



Testimony to the Joint Standing Committee on Education and Cultural Affairs

in support of

LD 1838, An Act To Improve Student Access to Postsecondary School Transcripts and Diplomas

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Coastal Enterprises, Inc. (CEI)

Dear Senator Rafferty, Representative Brennan and Members of the Joint Standing Committee on Education and Cultural Affairs:

I am pleased to submit testimony on behalf of Coastal Enterprises, Inc. (CEI) in support of LD 1838, An Act To Improve Student Access to Postsecondary School Transcripts and Diplomas. I live in Edgecomb and serve as CEI's state policy director.

CEI is a 501(c)3 nonprofit and community development financial institution (CDFI) that combines economic and business development tools to help create good jobs, environmentally sustainable enterprises and a more inclusive economy in Maine and rural regions throughout the US. Since its inception in 1977, CEI has designed financial products, business development services and engaged with practical policy solutions to realize its vision of a world in which communities are economically and environmentally healthy, enabling all peoples, especially those with low incomes, to reach their full potential. To date, CEI and its subsidiaries (which attract additional investment dollars) have invested \$1.49 billion in 3,109 businesses and projects affecting Maine's employment landscape and advised and economies in rural communities.

In 2021, during the COVID-19 pandemic, our financial wellness team provided homeownership counseling and financial education, including credit building, budget and debt reduction counseling, and student loan counseling to 658 Mainers, helping them to purchase homes, build their savings and improve their credit scores, and supporting applicants in securing \$384,500 in loans. Our financial wellness coaches are certified by the FCAA (Financial Counseling Association of America) to help clients navigate the complexities of student loan debt. While their clients struggle with its burdensome effects, they have not shared specific instances of transcripts being withheld for debt collection purposes. However, our team feels strongly that this strategy is an unjust practice and disservice to low wealth individuals and families, who are trying to further their education to advance in or into a career path. Often, these are first generation college students and adults with stranded credits they are trying to convert to a certificate or degree. The persistent problem of stranded credits constitutes a barrier to workforce development that exacerbates rather than alleviates existing challenges to grow Maine's workforce.

CEI's business development services include workforce consulting that assists employers with talent development, using a "good jobs" strategy. CEI's workforce development and policy teams have aligned with Maine's 10-year economic development strategy and collaborate with education and industry



leaders who are working together to connect people with relevant education and training programs and resources to ensure Maine’s workforce is productive and competitive. The state’s goal is that by 2025, 60% of Mainers will hold education and workforce credentials needed to position them for success. The practice of withholding transcripts has been described as a debt “trap” that, because it keeps people from going back to school or obtaining jobs that require official transcripts, undermines Maine’s economic and workforce development objectives.¹ It restricts, rather than expands, opportunities for individuals to maximize their participation in the workforce, which will strengthen their families and communities; and, in doing so, restricts the pool of workers available to Maine businesses.

To my knowledge, Maine has not published official data regarding the prevalence and overall impact of stranded credits. However, other states, such as California, Massachusetts, New York, have already stepped in to address this practice. The US Secretary of Education and American Council on Education have released statements calling for an end to transcript withholding.² And the National Consumer Law Center has called on states to reform this practice since it is under the jurisdiction of state regulators.³ An Ohio study found the detrimental impact of the collection of institutional student debt in that state exceeded \$735 million and has disproportionately harmed community college students, affecting mostly people with low incomes, including people of color, part-time and older students.⁴ The data showed that these debts have often started with small parking and library fines, or health center fees, and ballooned because of interest and collection fees. Alternatively, debts include larger amounts for unpaid tuition, loans, and costs associated with room and board – debts which are often incurred when students are forced to drop out of school due to circumstances out of their control (for example, transportation issues). The same realities that push them out of school also make them unable to pay the balance on their account.

By banning transcript withholding by any public or private postsecondary school in the State and providing the Superintendent of Consumer Credit Protection in the Department of Professional and Financial Regulation the authority to enforce the prohibitions in the bill, the state will maintain pathways for people to continue and complete their education and move up the career ladder.

Thank you for considering our testimony. We urge the committee to support this proactive effort to support responsible education and healthy workforce development.

¹ [Collecting against the future \(policymattersohio.org\)](http://policymattersohio.org)

² [U.S. education secretary calls for an end to colleges withholding transcripts \(hechingerreport.org\)](http://hechingerreport.org)

³ [Accounts Receivable & Withheld Transcripts: The Quiet Higher Ed Crisis That States Could be Tackling - Student Loan Borrowers Assistance \(studentloanborrowerassistance.org\)](http://studentloanborrowerassistance.org)

⁴ [Collecting against the future \(policymattersohio.org\)](http://policymattersohio.org)