

April 12, 2023

The Honorable Mike Fong
Chair, Assembly Higher Education Committee
1020 N Street, Room 173
Sacramento, California 95814

RE: SUPPORT FOR AB 1160 (Pacheco)

Dear Chair Fong,

As a trusted source of research, design, and advocacy for student-centered policies that promote affordability, accountability, and equity in higher education, The Institute for College Access & Success (TICAS) is pleased to support AB 1160 (Pacheco), the Protecting Students from Creditor Colleges Act. This bill will help students persist and graduate with a degree in hand, by protecting them from the educational barriers and economic harms posed by the growth and prevalence of so-called “institutional debt,” which are debts owed directly to schools. Specifically, this bill aims to protect students by extending critical consumer protections and restricting harmful debt collecting strategies.

While a lot of attention and solutions have been put forth on student loan debt, there is another type of student debt that has gone mostly unaddressed: institutional debt. During the pandemic, the economic and public health emergency forced record numbers of students to withdraw from their courses. As a result, institutional debts ballooned, leading to more than 750,000 low-income students owing more than \$390 million in institutional debt to California public colleges and universities. Most institutional debt is incurred when a student unexpectedly withdraws from a course before the end of the term and their school is then required to repay federal student aid—such as a Pell Grant and federal student loans. Schools then charge the student for the returned amount. Since Pell Grants are awarded based on financial need, these debts almost exclusively affect low-income students—students who are also more likely to be from BIPOC communities. Furthermore, researchers have found that colleges can place holds on a student’s account barring them from re-enrolling in coursework, withholding degrees harming a student’s employment prospects, and even placing students in private collections or subjecting them to offsets of their benefits and tax return. Each of these forms of debt collection is drastically more harmful to the student than it is effective for the school.

AB 1160 (Pacheco) will protect students from the economic harms associated with institutional debt by extending critical consumer protections that will prohibit institutions from barring a student from re-enrollment, withholding a degree or certificate, or placing institutional debts with for-profit third-party debt collectors or subjecting students to tax return/benefit offsets to collect on this debt. It is for these reasons, we support AB 1160 (Pacheco) and respectfully ask for an AYE vote.

Sincerely,



Manny Rodriguez
Director of Advocacy & Policy, CA

cc: Assembly Member Blanca Pacheco
Members of the Assembly Higher Education Committee
Jeanice Warden, Chief Consultant, Assembly Higher Education Committee
Lyndsay Mitchell, Policy Consultant, Assembly Republican Caucus