

# SENATE BILL REPORT

## 2SHB 2513

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As Passed Senate - Amended, March 6, 2020

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

**Committee Activity:** Higher Education & Workforce Development: 2/25/20, 2/28/20 [DPA-WM].

**Ways & Means:** 2/29/20, 3/02/20 [DPA, DNP].

**Floor Activity:**

Passed Senate - Amended: 3/06/20, 36-13.

### Brief Summary of Second Substitute Bill

- Prohibits higher education institutions 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 reporting by the institutions on the use of transcript and registration holds, debt levels, and collection practices.

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### SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Randall, Chair; Stanford, Vice Chair; Holy, Ranking Member; Brown and Liias.

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*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.*

**Staff:** Alicia Kinne-Clawson (786-7407)

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Mullet, Capital Budget Cabinet; Brown, Assistant Ranking Member, Operating; Billig, Carlyle, Conway, Darneille, Dhingra, Hasegawa, Hunt, Keiser, Liias, Muzzall, Pedersen and Van De Wege.

**Minority Report:** Do not pass.

Signed by Senators Rolfes, Chair; Braun, Ranking Member; Honeyford, Assistant Ranking Member, Capital; Becker, Schoesler, Wagoner, Warnick and Wilson, L..

**Staff:** Michele Alishahi (786-7433)

**Background:** State and federal law allows for withholding official educational transcripts as well as academic services as a debt collection practice. The Family Education Rights and Privacy Act (FERPA) allows students to inspect and review their own education records. Colleges must provide students with a copy of their transcript, but the copy does not need to be an official copy with the registrar's seal.

FERPA requires colleges only to provide a student with an unofficial copy of the academic transcript. A college may indicate on the transcript that it is an unofficial copy.

**Summary of Second Substitute Bill:** Higher education institutions may only withhold a student's official transcripts for collecting debt related to unpaid tuition fees, room and board costs, fees charged to provide the official transcript, 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. 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 national guard or military opportunities, or pursuit of other postsecondary opportunities.

Higher education institutions 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.

Higher education institutions that choose to withhold official transcripts or registration privileges as a tool for debt collection must disclose to students through electronic mail and as part of the registration process any debts owed by the student including the amount of the debt, information on setting up a payment plan, and any consequences that will result from nonpayment of the debt.

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

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 24, 2020.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Bill as Amended by Committee (Higher Education & Workforce Development):** PRO: Once a student has completed their degree, we want them to take the next step in their education or career. A transcript is required. Often, a debt may prohibit a student from access what they have earned. There is currently no singular or cohesive policy across institutions or protections for students. This measure seeks to do that. It became clear to me that the loss of opportunity or risk of losing a workforce was far greater than the loss of a tool to collect on a debt. This bill does not eliminate the debt obligation for the student. Many institutions use transcript holds and registration holds as a way to bring students to the table. We believe the registration hold is a more consumer friendly way to help address student debts. This bill will help protect lower and middle income students and ensure they have the ability to graduate and become employed. The practice of transcript withholding tends to be most problematic in for-profit institutions as a way to recoup debts. This bill at it's core is a student protection bill.

OTHER: An addition exclusion worth considering would be state or institution owned hardware such as computers and accommodation equipment. We want you to be aware that we do have payment plans available for students and to the extent possible we try and work with students to get them on those plans so a debt doesn't disrupt their education. We do not place a registration or transcript hold for any student unless the account has an accumulated balance of over \$500. We reach out to graduates about setting up a payment plan for debts. We only send about 110 students to collections each year. Both the transcript hold and the registration hold have a role to play in that success. This bill in effect eliminates the possibility of a transcript hold for any practical purpose. I would like to propose that the bill include a reporting requirement and that we spend the next year gathering data around this problem before advancing this policy. At the beginning of the year outstanding debt to the university was \$11 million, at the end of the year it was less than \$1 million. We attribute that to the ability to use holds.

**Persons Testifying (Higher Education & Workforce Development):** PRO: Representative Vandana Slatter, Prime Sponsor; Mary Chikwinya, Office of the Lt Governor; Bennett Massey-Helber, Director of Legislative Affairs, Associated Students of Western Washington University; Gwen Turner, Fairway Collections, LLC; Spencer Lively, Associated Students of UW; Mike Pierce, Policy Director, Student Borrower Protection Center.

OTHER: Scott Copeland, SBCTC; Chris Mulick, Washington State University; Becca Kenna-Schenk, Western Washington University.

**Persons Signed In To Testify But Not Testifying (Higher Education & Workforce Development):** No one.

**Staff Summary of Public Testimony on Bill as Amended by Higher Education & Workforce Development (Ways & Means):** *The committee recommended a different version of the bill than what was heard.* None.

**Persons Testifying (Ways & Means):** No one.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.