



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

March 7, 2023

**Testimony in SUPPORT of HB 522 - Institutions of Postsecondary Education -
Institutional Debt - Report**

Summary: HB 522 will provide insight into an overlooked type of debt many Marylanders owe to their colleges or universities—institutional debt, or debt they owe directly to a higher education institution.

The bill requires Maryland’s higher education institutions to report annually to the Maryland Higher Education Commission (MHEC) on the amount of debt students owe directly to the institution, alongside other important statistics, including the demographics of the students who own this debt, whether or not they were Pell Grant recipients, and the types of charges for which students owe debt.

Overview: We hear frequently about the student debt crisis and its two main components: federal student loans provided by the government and private student loans provided by student financing companies. However, there is another type of debt that can also plague students long after they leave—institutional debt, which is debt a student owes directly to their college or university for any number of causes, including administrative fees and other charges posted to a student’s account.

This debt follows students into their professional life in the same way that student loans do—not only can institutions pursue students for this debt, they can also exclude them from vital information they need for their careers, like academic transcripts, for owing them.

While one study estimates that approximately [125,000 Marylanders may owe as much as \\$332 million in institutional debt](#), the precise landscape of institutional debt in our state remains unknown because higher education institutions alone know what they are owed and by who; there is no obligation for them to disclose this information.

HB 522 gives Maryland insight into the institutional debt landscape facing our residents by requiring higher education institutions to report annually on the debt owed directly to them and the demographics of the people who owe this debt so that we can have a better picture of not only what kind of debt our institutions collect on, but the people these practices impact.

This bill does not alter any institution’s operating procedures or debt collection practices. It merely requires them to report to the state the information they should already have on file.

In 2022, the State Council of Higher Education for Virginia produced [a report on institutional debt owed by Virginians](#), and the results showed staggering inequities in who owes the debt that prove institutional debt is not a burden equally shared among the student population: while Black and Hispanic students comprise 17 percent and 8 percent of enrolled undergraduates at Virginia schools, they make up 40 percent and 11 percent (respectively) of those students who owe debts to their schools.

These inequities are startling—and without HB 522, we have absolutely no idea if they are happening in Maryland.

Conclusion: By requiring Maryland’s higher education institutions to report annually to the MHEC about their institutional debt and collection practices, we will have greater insight into a problem that disproportionately impacts our Black and Hispanic communities—and be better poised to provide any appropriate solutions, if they are necessary.

Thank you and I ask for a favorable report on HB 522.