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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.¹ 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 \$25.² 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.

¹ 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>

² 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,³ 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

³ 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.