

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 152

(Senator Kramer)

Education, Health, and Environmental Affairs

Appropriations

**Public Institutions of Higher Education - Transcript Requests by Students With
Unpaid Student Account Balances**

This bill requires a public institution of higher education to allow a current or former student with an unpaid balance of \$1,000 or less on a student account to request and receive a transcript. A public institution of higher education must allow a current or former student with an unpaid balance of more than \$1,000 on a student account to request and 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. The installment payment plan must require the student to make payments to settle the unpaid balance on the student account by the agreed-on date. **The bill takes effect June 1, 2022.**

Fiscal Summary

State Effect: Public four-year institution, Baltimore City Community College (BCCC), and Central Collections Unit (CCU) collection revenues decrease, potentially significantly, as explained below. Institutions and CCU can likely communicate about student debt installment plans using existing resources. Forgone institutional revenue may be partially offset by increasing tuition and fees for future students. Expenditures are not materially affected.

Local Effect: Local community college collection revenues decrease, potentially significantly, as explained below. Forgone revenue may be partially offset by increasing tuition and fees for future students. Expenditures are not materially affected. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: “Institution of higher education” is defined as an institution of postsecondary education that generally limits enrollment of graduates of secondary schools and awards degrees at either the associate, baccalaureate, or graduate level. It includes public, private nonprofit, and for-profit institutions.

According to the University System of Maryland ([USM Policy VIII-2.20 Policy on Payment of Tuition and Fees](#)), if timely payment is not received by an institution, appropriate administrative action, such as barring attendance or withholding transcripts and grades, must be initiated. Further, the USM website states that students must be in satisfactory financial standing with their school in order to receive transcripts.

Federal law does not directly address withholding transcripts. The Family Education Rights and Privacy Act generally has been interpreted to require institutions to provide a student with *one unofficial* copy of the academic transcript. However, the U.S. Department of Education has published guidance indicating that institutions are permitted, even encouraged, to withhold academic transcripts in cases involving default of Title IV loans, but they are not required to do so.

State/Local Fiscal Effect: To the extent public four-year institutions of higher education, BCCC, and local community colleges are unable to collect debts due to the bill, State and local higher education revenues decrease. Likewise, to the extent CCU is unable to collect student debt sent to it for collections due to the bill, CCU special fund revenues decrease. The provision that a current or former student with a student debt of more than \$1,000 enter an installment plan to receive a transcript may mitigate the revenue decrease; however, any mitigation depends on students continuing to make payments to settle the debt by the agreed-on date (as required by the bill) after receiving a transcript.

While the Department of Legislative Services has not been provided information on the total amount of debt owed by students who attend or attended public higher education institutions in the State, limited information is available to suggest that, despite any such mitigation, the revenue loss may be significant as detailed below:

- The University of Maryland, College Park Campus (UMCP) advises that it places unpaid student account balances with CCU the semester following the student’s last semester of enrollment. That CCU portfolio includes more than 44,500 accounts with an unpaid balance of \$1,000 or less, totaling \$6.4 million, and more than 9,900 accounts with an unpaid balance of more than \$1,000, totaling \$54 million. UMCP further advises that it currently allows *enrolled* students with a balance of less than \$250 to obtain their transcript without restriction. Transcript holds are placed each semester beginning approximately one month after the first day of

classes when financial penalties are assessed. Currently enrolled UMCP students with a transcript hold include more than 2,350 students with an unpaid balance of \$1,000 or less, totaling \$440,000, and more than 750 students with an unpaid balance of more than \$1,000, totaling \$15.3 million.

- The University of Maryland, Baltimore Campus advises that it had almost 1,000 unpaid balances of \$999 or less, and more than 250 unpaid balances greater than that.
- Salisbury University advises that almost 400 students have a cashier hold that prevents them from ordering a transcript; almost 60 of those balances are below \$1,000. If a student has a formal payment arrangement, a hold (that would prevent them from receiving a transcript) is not placed.
- St. Mary's College of Maryland advises that, as of June 30, 2021, 33 students owed a total of \$74,000 in outstanding balances on their accounts; 14 of these balances exceeded \$1,000.

Nevertheless, the actual revenue impact cannot be reliably estimated. It is unclear to what extent preventing individuals from obtaining their transcript increases collections. Even when transcripts are held as collateral, all debts are not collected. For example, the University of Baltimore advises that it *currently* writes off approximately 10% of debts and expects the percentage of uncollected debt to increase under the bill. Some education researchers have postulated that preventing students from obtaining their transcripts does not necessarily increase debt collections, as it prevents students from earning degrees and obtaining higher paying jobs.

If the impact on revenue collections is significant, public institutions of higher education may need to find other ways to collect debt from students or shift unpaid balances onto future students. For example, institutions could charge future students higher fees.

CCU does not currently communicate with institutions about students entering into an installment plan; thus, it is assumed that CCU and the institutions must communicate about students in an installment plan with CCU who wish to receive their transcripts. This estimate assumes that any communication can be accomplished using existing resources. However, if the volume of requests is significant, institution higher education expenditures and/or CCU special fund expenditures may increase minimally.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Department of Budget and Management; Maryland Higher Education Commission; Baltimore City Community College; University System of Maryland; Morgan State University; St. Mary's College of Maryland; Maryland Independent College and University Association; Maryland Department of Labor; Department of Legislative Services

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