

Education and Training

Testimony on House Bill 32 before the Ohio House Civil Justice Committee

Piet van Lier

Good afternoon Chair Hillyer, Vice Chair Grendel, Ranking Member Galonski and members of the House Civil Justice Committee. My name is Piet van Lier, and I am the education researcher for Policy Matters Ohio, a nonprofit, nonpartisan research institute with the mission to create a more prosperous, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to submit written testimony in favor of House Bill 32, which would halt the collection of debt owed to the state's public institutions of higher education.

During a crisis unlike any we have seen in living memory, this bill would protect Ohioans who owe money to our state's public colleges and universities, as well as hospitals operated by public universities. In a study by Policy Matters released just as the pandemic was starting, we focused on student debt, outlining the negative impact of an Ohio law that requires public colleges and universities to turn over debt to the state Attorney General's office within 45 days after the debt is incurred or within 10 days of the start of the next school term.¹

Here are our top-level findings:

- Debts include not only unpaid tuition, but library and lab fees, fines for non-payment, parking fines and other fees not directly related to tuition.
- Unlike most debt owed to public institutions in Ohio, state law allows interest, fines and fees charged by the AG and its third-party debt collectors and lawyers to be added on top of initial debt amounts. The AG's collections commission rate is generally 10%. The AG pays third-party debt collectors 21% on a contingency basis, and special counsel retained by the AG to sue Ohioans who owe money charges up to 33%. This practice saddles students and former students with even more to pay back.
- The AG's office holds more than 390,000 active student debt accounts, valued at more than \$735 million, including added fees, fines and interest.
- The state's public colleges and universities bar registration and withhold official transcripts when students owe them money, making it difficult for students to settle their accounts and re-enroll or transfer to another school. This widespread practice also blocks people from job opportunities that require official student transcripts.
- These policies are more likely to present barriers for students attending Ohio's community colleges and lower-cost universities, which enroll more people who historically have had less access to postsecondary education, including Black and brown students, older students, first-generation students, and those who come from families with modest means.

 $[\]label{eq:linear} \ ^{1} \ \text{https://www.policymattersohio.org/research-policy/quality-ohio/education-training/higher-education/collecting-against-the-future of the second sec$

Black, brown, part-time, older and first-generation students most harmed by Ohio's punitive debt collection practices Institution demographics and number of active debt accounts per student						
	Black	Latinx	Part-time	25+	First-generation	Accounts per student
2-year colleges	15%	3%	35%	39%	34%	1.58
4-year colleges	9%	1%	9%	15%	19%	.84

Source: Demographic information from the Ohio Department of Higher Education; accounts per student from the Ohio Attorney General's office, accounts active as of November 1, 2019. For school-level data on student debt certified to the AGO, see footnote 1.

A recent national scan shows that Ohio is one of only five states that require student institutional debt to be turned over to the AG.² Even among those five, Ohio's punitive approach to student debt collection is an outlier, with more rigid timelines and no threshold amounts below which debt is not turned over to the AG. Our 2020 report revealed that each of the 390,000 active accounts with the AG is likely tied to a withheld transcript.

In normal times, our state's punitive approach to the collection of student debt already presents for many Ohioans an insurmountable barrier. It also holds the state back from achieving its goal of building its workforce and intellectual capital by ensuring all Ohioans aged 25 to 64 complete a degree, certificate or other postsecondary workforce credential of value in the workplace by 2025.³

During this pandemic-induced financial crisis, collecting on student debt can be even more disruptive, with so many Ohioans struggling to make ends meet. House Bill 32 offers a common-sense solution to help our fellow Ohioans and boost our economy. Our current punitive practices extract from Ohioans the money they need to put food on the table and prevent our neighbors from furthering their education at a time when retraining for a new job can open new opportunities in a forever-changed economy.

Thank you for your consideration of House Bill 32. I would be happy to answer any questions you may have regarding our findings. You may reach me at <u>pvanlier@policymattersohio.org</u> or 216-832-2102.

² <u>https://www.policymattersohio.org/blog/2021/01/19/a-policy-fix-to-help-more-ohioans-graduate</u>

³ <u>https://www.ohiohighered.org/attainment</u>