



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number:	LLS 22-0259	Date:	June 22, 2022
Prime Sponsors:	Rep. Bacon; Ricks Sen. Pettersen; Bridges	Bill Status:	Signed into Law
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Bill Topic: PROHIBITING TRANSCRIPT & DIPLOMA WITHHOLDING

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill allows an institution of higher education to refuse to provide a transcript or diploma to a current or former student if the student owes a debt, unless the student can demonstrate that the transcript is needed for specified purposes. Beginning with FY 2022-23, the bill may impact state revenue and will increase state workload.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Summary of Legislation

The bill prohibits an institution of higher education from refusing to provide a transcript or diploma to a current or former student on the grounds that the student owes a debt to the school, other than a debt for tuition, room and board fees, or financial aid funds. Further, the schools may not refuse a transcript or diploma if the student can demonstrate that the document is needed for:

- a job application;
- transfer to another postsecondary institution;
- applying for state, federal, or institutional financial aid; or
- pursuit of military or other postsecondary opportunities.

Schools may not charge a higher fee or provide less favorable treatment to indebted students requesting a transcript or diploma, and may not use a transcript or diploma as a tool for debt collection. Institutions are required to adopt and publish a policy that outlines the process for students to obtain transcripts and diplomas, and the circumstances under which an institution may withhold a transcript or diploma. The bill applies to all public and private institutions of higher education, and to private occupational schools. The bill does not apply to requests for transcripts or diplomas made by foreign students.

Reporting. Beginning July 1, 2024, each postsecondary institution must report to the Department of Higher Education (DHE) concerning transcript and registration holds. Beginning January 2025, the DHE must include this information when making its annual SMART Act hearing presentations to the General Assembly.

Student loan ombudsperson. The Student Loan Ombudsperson and the administrator of the Uniform Consumer Credit Code in the Department of Law (DOL) may provide information to the public regarding the legal limits on withholding a transcript or diploma and receive complaints from students. Beginning January 2025, the DOL must compile data on complaints received and report that data in the department's annual SMART Act hearing presentations to the General Assembly.

Background

Withholding transcripts and transferring debt to collection agencies are policies used by most, if not all private and public institutions of higher education in Colorado. Institutions place holds on student accounts for a variety of reasons, including unpaid fines, or unpaid tuition and fees. Many state schools make exceptions to these policies on a case by case basis. State supported institutions of higher education recoup millions of dollars annually via debt collection policies. According to information collected by the DHE, state institutions reported that about \$242 million in student debt was recouped in FY 2019-20 from transcript withholding.

State Revenue

The bill may impact revenue to institutions of higher education, as state supported institutions will forego some small amount of revenue from student debt collections. The actual impact on individual institutions has not been estimated. Tuition revenue is not subject to TABOR.

State Expenditures

Beginning in FY 2022-23, the bill increases state workload for institutions of higher education, the Department of Higher Education and the Department of Law by a minimal amount. No change in appropriations is required.

Institutions of higher education. The schools will have increased workload to adopt and publish a policy detailing the requirements and exceptions for obtaining a transcript or diploma, and to modify procedures to align with the bill.

Department of Higher Education. Workload increases for the department to collect and compile withholding data provided by the institutions of higher education, and to present that information as part of an annual report to the legislature.

Department of Law. The bill is anticipated to require a minimal amount of legal advice from the DOL to institutions. Further, taking complaints and processing data is expected to be a minimal workload increase, and can be accomplished with existing appropriations.

Effective Date

The bill was signed into law by the Governor and took effect April 21, 2022.

State and Local Government Contacts

Higher Education

Judicial

Law