

## Testimony in Support of LD 1838, “An Act To Improve Student Access to Postsecondary School Transcripts and Diplomas”

January 12, 2022

Good morning, Senator Rafferty, Representative Brennan, and members of the Joint Standing Committee on Education and Cultural Affairs. My name is Arthur Phillips, and I am an analyst at the Maine Center for Economic Policy. I’m here today to testify in support of LD 1838, “An Act To Improve Student Access to Postsecondary School Transcripts and Diplomas.”

As we all know, college education is a critical tool for Mainers to boost their income and for our state to grow its economic dynamism. However, due to the high cost of higher education, many working-class Mainers must leave school before they are able to earn a degree. As of 2019, nearly one in five Mainers aged 25 or older had some college education but hadn’t earned a degree.<sup>i</sup> That represents more than 180,000 Mainers.

Meanwhile, there is no shortage of awareness of Maine’s need for more skilled workers. The COVID-19 pandemic exacerbated long-term workforce challenges here in the nation’s oldest state, and we should be doing everything we can to invest in our people and encourage students to finish their degrees.

Even before the pandemic, in 2018, the Maine State Chamber of Commerce, Maine Development Foundation, and Educate Maine commissioned a survey of over 1,000 business leaders and professional leaders. The survey asked, “What are the top three issues that Maine’s governor and legislature should address?” The second most common issue, after health insurance, was the availability of professional workers. The fourth was the availability of skilled technical workers.<sup>ii</sup>

As for working Mainers, they too see the need for more training. Last summer, the Maine Department of Labor surveyed more than 2,600 individuals to understand the current barriers to work. The most cited barrier was a “lack of opportunities that match my skillset,” while the second most cited additional support for helping return to work was “additional skills training opportunities.”<sup>iii</sup>

This bill offers a common-sense, low-cost opportunity to help working-class Mainers get back into their degree programs or take possession of their diplomas, while investing in our workforce and boosting our state’s long-term economic vitality.

Universities and colleges currently withhold the transcripts and diplomas of students who have outstanding balances, sometimes even for parking tickets or library fines. Without access to transcripts, students cannot reenroll in school or bring earned credits to another school. Without a copy of their diploma, graduates face greater obstacles in the job market, perversely hindering

a person's ability to pay off their debts, which they must do to receive their diploma. Transcript and diploma withholding can halt students' educational and career goals, negatively impact their credit, and worsen workforce challenges throughout the economy.

In October we requested data on transcript and diploma withholding from the University of Maine System and the Maine Community College System. Yesterday, we received data that confirm there are more than 10,000 student accounts with holds for past due balances within the University of Maine System alone. However, the data provided are insufficient to understand the nature and costs of these holds. While we may hear more from presenters today, we would welcome the opportunity to review comprehensive data as soon as it is available.

Nationwide, a 2016 survey found that 98 percent of schools hold transcripts as a debt collection tactic. A 2020 survey found 64 percent of schools withhold transcripts if students owe less than \$25. National estimates suggest there are roughly 6.6 million students who have earned credits they cannot use due to transcript holds.<sup>iv</sup>

We have heard anecdotes from Maine residents who have had transcript holds for medical debt and parking tickets, among other reasons. We have reviewed the policies of higher education institutions in Maine and can confirm they withhold transcripts from students with outstanding balances.

It is important to emphasize that ending transcript and diploma withholding would not amount to debt forgiveness, and it would not prevent schools from collecting outstanding balances. Rather, it would incentivize colleges and universities to seek workable solutions that enable Mainers to pay off their debts while continuing their studies and pursuing their careers.

In fact, while transcript and diploma withholding harms millions of people nationwide, it is unclear the practice is an effective tool for collecting unpaid balances. Evidence from recent years in Ohio — where more data on the subject is available — found that universities collected a small fraction, about 7 percent, of outstanding balances each year. This represents significantly less than one percent of those institutions' operating budgets. Ending transcript withholding could, in fact, increase schools' revenues by enabling students to enroll who previously could not because their transcripts were withheld by prior schools.<sup>v</sup>

Last month, the American Association of Collegiate Registrars and Admissions Officers (AACRAO), the American Council on Education (ACE), and the Council for Higher Education Accreditation (CHEA) released a joint statement on the transfer and award of credit. Among other principles, those groups found that "institutions should remove unnecessary obstacles that prevent students from accessing their transcripts. Withholding transcripts to collect on such things as relatively small unpaid bills and other institutional charges owed by a student puts students in a bind — unable to obtain a transcript to allow them to continue their progress toward a degree or get a job that would allow them to pay off these debts."<sup>vi</sup>

To conclude, ending the practice of transcript and diploma withholding would benefit students and employers alike and would help grow our economy at a time when labor markets are tight and skilled workers are scarce. That is why we urge you to support LD 1838.

Thank you, and I would be happy to answer any questions.

## Notes

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<sup>i</sup> US Census Bureau, American Community Survey, 2019 data.

<sup>ii</sup> "Making Maine Work: Critical Investments for the Maine Economy," Maine State Chamber of Commerce, Maine Development Foundation, and Educate Maine, 2018, available at [https://www.mdf.org/wp-content/uploads/2019/01/MMW\\_2018\\_FullReportsml.pdf](https://www.mdf.org/wp-content/uploads/2019/01/MMW_2018_FullReportsml.pdf)

<sup>iii</sup> "Barriers to employment: Key findings from recent survey effort," Maine Department of Labor, September 2021, available at [https://www.maine.gov/labor/docs/2021/Barrierstoemployment\\_Findings%20and%20Analysis\\_091321.pdf](https://www.maine.gov/labor/docs/2021/Barrierstoemployment_Findings%20and%20Analysis_091321.pdf)

<sup>iv</sup> Ithaka S+R, "Solving Stranded Credits Assessing the Scope and Effects of Transcript Withholding on Students, States, and Institutions," October 5, 2020.

<sup>v</sup> Rebecca Maurer, "Withholding Transcripts: Policy, Possibilities, and Legal Recourse," November 15, 2018, Student Borrower Protection Center, available at <https://ssrn.com/abstract=3288837>

<sup>vi</sup> "Joint Statement on the Transfer and Award of Credit," American Association of Collegiate Registrars and Admissions Officers (AACRAO), the American Council on Education (ACE), and the Council for Higher Education Accreditation (CHEA), available at <https://www.acenet.edu/Documents/2021-Joint-Statement-Award-of-Credit.pdf>