

# **Testimony in Support of SB628 - The Institute of C**

Uploaded by: Christopher Madaio

Position: FAV



THE INSTITUTE FOR COLLEGE  
**ACCESS & SUCCESS**

**The Maryland Senate**  
**Chair Brian J. Feldman, Education, Energy, and the Environment Committee**

**Written Testimony in Support of SB628**

**Institutions of Postsecondary Education – Institutional Debt – Report**

Thank you for the opportunity to submit testimony in support of Senate Bill 628, Institutions of Postsecondary Education – Institutional Debt – Report, addressing institutional debt and the issues school debt poses for Maryland residents.

The Institute for College Access & Success (TICAS) is a trusted source of research, design, and advocacy for student-centered public policies that promote affordability, accountability, and equity in higher education. We advocate for every student, regardless of race, ethnicity, or family wealth, to have access to a quality higher education without the need to incur debt to realize their dreams of earning a college credential.

**I. Institutional Debt and Its Consequences**

Institutional debt - also referred to as direct-to-school debt - is debt owed by students directly to their college or university for unpaid tuition, fees, room and board, education benefit overpayments, or fines. Unpaid tuition is the most common form of institutional debt, and can arise when financial aid does not materialize as expected, or when a student must withdraw early due to unforeseen circumstances. A student can be liable even if the institution allowed the student to register in error. The consequences of institutional debt are significant and far-reaching, including:

1. **Withholding of Degrees and Credentials:** Even if students have completed their coursework, an institution may refuse to confer degrees until all debts are paid, preventing students from graduating and getting a job that enables them to pay back the debt.<sup>1</sup>
2. **Barriers to Reenrollment and Completion:** Institutions often bar students with outstanding institutional debt from reenrolling. Putting a student's education on hold jeopardizes the likelihood that they will ever complete their degree, meaning students and the state lose any investments made in their education to date.

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<sup>1</sup> Students who owe institutional debt may also owe federal or private student loan debt, as well. The inability to reenroll and complete their degrees impacts their ability to repay all education debt and can send borrowers further into a financial downspin.

3. **Debt Collection Practices Further Harm Students:** Institutions may refer unpaid debts to collections or pursue legal judgments. Judgments can lead to garnishment of wages and restrained bank accounts. This can also negatively impact a student’s credit score, making it difficult to find housing or access affordable credit.<sup>2</sup>

An Ohio study found that students of color and lower-income students are disproportionately impacted by institutional debt.<sup>3</sup> The problem compounds pre-existing inequities as students are left with “Some College, No Credential” (SCNC), unable to complete their degree and stuck in low-paying jobs that make it nearly impossible to repay their debt.<sup>4</sup>

According to data from the nonpartisan National Student Clearinghouse Research Center, Maryland has 602,232 residents under age 65 who have “Some College, No Credential” (SCNC).<sup>5</sup> Students who withdrew in the last eighteen months represent 6.8 percent of Maryland’s SCNC population under 65, above the national total.<sup>6</sup> While Maryland’s reenrollment rate of 3.9 percent ranks among the best in the country, the overall number of impacted residents remains substantial.<sup>7</sup> Greater transparency is essential to understanding the role institutional debt plays in these numbers.

## II. SB 628 Will Instill Transparency and Lead to Better Solutions

Maryland took a meaningful step in 2023 to address institutional debt with the passage and signing of SB248 by Governor Wes Moore to prohibit institutions of higher education from withholding transcripts due to unpaid debt. This was an important and commendable reform to provide a minimum level of protection. However, that did not stop the use of institutional debt by institutions, and the issues related to debt collection, barriers to re-enrollment, and withholding of degrees related to its use still persist.

There is currently a lack of comprehensive statewide data regarding:

- The number of students who owe institutional debt;
- The origin of the debt and amounts owed;
- The number of students barred from reenrollment;
- The frequency of referrals to collections or litigation;
- The demographic breakdown of impacted students; and
- The policies and procedures of schools.

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<sup>2</sup> A California study found that institutions recoup only a small fraction of sums owed yet debt collection practices have lasting negative consequences for low-income students. “Creditor Colleges: Canceling Debts that Surged During COVID-19 for Low-Income Students,” at 4, Protect Borrowers, <https://protectborrowers.org/wp-content/uploads/2022/03/Creditor-Colleges.pdf>.

<sup>3</sup> “Removing the Institutional Debt Hurdle: Findings from an Evaluation of the Ohio College Comeback Compact,” ITHAKA S-R, 14, May 9, 2024, <https://sr.ithaka.org/publications/removing-the-institutional-debt-hurdle/#:~:text=The%20success%20of%20students%20who%20re-enroll%20in%20the,re-enroll%2C%20earn%20additional%20postsecondary%20credits%2C%20and%20complete%20credentials>.

<sup>4</sup> Id.

<sup>5</sup> “Some College, No Credential Student Outcomes: 2025 Report for the Nation and the States,” (covering January 1, 2022 – July 31, 2023), National Student Clearinghouse Research Center, accessed February 19, 2025, <https://nscresearchcenter.org/some-college-no-credential/>.

<sup>6</sup> Id.

<sup>7</sup> Id.

Senate Bill 628 provides critical transparency. Knowing this information will enable state regulators and policymakers to assess the scope of the issue and determine whether additional safeguards or programs could ensure students are not held back from attaining their degrees and prospering.

### III. Lessons from Other States

Two states in which TICAS engages in state-based policy work—California and New York—have been grappling with issues around institutional debt. Both states have passed similar legislation prohibiting the withholding of transcripts, but in New York, the challenges of not having sufficient data hinder efforts to move forward with additional student protections.<sup>8</sup> California has begun examining institutional debt practices through research partnerships and has a similar legislative proposal aimed at improving data collection and student protections.

### IV. Additional Policy Considerations

In addition to supporting SB 628, TICAS encourages consideration of further reforms which we are pursuing in California and New York, including:

- Ensuring institutions of higher education permit reenrollment for students with outstanding balances;
- Ending the practice of withholding degrees or diplomas for unpaid debt;
- Creating income-based repayment options tailored to students' financial capacity;
- Limiting or eliminating lawsuits for small-dollar debts;
- Requiring mediation or settlement opportunities before default judgments may be entered;
- Forgiving certain fees and interest that compound hardship; and
- Implementing institutional policies to prevent unnecessary debt accrual, such as automatic withdrawal of students who do not attend and clear, timely notice of policies.

### Conclusion

The Legislature, Governor, and Maryland Higher Education Commission strongly recognize the benefits of higher education, including giving individuals a better chance to succeed by achieving social mobility and economic prosperity and contributing to the state's workforce needs. To fully realize these benefits, legislators should ensure institutional practices are not a barrier for students who are low-income to reach graduation.

Senate Bill 628 builds upon protections the state already provides to students by creating the transparency necessary to better understand institutional debt. The bill represents an important step toward ensuring that institutional debt practices do not undermine college completion, economic mobility, and equity.

For these reasons, TICAS strongly supports the passage of SB 628. For more information, contact: Christopher Madaio, Senior Advisor, [cmadaio@ticas.org](mailto:cmadaio@ticas.org); Sarah Bouabibsa, Program Manager – California, [sbouabibsa@ticas.org](mailto:sbouabibsa@ticas.org); Kirsten E. Keefe, Senior Director of Policy and Advocacy - New York, [kkeefe@ticas.org](mailto:kkeefe@ticas.org).

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<sup>8</sup> TICAS conducted a review of 62 institutional debt collection cases filed in 2022 on behalf of the State University of New York (SUNY); the average principal balance was \$3,612, with average total debt reaching \$4,913 after interest and fees. In the vast majority of cases, students did not file an answer with the court or indicate that they had an attorney, resulting in default judgments and severe financial consequences.

### **3.09 - SB 628 - Institutions of Postsecondary Educ**

Uploaded by: Lonia Muckle

Position: FAV



**SB 628 - Institutions of Postsecondary Education - Institutional Debt - Report  
Senate Education, Energy, and the Environment Committee**

**March 11, 2026**

**SUPPORT**

Chair Feldman, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 628. This bill would require an institution of postsecondary education in Maryland to annually report to the Maryland Higher Education Commission (MHEC) on its so-called “institutional debts”: debts owed to the school by its students.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program ‘VITA’, offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH’s tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

National data suggest that these debts disproportionately burden low-income students and communities of color, and that they create barriers to retention, completion, and employment. Maryland deserves to know exactly how these debts are burdening communities in the state. Critically, this bill does not affect schools’ ability to collect these debts or otherwise change school conduct. It is merely a sun lighting bill to permit policymakers and advocates to understand better the scope of institutional debts in Maryland.

SB 628 would require:

- Institutions of postsecondary education to annually report to MHEC on their institutional debt portfolios and collection practices, including the outstanding balance and number of affected students and associated demographic data; and
- MHEC to make these reports available to the General Assembly and public.

According to the national study, more than 125,000 current and former Maryland students may collectively owe their schools over \$332 million, for an average of more than \$2,600 per student.<sup>1</sup> These debts are not borne evenly across the enrolled student population, as they disproportionately impact low-income and communities of color. Through SB 628, Maryland lawmakers can obtain the data they need to determine whether policy interventions are necessary to create a more equitable system of higher education.

***Thus, we encourage you to return a favorable report for SB 628.***

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<sup>1</sup> <https://sr.ithaka.org/blog/a-state-by-state-snapshot-of-stranded-credits-data-and-policy/>

# **2026.03.11 Protect Borrowers Written Testimony in**

Uploaded by: Winston Berkman-Breen

Position: FAV



**Written Testimony of Protect Borrowers  
at a Public Hearing before the  
Senate Education, Energy, and the Environment Committee  
on SB 628  
“Institutions of Postsecondary Education - Institutional Debt - Report”**

**IN FAVOR**

March 11, 2026

*Protect Borrowers (formerly Student Borrower Protection Center) is a team of experts, lawyers, and advocates fighting to build an economy where debt doesn't limit opportunity. We investigate financial abuses, take predatory companies to court, and push for policies to protect working people from debt traps. We aim to deliver immediate relief to families while building power and driving systemic change.*

Chair Feldman, Vice Chair Kagan, and Members of the Committee:

Protect Borrowers writes in favor of SB 628, which would require institutions of postsecondary education to submit reports to the State about the debts owed to them by their students—so-called “institutional debts”—and about the practices these schools undertake to collect these debts. National data suggest that these debts disproportionately burden low-income students and communities of color, and that they create barriers to retention, completion, and employment. Maryland deserves to know exactly how these debts are burdening communities in the state.

Critically, this bill does not affect schools' ability to collect these debts or otherwise change school conduct. It is merely a sunlighting bill to permit policymakers and advocates to understand better the scope of institutional debts in Maryland.

**Institutional debts pose significant challenges, and little data exists about their scope or source, but the data that does exist is concerning.**

Institutional debts create financial, educational, and professional barriers for Maryland residents. Although often overlooked or underappreciated as a form of student debt, they are as legally enforceable as student loans owed to banks or to the federal government. Schools engage in a variety of collection activities while seeking repayment of these debts, ranging from withholding students' academic transcripts to suing them in state court. In 2023, the Legislature passed and the Governor signed SB 248, which prohibited the withholding of transcripts as a collection

tactic, given its extreme harm to students and low rate of return on the debt. SB 628 would require reporting on those same debts, which are still collected by schools.

Although the harm they cause is known, research on institutional debts themselves is limited because schools are generally the only stakeholders with access to the relevant data, which makes the scope of these debts difficult to quantify. This is true both of the underlying expenses that caused these debts and their extent.

The circumstances that lead to an institutional debt accruing against a student are opaque. Some of these account balances may result from unknown fees, but at least one study suggests that a significant portion are often due to a misalignment between schools' refund dates and federal financial aid refund deadlines that can result in students' Pell Grants or other financial aid being recalled by the U.S. Department of Education when a student withdraws.<sup>1</sup> When schools have to return these financial aid funds, they then charge the student for the returned amount. These balances may be a few thousand dollars, for which the student should never have been responsible. This is particularly concerning given the number of students nationwide who dropped out of their programs during—and often due to—the COVID-19 pandemic.<sup>2</sup> One study estimates that during the pandemic's first two years, 750,000 students in California accrued \$390 million in institutional debts due to this practice.<sup>3</sup>

These debts, however they accrue, are extensive. One report based on national school survey responses revealed that institutional debts total \$15 billion nationwide and affect an estimated 6.6 million individuals.<sup>4</sup> According to that report, the average balance owed at community colleges is more than \$631.<sup>5</sup> A recent report by the Virginia Secretary of Education, which was derived from actual school data and is discussed in greater detail below, revealed that the average debt owed at a 2-year public college was \$687,<sup>6</sup> which aligns with the national study.

In September 2024, Protect Borrowers submitted Maryland Public Information Act requests to twelve public higher education institutions in the state of Maryland, including four-year and community college institutions, seeking information about the debt that current and (former)

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<sup>1</sup> Charlie Eaton, Jonathan Glater, Laura Hamilton, and Dalié Jiménez, Student Loan Law Initiative, *Creditor Colleges: Canceling Debts that Surged During COVID-19 for Low-Income Students* 7-8 (Mar. 2022), <https://protectborrowers.org/wp-content/uploads/2022/03/Creditor-Colleges.pdf> (Creditor Colleges).

<sup>2</sup> Matt Krupnick, The Heckinger Report, *More students are dropping out of college during Covid—and it could get worse* (Feb. 10, 2022), <https://hechingerreport.org/more-students-are-dropping-out-of-college-during-covid-and-it-could-get-worse/>.

<sup>3</sup> Creditor Colleges at 4.

<sup>4</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>5</sup> *Id.* at 12.

<sup>6</sup> Virginia Secretary of Education, *Report on Student Debt Collection Practices and Policies at Public Institutions of Higher Education (2022 Appropriation Act, Item 128.C)*, 16 (Dec. 2022), <https://rga.lis.virginia.gov/Published/2022/HD15/PDF> (Virginia Report).

students owe to their schools. Only five out of the twelve institutions provided any data, and even of those that did, the data received was incomplete. Of the data received, Pell grant recipients held almost twice as much debt as non-Pell recipients and schools are not allowing students to receive transcripts and diplomas if their accounts are past due. The following table shows the total outstanding debt at the institutions that responded to the information request.<sup>7</sup>

<b>Institution</b>	<b>Total Outstanding Debt</b>	<b>Total Number of Borrowers</b>
Allegany College of Maryland	\$459,789	291
Bowie State University	\$18,927,859	Unknown
Prince George’s Community College	\$14,971,472.63	19,817
Towson University	\$19,936,585.60	7,925
Wor-Wic Community College	\$2,706,202.90	3747

According to the national study, more than 125,000 current and former Maryland students may collectively owe their schools over \$332 million, for an average of more than \$2,600 per student.<sup>8</sup> The full Maryland data from that study are as follows:

	<b>Public 4-Year</b>	<b>Public 2-Year</b>	<b>Private Nonprofit</b>	<b>Total</b>
<b>Students In Debt</b>	57,622	53,718	13,905	125,245
<b>Total Debt</b>	\$152,397,632	\$67,659,936	\$112,242,880	\$332,300,448
<b>Average Debt</b>	\$2,645	\$1,260	\$8,072	\$2,653

Source: Ithaka Report

Although these figures were not calculated using data directly from all Maryland schools, the results reflect an **under-regulated debt market of over \$330 million**. Although Maryland’s average debt owed for all schools is in line with national totals, there are important differences.

<sup>7</sup> Data available upon request.

<sup>8</sup> Julia Karon and James Dean Ward, Ithaka S+R, *A State-by-State Snapshot of Stranded Credits Data and Policy* (May 4, 2021), <https://sr.ithaka.org/blog/a-state-by-state-snapshot-of-stranded-credits-data-and-policy/> (Ithaka Report).

The national averages are:

	<b>National Public 4-Year</b>	<b>National Public 2-Year</b>	<b>National Private Nonprofit</b>	<b>National Total</b>
<b>Average Debt</b>	\$3,132	\$691	\$5,307	\$2,612

Source: calculations conducted by Protect Borrowers based on Ithaka Report

The average institutional debt owed at Maryland’s two-year institutions is nearly twice the national average for two-year schools, and the average at Maryland’s nonprofit institutions is nearly \$3,000 greater than at nonprofit schools nationwide. To the extent the national study’s data is accurate, Maryland policymakers should want to know why their constituents are out of sync with national figures. To the extent the study is not accurate, Maryland policymakers should want access to accurate data, which only Maryland schools can provide.

Finally, what little data is available suggests that institutional debts **disproportionately burden low-income students and Black and Hispanic students**. A study commissioned by the Virginia General Assembly in 2022 required public institutions in the state to report on their institutional debt and collection practices, including demographic data.<sup>9</sup> To our knowledge, this is the first and only report of its kind to draw on actual debt and demographic data, rather than extrapolation. The results make clear that these debts are not borne evenly across the enrolled student population.

For example, although low-income students—as measured by their eligibility for a federal Pell Grant—make up only 30 percent of enrollment at Virginia’s two-year public colleges, they comprise 63 percent of those students who owe debts to those schools.<sup>10</sup>

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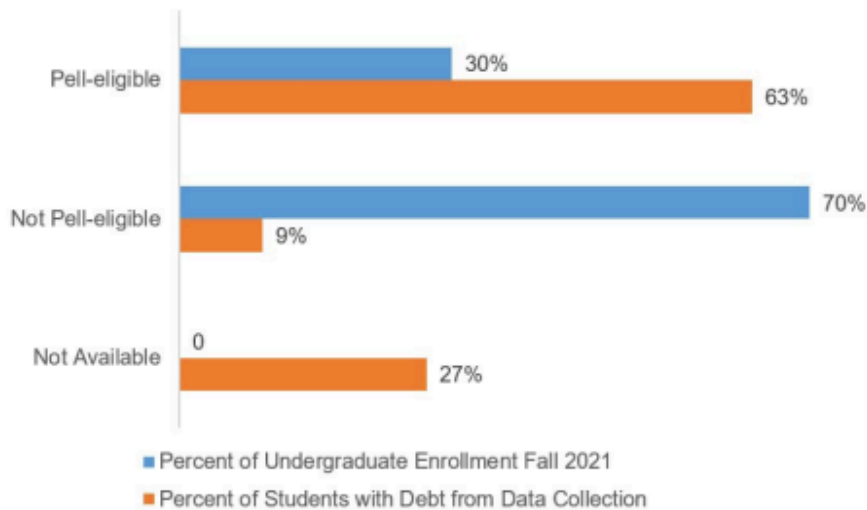
<sup>9</sup> See Virginia Report.

<sup>10</sup> Virginia Report at 16.

**Pell-eligible students with debt at public two-year institutions**

<b>Student Type</b>	<b>Total Students with Debt</b>	<b>Share of Total Students with Debt</b>	<b>Total Debt Amount</b>	<b>Share of Total Debt</b>	<b>Average Debt Amount</b>
Pell-eligible	9,402	63%	\$7,221,639	71%	\$768
Not Pell-eligible	1,369	9%	\$1,121,655	11%	\$819
Not Available	4,056	27%	\$1,839,295	18%	\$453
<b>Total</b>	<b>14,827</b>	<b>100%</b>	<b>\$10,182,588</b>	<b>100%</b>	<b>\$687</b>

**Comparison of undergraduate enrollment and Pell-eligible students: public two-year institutions**



Source: Virginia Report

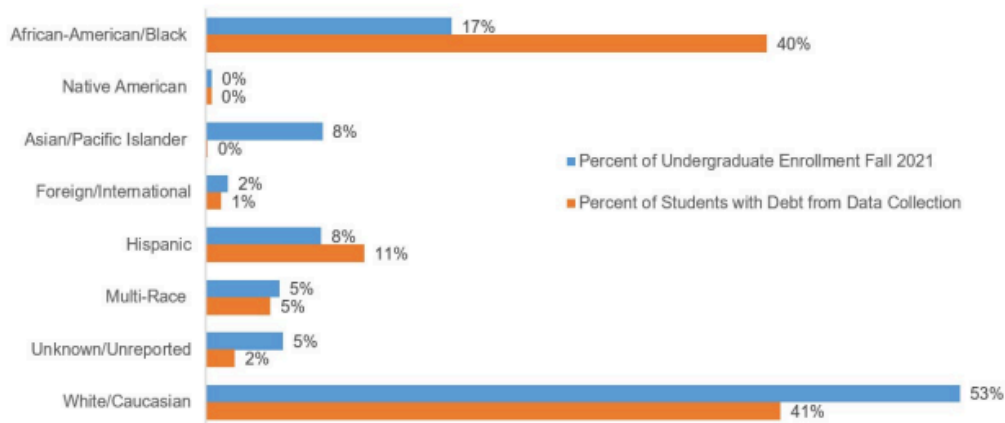
At those same schools, Black and Hispanic students comprise 17 percent and 8 percent of enrolled undergraduates, but make up 40 percent and 11 percent, respectively, of those students who owe debts to their schools.<sup>11</sup> In addition, the average balance among Black students who owe a debt to their school is more than \$120 greater than the average balance among white students who do so, and the average balance among Hispanic students who owe on an institutional debt is more than \$50 greater than the average balance among white students.

<sup>11</sup> *Id.* at 14.

**Student debt by ethnicity at public two-year institutions**

<b>Ethnicity</b>	<b>Total Students with Debt</b>	<b>Share of Total Students with Debt</b>	<b>Total Debt Amount</b>	<b>Share of Total Debt</b>	<b>Average Debt Amount</b>
African American/Black	5,897	40%	\$4,397,713	43%	\$746
Native American	59	0%	\$45,834	0%	\$777
Asian/Pacific Islander	20	0%	\$11,232	0%	\$562
Foreign/International	160	1%	\$136,730	1%	\$855
Hispanic	1,663	11%	\$1,125,057	11%	\$677
Multi-Race	680	5%	\$481,312	5%	\$708
Unknown/Unreported	305	2%	\$212,136	2%	\$696
White/Caucasian	6,043	41%	\$3,772,575	37%	\$624
<b>Total</b>	<b>14,827</b>	<b>100%</b>	<b>\$10,182,588</b>	<b>100%</b>	<b>\$687</b>

**Comparison of undergraduate enrollment and student debt by race/ethnicity at public two-year institutions**



Source: Virginia Report

Here, too, although there is not available demographic data specific to Maryland and institutional debt, the reporting from Virginia suggests these debts exacerbate already-serious racial and socio-economic disparities. There is nothing preventing Maryland policymakers from requesting these same data from schools operating within the state.

Only one school, Allegany College of Maryland, shared information on institutional debt broken down by Pell status, and the information provided mimicked that of the Virginia report. Nearly twice as much institutional debt was owed by Pell grant recipients than non-Pell grant recipients. Allegany College of Maryland reported that Pell grant recipients owed \$255,014 while non-Pell grant recipients owed \$137,610.

**Through SB 628, Maryland lawmakers can obtain the data they need to determine whether policy interventions are necessary.**

This bill would require schools to annually report on their institutional debts and collection practices. Lawmakers would then be able to make data-driven decisions about how to help students, reduce financial burdens, and improve state workforce outcomes. This data collection would build on work already underway by the federal Consumer Financial Protection Bureau, which has started to conduct regular examinations of schools who engage in institutional lending,<sup>12</sup> and recognizes that, in addition to institutions of higher education, schools are very often creditors pursuing debts from their students.

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. These reported data would be broken down by student demographics, mirroring the Virginia report. These reports would be made to the Maryland Higher Education Commission, which would make them available to the public.

The bill 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, the way that any other multi-million dollar financial institution reports to the state.

Although Maryland enacted HB 913 in 2023, which requires private student loan companies to register and report with the state, that addresses a separate but overlapping market. HB 913 covers any entity—including but not specifically schools—that engages in higher education lending. If a school offers loans or credit products to its students, it would be covered by HB 913 and would have to report on those loans or credit products. SB 628, on the other hand, covers all schools and all types of debts students owe to their schools, regardless of whether they are due to student loans. Therefore, although some schools may be covered by both laws, they are required to report different data under each law.

## **Conclusion**

SB 628 is a common-sense bill that would give Maryland policymakers the information they need to determine whether any action is needed to support students' financial stability.

Sincerely,

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<sup>12</sup> Press Release, Consumer Fin. Prot. Bureau, *Consumer Financial Protection Bureau to Examine Colleges' In-House Lending Practices* (Jan. 20, 2022), <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-to-examine-colleges-i-n-house-lending-practices/>.

Protect Borrowers

*Please contact Winston Berkman-Breen, Legal Director with Protect Borrowers, at [winston@protectborrowers.org](mailto:winston@protectborrowers.org), if you have any questions or would like to discuss this comment further.*

**HB 877\_ SB 628 FWA.pdf**

Uploaded by: Meghan Music

Position: FWA



March 11, 2026

The Honorable Brian Feldman, Chair,  
Education, Energy, and Environment Committee  
2 West Miller Senate Office Building  
Annapolis, Maryland 21401

Chair Feldman, Vice Chair Kagan, and members of the Education, Energy, and Environment Committee,

The Maryland Higher Education Commission (MHEC) respectfully requests a **favorable report with amendments** on Senate Bill 628 – *Institutions of Postsecondary Education – Institutional Debt – Report*.

MHEC supports the intent of SB 628 and the General Assembly’s commitment to improving transparency surrounding institutional debt. Institutional debt can present significant barriers to reenrollment, degree completion, transcript access, and workforce participation. A thoughtful, statewide reporting framework will provide policymakers with valuable insight into how institutional debt affects Maryland students and where targeted solutions may be appropriate.

To ensure consistent statewide implementation and an administratively feasible level of oversight, MHEC respectfully requests the following amendments.

1. The reporting elements required are highly technical. MHEC requests an amendment to strike the current definitions in Section (A) of the bill. In their place, MHEC requests a requirement for the Commission to develop and publish a standardized data dictionary prior to the first reporting cycle. This ensures that definitions for demographic categories and debt classifications are consistent and accurately aggregated across all sectors.
2. The bill authorizes the Commission to impose civil penalties of up to \$10,000 for failure to submit a report or knowingly including inaccurate information.

MHEC respectfully requests the removal of the civil penalty provision. The Commission’s role under this legislation is to collect and analyze data to inform policy, not to impose punitive sanctions. Given the complexity of the reporting requirements,

discrepancies may arise from definitional interpretation or data system limitations rather than intentional misconduct.

MHEC believes compliance can be achieved through technical assistance, written notice of deficiencies, and corrective processes without the need for a new civil penalty framework.

3. MHEC requests that the initial reporting deadline be changed from October 1, 2027, to **August 1, 2027**.

This adjustment is necessary to allow sufficient time for the development of the data dictionary, issuance of guidance, institutional system updates, stakeholder consultation, and implementation planning. Given the scope of required data elements, institutions will require adequate lead time to ensure accurate and compliant reporting.

4. MHEC requests that the reporting frequency be changed from an annual requirement to a biennial requirement (every two years). This adjustment will allow for a more thorough analysis of longitudinal data trends while reducing the recurring administrative and data-collection burden on the State's postsecondary institutions.
5. Finally, to operationalize this work and fulfill the legislative mandate of providing actionable insights, MHEC will require at least one dedicated staff member to complete the comprehensive analysis of the reporting data. The synthesis of data from over 200 institutions into a coherent statewide report is a highly technical task that cannot be absorbed by existing personnel.

Senate Bill 628 advances an important policy discussion regarding institutional debt and its impact on Maryland students. With the amendments outlined above, the bill can be implemented in a manner that promotes transparency while ensuring administrative clarity, fairness, and statewide consistency.

For these reasons, the Maryland Higher Education Commission respectfully requests a **favorable with amendments** report on SB 628. If you have any questions or concerns, please contact Meghan Music, Executive Director of External and Legislative Relations.

Yours in service,

A handwritten signature in blue ink, appearing to read "S K Rai".

Secretary Rai

Amendments:

AMENDMENT 1 – STRIKE DEFINITIONS AND REQUIRE DATA DICTIONARY

On page 2, strike lines 19 through 30; and on page 3, strike lines 1 through 11 in their entirety. (Strikes existing definitions of “Administrative Hold”, “Charge Off”, “Demographic Categories”, “Institutional Debt”, and “Nonjudicial Collection”).

Substitute: “BEFORE THE FIRST REPORTING DEADLINE ESTABLISHED UNDER THIS SECTION, THE COMMISSION SHALL DEVELOP AND PUBLISH A DATA DICTIONARY THAT DEFINES THE TERMS, DATA ELEMENTS, CLASSIFICATIONS, AND REPORTING CATEGORIES REQUIRED UNDER THIS SECTION. EACH INSTITUTION SHALL SUBMIT ITS REPORT IN ACCORDANCE WITH THE STANDARDS ESTABLISHED BY THE COMMISSION’S DATA DICTIONARY.”

AMENDMENT 2 – BIENNIAL REPORTING

ON PAGE, IN LINE, STRIKE “EACH YEAR” AND SUBSTITUTE “EVERY TWO YEARS”. (CONFORM ALL SUBSEQUENT REFERENCES TO ENSURE AN EVERY-OTHER-YEAR REPORTING CYCLE.)

AMENDMENT 3 – REMOVAL OF CIVIL PENALTY PROVISION

On page 6, strike lines 1-27 in their entirety.

(Strike the subsection authorizing the Commission to impose a civil penalty of up to \$10,000.)

If the bill currently reads:

“THE COMMISSION MAY IMPOSE A CIVIL PENALTY NOT EXCEEDING \$10,000...”

Strike that language in its entirety, including all related hearing and penalty enforcement provisions.

(Strike all references to civil penalties, hearings related to civil penalties, and penalty enforcement authority.)

AMENDMENT 4 – CHANGE INITIAL REPORTING DATE

On page 3, in line 14, strike “OCTOBER 1, 2027” and substitute “AUGUST 1, 2027”.

**SB 628 USM MICUA MACC UNFAV.pdf**

Uploaded by: Beatrix Peck

Position: UNF



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Adelphi, MD 20783

140 South Street  
Annapolis, MD 21401

60 West Street, Suite 200  
Annapolis, MD 21401

## Opposition

### Senate Education, Energy, and the Environment Committee *Senate Bill 628– (Kramer) Institutions of Postsecondary Education – Institutional Debt – Report*

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Thank you for the opportunity to provide testimony, respectfully, in opposition to [\*Senate Bill 628 \(Kramer\) Institutions of Postsecondary Education – Institutional Debt – Report\*](#). We are writing on behalf of the University System of Maryland, Maryland Independent College and University Association (MICUA) institutions, and the Maryland Association of Community Colleges.

In recent months, higher education has faced an unprecedented wave of regulatory changes. Notable examples include the implementation of the One Big Beautiful Bill Act (OBBA) affecting Pell Grants and student loan prorations, the elimination of Graduate PLUS loans, the conclusion of FAFSA simplification with the A1-3 audit, and the decentralization—and possible recentralization—of the Maryland Guaranteed Access Grant. The landscape of student aid is being fundamentally reshaped.

Federal and State legislative changes are converging with a rapid cycle of regulatory transformation and ongoing strategic commitments by institutions, resulting in significant, far-reaching consequences for higher education. Each new reporting requirement adds layers of operational complexity, compounding the challenges for compliance, systems, and staffing—as detailed below.

SB 628 fails to provide a purpose for collecting the data, an explanation as to how the information will be utilized or the value added that could come from the burdensome reporting requirements in the bill. It is unclear how the annual report will accomplish anything other than the creation of another report. This bill requires compiling data that the institution does not routinely collect. Section C, beginning on page 3, line 23 through page 5 line 25 of the bill would be difficult for most postsecondary institutions to collect for the following reasons:

- Most institutions have a current Enterprise Resource Planning (ERP) system that does not have the level of sophistication to detail the types of charges by tuition, room and board, fees, etc.
- The current ERP system would require a considerable effort to manually identify the basis of the charge. An institution would need to install a new, appropriate system capable of distilling the information requested.
- Institutions would need to hire personnel to support the additional hours needed to compile the data and manage the annual request. Staff would spend additional time verifying the information for accuracy due to constantly updating and reviewing the data.
- Institutions do not categorize outstanding debt by race, ethnicity, age, or gender as the student could omit the information. A report on an institution's outstanding debt based on those parameters is not currently available.
- The deadline for submitting the report is extremely difficult since many departments are completing annual audits around October 1st, the due date for the report. This additional reporting requirement obligates institutions to examine data beyond the information they collect for business purposes.
- Several data points are not housed within a single department, rather there are many custodians of the information such as admissions, financial aid, accounting, registrar, and residence life offices. Thus, it would be a tremendous strain on various departments to collect and compile the data.
- Engagement with third-party vendors who manage payment plans would be required to request the data, and they could pass additional costs to the institution.

The bill includes language authorizing the Maryland Higher Education Commission (MHEC) to impose up to \$10,000 in civil penalties against an institution that fails to submit a report or knowingly provides inaccurate information in the report. No other higher education reporting requirements carry such a punitive penalty and if fundamentally, and detrimentally shifts the relationship between MHEC and institutions. The data sets outlined in the bill are constantly changing, which could subject an institution to a fine even when it acts in good faith to comply.

As previously discussed, multiple factors can prevent institutions from gathering the required data and producing meaningful reports for MHEC. Therefore, it is neither reasonable nor equitable for MHEC to sanction institutions that lack the necessary system capabilities or staffing to comply with SB 628's extensive data requests.

SB 628 should not be viewed as a single report in isolation but rather the continued addition of reporting mandates without corresponding consideration of operational capacity, system constraints, or workforce resources. The possible implications are institutional effectiveness, student service delivery, and long-term sustainability.

***For these reasons, we respectfully request an unfavorable committee report of SB 628.***