



Student Debt and Stranded Credits

Across the nation, postsecondary institutions often withhold a student's transcript and transfer student debt to a collections agency when a student has unpaid financial obligations to the institution. This practice leaves students with what is coined as "stranded credits".

According to a 2020 national [report](#) by Ithaka S+R, "there could be as much as \$15 billion in unpaid balances to colleges and universities, and roughly 6.6 million students may have stranded credits."

Key Takeaways

The following findings are common statewide:

- Withholding transcripts and transferring debt to collection agencies are policies used by institutions of higher education: public, private and occupational.
- Institutions place holds on student accounts for a variety of reasons including parking or library fines, or unpaid tuition and fees, etc.
- The debt per student can range from \$50 to \$1,500 and more.
- Institutions recoup millions of dollars lost per fiscal year because of these policies.
- A high percentage of students with a transcript withhold are Pell eligible.

Exceptions

Many, but not all, of Colorado's public institutions will make exceptions for students. The exceptions vary across the state. The most common one is for the school to release an unofficial transcript, which students can access at any time. Unofficial transcripts, however, are not considered by most 4-year institutions for admissions. Employers in the private sector use their own discretion in accepting unofficial transcripts. Some institutions do release official transcripts for students on a case-by-case basis, which is extremely helpful and the best possible outcome.

What can be done?

Some states have passed legislation to either prohibit or regulate withholding student transcripts. The effect of these restrictions is not known due to the recent passage of these laws. According to [Ithaka S+R](#), "the California State University system estimated their loss in the hundreds of thousands of dollars annually, and the University of California system speculated that losses could reach \$10-12 million per year. The University of Washington also postulates that losses could total millions of dollars each year out of their total annual revenue of around \$4.9 billion." It is important for Colorado to consider data-driven solutions before introducing any type of regulation.

Other strategies across the country with proven success for students with stranded credits are debt forgiveness programs administered by the individual higher education institution. For example, the [Warrior Way Back program](#) at Wayne State University in Detroit, allows students who have dropped out at least two years prior to re-enrolling, have at least a 2.0 GPA, and owe less than \$1,500 to the university to re-enroll and have their debt incrementally forgiven over a series of terms. Other states have seen success in [private-public partnerships](#) where philanthropic dollars have supported students in paying off their debt and returning to school.

For More Information

Chloe Figg, Legislative Liaison, at chloe.igg@dhe.state.co.us

Colorado Department of Higher Education <https://highered.colorado.gov/>

1600 Broadway, Suite 2200
Denver, CO 80202

(303) 862-3001

Colorado Higher Education Withholding Data

These are estimates from Colorado's public higher education institutions. Some of the numbers include holds that are not caused by unpaid financial obligations and there may be duplicate counts. An asterisk (*) indicates data is not available.

Institution	Average number of holds in the last 5 years	Percentage of students with holds upon completion for the last 5 years	Percentage of undergraduate population that is Pell eligible in AY17-18	Percentage of those with holds that are Pell eligible	Revenue recouped from transcript withholding
Adams State University	*	*	48%	*	*
Aims Community College	1,270	0	24%	22%	\$253,239.56 in 2019-2020
Colorado Community College System	6,322	*	67.5%	19.6%	An average of \$4.9M per fiscal year
Colorado Mesa University	3,740	9.6%	35%	*	*
Colorado Mountain College	94	*	15%	21.2%	*
Colorado School of Mines	3,615	4.84%	16%	10.28%	\$19,356,715 in FY20
CSU – Fort Collins	28,548	10.7% to 14.4%	23%	56.4%	\$55,043,856 in FY20
CSU – Global	2,514	3.4%	*	25.85%	\$3,213,394 in FY20
CSU – Pueblo	138	17%	39%	37.7%	\$241,074 in FY20
CU - Anschutz/Denver	*	0.10%	26%	7.5%	\$157M per year for the entire system
CU - Boulder	*	1.72%	16%	*	\$157M per year for the entire system
CU - Colorado Springs	*	0.81%	32%	*	\$157M per year for the entire system
Emily Griffith	*	*	*	*	*
Fort Lewis College	610		33%		\$1,219,630 from current students
MSU Denver	3,035	27.29%	36%	24.45%	*
Pickens Technical College	*	*	*	*	*
Technical College of the Rockies	24	12%		82%	\$12,480 is the average collected each year.
University of Northern Colorado	2,718	6%	30%	16%	\$731,787 in AY 19-20
Western Colorado University	631	15.25%	23%	22%	*