be utilized to apply to graduate school or to seek employment, it is a student's right to receive their records. Withholding transcripts does not generate the payments that are desired, but instead, simply perpetuates a stagnant state. This furthers financial difficulties, as it prevents students from developing the means to earn and pay off their debt.

Prohibiting this prerogative not only negatively impacts those pursuing engagements beyond the institution, but may also prevent current students from engaging in essential learning experiences such as internships.

Withholding transcripts also infringes upon equal opportunity, as it targets individuals facing difficult financial circumstances. This maintains the disproportionate representation in higher education institutions, as it excludes individuals solely based on their financial status.

Given the factors detailed prior, I respectfully request a favorable vote on SB248.

Thank you,



*Shivani Sidh, Student Government Association Deputy Director of Government Affairs  
University of Maryland — College Park,  
ssidh@terpmail.umd.edu*

# **SB 248 - Education Transcripts - CPD SUPPORT.pdf**

Uploaded by: Steven Sakamoto-Wengel

Position: FAV



**ANTHONY G. BROWN**  
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**CANDACE MCLAREN LANHAM**  
*Chief of Staff*

**CAROLYN QUATTROCKI**  
*Deputy Attorney General*



**WILLIAM D. GRUHN**  
*Chief*  
Consumer Protection Division

**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**

Writer's Fax No.

Writer's Direct Dial No.

February 8, 2023

**TO:** The Honorable Brian J. Feldman  
Chair, Education, Energy, and the Environment Committee

**FROM:** Philip Ziperman, Deputy Chief - Consumer Protection Division

**RE:** SB 248 – Institutions of Higher Education – Transcripts – Prohibition on Punitive Measures Related to Student Debt

(SUPPORT BILL)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) supports Senate Bill 248, sponsored by Senator Kramer, which prohibits higher education institutions from refusing to provide current or former students with their transcripts or taking other punitive measures regarding a student’s transcript request because the student owes a debt to the institution. Limiting students’ access to their transcripts when they either transfer to another institution or are seeking employment is unduly punitive, an ineffective means of collecting a debt, and is a practice that likely is unfair and abusive and prohibited by the Consumer Protection Act.

It has been reported as many as 6.6 million students may have what experts call “stranded credits” because they have been denied access to their transcripts or are being surcharged in order to get copies of their transcripts because of debts they may owe to a higher education institution.<sup>1</sup> In a 2020 survey, the National Association of Collegiate Registrars and Admissions Officers reported that 64% of the survey participants had limited student access to transcripts for debts of less than \$25.<sup>2</sup> As a debt collection method, withholding access to transcripts is questionable, at best, as it interferes with the students’ ability in many instances to secure employment. It is particularly disturbing for educational institutions to withhold transcripts from students who lack the ability to pay the claimed debt, students who dispute the debt that is due, or students who owe very small amounts.

<sup>1</sup> Julia Karon et al., *Solving Stranded Credits: Assessing the Scope and Effects of Transcript Withholding on Students, States, and Institutions*, ITHAKA S+R (Oct. 5, 2020), <https://doi.org/10.18665/sr.313978>

<sup>2</sup> Wendy Kilgore, *Stranded Credits: Another Perspective on the Lost Credits Story*, AACRAO (Aug. 2020), <https://www.aacrao.org/docs/default-source/research-docs/aacrao-stranded-credits-report-2020.pdf>

Moreover, whether these academic institutions have the legal right to deny students access to their transcripts is legally questionable. Academic institutions are not secured creditors and do not have the right to withhold promised goods or services as a method of debt collection. This practice is already a specifically prohibited method of debt collection in California, Colorado, Illinois, Maine, Minnesota, New York and Washington,<sup>3</sup> and the Division submits that it is likely it would be considered an unfair or abusive trade practice in Maryland.

The Division supports SB 248 because it should help stop higher education institutions from harming former students by withholding student access to their transcripts in order to collect an outstanding debt and requests that the Education, Energy and the Environment Committee issue a Favorable Report.

cc: Members, Education, Energy, and the Environment Committee  
Honorable Benjamin F. Kramer

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<sup>3</sup> See CAL. CIV. CODE 1.6C7 § 1788.93; 23-5 COL. REV. STATS. § 23-5-113.5; 110 Ill. COMP. STAT. 66; ME. STAT. TIT. 20-A § 10015; MINN. STAT. 136A.828, subd. 6(g); N.Y. Education Law § 640 (McKinney); and Wash. Rev. Code § 28B.10.293.

# **2023.02.08 SBPC Written Testimony in Favor of SB 2**

Uploaded by: Winston Berkman-Breen

Position: FAV



**Written Testimony of Student Borrower Protection Center  
at a Public Hearing before the  
Senate Education, Energy, and the Environment Committee  
on SB 248**

**“Institutions of Higher Education - Transcripts - Prohibition on Punitive Measures Related  
to Student Debt”**

**IN FAVOR**

February 8, 2023

Chair Feldman, Vice Chair Kagan, and Members of the Committee.

The Student Borrower Protection Center (“SBPC”) submits this testimony in favor of SB 248, which would end the debt collection practice of transcript withholding in Maryland. The SBPC is a nonprofit organization focused on alleviating the burden of student debt for millions of Americans. It engages in advocacy, policymaking, and litigation strategy to rein in industry abuses, protect borrowers’ rights, and advance economic opportunity for the next generation of students.

Although transcript withholding—the practice with withholding transcripts from students who owe their schools a debt—is a commonly used by schools nationwide, we are experiencing a cultural shift on this issue as it is **increasingly understood to be a harmful debt collection tactic**. Now is the time for Maryland to act. Last year alone, four more states passed laws to address transcript withholding.<sup>1</sup> **Ending transcript withholding will improve education and employment opportunities**, does not create financial burdens for schools, and is in line with national movement on this issue at the state and federal levels.

**Although Common, Withholding Policies Are Ineffective and Harmful to Students.**

Transcript withholding is a common practice that is coming under new scrutiny. When students owe their schools a debt, the school will generally withhold their transcript until the debt is paid. Recent research revealed that these so-called institutional debts—debts owed directly to schools, which may result from hidden fees or even parking tickets, in addition to tuition—total \$15 billion nationwide and affect an estimated 6.6 million individuals, but that the amount owed to trigger withholding can be as little as \$25 or less.<sup>2</sup> According to the researchers who have

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<sup>1</sup> See HB 22-1049 (Co. 2022); LD 1838 (Me. 2022); S5924/A6938 (N.Y. 2022); SB 3032 (Il. 2022).

<sup>2</sup> Julia Karon, James Dean Ward, Katherine Bond Hill & Martin Kurzweil, Ithaka S+R, Solving Stranded Credits (Oct. 5, 2020), <https://sr.ithaka.org/wp-content/uploads/2020/10/SR-Report-Solving-Stranded-Credits-100520.pdf>.

conducted the only major national study of these institutional debt practices, the average balance owed at community colleges is \$631.47.<sup>3</sup> In a recent report by the Virginia Secretary of Education, the average debt owed at a 2-year public college was \$687.<sup>4</sup> Although these balances represent only a fraction of schools' revenues and operating budgets, for many students, they are insurmountable financial barriers.

These account balances may result from unknown fees, but are often due to a misalignment between schools' withdrawal dates and federal financial aid refund deadlines that can result in students' Pell Grants or other financial aid being recalled by the U.S. Department of Education and a balance suddenly due on students' accounts. These balances may be a few thousand dollars, for which the student should never have been responsible. We regularly hear stories about students who must take several years off from their education, working minimum wage jobs simply to save enough to pay their outstanding balance, receive their transcript, and transfer to a more affordable school where they can complete their education. These lost years help no one, and are deeply harmful to students.

Despite its frequent use—the national study found over 90 percent of institutions report using transcript withholding—**transcript withholding is an ineffective collection tool**. A study on institutional debt collection and transcript withholding in Ohio found that these accounts only yielded \$0.07 for every dollar owed.<sup>5</sup> This makes sense: if a student simply cannot afford to repay their debt until they are employed, withholding their transcript will not change that. Withholding policies are even less cost effective once the facts that it prevents students from re-enrolling—thus reducing future tuition revenue—and graduates from obtaining higher salaries—which they would spend in the local economy—are factored in. This is especially true for community colleges, which stand to benefit from increased enrollment by students seeking to complete their education at a more affordable school, but who may be prevented from doing so by a transcript hold, as enrolling without your prior transcript requires you to retake courses and is cost prohibitive for most students.

Transcript withholding also disproportionately impacts low-income and Black and Hispanic students, in particular college "non-completers" seeking to continue their education but who cannot do so without an official transcript. The recent Virginia report found that although low-income students—as measured by their eligibility for a federal Pell Grant—make up only 30 percent of enrollment at two-year public colleges, they comprise 63 percent of those students who owe debts to those schools.<sup>6</sup> The same report shows that, at two-year public colleges, Black

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<sup>3</sup> *Id.* at 12.

<sup>4</sup> Virginia Secretary of Education, *Report on Student Debt Collection Practices and Policies at Public Institutions of Higher Education (2022 Appropriation Act, Item 128.C)*, 16 (Dec. 2022), (Virginia Report), <https://rga.lis.virginia.gov/Published/2022/HD15/PDF>.

<sup>5</sup> Rebecca Maurer, *Withholding Transcripts: Policy, Possibilities, and Legal Recourse* 29 (Dec. 2018), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3288837](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3288837).

<sup>6</sup> Virginia Report at 16.

and Hispanic students comprise 17 percent and 8 percent of enrolled undergraduates, but make up 40 percent and 11 percent, respectively, of those students who owe debts to their schools.<sup>7</sup>

Institutional debts and schools' collection practices, such as transcript withholding, represent a major barrier to enrollment, graduation, and employment for traditionally marginalized communities across the country. States can commit to helping these communities by revisiting these policies.

### **Schools and States Continue to End Their Withholding Policies.**

There is growing national attention to withholding policies as a harmful practice.<sup>8</sup> In December of 2021, U.S. Secretary of Education Miguel Cardona emphasized the detrimental effect of transcript withholding policies on retention and completion, stressing that this practice drives inequitable outcomes and called on schools to re-evaluate these long-standing policies.<sup>9</sup> In 2022, the federal Consumer Financial Protection Bureau announced that it would review transcript withholding practices in its regular audit of school lenders,<sup>10</sup> and eventually determined that these practices are “abusive” in violation of federal consumer protection law.<sup>11</sup>

During the COVID-19 pandemic, transcript withholding is particularly disastrous for those seeking to financially recover through education or new employment, but who are unable to obtain an official transcript to do so. Many schools are starting to change their policies in recognition of the barriers that they create. In 2021 Bunker Hill Community College of Boston, MA, voluntarily ended its practice of transcript withholding for institutional debt,<sup>12</sup> and the City

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<sup>7</sup> *Id.* at 14.

<sup>8</sup> See, e.g., Kirk Carapezza, *More Than Half Of Public Colleges in Mass. Used COVID Relief Funds To Cover Unpaid Student Bills*, W.G.B.H. (Aug. 19, 2021), <https://www.wgbh.org/news/education/2021/08/19/more-than-half-of-public-colleges-in-mass-used-covid-relief-funds-to-cover-unpaid-student-bills>; Sara Weissman, *The “Human Cost” of Stranded Credits*, Inside Higher Ed (Aug. 20, 2021), <https://www.insidehighered.com/news/2021/08/20/report-stranded-credits-inequitable-impact-students>; Jon Marcus, *States Step in to Stop Colleges Holding Transcripts Ransom for Unpaid Bills*, N.P.R. (April 8, 2021), <https://www.npr.org/2021/04/03/982676353/states-step-in-to-stop-colleges-holding-transcripts-ransom-for-unpaid-bills>.

<sup>9</sup> Kirk Carapezza, *Education Secretary, college leaders want colleges to stop holding transcripts over unpaid balances*, W.G.B.H. (Dec. 21, 2021), <https://www.wgbh.org/news/education/2021/12/21/education-secretary-college-leaders-want-colleges-to-stop-holding-transcripts-over-unpaid-balances>.

<sup>10</sup> Press Release, Consumer Fin. Prot. Bureau, *Consumer Financial Protection Bureau to Examine Colleges' In-House Lending Practices* (Jan. 2022), <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-to-examine-colleges-in-house-lending-practices/>.

<sup>11</sup> Meredith Kolodner, *Withholding College Transcripts for Loan Payment is ‘Abusive,’ Agency Says*, N.Y. Times (Oct. 3, 2022), <https://www.nytimes.com/2022/09/30/business/college-transcripts-student-loans.html>,

<sup>12</sup> Sarah Butrymowicz, *City University of New York reverses its policy on withholding transcripts over unpaid bills*, Hechinger Report (Aug. 13, 2021), <https://hechingerreport.org/city-university-of-new-york-reverses-its-policy-on-withholding-transcripts-over-unpaid-bills/>.

University of New York announced that it would temporarily suspend the practice of transcript withholding at the institution to lighten the burden of students who have been facing hardship during the COVID-19 pandemic.<sup>13</sup> Last year, noting in particular the harmful and counterintuitive fact that withholding inhibits students' ability to pay their debts because it creates a barrier to retention, completion, and employment, New York Governor Hochul built on CUNY's program and ended transcript withholding at all public institutions in the state,<sup>14</sup> and introduced legislation to end the practice at private institutions, too.<sup>15</sup> Just last month, the University of Oregon announced it would voluntarily end its transcript withholding policy.<sup>16</sup>

In 2022, Colorado, Maine, New York, and Illinois all passed laws to protect students from transcript withholding,<sup>17</sup> building on existing laws in California and Washington. In California, schools cannot withhold academic transcripts for any reason.<sup>18</sup> In Washington, where schools may continue to withhold transcripts in limited circumstances, most schools have chosen to completely eliminate the practice, which underscores that it is not an essential or productive means of collecting from students and graduates.<sup>19</sup> In total, we estimate that one-in-four schools are now located in a jurisdiction that generally prohibits transcript withholding policies.<sup>20</sup>

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<sup>13</sup> City University of New York, *CUNY Will Stop Long-Held Practice of Holding Transcripts for Students with Outstanding Debt* (Aug. 11, 2021), <https://www1.cuny.edu/mu/forum/2021/08/11/cuny-will-stop-long-held-practice-of-holding-transcripts-for-students-with-outstanding-debt-will-lift-financial-holds-for-students-impacted-by-the-pandemic/>.

<sup>14</sup> Press Release, State University of New York, *Governor Hochul Announces SUNY Board Ends Practice of Withholding Transcripts from Students with Outstanding Balances* (Jan. 25, 2022), <https://www.suny.edu/suny-news/press-releases/1-22/1-25-22/transcript-withholding-ends.html>; Press Release, City University of New York, *Governor Hochul Announces CUNY Formally Discontinues Practices of Withholding Transcripts from Students and Grads with Unpaid Balances* (Jan. 31, 2022), <https://www1.cuny.edu/mu/forum/2022/01/31/governor-hochul-announces-cuny-formally-discontinues-practice-of-withholding-transcripts-from-students-and-grads-with-unpaid-balances/>;

<sup>15</sup> New York Governor Kathy Hochul, *State of the State 2022: a New Era for New York* 82 (January 2022), <https://www.governor.ny.gov/sites/default/files/2022-01/2022StateoftheStateBook.pdf>.

<sup>16</sup> Sami Edge, *Students urge Legislation to ban colleges from withholding transcripts over unpaid debt*, *The Oregonian* (Jan. 27, 2023), <https://www.oregonlive.com/education/2023/01/students-urge-legislature-to-ban-colleges-from-withholding-transcripts-over-unpaid-debt.html>.

<sup>17</sup> See HB 22-1049 (Co. 2022); LD 1838 (Me. 2022); S5924/A6938 (N.Y. 2022); SB 3032 (Il. 2022).

<sup>18</sup> Cal. Civ. Code. 1788.90-93; Cal. Ed. Code 66022.

<sup>19</sup> See, e.g., Washington State Board Community and Technical Colleges, "Transcript Withholding and Limiting the Practice of Registration Holds as Debt Collection Practices," (Dec. 1, 2020) (discussing a system-wide policy for all 34 colleges to release transcripts upon request regardless of account balance or debt type).

<sup>20</sup> Press Release, Student Borrower Protection Center, *With New York's Transcript Withholding Ban, 1-in-4 Students Across Country Now Protected Against Predatory School Collection Practices* (May 16, 2022), <https://protectborrowers.org/with-new-yorks-transcript-withholding-ban-1-in-4-students-across-country-now-protected-against-predatory-school-collection-practices/>.

## **Schools Would Not Be Prohibited From Collecting On These Debts.**

SB 248 would not forgive any debts owed to schools, prevent schools from communicating with students or graduates about these debts, or prevent schools from sending accounts to collection, as they currently do. The bill merely prohibits schools from withholding transcripts as a means of compelling payments because of the well-documented and harmful effect this practice has on students seeking an education or employment, especially low-income students.

It is important for the Committee to understand that any student who could pay for a withheld document would also be able to pay upon notice that the account is being sent to collection, whereas any student who cannot afford to settle their account wouldn't be able to do so at any point in the process, and therefore would ultimately find their account with collections in any event. Therefore, the schools' ability to collect via debt collectors and the courts is no different than its ability to collect using withholding, except that withholding has the perverse effect of putting low-income students and graduates in a worse-off position. It is worth noting, too, that withholding is a passive practice, triggered only when students proactively approach the school.

Transcript withholding effectively punishes low-income students for being unable to afford payments to their schools, since they will end up in collection without the credential they need to obtain employment. Indeed, nothing in SB 248 would prevent a school from providing a transcript and simultaneously informing the former student that if they do not pay their account, it will be sent to collection. Permitting the student or graduate to obtain these documents would actually increase low-income students' and graduates' ability to repay their debts by enabling them to complete their education and find employment.

## **Conclusion**

Through SB 248, Maryland has an opportunity to join other states across the country in banning transcript withholding at academic institutions, allowing students to access documentation of their earned credits and move forward with their educations and careers. The bill would build on available data and success in other states. There is a growing understanding that this practice is as harmful to students as it is ineffective for schools' budgets, and that it should be ended. **We urge the Committee to support SB 248** so that former, current, and future students have the ability to continue their education and secure the employment that they had hoped a higher education would enable them to find at the outset of their college experience.

*Please contact Winston Berkman-Breen, Policy Counsel with the Student Borrower Protection Center, at [winston@protectborrowers.org](mailto:winston@protectborrowers.org), if you have any questions or would like to discuss this comment further.*



## **SB 248**

Uploaded by: Dr. David Wilson

Position: FWA



*Office of the President*

**Morgan State University Testimony  
Dr. David Wilson, President**

**Senate Bill 248 - Institutions of Higher Education - Transcripts - Prohibition on  
Punitive Measures Related to Student Debt**

*Committee: Education, Health, and Environmental Affairs*

**February 8, 2023**

**Favorable with Amendments**

Chair Feldman, Vice Chair Kagan, and members of the Education, Health, and Environmental Affairs Committee. We, at Morgan, thank you for the opportunity to share our position on Senate Bill 248. The summary of the Bill states the following: *Prohibiting an institution of higher education from refusing to provide a current or former student with a transcript or taking other punitive measures regarding a student's transcript request because the student owes a debt to the institution of higher education.*

Morgan State University is the premier public urban research university in Maryland, known for its excellence in teaching, intensive research, effective public service and community engagement. Morgan prepares diverse and competitive graduates for success in a global interdependent society.

Over the decades, Morgan State University has made student success a top priority, and our recent successes have enabled the University to win several national awards for college completion. With that said, we annually reinvest approximately \$23M of our resources in student scholarships and institutional-based aid – a higher percentage than any institution in Maryland. Morgan works quite assiduously to ensure that we assist as many students financially as our resources will allow.

Morgan State University supports SB248 in spirit. We offer two major caveats: we would suggest a cap on forgiveness of up to \$500; and we would offer full support of the Bill if the Legislature would further amend it to reimburse Universities for losses. Morgan currently has \$2.4M of student receivables on its financial statements. Without amendments, like the ones we suggest, the Bill would reduce the University's ability to collect these critically needed resources, resulting in money lost to the University. Additionally, this might have an impact on whether new students will not want to pay for college because they know this Bill protects them.

We appreciate the opportunity to work with the State in reaching a solution to support our students as we continue to grow the future and lead the world.

**SB 248 Transcript Bill MICUA FWA.pdf**

Uploaded by: Matt Power

Position: FWA



AFFILIATES



## Senate Education, Energy, and the Environment Committee

### *Senate Bill 248 - Institutions of Higher Education – Transcripts – Prohibition on Punitive Measures Related to Student Debt*

Matt Power, President

February 8, 2023

[mpower@micua.org](mailto: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 Senate Bill 248. 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 SB 258 with the USM/MICUA amendments.**

**SB248\_USM\_FWA.pdf**

Uploaded by: Patrick Hogan

Position: FWA



**SENATE EDUCATION, ENERGY, AND THE ENVIRONMENTAL COMMITTEE**  
**Senate Bill 248**  
**Institutions of Higher Education - Transcripts - Prohibition on Punitive Measures Related to Student Debt**  
**February 8, 2023**  
**Favorable with Amendment**

Chair Feldman, Vice Chair Kagan and committee members, thank you for the opportunity to share our position on Senate Bill 248. This bill would prohibit an institution of higher education from refusing to provide a current or former student with a transcript because the student owes a debt to the institution of higher education. Additionally, the bill prohibits an institution of higher education from charging a higher fee to obtain a transcript if the student owes a debt, providing less favorable treatment of a transcript request when the student owes a debt or using a transcript issuance as a tool for debt collection.

The institutions of higher education within the University System of Maryland (USM) work closely with students experiencing financial struggles to ensure they are able to continue and complete their studies. In particular, campus financial aid specialists and student affairs staff are adept in working on an individual basis with students who have debts with the institution.

The USM supports the intent of Senate Bill 248 in providing transcripts to students who owe debt to allow access to transcripts for purposes of transfer to another institution, application to graduate school, or application for employment. Unlike statutory language related to restricting registration for students with debt, SB 248 prohibits the use of transcript withholding regardless of the amount of debt.

The ability to withhold transcripts for students and former students who owe a debt is an important tool for collecting delinquent student account debt and a common practice throughout higher education. For individuals who may have overlooked their student account debt, the hold on transcripts is a reminder of the outstanding debt and is quickly remedied with payment for transcript release. For those with a transcript hold and without the ability to pay, requests for transcript release are reviewed on a case-by-case basis and typically released for purposes of employment.

The University System of Maryland (USM) Board of Regents policy on academic transcripts allows an institution to withhold transcripts if a student is delinquent in his or her financial obligations. Also, the US Department of Education's Stafford and Perkins loan programs encourage the withholding of transcripts if the federal loan is in default. Once a transcript is released to a student there is no reason for the student to pay any unpaid balance to the institution. Moreover, if a student with an outstanding debt at one institution was able to secure an official transcript and apply and be admitted to another school that student would certainly be at a high risk for non-payment and accrue even more debt. This would not be good for the student as they would now owe two institutions.

The current practice has assisted in collecting lost revenue. However, the USM believes that select Pell-eligible undergraduate students with 60 credits or more could be disproportionately impacted. An institution of higher education should also maintain the flexibility to allow a student with an unpaid balance to receive a transcript **if** the student enters into an installment payment plan within 90 days after the day on which the student makes the request and makes a payment before the transcript is released. Payment plans are often the first and preferred course of action to address student debt in order to avoid sending the debt to collections.

The USM looks forward to working with the sponsor and the committee to craft a solution that respects both the needs of borrowers and those of the institutions.



### **About the University System of Maryland**

The University System of Maryland (USM)—one system made up of twelve institutions, three regional centers, and a central office—awards eight out of every ten bachelor’s degrees in the State of Maryland. The USM is governed by a Board of Regents, comprised of twenty-one members from diverse professional and personal backgrounds. The chancellor, Dr. Jay Perman, oversees and manages the operations of USM. However, each constituent institution is run by its own president who has authority over that university. Each of USM’s 12 institutions has a distinct and unique approach to the mission of educating students and promoting the economic, intellectual, and cultural growth of its surrounding community. These institutions are located throughout the state, from western Maryland to the Eastern Shore, with the flagship campus in the Washington suburbs. The USM includes Historically Black Colleges and Universities, comprehensive institutions, research universities, and the country’s largest public online institution.

USM Office of Government Relations - Patrick Hogan: [phogan@usmd.edu](mailto:phogan@usmd.edu)



# **Senate Bill 248 MHEC Letter of Information 0208202**

Uploaded by: Lee Towers

Position: INFO



**Wes Moore**  
Governor

**Aruna Miller**  
Lt. Governor

**Mary Pat Seurkamp, Ph.D.**  
Chair

**Bill Number:** Senate Bill 248

**Position:** Letter of Information

**Title:** Institutions of Higher Education – Transcripts – Prohibition on Punitive Measures Related to Student Debt

**Committee:** Senate Education, Energy, and the Environment Committee

**Hearing Date:** February 8, 2023

**Information:**

The Maryland Higher Education Commission (MHEC) provides this letter of information to ensure that the legislature is aware of important language distinctions as it applies to the different types of institutions that operate in Maryland.

SB248 uses the term “institution of higher education.” Per Education Article §10–101, “Institution of higher education” means an institution of postsecondary education that generally limits enrollment to graduates of secondary schools, and awards degrees at either the associate, baccalaureate, or graduate level... and includes public, private nonprofit, and for–profit institutions of higher education. This term does not include non-degree granting institutions, such as our private career schools. A more inclusive term to use would be “Institution of postsecondary education,” which means a school or other institution that offers an educational program in the State for individuals who are at least 16 years old and who have graduated from or left elementary or secondary school (per Education Article §10–101). The proposed legislation (without amendments) leaves out any consideration for private career schools that operate in Maryland.

Similarly, MHEC generally regulates both institutions that have their primary location in Maryland (in-state institutions) and institutions that are primarily located outside of Maryland but seek to operate in Maryland (out-of-state institutions). It may be helpful to clarify if the proposed legislation would include out-of-state institutions that physically operate in Maryland (e.g., “institutions of postsecondary education that operate in Maryland”). However, this would not include out-of-state institutions that provide distance education to Maryland residents, regardless of the institution’s participation in NC-SARA .

Additionally, it would be helpful if the legislation clarified that the requirement would apply to both “official transcripts” and “unofficial transcripts.” There is an important distinction between an official and unofficial transcript. Employer, colleges, universities, and other entities often require an “official transcript” to demonstrate educational experience. It is important that students have access to their academic records, unofficially or officially.

Last, it is worth noting that MHEC will occasionally receive student complaints concerning withholding academic records from students due to monies owed.

We welcome the opportunity to discuss the proposed legislation further and provide additional clarification. Please contact Dr. Emily A. A. Dow, Assistant Secretary for Academic Affairs, for more information.