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Appropriations Committee

Subcommittees

Oversight Committee on Pensions

Transportation and the Environment



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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**Institutions of Postsecondary Education  
Institutional Debt - Report (HB 877) - 2026  
Testimony of Delegate Ryan Spiegel – Favorable**

Chair Barnes, Vice Chair Kaiser, and Members of the Committee:

HB 877 is a reintroduction of legislation that passed the full House last year. It establishes reporting requirements to provide insight into an often-overlooked type of debt that many Marylanders owe directly to their colleges and universities—commonly referred to as institutional debt. This bill is cross-filed in the Senate as SB 628 with Senator Ben Kramer.

This bill requires Maryland's higher education institutions to submit reports to the Maryland Higher Education Commission (MHEC) on the total amount of debt that students owe *directly to the institutions*, in addition to other important statistics, including the demographics of the student population who owe this debt, whether or not they were classified as Pell Grant recipients, and detailing the types of charges for which students owe debt.

We hear frequently about the student debt crisis and its two main components: federal student loans provided by the federal government, and private student loans provided by student financing companies. But institutional debt—debt that a student owes to the school—is another type of debt that follows students long after they graduate from their college and/or university, arising from administrative fees and other charges posted on students' accounts.

This debt follows a former student through the interactions of their professional lives in the same way that other student loans do. Not only can these institutions pursue students for this debt or refer a student to a collections agency, impacting credit reports, but in some cases they can also withhold vital and critical information from the student that is needed for their future academic or employment pursuits. (In 2023, the General Assembly passed HB 384 to prohibit the withholding of a transcript from a former student by a higher education institution on the basis of student debt, underscoring the need to better understand this broad problem and its impacts.)

Although one research group estimates that around [125,000 Marylanders may owe as much as \\$332 million in institutional debt](#), the exact landscape of institutional debt in our state remains unknown. From our discussions with MHEC, we understand that data

indicates that some 500,000 Marylanders have *at least* \$5,000 (and possibly much more) in student debt including institutional debt.

Notably, while institutions are already required to report this information to credit rating agencies and to disclose it to the federal government, there are currently no specific obligations for these institutions to disclose this information to the State. (The fact that institutions already report this data to credit rating agencies negates any concern that a state reporting requirement could somehow negatively impact an institution's credit rating.)

HB 877 allows Maryland policymakers and consumers open insight into the institutional debt crisis that is facing our residents, by requiring higher education institutions to report anonymized data on the debt that is held directly by them and related data on the types and amounts of this debt and the demographics of the individuals who owe this debt.

This bill does not alter any of the specific operating procedures or debt collection practices of an institution. It solely requires them to submit a required report to the State, based on information they should already have in their records. Given the information management systems and other reporting tools used by higher education institutions, it is difficult to believe that this requirement could not be met with the resources already in place or with just minor additional resources.

However, to avoid overburdening institutions and to build useful timespans of data, we understand that MHEC has proposed some technical amendments to the bill, including spreading out the reporting period from every year to every two years, empowering MHEC to standardize definitions, and eliminating monetary penalties for noncompliance. I am happy to work with MHEC to incorporate its friendly amendments.

In 2022, the State Council of Higher Education for Virginia produced a [detailed report addressing the institutional debt owed by Virginians](#), and the result indicated the staggering inequalities in the individuals who owe this debt. Although Black and Hispanic students comprise 17 percent and 8 percent, respectively, of enrolled undergraduates at Virginia institutions, they make up 40 percent and 11 percent (respectively) of those students who owe these institutional debts.

Without HB 877, we have no way to know the full extent and scope of the problem in Maryland. Collecting data is the first step in any process before determining what, if any, policies to pursue to address a problem. HB 877 allows that data collection to occur in a sensible, targeted way that minimizes the burden on institutions of higher education.

Thank you, and I ask for a favorable report on HB 877.