

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 22-0259.01 Shelby Ross x4510

HOUSE BILL 22-1049

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A BILL FOR AN ACT

101 **CONCERNING PROHIBITING A POSTSECONDARY INSTITUTION FROM**
102 **MAKING PAYMENT OF AN OUTSTANDING BALANCE ON A**
103 **STUDENT'S ACCOUNT A CONDITION OF ISSUING THE STUDENT'S**
104 **DOCUMENTS.**

SENATE
Amended 2nd Reading
March 28, 2022

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

HOUSE
3rd Reading Unamended
February 28, 2022

The bill prohibits a postsecondary institution from:

- Refusing to provide a transcript or diploma for a current or former student on the grounds that the student owes a debt;

HOUSE
Amended 2nd Reading
February 24, 2022

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

- Conditioning the provision of a transcript or diploma on the payment of a debt, other than a fee charged to provide the transcript or diploma;
- Charging a higher fee to obtain a transcript or diploma or providing less favorable treatment in response to a transcript or diploma request because a current or former student owes a debt; or
- Using transcript or diploma issuance as a tool for debt collection.

The bill provides a civil right of action to a current or former student whose transcript or diploma is withheld for any of the prohibited reasons and entitles the person to injunctive relief, a civil penalty of up to \$500 for each violation, and reasonable attorney fees and costs.

The bill authorizes the administrator of the "Uniform Consumer Credit Code" to enjoin the practice of withholding a transcript or diploma and assess a postsecondary institution a penalty of \$500 for each violation.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add 23-5-113.5 as**
3 **follows:**

4 **23-5-113.5. Prohibition on withholding transcripts and**
5 **diplomas - postsecondary institution - remedy - definitions.** (1) As
6 **USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:**

7 (a) "ADMINISTRATOR" MEANS AN ADMINISTRATOR OF THE
8 "UNIFORM CONSUMER CREDIT CODE" DESIGNATED PURSUANT TO SECTION
9 5-6-103.

10 (b) "DEBT" MEANS ANY MONEY, OBLIGATION, CLAIM, OR SUM, DUE
11 OR OWING, OR ALLEGED TO BE DUE OR OWING, FROM A CURRENT OR
12 FORMER STUDENT, BUT DOES NOT INCLUDE A FEE CHARGED TO A CURRENT
13 OR FORMER STUDENT FOR THE ACTUAL COST OF PROVIDING A TRANSCRIPT
14 OR DIPLOMA.

15 (c) "FINANCIAL AID FUNDS" MEANS FINANCIAL AID FUNDS THAT A
16 CURRENT OR FORMER STUDENT OWES TO A POSTSECONDARY INSTITUTION

1 UNDER TITLE IV, OR TO THE STATE, DUE TO MISCALCULATION,
2 WITHDRAWAL, MISINFORMATION, OR ANY OTHER REASON, NOT INCLUDING
3 THE STANDARD REPAYMENT OF STUDENT LOANS.

4 =

5 (d) "POSTSECONDARY INSTITUTION" MEANS A PUBLIC INSTITUTION
6 OF HIGHER EDUCATION, AS DEFINED IN SECTION 23-4.5-102 (7); A PRIVATE
7 INSTITUTION OF HIGHER EDUCATION, AS DEFINED IN SECTION 23-18-102
8 (9); OR A PRIVATE OCCUPATIONAL SCHOOL, AS DEFINED IN SECTION
9 23-2-102 (13).

10 (e) "ROOM AND BOARD FEES" MEANS ANY MONEY, OBLIGATION,
11 CLAIM, OR SUM, DUE OR OWING, OR ALLEGED TO BE DUE OR OWING, FROM
12 A CURRENT OR FORMER STUDENT FOR THE PROVISION OF CONTRACTUALLY
13 AGREED UPON ON-CAMPUS HOUSING OR MEAL SERVICES PLANS.

14 (f) "STUDENT LOAN OMBUDSPERSON" MEANS THE STUDENT LOAN
15 OMBUDSPERSON DESIGNATED IN SECTION 5-20-104.

16 (2) (a) A POSTSECONDARY INSTITUTION MAY REFUSE TO PROVIDE
17 A TRANSCRIPT OR DIPLOMA TO A CURRENT OR FORMER STUDENT ON THE
18 GROUND THAT THE STUDENT OWES A DEBT FOR TUITION, ROOM AND
19 BOARD FEES, OR FINANCIAL AID FUNDS.

20 (b) NOTWITHSTANDING SUBSECTION (2)(a) OF THIS SECTION, A
21 POSTSECONDARY INSTITUTION SHALL NOT REFUSE TO PROVIDE A
22 TRANSCRIPT OR DIPLOMA TO A CURRENT OR FORMER STUDENT:

23 (I) ON THE GROUNDS THAT THE STUDENT OWES A DEBT OTHER
24 THAN A DEBT FOR TUITION, ROOM AND BOARD FEES, OR FINANCIAL AID
25 FUNDS; OR

26 (II) IF THE STUDENT CAN DEMONSTRATE THAT THE TRANSCRIPT OR
27 DIPLOMA IS NEEDED FOR ONE OF THE FOLLOWING EXEMPTIONS:

1 (A) A JOB APPLICATION;

2 (B) TRANSFERRING TO ANOTHER POSTSECONDARY INSTITUTION;

3 (C) APPLYING FOR STATE, FEDERAL, OR INSTITUTIONAL FINANCIAL

4 AID;

7 (E) PURSUIT OF OTHER POSTSECONDARY OPPORTUNITIES.

8 (c) SUBSECTION (2)(b)(II) OF THIS SECTION DOES NOT APPLY TO A
9 FOREIGN STUDENT, AS DEFINED IN SECTION 23-1-113.5.

10 (3) IF A POSTSECONDARY INSTITUTION PROVIDES A CURRENT OR

11 FORMER STUDENT A TRANSCRIPT OR DIPLOMA PURSUANT TO SUBSECTION
12 (2)(b) OF THIS SECTION, THE POSTSECONDARY INSTITUTION SHALL NOT:

13 (a) CONDITION PROVISION OF THE TRANSCRIPT OR DIPLOMA ON
14 PAYMENT OF A DEBT;

15 (b) CHARGE A HIGHER FEE TO OBTAIN THE TRANSCRIPT OR
16 DIPLOMA OR PROVIDE LESS FAVORABLE TREATMENT IN RESPONSE TO THE
17 TRANSCRIPT OR DIPLOMA REQUEST BECAUSE THE REQUESTING CURRENT
18 OR FORMER STUDENT OWES A DEBT; OR

19 (c) OTHERWISE USE TRANSCRIPT OR DIPLOMA ISSUANCE AS A TOOL
20 FOR DEBT COLLECTION.

21 (4) (a) EACH POSTSECONDARY INSTITUTION SHALL ADOPT A
22 POLICY THAT OUTLINES THE PROCESS BY WHICH A STUDENT MAY OBTAIN
23 A TRANSCRIPT OR DIPLOMA AND THE CIRCUMSTANCES UNDER WHICH A
24 TRANSCRIPT OR DIPLOMA MAY BE WITHHELD PURSUANT TO SUBSECTION
25 (2) OF THIS SECTION FROM A CURRENT OR FORMER STUDENT WHO OWES A
26 DEBT. AT A MINIMUM, THE POLICY MUST INCLUDE:

27 (I) A REASONABLE PROCESS FOR VERIFICATION OF CONDITIONS A

1 CURRENT OR FORMER STUDENT MAY DEMONSTRATE TO RECEIVE AN
2 EXEMPTION PURSUANT TO SUBSECTION (2) OF THIS SECTION;

3 (II) AN OPPORTUNITY TO ESTABLISH A PAYMENT PLAN FOR THE
4 DEBT;

5 (III) IDENTIFICATION OF THE POINT AT WHICH A STUDENT WILL NO
6 LONGER BE ABLE TO REGISTER FOR CLASSES DUE TO THE DEBT OWED; AND

7 (IV) IDENTIFICATION OF THE POINT AT WHICH A STUDENT MAY BE
8 SUBJECT TO A TRANSCRIPT, DIPLOMA, OR REGISTRATION HOLD, INCLUDING
9 THE TIME FRAMES AND AMOUNTS FOR WHICH THE HOLDS ARE TO BE USED
10 AND THE LOWEST AMOUNT OF DEBT AT WHICH THE INSTITUTION WILL
11 ASSIGN THE DEBT TO A THIRD-PARTY COLLECTION AGENCY.

12 (b) THE POSTSECONDARY INSTITUTION SHALL POST THE POLICY
13 DESCRIBED IN SUBSECTION (4)(a) OF THIS SECTION AND THE PROCEDURES
14 FOR FILING A COMPLAINT WITH THE STUDENT LOAN OMBUDSPERSON AND
15 THE ADMINISTRATOR ON THE POSTSECONDARY INSTITUTION'S WEBSITE
16 AND PROVIDE THE POLICY AND THE PROCEDURES TO STUDENTS AS PART OF
17 THE INFORMATION SHARED RELATING TO THE COST OF ATTENDANCE THAT
18 INCLUDES ANY ADDITIONAL FEES, FINANCIAL AID, SCHOLARSHIPS, OR
19 OTHER INFORMATION.

20 (5) (a) BEGINNING JULY 1, 2024, EACH POSTSECONDARY
21 INSTITUTION SHALL ANNUALLY REPORT TO THE DEPARTMENT OF HIGHER
22 EDUCATION CONCERNING TRANSCRIPT AND REGISTRATION HOLDS,
23 INCLUDING:

24 (I) THE POSTSECONDARY INSTITUTION'S POLICY DEVELOPED
25 PURSUANT TO SUBSECTION (4)(a) OF THIS SECTION;

26 (II) THE NUMBER OF STUDENTS FOR WHOM THE POSTSECONDARY
27 INSTITUTION IS WITHHOLDING OFFICIAL TRANSCRIPTS, DIPLOMAS, AND

1 REGISTRATION PRIVILEGES; AND

2 (III) THE NUMBER OF PAST-DUE STUDENT ACCOUNTS ASSIGNED TO
3 THIRD-PARTY COLLECTION AGENCIES, INCLUDING THE NUMBER OF
4 STUDENTS WHO ARE ELIGIBLE FOR FEDERAL PELL GRANTS.

5 (b) BEGINNING JANUARY 2025, AND EACH JANUARY THEREAFTER,
6 THE DEPARTMENT OF HIGHER EDUCATION SHALL ANNUALLY REPORT ON
7 THE INFORMATION DESCRIBED IN SUBSECTION (5)(a) OF THIS SECTION AT
8 THE DEPARTMENT'S ANNUAL HEARING PURSUANT TO THE "STATE
9 MEASUREMENT FOR ACCOUNTABLE, RESPONSIVE, AND TRANSPARENT
10 (SMART) GOVERNMENT ACT", PART 2 OF ARTICLE 7 OF TITLE 2.

11 (6) (a) THE STUDENT LOAN OMBUDSPERSON MAY PROVIDE
12 INFORMATION TO THE PUBLIC REGARDING THE LIMITS DESCRIBED IN THIS
13 SECTION ON WITHHOLDING A TRANSCRIPT OR DIPLOMA. THE STUDENT
14 LOAN OMBUDSPERSON AND THE ADMINISTRATOR MAY RECEIVE
15 COMPLAINTS FROM CURRENT OR FORMER STUDENTS WHO HAVE HAD A
16 TRANSCRIPT WITHHELD.

17 (b) BEGINNING JANUARY 2025, AND EACH JANUARY THEREAFTER,
18 THE ATTORNEY GENERAL'S OFFICE SHALL COMPILE DATA ON THE
19 COMPLAINTS RECEIVED BY THE STUDENT LOAN OMBUDSPERSON AND THE
20 ADMINISTRATOR PURSUANT TO SUBSECTION (6)(a) OF THIS SECTION AND
21 ANNUALLY REPORT THE DATA THROUGH THE ANNUAL HEARING FOR THE
22 DEPARTMENT OF LAW HELD PURSUANT TO THE "STATE MEASUREMENT FOR
23 ACCOUNTABLE, RESPONSIVE, AND TRANSPARENT (SMART)
24 GOVERNMENT ACT", PART 2 OF ARTICLE 7 OF TITLE 2.

25 **SECTION 2.** In Colorado Revised Statutes, 5-6-104, **amend**
26 **(1)(i); and add (1)(k) as follows:**

27 **5-6-104. Powers of administrator - harmony with federal**

1 **regulations - reliance on rules.** (1) In addition to other powers granted
2 by this code, the administrator, within the limitations provided by law,
3 may:

4 (i) License and regulate collection agencies pursuant to article 16
5 of this title 5; and

6 (k) RECEIVE AND ACT ON COMPLAINTS PURSUANT TO SECTION
7 23-5-113.5.

8 **SECTION 3. Safety clause.** The general assembly hereby finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, or safety.