



Representative Bride Rose Sweeney

House Bill 595 – House Committee on Higher Education

Chairwoman Keller, Vice Chairman Riedel, Ranking Member Ingram, and Members of the House Higher Education Committee, thank you for the opportunity to testify today on House Bill 595, which would end the practice of transcript withholding for institutional student debt. This type of debt ranges from university parking tickets and library fines to tuition expenses. This does not include student loans.

In Ohio, nearly 400,000 individuals currently owe some type of debt to a state institution that could prevent them from accessing their transcripts and entering the workforce or continuing their education. Last year alone, the Ohio Attorney General's office certified an additional 41,000 new debts of this kind. Far too often, these individuals don't even know that they have an outstanding debt until it's too late and they are barred from moving forward.

Under current law, state institutions of higher education are required to certify student debt to the Ohio Attorney General's office within 45 days. That can stay on a student's record for 40 years. The AG's office charges additional fees, and aggressive collection policies can cause a three hundred dollar fine to balloon to three thousand dollars in a relatively short period of time. While most if not all institutions of higher education use transcript withholding as a method for collecting debt, they are not required to notify students whose transcripts are being withheld. Although this bill does not make changes to debt certification, it is clear that the current process creates an insurmountable financial barrier for many Ohioans who want to pay back their debt, get ahead, and contribute to our economy. By allowing this practice, we end educational aspirations, trap thousands of people in low wage jobs, and take away the most effective tool that students have to pay back their debt: the ability to earn and use their degree.

Research has shown that the practice of transcript withholding is not an effective method of collecting student debt once it makes its way to the AG's office. Collections make up a small portion of an institution's overall budget and most of this debt, especially certified debt, is never collected. It's estimated that less than 7% of certified student debts are actually paid. I know that all of us want to hold students accountable and make sure colleges and universities get what they are owed, but there are better ways to do that without working against Ohio's future.

A few schools in Ohio have piloted programs to help students struggling with debt. They have found that these programs, which focus on payment plans, loan forgiveness, and financial counseling, are more effective and actually have a net positive gain for both the student and the school. Early results show that methods other than transcript withholding lead to higher rates of student completion while providing a better return on investment for schools.

We have heard several stories about the negative impact of transcript withholding. For example, one student was paying his way through college and had one class left at his state university. He lost his job and fell into debt, so his transcript is being withheld and he will have to redo classes that he already completed. Another student took time off from a university. During that time, she realized that her previous program wasn't right for her and decided to transfer schools. Instead, she now works as a waitress and cannot continue her education or find better work to pay off her debt because her transcript is being withheld. Another student had to defer law school for a year over a \$50 institutional debt.

State policy remains silent on transcript withholding, which works against Ohio's "complete to compete" goal of having 65 percent attainment of a degree or certification by 2025. In fact, students at Ohio's two-year colleges are the ones who are more adversely impacted by current policies. Because of that impact, transcript withholding presents a greater barrier for students who are older, first-generation, part-time, or only able to afford lower-cost schools.

House Bill 595 prevents transcripts from being withheld for student debt because it is an ineffective and counterproductive tool for debt collection. We have a student debt crisis in Ohio, and the pandemic will only serve to make it worse. More and more students may find themselves trapped in this situation. By ending this practice, we will make it easier for Ohioans to get a job and obtain a degree. I appreciate the Committee's time today, and we would be glad to answer any questions.