

TO: Senate Committee on Education

FROM: Brent Wilder, President
Oregon Alliance of Independent Colleges and Universities

DATE: January 26, 2023

RE: Concerns with SB 424

The Oregon Alliance of Independent Colleges and Universities (The Alliance) is the voice of Oregon's independent, non-profit higher education sector, actively supporting the success of our member colleges and universities, their students, and alumni.

I thank you for the opportunity to provide this testimony, respectfully, to raise concerns with Senate Bill 424. This bill prohibits all institutions of higher education from refusing to provide a transcript to a student because the student owes a debt. SB 424 does not specify a debt threshold and prohibits an institution from using transcript holds as collateral against payment.

Unpaid student debt is a daunting problem, and we understand that transcript holds as a tool to address unpaid student debt can be perceived as a barrier to completion of a degree or obtaining employment. We are aware that unpaid student debt may be most detrimental to individuals from lower-income populations. However, we raise the following issues 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 collect monies owed, **these expenses must be borne by other students attending the institution via tuition increases or reduction in student services, for example.**
- Students are offered multiple options and pathways to address unpaid debt before an institution turns the debt to a collection agency. Transcript holds are one of these tools, and often a tool of last resort.
- SB 424 could compound a student's debt by enabling a student with debt to continue to accrue more debt without immediate or any consequences.
- Institutions communicate directly with other institutions or employers regarding a degree conferred or other necessary information. In this way, institutions eliminate barriers to completion and employment even in the instance of unpaid debt.

- The ability to use holds to prompt a student to take action is one of the few resources in an institution's toolkit that supports student success and addresses the administrative needs of an institution. There are few options for institutions to deploy to collect on debt beyond withholding a transcript or referring it to a private debt collection agency, which could further damage learners' future prospects by increasing the debit owed and damaging their credit report.
- AARACRO (American Association of College Registrars and Admission Officers) and NACUBO (National Association of College and University Business Officers) worked collaboratively to develop specific guidance and best practices on the use of student success and administrative process holds, as well as on the use of holds tied to unpaid balance.
- The **joint statement**, issued in April 2022 provides practical policy recommendations and guidance for colleges and universities to ensure that institutional holds do not serve as a barrier to student success.
- In the meantime, cash flow may suffer, compounding existing funding problems for institutions and making earning a degree, certificate, or credential less affordable and it difficult for colleges and universities to effectively render services to other students.

The Alliance would welcome the opportunity to discuss the challenges of collecting unpaid student obligations and other financial related issues that impede a student's successful pursuit of earning a degree. Particularly at our smaller institutions, SB 424 could jeopardize our member institution's ability to faithfully serve our students and the State of Oregon.

For these reasons, The Alliance respectfully urges the Committee on Education to recognize our concerns and leave the choice of transcript holds up to each individual institution. We thank the sponsors for calling attention to this important issue and we look forward to working with the Committee to craft a solution that will work best for everyone.

2022 JOINT STATEMENT ABOUT THE USE OF ADMINISTRATIVE-PROCESS AND STUDENT-SUCCESS- RELATED HOLDS

Background and Rationale

It can be difficult to get the attention of a college student. Professors can always connect with students in class. However, advisors and administrators have few means to command attention, especially if calling, texting, emailing or using the postal service aren't successful.

The ability to use holds to prompt a student to take an action is one of the few resources in an institution's toolkit that supports student success and addresses the administrative needs of an institution. This is why the use of holds¹ is ubiquitous in higher education.

Student-success-related holds are designed to motivate a student to take an action to help the student stay enrolled, to earn credential-applicable credits or to complete the educational credential sought. These holds typically keep students from registering until they meet with an academic advisor or another academic-success-focused person on campus.

Administrative-process holds are designed to motivate a student to complete a task, such as paying a bill, turning in missing documents or meeting other administrative requirements. Both student-success-related holds and administrative-process holds may stop registration, access to an official transcript or both simultaneously; this varies by institutional practice and policy.

The use of holds serves both students and institutions. For example, not being able to place an administrative hold after routine billing practices have failed to resolve a debt leaves the institution with few avenues to collect funds. Referring the debt to a collection agency is a step an institution would prefer not to take. It is the instrument of last resort for most institutions because doing so may leave a current or former student with a damaged credit rating in addition to owing more money, due to interest added and debt-servicing fees.

Recent data² indicate holds work well. When a hold is placed, students are motivated to take the action sought, and the hold is resolved.

However effective institutional holds may be, there is room for improvement. An examination of practice reveals institutional policies regarding holds, the reason they are imposed, how the student is notified and the content of that notification—in terms of resolution actions—are often vague and unclear. A resulting hold becomes a stop sign rather than a yield sign.

Given the information above, we believe the following.

1. Institutions should be allowed to use administrative-process holds and student-success holds within the guidelines below. Eliminating the ability to do so may cause harm to students.
2. Administrative-process holds should not be tied to trivial or minor debt compared to the overall fees already paid to the institution by the student.

It is with these beliefs in mind that we establish the following policy-and-practice guidelines.

Institutional Practice-and-Policy Guidelines

General guidance on the use of student-success and administrative-process holds

- Limit the use of holds to areas in which the practice has been proved to produce the desired outcome.
- Maintain a process to manage the creation of holds.
- Regularly monitor and review the use of holds.
- Maintain clear, concise, timely and multichannel communication with students about the existence of a hold, including the reason for the hold, the impact of the hold, how to resolve the hold and whom to speak to about the hold.
- Routinely examine the use and impact of holds on students for issues of equity within the student population, the average time to resolution and average unpaid debt, if applicable.
- Allow a student to appeal the inability to register for the subsequent term, if a hold prevents registration.

Guidance on the use of holds tied to an unpaid balance

- Administrative-process-hold use should not be tied to trivial or minor debt, compared to the overall fees already paid to the institution by the student.
- Consider establishing a payment-plan option for current students with outstanding balances and allow for the release of an official transcript, as long as the plan is current.³
- Maintain a debt-forgiveness program for nominal debts, where allowed by law.
- Allow a student to access an unofficial transcript, even with a hold in place.⁴
- Allow a student to appeal the ability to send an official transcript to another institution to which he or she intends to transfer, or to a prospective employer or professional licensing agency.
- Allow a student to appeal the inability to register for the subsequent term, if a hold prevents registration due to an unpaid debt.

Signatory

Melanie Gottlieb

Executive Director

American Association of Collegiate Registrars and Admissions Officers

Dr. Susan Whealler Johnston

President and CEO

National Association of College and University Business Officers

¹In this context, a “hold” is a mechanism an institution employs to encourage a student to complete an action sought by the institution. Holds are differentiated by intent and consequences.

²<https://www.aacrao.org/research-publications/aacrao-research/institutional-practices-impeding-undergraduate-student-advancement-report>;

³Payment plans may only be viable for students who have not already separated from the institution.

⁴FERPA requires an institution to provide the student the opportunity to “inspect and review” any education record, including transcripts maintained by the institution. It does not generally require an institution provide a copy of the record unless that is the only way access can be provided.