

TESTIMONY

**TO: Senator Dembrow, Chair
Senate Education Committee**

**FR: Susan Walsh, Provost & Vice President for Academic Affairs
Southern Oregon University**

DT: January 27, 2023

RE: Public University perspective on SB 424, related to transcript holds

Thank you Chair Dembrow and members of the Committee for the opportunity to testify on SB 424, related to the practice of transcript holds. I'm Susan Walsh, Provost and Vice President for Academic Affairs at SOU and former Chair of the Statewide Provosts Council.

Transcript withholding is a restriction on a student's ability to obtain a copy of their transcript until they are current with their financial account for services rendered to date. Those services can include tuition and fees, as well as charges for health care services, housing, supplies, and other education related expenses.

Oregon's public universities share the view that withholding transcripts from students who have outstanding balances is not ideal for advancing students' success, including students' securing employment and possibly returning to complete their degrees later.

It should be noted that many public universities in Oregon already send a transcript directly to an employer if requested by a student, even if the student's financial account is not current. The universities do this because they know the value that a job can bring to the student's life.

Oregon's public universities support abandoning transcript withholding as an institutional practice and believe it should be done carefully to minimize harm to students and the institutions.

Unpaid balances are significant at some Oregon public universities. These balances are unrecovered costs that must be absorbed by someone, usually students or taxpayers. Because Oregon's public universities are increasingly reliant on tuition and fees for operating funds, a significant share of unrecovered expenses essentially ends up being borne by continuing students and their families, in the form of higher tuition rates. At SOU, this balance translates to \$1.3M.

As you consider this legislation, I ask you to take the following items into account:

- An abrupt abandonment of transcript withholding practices without concurrent changes in practices may actually increase unpaid balances, as students face less incentive to establish and adhere to a repayment plan.
- As universities move away from transcript withholding—a goal the Statewide Provosts Council endorses—they need to put practices and programs in place to avoid a significant

increase in unpaid balances. To best serve all students, this planning and implementation will take time.

- Institutions offering significant residential services may face more escalation in unpaid balances than other types of institutions, as balances will include charges for housing and other related expenses.
- The key practices universities should adopt are:
 - reduce the allowable volume of unpaid balances students may accumulate while continuing in good standing;
 - expand outreach to students on available repayment plans to allow students with unpaid balances to pay down their debts;
 - expand financial literacy/education training for students, so there is a better understanding of the consequences of departing college without a degree or taking on more debt than they need during their education.
- These practices to reduce accumulation of unpaid debt take time to implement, as students need to be notified well in advance (typically one year) so they can plan their finances accordingly.

The ideal outcome for all is that students who choose to withdraw have ready access to their transcripts outlining their academic work completed to date, even if they must pay down balances later, and that the overall volume of unpaid balances for services rendered by Oregon higher education institutions is minimized.

Universities do not want this legislation to effectively result in tuition increases for all students due to large accumulation of former students' unpaid debt. We request the opportunity to work with the committee on amendments:

1. Push the implementation date to Fall of 2025. This will give institutions time to plan for the change, notify students of related internal practice changes, and help prepare students for long-run financial success. Some institutions may be able to implement these changes earlier. However, this timeline makes the most sense to us.
2. Allow financial holds for accounts where the debt accrued prior to the implementation date or provide one-time funding to institutions to cover the costs of forgiving the debt for such accounts.

Additionally, Sections 3 and 4 of the current legislation direct institutions to submit a report to the Higher Education Coordinating Commission that addresses operational details. We welcome an opportunity to advise on the reporting goals in these sections to ensure the data the legislature receives are meaningful to the policy discussion.

Thank you again for the opportunity to provide these comments.

