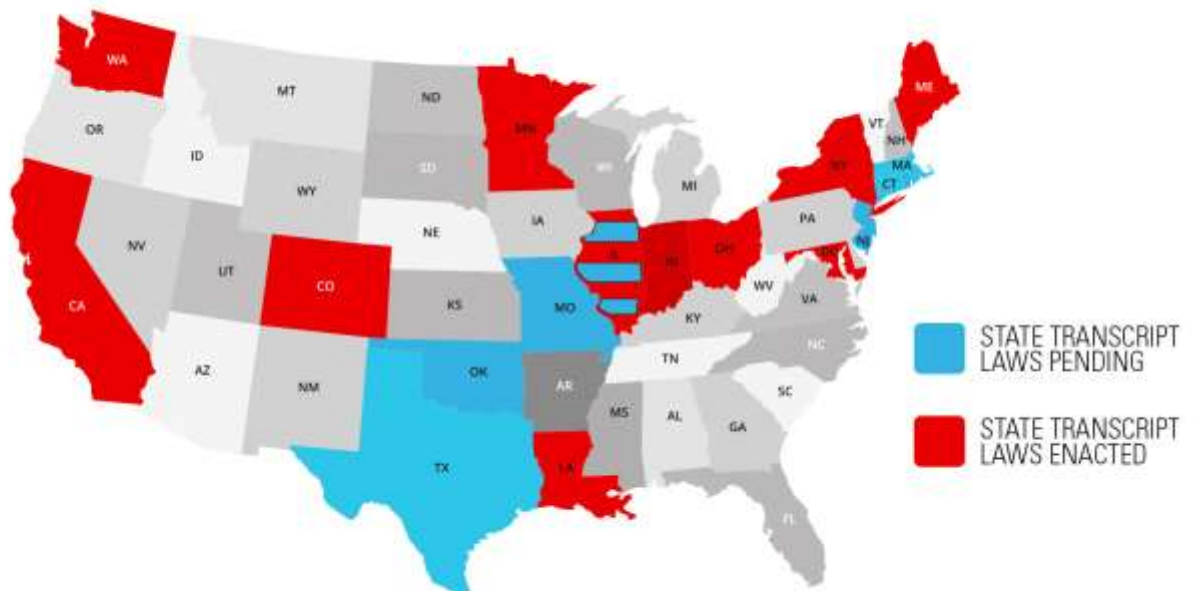




Over the past several years, many states have introduced measures that would prohibit colleges and universities from withholding transcripts due to unpaid debts. Withholding transcripts is a key tool in the process by which colleges and universities communicate with students about owed balances. In the same way a bank might place a lien on a vehicle for an auto loan, schools hold transcripts to keep students accountable for the debt they owe. Most institutions already have their students “read, understand, and agree” to a financial responsibility agreement. If a student fails to meet payment deadlines, then monthly reminder notices are often sent out and phone calls are made to remind students about unpaid balances. Eliminating this minor accountability tool will lead schools to pursue other measures resulting in negative impact to the former student.

This memo will be regularly updated: Last updated on May 1, 2023.



## Pending Legislation for 2023 Legislative Sessions

### **California – [AB 1160](#)**

Status: Introduced February 16, 2023

- Referred to the Committee on Higher Education on March 16, 2023

Sponsors: Blanca Pacheco

Summary: This bill would a school from refusing to provide a diploma or certificate for a current or former student on the grounds that the student owes a debt, conditioning the provision of a diploma or certificate on the payment of a debt, charging a higher fee for obtaining a diploma or certificate or providing less favorable treatment of a diploma or certificate request because a student owes a debt, or using a diploma or certificate issuance as a tool for debt collection. The bill would prohibit a school from engaging a third-party debt collection agency to collect an existing or future student debt or selling an existing or future student debt to a third party. The bill would make other conforming changes.

This bill would prohibit an institution of higher education from taking specified actions, including, among other things, placing an enrollment or registration hold on a current or former student's account, on the grounds that the student owes an institutional debt, as defined. The bill would require the governing boards of institutions of higher education, and request the office of the President of the University of California, to require each institution to report, on an annual basis, specified information regarding the number and dollar amount of institutional debts at each institution. By imposing new duties on community college districts, the bill would constitute a state-mandated local program.

### **Connecticut – [SB 17](#)**

Status: Passed the Senate on 4/20/2022 by a vote of 23-10

Received and placed on the calendar ni the House on April 22, 2022

Sponsors:

- Senate: Kevin Witkos, Saud Anwar
- House: Anthony Nolan, Hubert Delany, trenee McGee, Brian Smith, Marylan Khan, Corey Paris, Michael Winkler

Summary: As introduced, this bill would prohibit an institution of higher education from withholding a student's transcript for failure to pay a debt owed to the institution. It would further restrict that an institution condition the release on the payment of the debt, charging a higher fee to a student holding an institutional debt, or issuing the transcript as a method of collecting on a debt. *During Committee consideration*, an amendment was offered that streamlines the originally drafted language and modifies the restriction of withholding a transcript only when a student requests it for employment purposes.

### **Illinois – [SB 49](#)**

Status: Passed the Senate on 3/24/23 by a vote of 37-10

- Placed on calendar in the House for 2<sup>nd</sup> Reading on April 20, 2023
- Received by the House and referred to the Rules Committee

Sponsors:

- Senate: Laura Fine (Filed), Adriane Johnson, Javier Cervantes, Ram Villavalam, Cristina Pacione-Zayas, Mike Simmons-Gessesse
- House: Bob Morgan, Megan Jones

Summary: As introduced, this bill amends the Student Debt Assistance Act, which became law in 2022. This bill provides that an institution of higher education shall provide an official transcript of a current or former student that student under specified conditions (instead of providing that an institution of higher education must provide an official transcript of a current or former student to a current or potential employer, even if the current or former student owes a debt). Additionally, the bill provides that an institution may adopt a more lenient policy on providing an official transcript to a current or former student who owes a debt. Beginning with the 2023-2024 academic year, each institution shall adopt a policy that outlines the process by which a current or former student may obtain a transcript or diploma that has been withheld from the student because the student owes a debt. Provides that on or before July 1, 2024 and on or before each July 1 thereafter, each institution shall report to the Board of Higher Education information regarding financial-based transcript and registration holds. Any complaints from current or former students who have had an unofficial or official transcript withheld may be filed with the Attorney General's student loan ombudsperson.

**Indiana – [SB 404](#)**

Status: Signed by the Governor on April 20, 2023

- Passed the Senate on 2/14/2023 by a vote 47-2
- Passed the House with amendments on 3/21/2023 by a vote of 95-0
- Returned to the Senate on 3/22/2023 with amendments

Sponsors:

- Senate: Spencer Deery (Filed), J.D. Ford, Brian Buchanan, Kyle Walker, Fady Qaddoura
- House: Sheila Klinker, Julie McGuire, Ragen Hatcher

Summary: As introduced, this bill provides that a state educational institution or private postsecondary educational institution operated for profit (institution) in Indiana may not: (1) refuse to provide a transcript for a current or former student of the institution on the grounds that the student owes a debt to the institution; (2) charge a higher fee for obtaining a transcript or provide less favorable treatment of a request for a transcript of a current or former student who owes a debt to the institution; or (3) withhold from a current or former student's transcript any degrees earned on the grounds that the student owes a debt to the institution; if the student has paid certain amounts in the past year on the debt owed. This bill also provides that a current or former student may bring a civil action against an institution for a violation of these provisions.

### **Louisiana – [HB183](#)**

Status: **Passed the House; Pending in the Senate**

- Referred to the Senate Committee on Education on May 18, 2022
- Passed the House on May 17, 2022 by a vote of 73 to 23.
- House Higher education Committee reported bill favorably by a vote of 10 to 0.
- There is no companion measure in the Senate.

Sponsors:

- House: Jason Hughes (Sponsor)

Summary: Under current Louisiana law, public postsecondary education management boards **may** adopt policies to prohibit the institutions under their supervision from withholding student transcripts and other records due to outstanding debt or defaulting on a loan. The bill would **require** postsecondary education management boards to adopt a policy. (See Louisiana bill below in state passed section.)

### **Maryland – [SB248](#)**

Status: Passed the House on April 4, 2023 by a vote of 126-14. Awaiting signature from the Governor

- Passed the Senate on March 2, 2023 by a vote of 45-0

Sponsor: Benjamin Kramer (Sponsor), Malcolm Augustine, Mary Washington, ben Brooks, Katie Hester

Summary: The bill would require institutions of higher education to release a transcript to a student owing a debt to the institution if that debt is \$1,000 or less. Further, for students with a balance above \$1,000, an institution is required to release the student's transcript if that student enters into a payment plan within 90 days of making the request for the transcript.

### **Missouri – [HB972](#)**

Status: Introduced January 26, 2023

Sponsors:

- House: Kevin Windham

Summary: This bill would prevent all public and private institutions regulated by the Missouri coordinating board for higher education from withholding a transcript to a current or former student because that student owes the institution a debt. In addition, the school may not require the student to pay their debt to get their transcript or charge a higher fee or less favorable treatment because the student owes a debt. Finally, issuing a transcript may not be used as a tool to collect a debt.

### **New Jersey – [S1115](#), [A1198](#), [S3548](#)**

Status: A1198 passed the Assembly on December 15, 2023 by a vote of 72-2

Sponsors:

- Senate: Sandra Cunningham (Filed S1115), Andrew Zwicker, Joe Pennacchio (Filed S3548)
- House: Mila Jasey (filed A1198; Verlina Reynolds-Jackson)

Summary: Prohibits institutions of higher education and certain proprietary institutions from withholding transcripts due to an outstanding balance on the student's account. The bill has similar provisions to other state legislation where the institution may not charge a higher fee for a student who owes a balance or use the issuance of a transcript as a tool for debt collection.

**Oklahoma – [HB2785](#)**

Status: Referred to the Committee on Higher Education and Career Tech

- Introduced on February 8, 2023
- First Reading on February 6, 2023
- Second Reading on February 7, 2023 and referred to the Rules Committee

Sponsor:

- House: Cyndi Munson

Summary: The bill would prevent any institution within the Oklahoma State System of Higher Education from withholding a current or former student's transcript because that student owes a debt. An institution is also not allowed to condition the issuance of a transcript on the payment of a debt, or charge a higher fee or treat less favorably a transcript request because of a debt. Finally, system institutions would not be allowed to prevent a student (current, former, or prospective) from enrolling due to a missing or withheld transcript issued by an out-of-state institution. The language clarifies that the bill does not require an institution to forgive or cancel a debt. The bill would become effective on November 1, 2022

**Rhode Island – [S696](#)**

Status: Introduced in the Senate on 3/22/2023 and referred to the Senate Commerce Committee

Sponsors:

- Senate: Roger Picard (Filed)

Summary: This bill prohibits a student loan servicer from withholding a borrowers' transcript who are delinquent in their student loan payments.

STATES THAT HAVE PASSED LEGISLATION IN PREVIOUS LEGISLATIVE SESSIONS

**California – [AB1313](#)**

Status: **Signed by the governor on October 4, 2019, effective January 1, 2020**

- Passed assembly on September 9, 2019 by a vote of 79-0
- Passed the Senate on September 5, 2019 by a vote of 40-0

Sponsors:

- Assembly: Luz Rivas (Filed)

Summary: This bill says that a school shall not do any of the following:

- This bill states that an institution cannot refuse to provide a transcript for a current or former student on the grounds that the student owes a debt, condition the provision of a transcript on the payment of a debt, other than a fee charged to provide the transcript, charge a higher fee for obtaining a transcript, or provide less favorable treatment of a transcript request, because a student owes a debt, or use transcript issuance as a tool for debt collection.

### Colorado – [HB1049](#), Prohibiting Transcript and Diploma Withholding

- Signed by Governor on April 21, 2022 (effective upon signature)
- Reporting requirements effective July 1, 2024.
- Passed by House (Senate amended version) on March 31, 2022 by a vote of 41-24
- Passed by the Senate (amended) on March 29, 2022 by a vote of 20-13
- Passed by the House (amended) on February 28, 2022 by a vote of 40-24

Sponsors:

- House: Jennifer Bacon; Naquetta Ricks
- Senate: Brittany Pettersen; Jeff Bridges

Summary: *As introduced*, this would prohibit an institution from withholding a transcript or a diploma from a current or former student for any reason. The institution also may not charge a higher fee due to the student owing the institution a debt or issuing a transcript or diploma as a means for debt collection. In addition, this bill provides a civil right of action to a current or former student whose transcript or diploma is withheld and entitles the student to injunctive relief. Other penalties could include a civil penalty of up to \$500 for each violation and reasonable attorney fees and costs.

The *House Education Committee* adopted an amendment on a 6-3 vote that amended the original bill which removed the civil right of action and allowed an institution of higher education to withhold a transcript or diploma except when a student requested the document for the following:

- A job application;
- Transferring to another postsecondary institution;
- Applying for state, federal or institutional financial aid;
- Pursuing an opportunity in the military or national guard; or
- Pursuit of other postsecondary opportunities.

In addition, the amendment requires each postsecondary institution to adopt and post a policy that outlines the process by which a student may obtain a transcript or diploma

may be withheld from a current or former student. Of note, such policy may include an opportunity to allow the student to pay their debt through a payment plan. Beginning on July 1, 2024, each institution must annually report certain information to the Colorado Department of Higher Education concerning transcript, diploma, and registration holds.

*During Senate consideration*, the language of the bill was amended a bit for structure, but the effect of the language remained essentially the same.

### Illinois - [SB3032](#), Student Debt Assistance Act

- Signed by the Governor on May 27, 2022. Effective date: 5/27/2022
- Passed by House on March 29, 2022 by a vote of 74-33 with one Member voting present
- Passed the Senate on April 8, 2022 by a vote of 49-0.

#### Sponsors:

- Senate: Laura Fine (filed); Laura Murphy; Michael Hastings; Elgie Sims, Jr.; Laura Ellman; Mike Simmons; Celina Villanueva; Napoleon Harris, III; Jacqueline Collins
- House: Bob Morgan (Chief Sponsor); Carol Ammons; LaShawn Ford; Jennifer Gong-Gershowitz; Elizabeth Hernandez; LaToya Greenwood; Sonya Harper; Lamont Robinson, Jr.; Emanuel Welch; Camille Lilly; Lakesia Collins; Dagmara Avelar; Denyse Stoneback

Summary: *As introduced*, this bill would prohibit institutions from withholding transcripts from a current or former student if that student owes a debt to the institution. Beginning with 2022-2023 academic year, requires an institution to make a good faith effort to offer a debt repayment plan to any student who owes a debt of \$250 or more to the institution. *During Senate floor consideration*, Senator Fine offered an amendment to her bill that modified the bill significantly. The amendment prevents an institution from providing an unofficial transcript to a current or former student because that student may owe a debt. Further, the amendment requires an institution to provide an official transcript to a current or potential employer even if that student owes a debt. In addition, if an institution chooses a collection agency to secure a student's debt, the past due debt may not be reported to any credit reporting agency or used against the student in a credit report or score. *The bill was further amended during House consideration* to modify the credit reporting agency prohibition provision, except to those instances where required by federal law.

The bill that passed both Chambers allows institutions to withhold the issuance of an official transcript, except when the student is requesting that transcript for employment purposes. However, the institution must issue an unofficial transcript for any purpose. If the institution uses a collection agency to recover a debt from a student, then that student's debt may not be reported to a credit reporting agency, unless required to do so by federal law.

### Louisiana - [HB676](#)

Status: **Signed by the governor on June 13, 2020. Effective August 1, 2020**



- Passed by the House on May 31, 2020 by a vote of 88 to 6
- Passed by the Senate on May 29, 2020 by a vote of 32 to 0

Sponsors:

- House: Julie Emerson (Filed), John Stefanski, Dustin Miller, Bryan Fontenot, Randal Gaines, Wilford Carter, Chuck Owen, Marcus Bryant, Aimee Freeman, Ed Larvadain, Larry Selders, Gary Carter, Barbara Freiberg, Royce Duplessis, Travis Johnson, Rodney Lyons, Dewith Carrier, Barry Ivey
- Senate: Katrina Jackson, Cleo Fields

Summary: This bill allowed public postsecondary education management boards to adopt policies for institutions under their authority that prohibits the withholding of transcripts because a student owes a debt.

**Maine** – [LD 1838](#) (SP 656)

Status: **Became law on March 31, 2022**

- Signed by the Governor March 31, 2022
- Passed by the Senate on March 29, 2022
- Passed by the House on March 24, 2022

Sponsors:

Senate: Eloise Vitelli, Stacy Brenner, Glenn Curry, Matthea Daughtry, Craig Hickman, Margaret O’Neil, Joseph Rafferty, Harold Stewart, Denise Tepler

Summary: This law requires institutions in the state of Maine to issue transcripts to a current or former student who owes a debt to that institution if that student’s debt is \$500 or less at a 2-year institution or \$2,500 or less at a 4-year institution. An institution that requires the repayment of a debt for a student with debt above those thresholds before releasing a transcript must allow the student to appeal their repayment plan and collect data on the reason the student is requesting the transcript. The data should include, but is not limited to:

- ❖ A job application,
- ❖ Transfer to another school,
- ❖ An application for financial aid,
- ❖ Pursuit of opportunities in the military or National Guard, or
- ❖ Pursuit of other postsecondary opportunities.

Finally, an institution may not require a student make a payment toward a payment plan before releasing the student’s transcript. If an institution has more than one facility or branch in the state, that institution must have a uniform transcript policy for all locations in the state.

Institutions are required to report information to the appropriate legislative committees with jurisdiction over education beginning on January 15, 2023 and each year thereafter. Such report shall include:

- The number of transcripts released disaggregating the number of transcript releases for students above the \$500 and \$2,500 thresholds;



- The number of accounts in a repayment plan, the amounts outstanding in those plans, and the status of those accounts; and
- The number of requests including reason for request, demographic information of the student and nature and age of the debt, if applicable.
- The report may also include a recommendation to adjust the \$500 and \$2,500 thresholds.

### **Minnesota – [SF3638](#), [HF3392](#)**

Status: **Became law on May, 27, 2020**

- Signed by the Governor on May 27, 2020
- Passed the House on May 17, 2020 by a vote of 126-5
- Passed the Senate on May 14, 2020 by a vote of 67-0

Sponsors:

- Senate: Paul Anderson; Gregory Clausen
- House: Connie Bernardy

Summary: The measure made it a condition of approval for operating in the state that an institution may not withhold a student's official transcript if the student is delinquent or in default on any institution loan issued by the school to the student such that it qualifies as an institutional loan under USC, Title 11, section 523(a)(8)(b). This provision would only apply to private institutions seeking approval to operate in Minnesota either through an initial application or a renewal application. In addition, the measure only applies to loan debt owed to the institution.

Effective Date: August 1, 2020

### **Minnesota – [HF7](#) (Special Session)**

Status: **Became law on June 26, 2021, effective July 1, 2021**

- Signed by the Governor on June 26, 2021
- Passed the House (Amended) on June 22, 2021
- Passed the Senate on June 21, 2021

Sponsors:

- House: Connie Bernardy
- Senate: David Tomassoni

Summary: This bill was introduced during a special session of the first session of the Minnesota legislative session in 2021. It is a higher education funding bill; however, the measure contains several higher education policy provisions. Section 44 of Article 2, states that any institution of higher education in the state (public, private, or for-profit) shall not refuse to provide a transcript to a current or former student who owes a debt to the institution if the student owes less than \$250; the student has entered into and is complying with a school payment plan; the request is being made by a prospective employer; or the institution has sent the debt to the Department of Revenue or a collection agency for payment. In addition, the school may not charge an additional or

higher fee for the transcript to a student who owes a debt. Institutions that use transcript issuance as a tool for debt collection must have that policy accessible to students stating how the institution collects debts and should utilize the policy in as few as cases as possible. Schools are required to submit a report to the state Office of Higher Education with a list of required information by April 15, 2022 and April 15, 2023. The Commissioner is required to compile and report to the legislature the reported data by October 15 in 2022 and 2023.

These requirements and policies will expire on June 30, 2024, unless further legislative action is taken.

### **New York – [S5294C, A6938](#)**

Status: **Became law on May 4, 2022**

- Signed by the Governor on May 4, 2022
- Passed the Senate (House amendment) on March 31, 2022 by a vote of 44-19.
- Passed the House (Amended) on March 28, 2022
- Passed the Senate on March 7, 2022

Sponsors:

- Senate: Kevin Thomas (Sponsor); Joseph Addabbo, Jr; Alessandra Biaggi; Samra Brouk; Cordell Cleare; Andrew Gounardes; Michelle Hinchey; Robert Jackson; John Mannion; Rachel May; Jessica Ramos
- House: Harvey Epstein (Sponsor); Rebecca Seawright; Phil Steck; Chris Burdick; Jeffrey Dinowitz; Sarah Clark; William Magnarelli; Jessica Gonzalez-Rojas; Richard Gottfried; Anna Kelles; Jo Anne Simon; Stefani Zinerman; William Colton; Philip Ramos; Nathalia Fernandez; Jonathan Jacobson; Eddie Gibbs; Manny DeLos Santos; Phara Souffrant Forrest

Summary: *As introduced*, the bill would make transcript withholding a prohibited debt collection practice and a deceptive business practice. The bill contains similar language as other state legislation. However, the bill indicates that an institution may not withhold a “transcript” because of unpaid “tuition”, condition the issuance of the transcript on a condition of payment of a “debt”, charge a higher fee, or use the issuance as a tool for debt collection. It goes further to say that an “official transcript” may not be withheld for the same five provisions in the Colorado law. In addition, the bill creates a \$500 state penalty for each violation and creates a private right of action for the student.

*During Senate consideration*, an amendment was offered that simplified the language by removing the “official transcript” language. *During debate in the House*, the language was modified twice. The first amendment removed the language designating transcript withholding as a prohibited debt collection practice and a deceptive practice. It also further greatly simplified the transcript withholding prohibition to an institution may not withhold because of a debt nor can it charge a higher fee, with no other stipulation. The second amendment added back in language that an institution cannot condition the issuance of a transcript on a student’s debt payment.

The law signed by the Governor prevents and institution of higher education from withholding a student’s transcript due to a debt owed by that student, may not charge a

higher fee to a student that has debt or condition the issuance of the transcript on a debt payment. In addition, the law creates a \$500 state penalty for each infraction and provides a private right of action to collect attorney's fees.

Effective Date: May 30, 2022

### Ohio – [HB110](#)

Status: **Signed by the governor on June 30, 2021, effective July 1, 2021**

- Conference report agreed to on June 28, 2021
- Passed the Senate June 28, 2021 by a vote of 32 to 1
- Passed the House on April 28, 2021 by a vote of 89 to 13

Sponsors:

- House: Scott Oelslager (Filed), Cindy Abrams, Brian Baldrige, Adam Bird, Jamie Callender, Rick Cargagna, Sara Carruthers Gary Click, Jon Cross, Robert Cupp, Al Cutrona, Jay Edwards, Haraz Ghanbari, Timothy Ginter, Thomas Hall, Adam Holmes, Marilyn John, Mark Johnson, Don Jones, Laura Lanese, P. Scott Lipps, Mike Loychik, Thomas Patton, Gail Pavliga, Phil Plummer, Tracy Richardson, Bill Roemer, Jean Schmidt, Dick Stein, Jason Stephens, Brian Stewart, Daniel Troy, Andrea White, Scott Wiggam, Bob Young, Tom Young
- Senate: Louis Blessing, Andrew Brenner, Jerry Cirino, Matt Dolan, Theresa Gavarone, Bob Hackett, Frank Hoagland, Jay Hottinger, Stephen Huffman, Terry Johnson, George Lang, Nathan Manning, Sandra O'Brien, Bill Reineke, Kristina Roegner, Michael Rulli, Tim Schaffer

Summary: This bill states that an Ohio institution of higher education shall not withhold a student's official transcripts from a potential employer because the student owes money to the institution, provided the student has authorized the transcripts to be sent to the employer and the employer affirms to the institution that the transcripts are a prerequisite of employment.

### Washington – [HB2513](#)

Status: **Signed by the governor on April 2, 2020, effective June 11, 2020**

- Passed by the Senate on March 6, 2020 by a vote of 36 to 13
- Passed the House on March 11, 2020 by a vote of 59 to 38

Sponsors:

- House: Debra Lekanoff, Gerry Pollet, Javier Valdez, Jesse Johnson, Lauren Davis, Lillian Ortiz-Self, Marcus Riccelli, Mari Leavitt, Roger Goodman, Steve Bergquist, Timm Ormsby
- Emily Randall (Filed Companion Bill), Claire Wilson, Liz Lovelett, David Frockt, Joe Nugten, Mank Dhingra, Patty Kuderer, Bob Hasegawa, Derek Stanford

Summary: This bill prohibits the practice of transcript withholding and limiting the practice of registration holds at institutions of higher education as debt collection practices.

