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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.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 owed of less than \$25.² 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

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

² 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 California³ 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

³ 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/.