

HOUSE BILL 522

F2

3lr1617

By: **Delegates Lopez, Feldmark, Griffith, Harris, Kaufman, Pasteur, Queen,
Rogers, Ruth, Stewart, Terrasa, and Vogel**

Introduced and read first time: February 1, 2023

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Institutions of Postsecondary Education – Institutional Debt – Report**

3 FOR the purpose of requiring institutions of postsecondary education to submit a report on
4 institutional debt to the Maryland Higher Education Commission each year;
5 authorizing the Commission to assess a civil penalty against an institution for failure
6 to submit a report or knowingly including inaccurate information in a report;
7 establishing certain notice, appeal, and hearing procedures before a civil penalty
8 may be assessed against an institution; and generally relating to institutional debt
9 reporting by institutions of postsecondary education.

10 BY adding to
11 Article – Education
12 Section 11–212
13 Annotated Code of Maryland
14 (2022 Replacement Volume)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – Education**

18 **11–212.**

19 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
20 **INDICATED.**

21 **(2) “ADMINISTRATIVE HOLD” MEANS ANY HOLD OR LIMITATION ON A**
22 **STUDENT’S ACCOUNT AT AN INSTITUTION OF POSTSECONDARY EDUCATION THAT**
23 **PREVENTS THE STUDENT FROM ENROLLING IN COURSES, REQUESTING OR**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 OBTAINING A TRANSCRIPT, USING FACILITIES, OR OTHERWISE LIMITING THE
2 STUDENT'S ACCESS TO THE INSTITUTION'S FACILITIES OR RESOURCES.

3 (3) "CHARGE OFF" MEANS AN ACCOUNTING MECHANISM BY WHICH
4 AN INSTITUTION OF POSTSECONDARY EDUCATION INDICATES IT NO LONGER
5 EXPECTS TO COLLECT AN INSTITUTIONAL DEBT, REGARDLESS OF WHETHER THE
6 INSTITUTION:

7 (I) REMOVES THE DEBT FROM ITS RECORDS;

8 (II) PURSUES THE STUDENT OWING THE DEBT;

9 (III) ACCEPTS PAYMENT FOR THE DEBT; OR

10 (IV) SELLS THE DEBT.

11 (4) "DEMOGRAPHIC CATEGORIES" MEANS THE FOLLOWING GROUPS
12 AND POPULATIONS:

13 (I) RACE;

14 (II) ETHNICITY;

15 (III) AGE;

16 (IV) GENDER;

17 (V) IN-STATE OR OUT-OF-STATE RESIDENCY;

18 (VI) ENROLLMENT STATUS; AND

19 (VII) DEGREE, CERTIFICATE, OR CREDENTIAL CONFERRED OR
20 PURSUED.

21 (5) (I) "INSTITUTIONAL DEBT" MEANS AN EXTENSION OF CREDIT,
22 DEBT, OR OBLIGATION OWED OR INCURRED BY A STUDENT TO AN INSTITUTION OF
23 POSTSECONDARY EDUCATION.

24 (II) "INSTITUTIONAL DEBT" INCLUDES CREDIT, DEBT, OR
25 OBLIGATION FOR:

26 1. TUITION CHARGES;

1 **2. ROOM AND BOARD CHARGES; AND**

2 **3. FINES AND FEES.**

3 **(6) “NONJUDICIAL COLLECTION” MEANS COLLECTION OF**
4 **INSTITUTIONAL DEBT OWED BY A STUDENT TO A STATE AGENCY BY THE CENTRAL**
5 **COLLECTION UNIT IN THE DEPARTMENT OF BUDGET AND MANAGEMENT.**

6 **(7) “VOLUNTARY PAYMENT” MEANS A PAYMENT MADE BY A STUDENT**
7 **TO AN INSTITUTION OF POSTSECONDARY EDUCATION TO PAY AN INSTITUTIONAL**
8 **DEBT, IN WHOLE OR IN PART, THAT WAS NOT MADE IN ACCORDANCE WITH A COURT**
9 **JUDGMENT OR A NONJUDICIAL COLLECTION.**

10 **(B) (1) ON OR BEFORE OCTOBER 1, 2024, AND EACH OCTOBER 1**
11 **THEREAFTER, AN INSTITUTION OF POSTSECONDARY EDUCATION SHALL SUBMIT TO**
12 **THE COMMISSION A REPORT ON INSTITUTIONAL DEBT IN ACCORDANCE WITH**
13 **SUBSECTION (C) OF THIS SECTION.**

14 **(2) ON OR BEFORE DECEMBER 1, 2024, AND EACH DECEMBER 1**
15 **THEREAFTER, THE COMMISSION SHALL, IN ACCORDANCE WITH § 2-1257 OF THE**
16 **STATE GOVERNMENT ARTICLE, SUBMIT A REPORT TO THE GENERAL ASSEMBLY**
17 **SUMMARIZING THE REPORTS SUBMITTED TO THE COMMISSION BY INSTITUTIONS OF**
18 **POSTSECONDARY EDUCATION UNDER THIS SECTION.**

19 **(C) THE REPORT REQUIRED UNDER SUBSECTION (B) OF THIS SECTION**
20 **SHALL INCLUDE THE FOLLOWING INFORMATION FROM THE PREVIOUS FISCAL YEAR:**

21 **(1) TOTAL STUDENT ENROLLMENT, DISAGGREGATED BY**
22 **DEMOGRAPHIC CATEGORIES;**

23 **(2) TOTAL DOLLAR AMOUNT OF INSTITUTIONAL DEBT,**
24 **DISAGGREGATED BY:**

25 **(I) DEMOGRAPHIC CATEGORIES;**

26 **(II) NUMBER OF ENROLLED AND FORMER STUDENTS WHO HOLD**
27 **INSTITUTIONAL DEBT;**

28 **(III) LENGTH OF TIME INSTITUTIONAL DEBT HAS BEEN OWED;**

29 **(IV) TYPE OF CHARGES FOR WHICH INSTITUTIONAL DEBT WAS**
30 **INCURRED; AND**

1 (V) PERCENTAGE AND TOTAL NUMBER OF STUDENTS WITH
2 INSTITUTIONAL DEBT WHO RECEIVED A FEDERAL PELL GRANT;

3 (3) STATUS AND COLLECTION OF INSTITUTIONAL DEBT, INCLUDING:

4 (I) PERCENTAGE AND TOTAL AMOUNT OF INSTITUTIONAL
5 DEBT HELD IN GOOD STANDING AND PAST DUE;

6 (II) NUMBER OF ENROLLED STUDENTS AND FORMER STUDENTS
7 WHO MADE VOLUNTARY PAYMENTS TO THE INSTITUTION;

8 (III) PERCENTAGE OF AND TOTAL AMOUNT OF INSTITUTIONAL
9 DEBT CHARGED OFF;

10 (IV) NUMBER OF STUDENT ACCOUNTS REPORTED TO A CREDIT
11 REPORTING AGENCY;

12 (V) PERCENTAGE AND NUMBER OF STUDENT ACCOUNTS
13 REFERRED TO A THIRD PARTY FOR DEBT COLLECTION OR SALE, INCLUDING DEBT
14 COLLECTION AGENCIES, DEBT COLLECTORS, AND DEBT BUYERS;

15 (VI) PERCENTAGE AND NUMBER OF STUDENT ACCOUNTS
16 SUBJECT TO LITIGATION BY THE INSTITUTION;

17 (VII) PERCENTAGE AND NUMBER OF STUDENT ACCOUNTS
18 SUBJECT TO DEBT COLLECTION BY THE INSTITUTION, INCLUDING INSTALLMENT
19 PLANS AND VOLUNTARY PAYMENTS; AND

20 (VIII) FOR PUBLIC INSTITUTIONS ONLY, PERCENTAGE AND
21 NUMBER OF STUDENT ACCOUNTS REFERRED TO NONJUDICIAL COLLECTION;

22 (4) ADMINISTRATIVE HOLD ACTIONS BY THE INSTITUTION,
23 INCLUDING:

24 (I) NUMBER OF ENROLLED STUDENTS AND FORMER STUDENTS
25 WHOSE TRANSCRIPTS HAVE BEEN WITHHELD AND THE LENGTH OF TIME HELD; AND

26 (II) NUMBER OF ENROLLED STUDENTS AND FORMER STUDENTS
27 WHOSE DIPLOMAS HAVE BEEN WITHHELD AND THE LENGTH OF TIME HELD;

28 (5) A LIST OF PERSONS USED BY THE INSTITUTION FOR
29 INSTITUTIONAL DEBT-RELATED ACTIVITIES, INCLUDING ORIGINATING LOANS,
30 ESTABLISHING AND FACILITATING INSTALLMENT PLANS OR DEBT PAYMENT, AND

1 INITIATING LAWSUITS;

2 (6) A COPY OF ANY MODEL INSTRUMENT USED BY THE INSTITUTION
3 TO ESTABLISH AN INSTITUTIONAL DEBT, INCLUDING A PROMISSORY NOTE, AN
4 ENROLLMENT AGREEMENT, OR A CONTRACT;

5 (7) A SUMMARY OF AND CITATION TO THE INSTITUTION'S POLICIES
6 RELATING TO AN ENROLLED STUDENT'S FINANCIAL OBLIGATIONS, INCLUDING:

7 (I) ADMINISTRATIVE HOLDS;

8 (II) DEBT COLLECTION; AND

9 (III) REPORTS TO CREDIT REPORTING AGENCIES; AND

10 (8) ANY OTHER INFORMATION THE COMMISSION DETERMINES IS
11 RELEVANT TO EVALUATING INSTITUTIONAL DEBTS.

12 (D) NOTHING IN THIS SECTION MAY BE CONSTRUED TO REQUIRE AN
13 INSTITUTION OF POSTSECONDARY EDUCATION TO REPORT PERSONAL IDENTIFYING
14 INFORMATION OF AN ENROLLED STUDENT OR A FORMER STUDENT.

15 (E) (1) THE COMMISSION MAY ASSESS A PENALTY AGAINST AN
16 INSTITUTION OF POSTSECONDARY EDUCATION IF THE INSTITUTION FAILS TO
17 SUBMIT A REPORT REQUIRED UNDER SUBSECTION (B) OF THIS SECTION OR
18 KNOWINGLY INCLUDES INACCURATE INFORMATION IN THE REPORT AS
19 DETERMINED BY THE COMMISSION.

20 (2) (I) BEFORE ASSESSING A PENALTY, THE COMMISSION SHALL
21 SEND THE INSTITUTION OF POSTSECONDARY EDUCATION A NOTICE OF THE
22 CHARGES AGAINST THE INSTITUTION AND GIVE THE INSTITUTION AN OPPORTUNITY
23 WITHIN 20 DAYS OF THE DATE OF RECEIPT OF THE NOTICE TO REQUEST A HEARING.

24 (II) A NOTICE OF CHARGES UNDER SUBPARAGRAPH (I) OF THIS
25 PARAGRAPH SHALL:

26 1. DESCRIBE THE DEFICIENCIES IN THE REPORT; AND

27 2. DIRECT THE INSTITUTION TO CORRECT THE
28 DEFICIENCIES WITHIN 30 DAYS FROM THE DAY THE INSTITUTION RECEIVED THE
29 NOTICE FROM THE COMMISSION.

30 (3) IF THE INSTITUTION OF POSTSECONDARY EDUCATION REQUESTS

1 A HEARING WITHIN THE 20-DAY PERIOD:

2 (I) THE COMMISSION SHALL PROMPTLY HOLD A HEARING, BUT
3 NOT LATER THAN 60 DAYS AFTER RECEIPT OF THE REQUEST FOR A HEARING; AND

4 (II) THE INSTITUTION SHALL HAVE THE OPPORTUNITY TO BE
5 HEARD PUBLICLY BEFORE THE COMMISSION IN THE INSTITUTION'S OWN DEFENSE,
6 IN PERSON, AND BY COUNSEL.

7 (4) IF THE COMMISSION DETERMINES THAT AN INSTITUTION OF
8 POSTSECONDARY EDUCATION FAILS TO SUBMIT THE REPORT REQUIRED UNDER
9 SUBSECTION (B) OF THIS SECTION OR KNOWINGLY INCLUDES INACCURATE
10 INFORMATION IN THE REPORT, THE COMMISSION MAY IMPOSE A CIVIL PENALTY,
11 NOT EXCEEDING \$10,000, FOR EACH VIOLATION.

12 (F) THE COMMISSION SHALL ADOPT REGULATIONS TO CARRY OUT THIS
13 SECTION.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2023.