

Transcript Withholding

Background

In spring 2022, a federal negotiated rulemaking session included discussions of transcript withholding but consensus was not reached on the practice. A 2022 Consumer Financial Protection Bureau (CFPB) [report](#) concluded transcript withholding practices could be considered abusive under the Consumer Financial Protection Act. The report directed leaders of higher education institutions to cease the practice. After the failed consensus in negotiated rulemaking and the CFPB report, the Department of Education began the process of regulating the practice at the national level through proposed regulations. Several states banned the practice, and the national regulation sets a standard for states that have not done so.

What will be “in effect” as of July 1, 2024?

Upon request by a student, institutions must provide an official transcript that includes all the credits for payment periods in which the student received Title IV funds and for which all institutional charges were paid (or included in an agreement to pay) at the time the request was made. Institutions are also banned from withholding transcripts if they are at risk of closure or if the balance owed resulted from an error in administering a Title IV program or any fraud or misrepresentation by the institution or its personnel.

What should our institution do to prepare?

Review your current practices for transcript withholding. Be sure that none of the transcripts withheld are due to errors in Title IV aid administration or institutional/personnel fault. If you find that has been the case, cease the practice on these types of requests as soon as possible.

To keep things simple, you can eliminate the practice altogether. Alternatively, your institution must restructure the transcript ordering process to align course completion data with payment information on a payment period basis to comply with the new federal withholding requirements. Your institution also may need to restructure how you work with students who are delinquent on their account to recoup funds that are owed.

Q&A

- Q1. Is transcript withholding banned in Connecticut?
- A1. Partially. Effective October 1, 2023, institutions of higher education in Connecticut are prohibited from withholding student transcripts from employers, prospective employers or any branch of the military service of the United States as a means to collect a student debt. The new Federal rules will take effect in Connecticut on July 1, 2024.
- Q2. When is it OK to withhold a transcript for financial reasons?
- A1. An institution may NOT withhold a full transcript for a student for reasons of unpaid debt unless that student is delinquent on their entire account (unlikely).
- A2. The regulation notes that an institution may withhold PORTIONS of the transcript if the student is delinquent (or has yet to create a payment plan) for their account for those particular courses/semesters/payment periods. This is where compliance can be complex because it requires a dynamic transcript process for student requests that allows for portions of the transcript, rather than the entire document, to be withheld.