

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 628 (Senator Kramer)  
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 annually on institutional debt (an extension of credit, a debt, or an obligation owed or incurred by a student, in the student's capacity as a student, to the institution), as specified, to the Maryland Higher Education Commission (MHEC) beginning on October 1, 2027. By December 1, 2027, and annually thereafter, MHEC must submit a report to the General Assembly summarizing the reports from the institutions. MHEC may assess a civil penalty up to \$10,000 (per violation) against an institution that fails to submit a report or knowingly includes inaccurate information in it, as determined by MHEC. Before assessing a penalty, MHEC must send a notice of charges, as specified, against the institution and give the institution an opportunity to request a hearing. The bill also establishes related hearing procedures. 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. Beginning in FY 2028, annual 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. Beginning in FY 2028, MHEC general fund expenditures increase minimally and seasonally for contractual support to produce the summary report. The bill's penalty provisions do not have a material impact on State finances or operations.

**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 2028 for reporting. 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:** MHEC advises that implementing the bill’s reporting requirements requires two full-time staff: an associate director for institutional debt and a finance policy analyst. Additionally, assistance from assistant Attorneys General may be needed to ensure report accuracy and support hearings or appeals. The Department of Legislative Services (DLS) advises, given the two-month period within which MHEC has to produce the summary report each year, that level of staffing is likely not required. Even so, beginning in fiscal 2028 when the first report is due, contractual support is required annually for at least an eight-week period to produce a summary report with data from the more than 200 institutions within Maryland required to report to MHEC (11 public four-year institutions, 16 community colleges (including BCCC), approximately 160 private career schools, 13 nonpublic institutions that receive State aid, and other nonpublic institutions). It is unlikely, at least initially, that all institutions will be able to

report the information in a standard format (which could be more readily summarized). Should a standardized report format be required, the need for contractual support each year may be lessened; however, there could be one-time costs to develop a standardized report in fiscal 2027 and additional costs incurred for the institutions reporting.

Higher education expenditures increase beginning in fiscal 2027 for public four-year institutions, BCCC, and local community colleges to prepare to produce the required annual report (the first one of which is due in 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 be able to produce the report with more modest expenditure increases.

Multiple constituent institutions of the University System of Maryland report significant fiscal and operational impacts associated with the bill's institutional debt reporting requirements. 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 annual costs. The University of Maryland Baltimore County estimates development costs exceeding \$200,000 and annual costs above \$100,000 to maintain reporting processes, while Bowie State University advises that at least two dedicated full-time staff would be required to coordinate data across multiple systems and offices.

Similarly, the University of Maryland, Baltimore Campus estimates the need for two to three new full-time positions and significant new information technology (IT) infrastructure, citing data governance and privacy risks and reliance on CCU for certain required information. The University of Maryland Eastern Shore and Frostburg State University also advise that the bill increases their administrative workloads, requires system modifications, and diverts limited institutional resources, describing the requirements as operationally burdensome.

Institutions advise that the required data 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 IT, and in some cases across multiple software platforms including legacy systems. Several institutions note that the bill's definition of "institutional debt" does not align with how data are currently structured in student account systems, making it difficult to distinguish institutional from noninstitutional charges. 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. Institutions also express concern about potential civil penalties for inaccurate reporting, particularly where required data are outside institutional control.

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:** 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:** HB 877 (Delegate Spiegel, *et al.*) - Appropriations.

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

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