

Oppose

Senate Education, Health, and Environmental Affairs Committee
***Senate Bill 152 (Kramer) Institutions of Higher Education – Transcripts – Prohibition
on Punitive Measures Related to Student Debt***

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On behalf of Maryland's 13 state-aided private nonprofit colleges and universities and the 58,000 students that we serve, I thank you for the opportunity to provide this testimony, respectfully, **in opposition** to [*Senate Bill 152 \(Kramer\) Institutions of Higher Education – Transcripts – Prohibition on Punitive Measures Related to Student Debt*](#). This bill prohibits all institutions of higher education from refusing to provide a transcript to a student because the student owes a debt. The bill does not specify a threshold for this debt. The bill also prohibits the institution from using transcript issuance as a tool for debt collection.

Unpaid student debt is a daunting problem, and we understand that withholding a transcript as a tool to address unpaid student debt can be perceived as a barrier to completion of a degree or obtaining of employment. We are aware that unpaid student debt may be most detrimental to individuals from lower-income backgrounds. However, we note the following counter-points for your consideration:

- The collection of unpaid student debt is an individualized process and is handled by an institution on a case-by-case basis in order to determine the best path forward *for that student*. **Debt collection is not a one-size-fits-all process.**
- Individual unpaid student debt **impacts the entire student body**. When the institution is unable to recoup funds, expenses must be borne by other students at the institution via increases in tuition or reduction in student services (for example).
- **Students are offered multiple options and pathways to alleviate unpaid debt** before an institution turns the debt to a collection agency. Withholding a transcript is one of these tools, and often the tool of last resort.
- This **bill could compound a student's debt** by enabling a student with debt to continue to accrue more debt without immediate/any consequences.
- Institutions communicate directly with other institutions or employers regarding a degree conferred or other necessary information. In this way, our **institutions**

eliminate barriers to completion and employment even in the instance of unpaid debt.

- **An institution turns unpaid debt to a collection agency only in the most egregious circumstances** when a student is completely nonresponsive and numerous attempts at compromise have failed.
- If the option to withhold a transcript in the instance of unpaid student debt is removed, **unpaid debt may be turned over to a collection agency sooner** in the process, thereby damaging the student's credit – a much more dire consequence.

During the fall 2021 semester, as students continued to struggle with the economic hardships created by the ongoing pandemic, at least one MICUA institution increased student debt limit allowances. The long-term consequences of this action are, as yet, unknown; however, having this flexibility to help students in need has been invaluable.

MICUA would welcome the chance to discuss further the challenges of collecting unpaid student debt and other financial-related issues that impede a student's successful pursuit of higher education. Particularly at our smaller institutions, this bill could jeopardize our ability to serve faithfully our students and the State of Maryland.

For all of these reasons, **MICUA respectfully urges the Committee to give Senate Bill 152 an unfavorable report.** We thank the sponsor for calling attention to this important issue and we look forward to working with him and the Committee to craft a solution that will work best for everyone.