



DATE: Jan. 15, 2023
TO: Joint Standing Committee on Education and Cultural Affairs
FROM: Samantha Warren, UMS Director of Government & Community Relations
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RE: **Report on Limits to Transcript and Diploma Withholding (P.L. 2021, Chapter 538)**

In January 2022, the Legislature's Joint Standing Committee Education and Cultural Affairs issued a divided report that advanced LD 1838, *An Act to Improve Student Access to Postsecondary School Transcripts and Diplomas*. The bill limited the ability of Maine's colleges and universities to withhold the academic records of individuals with outstanding student account balances and was ultimately signed into law by Gov. Mills in March.

While [P.L. 2021, Chapter 538](#) did not become effective until August 2022, upon the Governor's approval, the University of Maine System (UMS) began immediately releasing (upon request) the transcripts and diplomas of students, despite their debts owed to Maine's public universities, consistent with the law.

Uniform Records Release Policy

Also consistent with the law, UMS developed a uniform policy that governs the process for requesting and releasing these records across all System universities. Multiple input and implementation planning sessions were held and inclusive of professionals from each institution in relevant service areas, including student financials or accounts (bursar), student records (registrar) and student support. UMS universities also coordinated with the National Student Clearinghouse, the third-party that provides secure electronic delivery of certain academic records.

[That policy is online here](#), and also attached to this report. As you will see, the policy details the rights of students/former students and the process by which they can access their records, which importantly requires them to first make contact with the university. The policy also directs UMS employees who interface with individuals requesting their records to **refer these students/former students to resources that may be available to assist them in addressing their past due balance, including but not limited to the UMS small debt forgiveness program** through which, under some conditions, the System will forgive up to \$2,500 owed.

To communicate the new policy and related procedures, all UMS universities updated relevant university websites and additionally, the System updated [the Financial Terms and Conditions](#) that all students must agree to upon enrollment. These terms and conditions make clear System policies

\$39.6 Million

Amount currently owed to UMS on past due student accounts

\$2,747

The average past due balance

14,419

Number of student accounts past due

and students' financial obligations, including expectations around timely payment for tuition and room and board, etc., student information privacy, and how the university will communicate about financial and other matters. The updated terms and conditions clearly state that UMS must provide students with their official transcript and/or diploma upon request, regardless of a past due balance.

Data on Requests Received by UMS

Since formally adopting this policy in August, UMS universities have received, and subsequently granted, at least **257 requests for transcripts and/or diplomas from individuals with past due balances**, with the average owed to UMS ranging by institution from \$1,552 at the University of Maine at Augusta to \$2,387 at the University of Southern Maine. The reasons cited in the majority of those requests (91) were that the student/former student planned to transfer to another institution or needed their records for a job application (54).

A total of **71 individuals who requested their records had past due balances greater than \$2,500**. Many of those individuals did agree to enter into payment plans, though not all were required to, and some individuals with balances below \$2,500 also agreed to payment plans. Plans were developed taking into account the individual's demonstrated ability to pay and past payment history, and some began with payments as small as \$10.

A breakdown of these requests according to our best available records is below:

	Balance <\$2,500	Balance >\$2,500	Avg. Owed	Accts. in Pay Plan	Due to Job	Due to School	Due to Fin. Aid App	Due to Military	Due to Other
UMaine	46	23	\$2,004	16	13	36	N/A	2	18
UMA	33	13	\$1,552	17	6	3	N/A	N/A	37
UMF	19	10	\$1,472	10	14	10	1	N/A	4
UMFK	22	7	\$2,376	11	8	14	N/A	N/A	7
UMM	9	N/A	\$1,729	4	2	6	1	N/A	N/A
UMPI	24	6	\$1,784	5	10	15	N/A	N/A	4
USM	32	12	\$2,387	44	1	7	N/A	1	36
Law	1	N/A	\$2,278	1	N/A	N/A	N/A	N/A	1

Recommendations

LD 1838's path to enactment is the way the legislative process should work. The original proposal was deeply problematic to our public universities, and we expressed concern to the Committee about limiting our ability to recover our primary source of revenue: student tuition. At the same time, we acknowledged that individuals are more likely to pay their balances if they are able to complete their postsecondary education and secure a stable, good-paying job, which sometimes requires access to their academic records.

Thanks to leadership and engagement with impacted public institutions, especially by the bill sponsor, Sen. Eloise Vitelli, and House Committee Chair, Rep. Michael Brennan, the chaptered law meets the needs articulated by supporters to access their records while protecting the ability of postsecondary schools in Maine to maintain/reestablish communication with students/former students and in certain cases, get them back in good financial standing by requiring mutually agreeable payment plans (for those with past due balances of \$2,500 or more). Our universities report that payment on those plans has ranged from delinquency to paid in full, but that the majority of payment plans entered into thus far are in fact current.

Today, **\$39.6 million in total is owed to UMS by more than 14,000 individuals with past due student account balances.** This challenges our ability as a public System to meet our contractual obligations to our employees, and maintain affordability so that door-opening, quality postsecondary education and workforce development are accessible to all students. While the average amount outstanding is \$2,747, more than 6,000 accounts have past due balances of \$1,000 or less.

An academic record remains an important tool to keeping individuals connected with our educational institutions. Given the relative success in reestablishing contact and payment from individuals who were required to enter into payment plans (for example, USM now has more than \$105,000 in debt in payment plans), we would **recommend the statutory threshold by which a payment plan can be required be lowered for public four-year institutions from \$2,500 to \$1,000. Doing so would uphold an individual's ability to access their records, while also providing Maine's public universities and maritime academy a greater opportunity to recover payment that is past due.**

We thank you for your attention to this inaugural report under P.L. 2021, Chapter 538, and welcome the opportunity to meet with the Committee to discuss our findings and recommendations in greater detail.

Administrative Practice Letter IX-K

Subject: Process for Releasing Official Transcript and/or Diploma for Students with Financial Holds

Effective: 08/08/2022

Under Maine law, the University of Maine System (UMS) must provide current and former students with their official transcript and/or diploma upon request, regardless of a past due balance or debt owed to the institution. This Administrative Practice Letter (APL) serves as the uniform policy regarding the conditions and procedures by which those requested academic records are to be released, and must be applied consistently by the System and all UMS universities.

Procedures for Students with Past Due Balances/Debt of \$2,499 or Less

Upon the request of a current or former student with a past due balance or debt for damage/loss charges (e.g. library books, devices, facilities damage, etc.) of \$2,499 or less, UMS universities must provide that student's official transcript and/or diploma.

Because students with an outstanding balance will have a Financial/Diploma/Transcript (FDT) Hold Indicator posted on their past due account, they will not be able to request their official transcript and/or diploma including through third-party self-service options (i.e. National Student Clearinghouse) without first contacting the institution.

To obtain their record(s), students with an outstanding balance should contact the Student Accounts Office(s) at the UMS university/universities through which they incurred the debt that resulted in the hold(s). UMS universities shall communicate this record(s) request process for students with outstanding balances on all relevant institutional website pages.

Following such contact by the student, the Student Accounts Office will temporarily lift the FDT Hold Indicator for a period of 14 calendar days so the student can then request their official transcript and/or diploma through the Registrar's Office or available self-service options. After 14 days, the FDT Hold Indicator will be reapplied and remain in place until the balance/debt is fully discharged, or until the student makes another records request subject to this APL.

The Student Accounts Office shall encourage the student to pay the outstanding balance or enter into a reasonable repayment plan, however in no event may UMS and its universities condition the release of the requested record(s) on agreement to a repayment plan for a balance due of \$2,499 or less.

If a student has outstanding balances and is seeking official transcripts from multiple UMS universities, they must contact the Student Accounts Office at each university to request that the FDT Hold Indicator applied by that university be temporarily removed.

Procedures for Students with Past Due Balances/Debt of \$2,500 or More

To request the release of their official transcript and/or diploma, a current or former student with a past due balance of \$2,500 or more should contact the Student Accounts Office(s) at the UMS university/universities through which they incurred the debt that resulted in the hold(s).

Upon the student's agreement to enter into a payment plan with the UMS university that takes into account the student's demonstrated ability to pay and past payment history, the Student Accounts Office will temporarily lift the FDT Hold Indicator for a period of 14 calendar days so the student can then request their official transcript and/or diploma through the Registrar's Office or available self-service options. UMS or its universities may not require a student to make a payment on a repayment plan prior to releasing the requested record(s). After 14 days, the FDT Hold Indicator will be reapplied and remain in place until the debt is fully discharged, or until the student makes another records request subject to this APL.

A student may appeal the terms of the repayment plan presented by the Student Accounts Office in writing to the university's Chief Business Officer, who shall issue a written decision with 14 calendar days.

Additional Student Accounts Office Procedures Related to Records Requests from Students with Financial Holds of Any Amount

The Student Accounts Office shall also notify students that the temporary release of the FDT Indicator Hold does not provide the student with the ability to enroll, nor does it change the balance due, and that UMS and its universities will still utilize in-house collection efforts, commercial collection firms, legal services, and the State of Maine Bureau of Taxation for collection of past due balances.

When applicable and appropriate, the Student Accounts Office will refer students to resources to assist them in addressing the past due balance, including but not limited to the UMS small debt forgiveness program.

Additionally, to inform required annual reporting by UMS to the Maine State Legislature, the Student Accounts Office will place a Diploma/Transcript Release Flag on the account,

capture the amount owed at the time of the temporary release of the hold, and select from one or more of the following Record Request Reason Codes:

- A. Job application;
- B. Transfer to another institution;
- C. Application for financial aid;
- D. Pursuit of opportunities in the military or National Guard; or
- E. Pursuit of other postsecondary educational opportunities.

Procedures for Students Who Have Defaulted on Institutionally Held Loan

Institutionally held loans are those Federal financial aid (e.g. Perkins and some nursing loans) the terms and conditions of which cause the university to be party to the loan agreement with the student. Current or former students defaulting on such loans, regardless of the funding source, are considered to owe a debt to the institution and thus shall make requests to receive their official transcript and/or diploma from UMS or its universities in accordance with this APL by directly contacting or via university referral to UMS Loan Processing and Receivables Management, which department shall perform the temporary removal of the Defaulted Loan Hold (DLN) on the account as outlined above.

Procedures for Students Who Have a Financial Hold Due to Outstanding Student Loan Exit Counseling

Student loan exit counseling ensures borrowers are informed about their student loan obligations, understand various repayment options and are aware of the implications of default. For this reason, holds placed on the accounts of students and former students solely because they have not completed their student loan exit counseling session required by Federal law will not be temporarily removed and will remain until such counseling has been completed.