

**Written Testimony at a Public Hearing before the  
House Committee on Appropriations  
in OPPOSITION to SB 152  
“Institutions of Higher Education - Transcripts - Prohibition on Punitive Measures Related  
to Student Debt”**

March 29, 2022

Chair McIntosh, Vice-Chair Chang, and Members of the Committee.

The undersigned 9 organizations, representing students, educators, and consumers, submit this testimony in opposition to SB 152, which relates to the practice of transcript withholding in Maryland. **Although we strongly support ending the practice of transcript withholding in Maryland, and testified in support of this bill in the Senate, the bill was subsequently amended and no longer reflects the consumer protections that we believe are necessary to address this issue and help Maryland students.** Not only does transcript withholding—the practice of withholding academic transcripts from students with account balances—harm current and former students, the Maryland Office of the Attorney General filed a letter in support of SB 152, before it was amended, in which it opined that the practice may also be unlawful. A copy of that letter is appended here.

The amended bill no longer provides sufficient protections—especially for low-income students—and may have the unintended effect of codifying and permitting unlawful practices against Maryland students. Senator Kramer, the bill’s sponsor, voiced these same concerns on the Senate floor before the Senate voted in favor of the bill and sent it to the House.

Specifically:

- **The bill no longer applies to all institutions of higher education in Maryland**, and applies only to public institutions. There is no policy justification for this, as virtually all schools engage in transcript withholding. If enacted as is, current and former students at private non-profit and professional schools would be left without protections.
- **The bill no longer provides a categorical ban against withholding**, and instead introduces a two-tier system whereby students with debts of \$1,000 or greater must enter a payment plan before their documents will be released. As most schools already offer payment plans, this does little to help students with balances over \$1,000, and is particularly concerning because the bill does not include any protections or parameters for the payment plans, such as maximum monthly payments or other ability-to-pay testing. This shift away from a categorical ban is also out of touch with what, for many students, causes the account balance that triggers the withholding, such as mid-term withdrawals that can quickly result in debts of over \$1,000 when federal financial aid is

returned to the U.S. Department of Education. For low-income students in these circumstances, the amended bill offers virtually no relief.

Passing SB 152 in its current weakened form would fail to address the issue at hand, provides cover for schools to continue these practices with few restrictions, and risks creating a harmful precedent at a time when states and schools across the country are actively reevaluating transcript withholding policies. As recently as December of 2021, U.S. Secretary of Education Miguel Cardona emphasized the detrimental effect of transcript withholding policies on retention and completion,<sup>1</sup> and several states have pending legislation that would end the practice,<sup>2</sup> which is already unlawful in California and Washington.<sup>3</sup> If this bill passes, Maryland would be out of step with this national movement.

In addition to the letter from the Office of the Attorney General, we have appended a copy of the testimony submitted in the Senate in favor of SB 152 by the Student Borrower Protection Center, one of the undersigned organization, which provides extensive information about transcript withholding, its harm to students, and efforts that other states are undertaking to end the practice.

We would be happy to engage further with the Committee to ensure the best outcome for Maryland students, but we urge the Committee to oppose SB 152 in its current form. Please contact Winston Berkman-Breen at [winston@protectborrowers.org](mailto:winston@protectborrowers.org) if you have any questions or would like to discuss this comment further.

Sincerely,

Student Borrower Protection Center  
AFSCME Council 3  
American Federation of Teachers-Maryland  
Baltimore Teachers Union  
Consumer Reports  
Maryland Consumer Rights Coalition  
SEIU Local 500, CTW, CLC  
Student Debt Crisis Center (SDCC)  
UFCW 400

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<sup>1</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>2</sup> See, e.g., Megan Pauly, *A Virginia legislator wants to ban a practice holding back students with college debt*, V.P.M. (Jan. 5, 2022), <https://vpm.org/news/articles/28616/a-virginia-legislator-wants-to-ban-a-practice-holding-back-students-with>.

<sup>3</sup> See, e.g., Cal. Civ. Code. 1788.90-93; Cal. Ed. Code 66022.

**APPENDIX 1**

Maryland Office of the Attorney General - Consumer Protection Division  
Letter in Support of SB 152 to  
Senate Education, Health & Environmental Affairs Committee  
February 9, 2022

**BRIAN E. FROSH**  
*Attorney General*

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*Chief Deputy Attorney General*

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*Deputy Attorney General*



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*Chief*  
Consumer Protection Division

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

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February 9, 2022

**TO:** The Honorable Paul G. Pinsky  
Chair, Education, Health & Environmental Affairs Committee

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

**RE:** SB 152 – 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 SB 152 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 owed of less than \$25.<sup>2</sup> Withholding access to transcripts as a debt collection method is questionable, at best, as it interferes with the students’ ability in many instances to secure employment.

Moreover, whether these academic institutions have the legal right to deny students access to their transcripts as a debt collection method is legally questionable. Academic institutions are not secured creditors and do not have the right to withhold promised goods or services as a method

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<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) (online at <https://sr.ithaka.org/publications/solvingstranded-credits/>).

<sup>2</sup> Wendy Kilgore, *Stranded Credits: Another Perspective on the Lost Credits Story*, AACRAO, (October 5, 2020)

of debt collection. This practice is already a specifically prohibited method of debt collection in Minnesota and California<sup>3</sup> and the Division submits that it is likely it would be considered an unfair or abusive trade practice in Maryland prohibited by the Consumer Protection Act. Notwithstanding the likely illegality of the practice of withholding student transcripts, the Division supports SB 152 because it will place higher education institutions on notice of the illegality of this practice and hopefully put a stop to it being used by Maryland institutions.

The Division supports SB 152 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.

cc: Members, Education, Health & Environmental Affairs Committee  
Honorable Benjamin F. Kramer

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<sup>3</sup> See MINN. STAT. 136A.828, subd. 6(g) (2021) and California Educational Debt Collection Practices Act, CAL CIV. CODE 1.6C7 §§ 1788.90 -1788.93/.

**APPENDIX 2**

Student Borrower Protection Center  
Written Testimony in Support of SB 152 to  
Senate Education, Health & Environmental Affairs Committee  
February 9, 2022



**Written Testimony of Student Borrower Protection Center  
at a Public Hearing before the  
Senate Education, Health, and Environmental Affairs Committee  
on SB 152**

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

**IN SUPPORT**

February 9, 2022

Good afternoon Chair Pinsky, Vice-Chair Kagan, and Members of the Committee.

My name is Amy Czulada and I am the Outreach and Advocacy Coordinator for the Student Borrower Protection Center, a national non-profit policy organization committed to ending the student debt crisis. I am testifying today in support of SB 152, which would end the practice of transcript withholding in Maryland.

Although transcript withholding is a common practice nationwide, it has unintended consequences that disproportionately harm low-income students by placing them in a limbo from which they cannot continue their education or professional advancements. Counter-intuitively, it also inhibits students’ ability to pay account balances while suppressing the local economy by preventing students from re-enrolling and graduates from obtaining gainful employment.

As recently as December of 2021, U.S. Secretary of Education Miguel Cardona emphasized the detrimental effect of transcript withholding policies on retention and completion.<sup>1</sup> Secretary Cardona stressed that this practice drives inequitable outcomes and called on schools to re-evaluate these long-standing policies. For this reason, more and more states and schools are eliminating transcript withholding policies. Now is the time for Maryland to support residents seeking to improve their education and employment opportunities, not to hold them back.

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

Transcript withholding is a common practice that is coming under new scrutiny. Recent research revealed that so-called institutional debts—debts owed directly to schools, which may result

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<sup>1</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>.



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 conducted the only major national study of these institutional debt practices, the average balance owed at community colleges is \$631.47.<sup>3</sup> Although these balances represent only a fraction of schools’ revenues and operating budgets, for many students, they are insurmountable financial barriers.

Despite its frequent use—the same 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>4</sup> 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.

Transcript withholding also disproportionately impacts low-income and Black and Latino consumers, in particular college "non-completers" seeking to continue their education but who cannot do so without an official transcript. It places them in a “double-bind”: they cannot afford to pay their account balance because they cannot obtain gainful employment, but they cannot obtain gainful employment until they have completed their education and received their transcript.

For low-income students, 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 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.

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<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>.

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

<sup>4</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).



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

There is growing national attention to withholding policies as a harmful practice.<sup>5</sup> During COVID-19, it 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. Last year, Bunker Hill Community College of Boston, MA, voluntarily ended its practice of transcript withholding for institutional debt,<sup>6</sup> and the City 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>7</sup>

Some states, including California and Washington, have moved toward banning the practice of transcript withholding altogether.<sup>8</sup> In California, schools cannot withhold academic transcripts for any reason.<sup>9</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>10</sup>

New York is well on its way to ending the harmful practice of transcript withholding in the State. Last month, both the State University of New York and the City University of New York announced that each institution has permanently ended its practice of withholding transcripts

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<sup>5</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>6</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/>.

<sup>7</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>8</sup> See, e.g., Am. Assoc. Of Collegiate Registrars and Admissions Officers, *California Transcript Legislation*, <https://www.aacrao.org/advocacy/issues/california-transcript-legislation>.

<sup>9</sup> Cal. Civ. Code. 1788.90-93; Cal. Ed. Code 66022.

<sup>10</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).



from students and graduates who owe account balances.<sup>11</sup> In her 2022 State of the State address, New York Governor Hochul committed to ending transcript withholding in New York,<sup>12</sup> 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, and has proposed legislation in her budget that would end the practice at all schools in New York.<sup>13</sup>

### **Schools Would Not Be Prohibited From Collecting Debts Owed By Students and Graduates.**

SB 152 would not forgive any debts owed to schools or prevent schools from communicating with students or graduates about these debts or 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 to complete their education or obtain employment.

When a student or graduate seeks a transcript to complete their degree at another school or to secure employment upon graduating, withholding the document effectively places the student in limbo: they are unable to complete their degree and are unable to obtain the gainful employment needed to repay the account balance.

Rather than withholding documentation of students' academic credits, schools can continue their practice of seeking voluntary payment from students and graduates and sending accounts to collection, if necessary. 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 when requesting documents anyway, and therefore would ultimately find their account with collections in any event. Therefore, the schools' ability to collect via collection 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,

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<sup>11</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>12</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>13</sup> Part I, *Education, Labor and Family Assistance Arti. VII Legislation* (FY 2023 New York State Proposed Executive Budget), <https://www.budget.ny.gov/pubs/archive/fy23/ex/artvii/elfa-bill.pdf>.



too, that document withholding is a passive practice: it is only triggered when students proactively approach the school.

These policies also disproportionately affect low-income students and graduates. When the outcome would be the same, there is no need to punish lower-income students by withholding their transcript in addition to sending them to collection. Indeed, nothing in SB 152 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 152, 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 action in California and Washington, which have passed legislation that permanently prohibits transcript withholding, and the recent commitment by Governor Hochul in New York. Similar bills are pending or under consideration in other states, including in Maine, Colorado, and Virginia.<sup>14</sup> 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 152 so that 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. Thank you. I would be happy to answer any questions.

*Please contact Amy Czulada, Outreach and Advocacy Coordinator, at [amy@protectborrowers.org](mailto:amy@protectborrowers.org), if you have any questions or would like to discuss this comment further.*

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<sup>14</sup> See, e.g., Megan Pauly, *A Virginia legislator wants to ban a practice holding back students with college debt*, V.P.M. (Jan. 5, 2022), <https://vpm.org/news/articles/28616/a-virginia-legislator-wants-to-ban-a-practice-holding-back-students-with>.