



**Written Testimony of Aissa Canchola Bañez
Policy Director at Protect Borrowers
Before the Little Hoover Commission
*“Institutional Debt for California's Students”***

Tuesday, March 17, 2026

Mr. Pedro Nava
Commission Chair
The Little Hoover Commission
925 L Street, Suite 805,
Sacramento, California 95814

Dear Chairman Nava, Vice Chairman Cannella and distinguished members of the Commission,

My name is Aissa Canchola Bañez and I serve as policy director for Protect Borrowers, previously known as the Student Borrower Protection Center. It is an honor to submit the following written testimony in response to the Little Hoover Commission’s study examining institutional debt across the state of California. While I am based in southern California, Protect Borrowers is a national non-profit policy, research, advocacy and litigation organization focused on shedding light on the growing role that debt plays in the lives of working families across the country, protecting borrowers and advancing policies that create a fair economy that does not place a price tag on opportunity.

Since 2019, Protect Borrowers has helped lead the Campaign for California Borrowers’ Rights, a diverse coalition of organizations representing students, workers, consumers, older people, communities of color, veterans, and millions of other Californians affected by the student debt crisis. In this role, we have worked with our research partners to conduct extensive¹ research² to shed light on the prevalence of institutional debt across California and sound the alarm for legislative action. We were proud supporters of AB 1313 Educational Debt Collection Practices Act (Rivas), which made California one of the first states in the nation to protect students from transcript withholding as a debt collection tactic to collect on outstanding institutional debt. We have also been proud cosponsors of AB1160, Protecting Students from Creditor Colleges Act

¹ *Withholding Dreams*, Student Borrower Protection Center (February 2021), https://protectborrowers.org/wp-content/uploads/2021/01/Withholding_Dreams_SBPC.pdf

² Eaton et. al., *Creditor Colleges: Canceling Debts that Surges During COVID-19 for Low-Income Students*, Student Borrower Protection Center (March 2022), <https://www.luminafoundation.org/wp-content/uploads/2022/04/creditor-colleges.pdf> (“Creditor Colleges Report”).

(Pacheco) and AB850, Institutional Debt Transparency Act (Pacheco) when they were under consideration by the California Legislature.

Across California, more than 3.9 million borrowers owe nearly \$148 million in federal student loan debt. Although state and federal policymakers have taken action to support student loan borrowers, for too long the crisis of institutional debt has gone unaddressed. While the institutional debt crisis had long predated the pandemic, the economic and public health emergency which forced record numbers of students to withdraw from their courses, has now made it impossible to ignore. As a result of the public health and economic toll of the pandemic, institutional debts have ballooned, leading to more than **750,000 low-income students owing more than \$390 million in institutional debt to California public colleges and universities.** We are thrilled to see The Little Hoover Commission study this issue and explore legislative solutions that will protect students, increase transparency and ensure students are able to continue making progress towards their dreams of a higher education.

What is institutional debt?

Institutional debt refers to any debt that students or former students owe directly to schools rather than the government or private lenders and can range from library fines to parking tickets to unpaid fees and tuition a student may owe from a prior semester/term. Although often overlooked or underappreciated as a form of student debt, these private education debts are as legally enforceable as student loans owed to banks or to the federal government. Schools across California engage in a variety of collection activities while seeking repayment of these debts, including preventing re-enrollment, withholding diplomas, and even placing students in private collections or subjecting them to offsets of their benefits and tax return through the Interagency Intercept Collection (IIC) Program operated by the California Franchise Tax Board.³

It is also important to note that these debts do not merely arise due to a student's refusal or inability to come up with the money. Research suggests that institutional debt most commonly arises when students relying on the federal "Title IV" federal aid programs, such as Pell Grants, withdraw from an academic program before they are able to complete.⁴ When a student withdraws early from school before completing a semester, a school must repay a portion of that student's Title IV funds to the federal government using a formula proportional to the amount of class time the student completed— a federal government policy known as "Return to Title IV".⁵ Most institutions – across all two-year, four year, and for-profit schools – created policies that then charge students for the amount of the Title IV aid returned to the federal government as part

³ See Creditor Colleges Report.

⁴ *Id.*

⁵ 34 C.F.R. § 668.22. When a student withdraws before attending one class, schools are required to pay back 100% of the Title IV Aid.

of their refund policies, which creates a balance on their account.⁶ **These balances may be a few thousand dollars, for which the student should never have been responsible.** Suddenly, students intending to pay off their education over time with loans and grants find themselves owing debts immediately due to their school and locked out of continuing their education until this debt is repaid.

While federal pandemic legislation suspended the Return to Title IV requirement for schools in the event of a student withdrawing because of a qualifying COVID-19 related emergency, schools continued to repay the Education Department and charge students for repaid funds.⁷ A study of California schools shed light on how the University of California (UC), California State Universities (CSU), and community college systems incurred institutional debt during the first two years of the pandemic when more students withdrew from school. From 2020 to 2022 alone, nearly 750,000 California students accrued institutional debt, estimated to total approximately \$395 million.⁸ Data also reveals that the largest single source of institutional debt for the UC and CSU systems (and, to a lesser degree, California community colleges) are charges for students to repay Title IV Pell Grants, which are exclusively awarded to students based on financial need.⁹

The educational and economic harms associated with institutional debt are pervasive.

Schools employ a host of harmful collections practices in order to collect on outstanding student debt. These practices have lasting negative consequences, particularly for low-income students, even though campuses recoup only a small fraction of the sums owed.¹⁰ Typically, schools will bar students from re-enrolling until they repay an institutional debt— a practice that runs counter to retention and completion goals. Schools will also withhold a degree or diploma— actively hindering a student’s employment prospects in order to collect on an outstanding institutional debt.

Furthermore, schools also commonly place institutional debts with for-profit debt collection agencies, potentially damaging a student’s credit profile and their ability to secure housing and even employment. Schools may also subject students to the IIC program administered by the

⁶ *Withholding Dreams*, Student Borrower Protection Center (February 2021),

https://protectborrowers.org/wpcontent/uploads/2021/01/Withholding_Dreams_SBPC.pdf.

⁷ *Guidance for Interruptions of Study related to Coronavirus (COVID-19)*, Federal Student Aid, U.S. Department of Education (June 16, 2020),

<https://www.ed.gov/teaching-and-administration/safe-learning-environments/covid-19/covid-19-title-iv-frequently-asked-questions>, (Schools are required to determine whether a student's withdrawal was due to COVID-19 related issues); see Creditor Colleges Report.

⁸ See Creditor Colleges Report.

⁹ *Id.*

¹⁰ *Id.*

California Franchise Tax Board to collect on this debt.¹¹ Subjecting students to IIC offset could result in recently expanded tax benefits being garnished to repay institutional debts, including the California Earned Income Tax Credit and even the Young Child Tax Credit. For the most vulnerable and low-income students, the garnishment of critical tax benefits programs could be catastrophic and exacerbate the economic challenges they may be experiencing.

While California has made progress in protecting students from certain institutional debt practices, transparency, enforcement and stronger guardrails are needed.

In 2019, California became one of the first states across the country to protect students from the practice of “transcript withholding” for the purposes of collecting on outstanding institutional debts. AB 1313, Educational Debt Collection Practices Act (Rivas) created much-needed protections for students attending public, private non-profit and for-profit institutions of higher education across the state and prohibited schools from using a student’s transcript as a method to force collection on an institutional debt.¹² As the Legislature was considering the policy, Assemblymember Rivas and then Attorney General Becerra pointed to the counterproductive nature of withholding a student’s transcript for purposes of collecting on an institutional debt, when the transcript itself might be necessary to secure employment in order to repay such debt.¹³

While the law guaranteed the right of a student to access their transcripts, the law allowed schools to continue imposing barriers to enrollment, re-enrollment and even access to an earned degree as a consequence of an institutional debt. Making matters worse, a recent investigation¹⁴ found that over 40 public colleges across the state continued to include transcript withholding policies on their websites, in possible violation of state law.¹⁵ Due to the lack of systemwide transparency into the institutional debt collection policies and practices of institutions of higher education across the state, we are unable to confirm whether or not schools are continuing to engage in transcript withholding, but we note that the sheer mention of such policies can have a

¹¹ California Earned Income Tax Credit and Young Child Tax Credit, CAL. FRANCHISE TAX BD., <https://www.ftb.ca.gov/file/personal/credits/california-earned-income-tax-credit.html#Check-if-you-qualify-for-CalEITC> [<https://perma.cc/V6QB-ZWYG>].

¹² Office of the Attorney General, Attorney General Becerra and Assemblymember Rivas’ Bill Prohibiting Schools from Withholding Student Transcripts Moves Forward, (Apr. 2019), <https://oag.ca.gov/news/press-releases/attorney-general-becerra-and-assemblymember-rivas%E2%80%99bill-prohibiting-schools>

¹³ Assembly Floor Analysis, California Legislature, (Jun. 2019), file:///C:/Users/aissa/Downloads/201920200AB1313_Assembly%20Floor%20Analysis.pdf.

¹⁴ Protect Borrowers, Investigation Reveals Over 40 California Colleges and Universities May Continue Policy of Collecting Debt By Withholding Transcripts, In Possible Violation of State Law, (Dec. 2025), <https://protectborrowers.org/investigation-reveals-over-40-california-colleges-and-universities-may-continue-policy-of-collecting-debt-by-withholding-transcripts-in-possible-violation-of-state-law/>.

¹⁵ Felicia Mello, Why California Colleges Can No Longer Withhold Transcripts Over Unpaid Fees, (Dec. 2025), <https://www.latimes.com/california/story/2025-12-23/california-colleges-no-longer-withhold-transcripts-unpaid-fee>.

chilling effect on students who may see these policies and assume they are unable to access their transcripts as a result.

Efforts to protect students from educational barriers and economic harms resulting from institutional debt

In the years following the passage of AB 1313, Protect Borrowers, the Campaign for California Borrower Rights and our partners have worked to address the ongoing gaps in the law in an effort to protect students from these harmful collections tactics. In 2023, Assemblymember Pacheco introduced **AB 1160, the Protecting Students from Creditor Colleges Act** which would have enacted the most comprehensive set of consumer protections for students with institutional debt and would have required robust reporting and transparency for policymakers and researchers into this growing debt market. The proposal would have:

- **Closed the loophole in California law allowing schools to withhold an earned degree in order to collect on an institutional debt.** This would have extended the protections of AB 1313 to also include earned degrees.
- **Prohibited schools from using outstanding institutional debt to prohibit a student from re-enrolling in their coursework.** The amended proposal would have allowed a student a one-time grace period to enroll in their course work. This grace period would have allowed a student to make progress towards their degree and give them the opportunity to pay off their outstanding institutional debt or enter into a payment plan with their school. The proposal would have allowed schools to withhold enrollment privileges in the case a student failed to make progress in repaying their institutional debt OR incurred more institutional debt.
- **Set important guardrails on the use of third-party debt collectors for the purposes of collecting on institutional debt.** Specifically, the amended proposal would have created a 180 day safe harbor/waiting period before a student could be subject to private collections or have negative information furnished on their credit report. The bill would have also required institutions of higher education to make all reasonable efforts—in compliance with California Fair Debt Collection Practices law—to notify a student of an outstanding institutional debt and work with them to address it. These protections mirrored those established by the Legislature with passage of AB 1020 and afforded to Californians with medical debt and would have ensured students were able to benefit from the same protections.
- **Protected students from tax refund/benefits offset for two years.** The amendment proposal would have allowed schools to refer students to IIC for state tax refund/benefit

offset after two years. This window of time was based on research showing students were most likely to re-enroll in their coursework within two years of stopping out.

- **Required robust data reporting.** The bill would have required comprehensive data reporting on the growth and impact of institutional debt.

Academic research found that the proposals included in AB 1160 would have been revenue positive for colleges and universities across the state, allowing students to re-enroll in their coursework, allowing universities to bring in new tuition revenues while students repay their outstanding institutional debt.¹⁶ According to the analysis, if AB 1160 had been passed into law, colleges and universities would have been able to bring in \$214 million in tuition and fees annually by re-enrolling 33% of students (an extremely conservative estimate) currently barred from re-enrollment due to outstanding institutional debts. The 33% assumption was based on best practices utilized by Lake Tahoe Community College District back in 2021 when the District waived enrollment holds by cancelling outstanding institutional debts for over 450 students. As a result, Lake Tahoe was able to successfully re-enroll these students and get them back on track towards their degrees. The analysis also showed that by re-enrolling students, universities could earn 500% more than what schools currently bring in through third-party debt collectors.¹⁷

Despite this research, the segments of higher education remained in opposition to the proposal arguing that the costs of implementing the provisions would result in millions in lost revenue.¹⁸ Many of these arguments are similar to those used by the segments during the debate on AB 1313.¹⁹ Unfortunately, due to the lack of transparency and reporting, there is no publicly available data on exactly how much revenue the segments of higher education *actually* bring in as a result of institutional debt. In letters submitted to the Senate and Assembly Committees on Appropriations, the University of California estimated that the system would lose \$32 million in revenues if universities are prohibited from using enrollment holds in order to collect on institutional debt.²⁰ However, according to the analysis by academic experts, the UC system

¹⁶ Charlie Eaton, Dalié Jiménez, and Jonathan Glater, Academic Experts Estimate That the Protecting Students from Creditor Colleges Act is Revenue Positive, (Dec. 2023), https://assets.nextgenpolicy.org/36b8b26d-protecting-students-from-creditor-colleges-act_policy-brief.pdf.

¹⁷ *Id.*

¹⁸ Senate Appropriations Analysis, California Legislature, (Jul. 2024), https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202320240AB1160.

¹⁹ Senate Appropriations Analysis, California Legislature, (Jun. 2019), https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201920200AB1313.

²⁰ *Id.*

would bring in \$90 million annually in additional tuition and fee revenue by allowing students to re-enroll.²¹ (See table below.)

Table 1: Estimated Institutional Debt, Collections, and Tuition-Fees for Re-enrolled Debtors Who Incurred Institutional Debts between July 2020 - June 2021

	Students Incurring Institutional Debts (2020/2021)	Total Debts Incurred (millions)	Average Debt Per Debtor	\$ Collected Per Debtor at 20% Collections Rate	Total \$ Collected at 20% Collections Rate	Tuition, Fees Per Undergrad Debtor Re-enrolled	Total Tuition, Fees at 33% Debtor Re-enrollment Rate
CCC	321,018	\$107 M	\$333	\$67	\$21 M	\$371	\$39 M
CSU	34,288	\$58 M	\$1,692	\$338	\$12 M	\$7,550	\$85 M
UC	17,717	\$30 M	\$1,693	\$339	\$6 M	\$15,352	\$90 M
All	373,023	\$195 M	\$523	\$105	\$39 M	\$1,742	\$214 M

Unfortunately, AB 1160 was held in suspense in November, 2024. In response to the most concerning fiscal concerns from the segments of higher education, Assemblymember Pacheco introduced **AB 850, Institutional Debt Transparency Act** with the goal of protecting students from the educational barriers of institutional debt and increasing transparency into the growth and prevalence of institutional debt across the state and the policies and practices schools utilize to collect on this debt. This proposal would have:

- **Prohibited schools from using outstanding institutional debt to prohibit a student from re-enrolling in their coursework.** The amended proposal would have allowed a student a one-time grace period to enroll in their course work. This provision would have allowed both the student and the schools to win by ensuring students were allowed to make progress toward their degree, allow institutions to bring in much-needed tuition/fee revenues and continue to require students to repay their institutional debt obligation. The proposal would have allowed schools to withhold enrollment privileges in the case a student failed to make progress in repaying their institutional debt OR incurred more institutional debt.
- **Required schools to publicly disclose their debt collection policies and ensure compliance with California Fair Debt Collection Practices law.** The proposal would have prohibited schools from reporting institutional debt to credit reporting agencies and ensured that all third-party debt collectors working with institutions of higher education were licensed according to California law.

²¹ Charlie Eaton, Dalié Jiménez, and Jonathan Glater, Academic Experts Estimate That the Protecting Students from Creditor Colleges Act is Revenue Positive, (Dec. 2023), https://assets.nextgenpolicy.org/36b8b26d-protecting-students-from-creditor-colleges-act_policy-brief.pdf.

- **Increased transparency by requiring robust data collection/public reporting.** The amended proposal would have required data collection/reporting from public colleges and universities (in response to resource concerns from smaller private institutions) and would have required robust reporting, including information on the total number and amounts owed across institutions and the breakdown of Pell Grant eligibility and demographics of students struggling with institutional debt.

AB 850 was a product of good faith conversations with higher education stakeholders. Importantly, nothing in the bill (or any of the bills proposed to tackle this issue thus far) would have cancelled institutional debt or require institutions of higher education to cancel institutional debt, nor would they have prohibited schools from utilizing their current tools to collect on these debts. Finally, the bill would not have required schools to enroll students who cannot meet that term's tuition or who have violated a code of conduct. This bill merely aimed to mitigate the most harmful educational and economic barriers associated with institutional debt and provide much needed sunlight so that California policymakers and the public have the data necessary to determine future the most critical policy interventions necessary as we work together to rebuild from the economic toll of the pandemic. Unfortunately, the segments of higher education continued to oppose the proposal, this time citing administrative challenges in implementing and including estimates in the hundreds of thousands of dollars in staff capacity in order to implement the data reporting requirements.²² The proposal was ultimately held in suspense before the Assembly Appropriations Committee in May, 2025.

While capacity concerns and fiscal constraints may seem like sympathetic arguments on behalf of the higher education institutions, any other creditor would face significant criticism for being unable and unwilling to report on their growing debt market. Across the nation, it is estimated that 6.6 million individuals owe a collective \$15 billion in institutional debt.²³ This is a multi-billion dollar underregulated debt market that must be addressed by policymakers before it is too late.

Robust statewide data on prevalence and growth of institutional debt across California is more important than ever.

Although the harm they cause is known, research on institutional debts across California is limited because schools are generally the only stakeholders with access to the relevant data, which makes the scope of these debts difficult to quantify. This is true both of the underlying expenses that caused these debts and their extent.

²² Assembly Appropriations Analysis, California Legislature, (May, 2025), https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202520260AB850.

²³ Julia Karon, James Dean Ward, Katherine Bond Hill & Martin Kurzweil, Ithaka S+R, *Solving Stranded Credits* (Oct. 5, 2020), <https://sr.ithaka.org/wp-content/uploads/2020/10/SR-Report-Solving-Stranded-Credits-100520.pdf>.

The range of circumstances that lead to an institutional debt accruing against a student are opaque. Some of these account balances may result from unknown fees. These debts, however they accrue, are extensive. One report based on national school survey responses revealed that institutional debts total \$15 billion nationwide and affect an estimated 6.6 million individuals.²⁴ According to that report, the average balance owed at community colleges is more than \$631.²⁵

Finally, what little data is available suggests that institutional debts **disproportionately burden low-income students and Black and Hispanic students**. A study commissioned by the Virginia General Assembly in 2022 required public institutions in the state to report on their institutional debt and collection practices, including demographic data.²⁶ To our knowledge, this is the first and only report of its kind to draw on actual debt and demographic data, rather than extrapolation. The results make clear that these debts are not borne evenly across the enrolled student population.

For example, although low-income students—as measured by their eligibility for a federal Pell Grant—make up only 30 percent of enrollment at Virginia’s two-year public colleges, they comprise 63 percent of those students who owe debts to those schools.²⁷

²⁴ Julia Karon, James Dean Ward, Katherine Bond Hill & Martin Kurzweil, Ithaka S+R, *Solving Stranded Credits* (Oct. 5, 2020), <https://sr.ithaka.org/wp-content/uploads/2020/10/SR-Report-Solving-Stranded-Credits-100520.pdf>.

²⁵ *Id.* at 12.

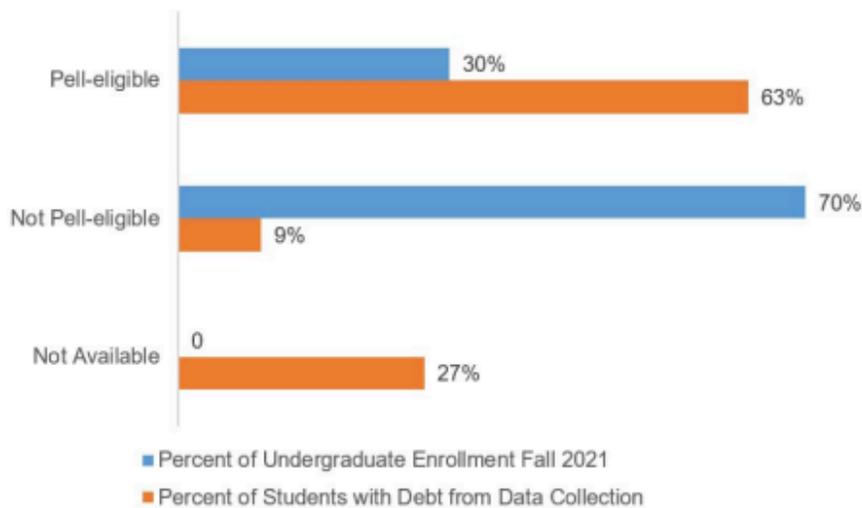
²⁶ See Virginia Secretary of Education, *Report on Student Debt Collection Practices and Policies at Public Institutions of Higher Education (2022 Appropriation Act, Item 128.C)*, 16 (Dec. 2022), <https://rga.lis.virginia.gov/Published/2022/HD15/PDF> (Virginia Report).

²⁷ Virginia Report at 16.

Pell-eligible students with debt at public two-year institutions

Student Type	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
Pell-eligible	9,402	63%	\$7,221,639	71%	\$768
Not Pell-eligible	1,369	9%	\$1,121,655	11%	\$819
Not Available	4,056	27%	\$1,839,295	18%	\$453
Total	14,827	100%	\$10,182,588	100%	\$687

Comparison of undergraduate enrollment and Pell-eligible students: public two-year institutions



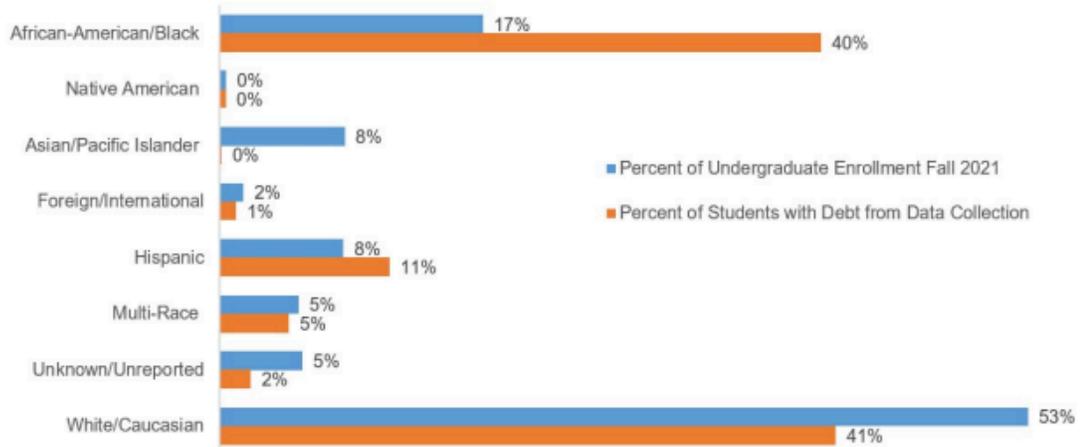
At those same schools, Black and Hispanic students comprise 17 percent and 8 percent of enrolled undergraduates, but make up 40 percent and 11 percent, respectively, of those students who owe debts to their schools.²⁸ In addition, the average balance among Black students who owe a debt to their school is more than \$120 greater than the average balance among white students who do so, and the average balance among Hispanic students who owe on an institutional debt is more than \$50 greater than the average balance among white students.

²⁸ *Id.* at 14.

Student debt by ethnicity at public two-year institutions

Ethnicity	Total Students with Debt	Share of Total Students with Debt	Total Debt Amount	Share of Total Debt	Average Debt Amount
African American/Black	5,897	40%	\$4,397,713	43%	\$746
Native American	59	0%	\$45,834	0%	\$777
Asian/Pacific Islander	20	0%	\$11,232	0%	\$562
Foreign/International	160	1%	\$136,730	1%	\$855
Hispanic	1,663	11%	\$1,125,057	11%	\$677
Multi-Race	680	5%	\$481,312	5%	\$708
Unknown/Unreported	305	2%	\$212,136	2%	\$696
White/Caucasian	6,043	41%	\$3,772,575	37%	\$624
Total	14,827	100%	\$10,182,588	100%	\$687

Comparison of undergraduate enrollment and student debt by race/ethnicity at public two-year institutions



Here, too, although there is not available demographic data specific to California and institutional debt, the reporting from Virginia suggests these debts exacerbate already-serious racial and socio-economic disparities. It is clear that California policymakers can and must take action to better understand the ways in which institutional debt is exacerbating inequities across our higher education system.

Federal policy changes are likely to make the institutional debt crisis even worse.

Amidst an unprecedented affordability crisis where millions of Americans are struggling to keep up with the rising costs of everyday essentials, more working families are also seeing the costs of critical hallmarks of the American Dream—homeownership, a secure retirement, and a higher education—pushed further out of reach. Unfortunately, the One Big Beautiful Bill Act (OBBBA) passed by Congress and signed by President Trump cuts over \$300 billion from higher education, including federal financial aid programs that students and families rely on to pay for college and the critical student loan safety net that borrowers utilize when experiencing financial hardship. These unprecedented cuts to the higher education system were made in order to bankroll \$4 trillion in tax cuts for billionaires and the biggest corporations. This could not come at a worse time for students and families.

As a result of the OBBBA, students will now have less access to critical federal financing to help pay for college and more families will be pushed into the private market in order to fill these financing gaps.²⁹ The new law eliminates the Graduate PLUS loan program and sets new lending caps for students pursuing professional and graduate level degree programs as well as parents. As a result, these policy changes will increase the number of students and families that will be forced to explore private lending options in order to pay for their college education. Due to the unpredictable nature of the private loan market, the new law will increase the number of students and families pushed out of their higher education if they are unable to secure private financing. It is also possible that students may resort to institutional based loans to cover outstanding gaps in financial aid, increasing the need for transparency and data into this market sooner rather than later.

Action is desperately needed before the institutional debt crisis gets worse.

We strongly urge The Little Hoover Commission to call for much-needed action to increase transparency and consumer protections into this growing and severely underregulated debt market.

- **Policymakers should strengthen consumer protections for students with institutional debt.** Colleges and universities across California should not be allowed to engage in some of the most aggressive debt collection tactics that are otherwise unavailable to other types of creditors. Collections tactics like withholding degrees and preventing students from re-enrolling in their coursework run counter to the fundamental goal of a higher

²⁹ Jennifer Zhang, *Deep Dive: The OBBBA Law Makes Paying for College More Expensive and Risky*, Protect Borrowers, (Sep. 11, 2025), <https://protectborrowers.org/resource/deep-dive-the-obbba-law-makes-paying-for-college-more-expensive-and-risky/>.

education— providing a pathway to economic stability and the middle class.

Furthermore, subjecting students to debt collection and offsetting critical tax refunds and benefits—particularly from students who are low income— pushes students and families further into poverty. It is simply unconscionable that our own public institutions of higher education are able to resort to these incredibly punitive collections measures.

- **Colleges across California, including for-profit colleges and non-profit universities, should be expected to publicly report on the debts owed to them by students.**

Policymakers, researchers and the public deserve to know the extent to which institutions of higher education are saddling students with institutional debt. Institutions should be mandated to report (in a publicly accessible manner) the total amount of institutional debt owed to them, the number of students subjected to enrollment holds as a result of these outstanding debts, the number of students subject to third-party debt collections and FTB offset, demographic information— including whether a student is a Pell Grant recipient— on students most likely to owe institutional debt (in a manner that protects student privacy and safety). Reporting this data in a publicly accessible manner is critical to spot harmful trends and better understand how these policies might have a disproportionately harmful impact on vulnerable students.

- **Universities should make their debt collection policies public.** At the very minimum, universities should be required to publish their debt collection policies on their websites so that students and the public can understand the tactics used.

I would like to thank the Little Hoover Commission for looking into the growing institutional debt crisis harming students and families across the state. It is absolutely critical that policymakers and state leaders enact long overdue solutions that will increase protections for students and families and increase much-needed transparency.

Thank you.