



HB 877 - Institutions of Postsecondary Education – Institutional Debt – Report
Appropriations Committee
In Favor
February 24, 2026

Delegate Barnes and members of this committee,

My name is Whitney Barkley-Denney, and I am Deputy Director of State Policy at the Center for Responsible Lending, a national non-profit organization focused on leveling the financial playing field for working and middle-class Americans. For several years, I led CRL's student loan team, directing research as well as state and federal policy work across student loan issues

I am here today to testify in support of **HB 877, Institutions of Postsecondary Education – Institutional Debt – Report.**

Institutional loan debt is both significant and under-studied

While we have all become familiar with federal and private student loans and the unique barriers they create for borrowers who find themselves unable to pay, institutional debt is much harder to quantify. These debts, which can be incurred for everything from overdue library books and parking violations to tuition, are generally not reported publicly – their scope is unknown, but not their impact. Though schools in Maryland can no longer withhold student transcripts if they default on their institutional debts, they have a raft of other remedies, including preventing students from re-enrolling in classes and pursuing them in court.

In the last few years, several states have attempted to measure the amount of institutional loan debt owed to colleges in their states, with varied success. In Maryland, a report from Protect Borrowers found that students owe more than \$57,000,000 in institutional debt to just five public universities. Though data was limited, the majority of this debt is owed by Pell Grant recipients, women, and Black students.

Even with limited data, this demographic trend resonates with what we know about student loan borrowers. Pell Grant recipients who leave school before the end of their term are responsible for repaying aid that would otherwise not be owed, like their Pell Grant. Pell grants are available only to students from the most economically disadvantaged backgrounds – the same students who are most likely to drop out mid-term because of a family crisis or change in financial circumstances.

The time to act is now

HB 877 comes at a time when federal student lending is undergoing major changes.

In June, new limits on federal borrowing will likely push graduate student loan borrowers into institutional loans to cover their costs. While proponents of the caps claim that they will cause schools to lower costs, data shows that borrowers will instead turn to other ways of financing their education.

For-profit colleges in particular have a long history of exploitative institutional loan programs. In the last decade, now-defunct schools like ITT Tech and Everest College have been forced to cancel hundreds of millions of dollars in institutional loan debt after investigations found, among other things, that they inflated graduation and job placement rates. With a Department of Education that is far more favorable to these schools and a Consumer Financial Protection Bureau that is effectively shuttered, it is imperative that someone acts as a watchdog. That will be impossible without the data required by HB 877.

HB 877 will give Maryland lawmakers insight into the problem of institutional debt

HB 877 would not fix the problem of institutional student debt, but it would give us insight into the problem.

This bill would require schools to annually report on their institutional debts and collection practices. Specifically, the bill would require schools to annually report on the total number and balance of accounts with institutional debts, the types of transactions or charges that resulted in the debt, and the schools' collection tactics, among other things. The reports would be made to the Maryland Higher Education Commission, which would make them available to the public.

Importantly, HB 877 would not change schools' accounting or collection practices or require the cancellation or discharge of any institutional debt. It would merely require reporting on those debts, allowing legislators, regulators, and the public to have better understanding of the student loan debt owed by Maryland students. For those bad actors,

like ITT and Corinthian Colleges, this data could also help identify trends and patterns in lending that indicate a school saddling their students with exploitative debt.

We urge you to vote to recommend the passage of HB 877. Thank you for your time and attention to this matter.

Sincerely,

Whitney Barkley-Denney
Deputy Director of State Policy
Center for Responsible Lending