

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 877  
Appropriations

(Delegate Spiegel, *et al.*)

Education, Energy, and the Environment

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**Institutions of Postsecondary Education - Institutional Debt - Report**

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This bill requires institutions of postsecondary education to report every two years on institutional debt, as specified, to the Maryland Higher Education Commission (MHEC) beginning on August 1, 2027. By December 1, 2027, and every two years thereafter, MHEC must submit a report to the General Assembly summarizing the reports from the institutions. By July 1, 2027, MHEC must develop and publish a data dictionary that defines the terms, data elements, classifications, and reporting categories required. MHEC must adopt regulations to implement the bill. **The bill takes effect July 1, 2026.**

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**Fiscal Summary**

**State Effect:** Higher education expenditures increase, potentially significantly, in FY 2027 for public four-year institutions (and Baltimore City Community College (BCCC)) – for some institutions, likely by hundreds of thousands of dollars – to update financial data reporting systems, which assumes implementation is feasible. Beginning in FY 2029, biennial reporting costs are lower but still meaningful for some institutions. Likewise, Central Collection Unit (CCU) special fund expenditures may increase, potentially significantly, in FY 2027, with ongoing but lower costs beginning in FY 2028. MHEC general fund expenditures increase for contractual support in FY 2027, and potentially minimally and seasonally biennially thereafter to produce the summary report.

**Local Effect:** Expenditures increase for local community colleges in FY 2027, likely significantly, to update data reporting systems, with ongoing but lower costs beginning in FY 2029 for reporting – which assumes implementation is feasible. Revenues are not directly affected. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Potential meaningful.

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## Analysis

**Bill Summary:** The report must include the following information from the previous fiscal year:

- total student enrollment, disaggregated by demographic categories;
- total dollar amount of institutional debt disaggregated as specified, including by demographic categories and by number of enrolled and former students who owe institutional debt;
- status and collection of institutional debt, including specified matters such as percentage and total amount of institutional debt held in good standing and past due and number of enrolled students and former students who made voluntary payments to the institution;
- administrative hold actions by the institution, including (1) the number of enrolled students or former students with an administrative hold due to institutional debt and (2) the number of enrolled students or former students who have completed all required courses but on whom a degree has not been conferred due to institutional debt;
- a list of persons used by the institution for institutional debt-related activities, including originating loans, establishing and facilitating installment plans or debt payment, and initiating lawsuits;
- a copy of any model instrument used by the institution to establish an institutional debt, including a promissory note, an enrollment agreement, a tuition payment plan, or a contract;
- a summary of and citation to the institution's policies relating to an enrolled student's financial obligations, including (1) tuition payment plans; (2) student loans owed to the institution; (3) administrative holds; (4) debt collection; and (5) reports to credit reporting agencies; and
- any other information MHEC determines is relevant to evaluating institutional debts.

Nothing in the bill may be construed to require an institution of postsecondary education to report personal identifying information of an enrolled student or former student.

### **Current Law:**

#### *Institution of Postsecondary Education*

“Institution of postsecondary education” is defined as a school or other institution that offers an educational program in the State for individuals who are at least 16 years old and who have graduated or left elementary or secondary school. It does not include any adult

education, evening high school, or high school equivalence program conducted by a public school system or any apprenticeship or on-the-job training program subject to approval by the Maryland Apprenticeship and Training Council.

The definition includes public and private four-year institutions, community colleges, and private career schools.

#### *Central Collection Unit*

CCU in the Department of Budget and Management, subject to various exceptions, is generally responsible for the collection of each delinquent account or other debt that is owed to the State or any of its officials or units. CCU recovers its operating expenses by assessing and collecting a fee in addition to and for the debts that it is assigned.

#### *Family Educational Rights and Privacy Act*

At the federal level, the Family Educational Rights and Privacy Act (FERPA) of 1974 governs the privacy of student data. FERPA generally prohibits the disclosure by schools that receive federal education funding of personally identifiable information from a student's education record unless the educational institution has obtained signed and dated written consent from a parent or eligible student or one of FERPA's exceptions applies. An education record includes a range of information about a student.

**State/Local Expenditures:** General fund expenditures for MHEC increase beginning in fiscal 2027 to implement the bill's requirements. MHEC advises that one full-time permanent Staff Specialist IV is needed to develop a standardized data dictionary, collect and manage biennial institutional debt reports, analyze submitted data, prepare required reports to the General Assembly, and adopt regulations.

However, the Department of Legislative Services (DLS) advises that the bill's initial requirements can likely be met with contractual support in fiscal 2027. It is assumed that contractual staff develop the required data dictionary, establish reporting processes, and coordinate initial data collection following the bill's July 1, 2026 effective date.

Future year expenditures are assumed to be minimal and absorbable within existing resources, as ongoing responsibilities are limited to biennial data collection and reporting. However, to the extent that workloads exceed MHEC's existing capacity, additional contractual support may be required during biennial reporting periods.

Compliance with the reporting requirements may not be feasible as noted in **Additional Comments**. Nevertheless, in an attempt to do so, higher education expenditures increase beginning in fiscal 2027 for public four-year institutions, BCCC, and

local community colleges to prepare to produce the required biennial report (the first one of which is due one month into fiscal 2028). The magnitude of the increase varies by institution but could reach hundreds of thousands of dollars for some, while a few institutions, such as Morgan State University, may incur more modest expenditure increases.

Multiple constituent institutions of the University System of Maryland report significant fiscal costs, many of them fueled by operational impacts, associated with the bill's institutional debt reporting requirements. Assuming implementation is feasible, the University of Maryland, College Park Campus (UMCP) estimates at least \$500,000 in one-time implementation costs and \$150,000 to \$250,000 in ongoing biennial costs. For a similar version of the bill, the University of Maryland, Baltimore County estimated substantial upfront development costs and ongoing operational expenses. Bowie State University, the University of Maryland, Baltimore Campus, the University of Maryland Eastern Shore, and Frostburg State University advised that financial reporting increases administrative workloads, requires system modifications, and diverts limited institutional resources. Overall, institutions describe the requirements as operationally burdensome. Costs are driven primarily by the need to integrate data across multiple systems and offices, rather than by the reporting requirement itself. The definitions developed as part of MHEC's data dictionary influence the extent to which institutions can readily identify and categorize institutional debt within existing systems and, therefore, the level of effort required for compliance.

Institutions advise that the required data elements are not centrally stored, uniformly defined, or systematically tracked within existing enterprise systems. Required information is dispersed across multiple offices, including Financial Aid, Student Accounts, the Registrar, Institutional Research, Finance, and Information Technology, and in some cases across multiple software platforms including legacy systems. Further, some demographic, Pell status, and enrollment data elements are not directly linked to debt records, and reconstructing historical data may require system redesign or manual reconciliation.

As in prior years, institutions raise concerns regarding data held by CCU. Campuses advise that certain required information – including voluntary payment data, credit reporting activity, litigation status, and certain demographic data for older debts – is maintained by CCU and not directly accessible or controlled by the institutions. Accordingly, institutions indicate that compliance may require coordination with CCU systems that are not structured to generate the specific data elements required by the bill.

The requirement that MHEC develop a standardized data dictionary and centralize data collection may mitigate some implementation challenges over time; however, institutions are still required to develop internal processes to compile, reconcile, and report the required data.

Finally, UMCP advises that the timing of the bill creates additional risk, as key subject matter experts are currently assigned to major system modernization efforts, including Workday Student implementation. UMCP warns that diverting staff from these initiatives could delay implementation and create substantial financial consequences. DLS cannot independently verify this assessment.

**Small Business Effect:** Many private career schools are small businesses. Like the public institutions, expenditures likely increase, potentially significantly, to produce the required annual report.

**Additional Comments:** In addition to the issues noted above, the timeframe established in the bill presents significant implementation challenges for all affected institutions, which make production of a compliant report improbable (particularly the initial report). Specifically, the bill requires MHEC to develop and publish a standardized data dictionary by July 1, 2027, while the first institutional reports are due on or before August 1, 2027. This provides approximately one month for institutions to align data systems and reporting processes with the new definitions and compile the report itself. This is further exacerbated by the bill's requirement that institutions report on the fiscal year just ended, which does not allow time for coordination with CCU or data validation and reconciliation.

UMCP also advised in 2024 for a similar bill that, even if a system can be developed to report the required data, it is unclear if it is permissible for UMCP to *disclose* the data under FERPA, if a legitimate educational purpose for disclosure of the data is not established. DLS cannot advise if the data can be disclosed under FERPA.

In addition, expenditures increase, potentially significantly, for nonpublic institutions of higher education, including institutions that belong to the Maryland Independent College and University Association (MICUA). MICUA advises that its institutions may need to hire additional staff for their institutional research offices.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 920 of 2025; HB 708 of 2024; and HB 522 of 2023.

**Designated Cross File:** SB 628 (Senator Kramer) - Education, Energy, and the Environment.

**Information Source(s):** Maryland Higher Education Commission; University System of Maryland; Morgan State University; Maryland Independent College and University Association; Department of Legislative Services

**Fiscal Note History:**  
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Third Reader - April 6, 2026

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Analysis by: Caroline L. Boice

Direct Inquiries to:

(410) 946-5510

(301) 970-5510