

HOUSE BILL REPORT

HB 2513

As Reported by House Committee On:
College & Workforce Development
Appropriations

Title: An act relating to prohibiting the practice of transcript withholding and limiting the practice of registration holds at institutions of higher education as debt collection practices.

Brief Description: Prohibiting the practice of transcript withholding and limiting the practice of registration holds at institutions of higher education as debt collection practices.

Sponsors: Representatives Slatter, Leavitt, Ortiz-Self, Valdez, Bergquist, Davis, J. Johnson, Pollet, Goodman, Lekanoff, Ormsby and Riccelli; by request of Lieutenant Governor.

Brief History:

Committee Activity:

College & Workforce Development: 1/22/20, 2/5/20 [DPS];
Appropriations: 2/8/20, 2/10/20 [DP2S(w/o sub CWD)].

Brief Summary of Second Substitute Bill

- Prohibits institutions of higher education from withholding a student's official transcripts as a tool for debt collection, except for debt related to unpaid tuition fees.
- Limits the practice of registration holds at institutions of higher education as a tool for debt collection.
- Requires institutions of higher education to report information to the Governor and higher education committees of the Legislature annually, on data related to transcript and registration holds.

HOUSE COMMITTEE ON COLLEGE & WORKFORCE DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Hansen, Chair; Entenman, Vice Chair; Leavitt, Vice Chair; Bergquist, Mead, Paul, Pollet, Ramos, Rude, Sells, Slatter and Sutherland.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 4 members: Representatives Van Werven, Ranking Minority Member; Gildon, Assistant Ranking Minority Member; Kraft and Young.

Minority Report: Without recommendation. Signed by 1 member: Representative Graham, Assistant Ranking Minority Member.

Staff: Elizabeth Allison (786-7129).

Background:

Institutions of higher education may impose reasonable financing and late charges, as well as reasonable costs and expenses incurred in the collection of debts owed to the institution, if provided for in the note or agreement signed by the debtor.

A transcript hold stops a student from getting a copy of their transcript. A registration hold stops students from registering for classes.

All public four-year institutions and most community and technical colleges impose a hold on students' transcripts, or refuse to release the transcripts, if the student owes outstanding fees or charges to the institutions. Almost all four-year institutions impose a registration hold for outstanding fees or charges.

Summary of Substitute Bill:

Institutions of higher education may only withhold a student's official transcripts for the purposes of collecting debt related to unpaid tuition fees or fees charged to provide the official transcript. An institution may not withhold an official transcript if the transcript is requested for a job application, transfer to another institution, or financial aid application. An institution is required to release a student's transcript if the institution assigns the student's unpaid debt to a collection agency.

Institutions of higher education may only withhold a student's registration privileges as a debt collection tool for unpaid tuition fees, unpaid room and board fees, or any financial aid funds owed to the institution under Title IV due to miscalculation, withdrawal, misinformation, or other reason, not including standard student loan repayments.

"Debt," "tuition fees," and "institutions of higher education" are defined.

Substitute Bill Compared to Original Bill:

The substitute bill:

- clarifies that institutions of higher education may only withhold a student's official transcript for debts related to unpaid tuition fees or fees charged to provide the official transcript;

- provides that institutions may not withhold a student's official transcript if the transcript is requested for a job application, transferring to another institution, or applying for financial aid;
- requires institutions to release a student's transcript if the institution assigns the student's unpaid debt to a collection agency;
- provides that institutions may only withhold registration privileges for debts related to unpaid tuition fees, unpaid room and board fees, or any financial aid funds owed to the institution under Title IV or to the state due to miscalculation, withdrawal, misinformation, or other reason, not including standard repayment of student loans; and
- defines "tuition fees" as tuition fees as defined in RCW 28B.15.020, services and activities fees as defined in RCW 28B.15.041, technology fees as defined in RCW 28B.15.051, and fees charged for non-state funded, fee-based, self-supporting degree, certificate, or continuing education courses.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Institutions withhold transcripts for unpaid debt including parking fees, and students may lose access to jobs or other opportunities based on the inability to get their transcript. Once a student completes the coursework, the student's transcripts should be released. Preventing institutions from withholding transcripts would help low-income students and help ensure that students would be able to enter the workforce. The bill does not waive the student's debt.

(Opposed) The restrictions around the registration holds are not applicable to transcript holds. The provision on registration holds has some bumps around it, but the transcript hold provision does not exclude tuition. Transcript holds are a tool colleges have to collect debt without assigning the debt to a collections agency.

(Other) A cap on the debt, such as \$250, would be helpful. There is concern that eliminating an institution's ability to withhold transcripts for unpaid debt would hurt students by pushing institutions to assign debt to collection agencies rather than withholding transcripts. The current practice of the University of Washington is to release transcripts if an employer is seeking the information because this is in the best interest of the students and the institution.

Persons Testifying: (In support) Representative Slatter, prime sponsor; Cyrus Habib, Office of the Lieutenant Governor; Juliette Schindler Kelly, College Success Foundation; and Spencer Lively, Associated Students of the University of Washington.

(Opposed) Terri Standish-Kuon, Independent Colleges of Washington.

(Other) Gwen Turner, Fairway Collections; Scott Copeland, State Board for Community and Technical Colleges; Becca Kenna-Schenk, Western Washington University; and Joe Dacca, University of Washington.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on College & Workforce Development. Signed by 22 members: Representatives Ormsby, Chair; Robinson, 1st Vice Chair; Bergquist, 2nd Vice Chair; Stokesbary, Ranking Minority Member; Rude, Assistant Ranking Minority Member; Chopp, Cody, Dolan, Fitzgibbon, Hansen, Hudgins, Kilduff, Macri, Pettigrew, Pollet, Ryu, Senn, Springer, Sullivan, Sutherland, Tarleton and Tharinger.

Minority Report: Do not pass. Signed by 10 members: Representatives Caldier, Chandler, Corry, Dye, Hoff, Kraft, Mosbrucker, Schmick, Steele and Ybarra.

Staff: Kate Henry (786-7349).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On College & Workforce Development:

The second substitute bill adds a reporting requirement and changes the way that institutions notify students of transcript or registration holds. Institutions are required to report information to the Governor and higher education committees of the Legislature annually, on data related to transcript and registration holds. Institutions of higher education that choose to use transcript and registration holds as debt collection tools are required to disclose to students, through electronic mail and the registration process at the start of each academic term, information on any debts owed by the student to the institution.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) It is common practice among institutions to withhold transcripts and the ability to register for classes until debt is paid by students. Withholding a credential which a student has earned for the ability to make more money does not assist with repayment of debts. Two-thirds of borrowers are not making progress on their student loans, and withholding

transcripts only exacerbates the problem. The bill protects low- and middle- income students who struggle to pay debts and are unable to register for the classes needed to graduate.

(Opposed) Collections companies work on behalf of the institutions to collect the money that is owed to them. The bill will decrease institution revenues, which are already in need of additional money. An alternative could be to create a pool of funds where a student can apply for their fees to be paid by the state.

Persons Testifying: (In support) Bennett Massey-Helber, Associated Students of Western Washington University; and Spencer Lively, Associated Students of the University of Washington.

(Opposed) Chester Baldwin, Washington Collectors Association.

Persons Signed In To Testify But Not Testifying: None.