

HOUSE BILL REPORT

2SHB 2513

As Passed Legislature

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: House Committee on Appropriations (originally sponsored by 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)].

Floor Activity:

Passed House: 2/17/20, 59-39.

Senate Amended.

Passed Senate: 3/6/20, 36-13.

House Concurred.

Passed House: 3/10/20, 59-38.

Passed Legislature.

Brief Summary of Second Substitute Bill

- Prohibits institutions of higher education from withholding a student's official transcripts or registration privileges as a tool for debt collection, except for debt related to unpaid tuition fees, room and board fees, or financial aid funds owed.
- Establishes circumstances under which institutions must release official transcripts, regardless of debt.
- Requires institutions of higher education to report information to the Governor and the Legislature annually on data related to the use of transcript and registration holds, debt levels, and collection practices.

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.

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.

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).

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).

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 a student owes outstanding fees or charges to an institution, the institution may withhold official transcripts and academic services.

The Family Education Rights and Privacy Act allows students to inspect and review their own education records, and requires colleges only to provide a student with an unofficial copy of the student's transcript. A college may indicate on the transcript that it is an unofficial copy.

Summary of Second 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, room and board fees, financial aid funds owed to the institution under Title IV due to miscalculation, withdrawal, misinformation, or other reason, not including standard repayment of student loans. An

institution may not withhold an official transcript if the transcript is requested for a job application, transfer to another institution, financial aid application, pursuit of opportunities in the military or National Guard, or pursuit of other postsecondary opportunities.

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.

Institutions of higher education that choose to withhold official transcripts or registration privileges as a tool for debt collection must disclose to students through a secure portal or electronic mail and the class registration process the amount of debt, if any, owed by the student to the institution; information on the payment of the debt, including who to contact to set up a payment plan; and any consequences that will result from the nonpayment of the debt.

Beginning on December 1, 2020, public institutions of higher education are required to report annually to the Governor and the Legislature on the use of transcript and registration holds, debt levels, and collection practices.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony (College & Workforce Development):

(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 bumpers 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.

Staff Summary of Public Testimony (Appropriations):

(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 (College & Workforce Development): (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 Testifying (Appropriations): (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 (College & Workforce Development): None.

Persons Signed In To Testify But Not Testifying (Appropriations): None.