

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 283
Appropriations

(Delegate Ebersole, *et al.*)

Institutions of Higher Education - Official Transcripts

This bill requires an institution of higher education that receives funding from the State to provide *one free* official transcript *per semester* to a student who meets specified criteria. To receive a free transcript, a student must be in good standing, enrolled in a degree-granting program at an eligible institution, and taking at least six semester hours of courses each semester. In addition, a student who graduated from an institution of higher education in the State is entitled to *one free* official transcript *every five years* if the individual is a Maryland resident.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: Higher education revenues at public four-year institutions and Baltimore City Community College (BCCC) from transcript fees decrease, perhaps significantly. However, the amount of the decrease cannot be reliably estimated. Higher education expenditures at public four-year institutions and BCCC increase, likely minimally, due to additional requests for free official transcripts; however, as discussed below, it is unknown how many additional requests will be made.

Local Effect: Higher education revenues at local community colleges from transcript fees decrease, perhaps significantly. Higher education expenditures at local community colleges may increase minimally due to additional requests for free official transcripts. However, it is unknown how much revenues may decrease or expenditures may increase.

Small Business Effect: None.

Analysis

Current Law: According to the University System of Maryland (USM) policy, each institution in USM must maintain an academic transcript for each student who enrolls. The transcript must conform to standards, as established by the American Association of Collegiate Registrars and Admissions Officers, and include courses and grades for each term of enrollment. Each institution must develop policies concerning resident credit and the calculation of grade point average. A USM institution may withhold copies of official academic transcripts and financial aid records requested by or on behalf of a student who is delinquent in his or her financial obligations.

Background: Official transcripts showing an individual's coursework and grades are used for applying to other institutions for graduate school or to transfer as well as for some types of applications for employment. The cost and delivery methods available for official transcripts depends on the institution. Some institutions offer secure electronic transcripts in addition to the more transitional paper transcripts. The cost for official transcripts varies by institution; moreover, paper and rush transcripts cost more at some institutions. The official transcript costs for the public four-year institutions in the State are displayed in **Exhibit 1**. Exhibit 1 shows that, in spring 2016, official transcript fees at public four-year institutions are \$10 or less, and several institutions provide free transcripts to some or all students. BCCC charges a fee of \$5 for each official transcript.

Some institutions of higher education use an outside vendor to deliver official transcripts, as an outside vendor has the technical knowledge to deliver secure electronic official transcripts. The outside vendor typically collects the transcript fees directly from the student requesting the transcript. Some institutions then collect a fee from the outside vendor.

USM reports that, among the 62 institutions of the Association of American Universities, costs per transcript range from \$5 to \$16, with the mode being \$10.

The Governor's proposed fiscal 2017 budget includes \$50.8 million in unrestricted funds for 13 private four-year institutions of higher education through the Joseph A. Sellinger formula.

Exhibit 1
Official Transcript Fees of Maryland Public Higher Education Institutions
Spring 2016

<u>Institution</u>	<u>Official Transcript Fees</u>
USM	
Baltimore	\$0
College Park	\$8 (first copy free for currently registered students)
Bowie	\$0 (\$10 while you wait)
Towson	\$0 (currently enrolled students and up to 18 months after graduating; \$5.50 after 18 months)
Eastern Shore	\$3 (\$10 same-day processing; \$20 FedEx next day or second day delivery)
Frostburg	\$0 (\$10 rush; \$10 express; \$20 both)
Coppin	\$5 (\$10 archived or rush; \$20 express)
U of Baltimore	\$6 official PDF (\$8 paper)
Salisbury	\$4 official PDF (\$6 paper)
University College	\$10 official PDF (\$10 paper; \$0 for pick up and some electronic)
Baltimore County	\$8 official PDF (\$8 paper)
Other Public Four-year	
Morgan State University	\$8
SMCM	\$5 per transcript (\$2.25 per address)
BCCC	\$5 per transcript

BCCC = Baltimore City Community College
PDF = portable document format
USM = University System of Maryland
SMCM = St. Mary's College of Maryland

Source: Institution websites; University System of Maryland; Morgan State University; Department of Legislative Services

State Revenues: Higher education revenues at public four-year institutions and BCCC from transcript fees decrease, perhaps significantly. However, the amount of the decrease cannot be reliably estimated. Even so, revenue decreases at some institutions may approach or exceed \$10,000 annually. Actual revenue decreases depend on the number of new requests made by students, former students, and alumni at each institution; transcript fees otherwise charged; and whether the institution has a contract with an outside vendor (discussed further below).

USM did not report the total amount of transcript revenues its institutions receive.

Morgan State University (MSU) advises that it generates approximately \$40,000 annually in transcript fees. MSU anticipates a significant loss of that revenue under the bill.

St. Mary's College of Maryland (SMCM) advises that it generates approximately \$25,000 annually in transcript fees. SMCM estimates that, under the bill, transcript revenues decrease by at least 30%, or approximately \$7,500 annually. Although this is not a major source of revenue for the college, it does impact the college's unrestricted funds.

BCCC advises that it generates approximately \$50,000 annually in transcript fees and anticipates a significant loss of that revenue under the bill.

State Expenditures: Higher education expenditures at public four-year institutions and BCCC increase, likely minimally, due to additional requests for free official transcripts; however, it is unknown how many additional requests will be made. The Department of Legislative Services (DLS) advises that, despite the public four-year institutions of higher education and BCCC anticipating needing additional staff (as described below), it is assumed that additional requests for transcripts may be manageable with existing institutional staff. While there may be some increase in the number of official transcripts requested due to the availability of free transcripts for specified students, the percentage increase is not anticipated to be large for the following reasons: students can access unofficial transcripts for free; the situations for which an individual would need an official transcript have not changed; and the current fees of \$10 or less per transcript are not prohibitive. Thus, the ability to receive a free transcript is not likely to significantly increase the number of requests.

The cost to process additional transcripts, at an estimated \$1 per transcript based on the University of Maryland, College Park's (UMCP) cost of production, is anticipated to be minimal. *For illustrative purposes only*, if the number of transcripts processed by UMCP were to increase by 10%, then UMCP would need to process an additional 6,000 transcripts per year at an estimated cost of \$6,000 per year.

DLS advises that institutions need to develop a system to track which students and graduates are eligible for and have received a free transcript. Developing a system or manually tracking students may increase staff workload and expenditures. However, any increase is anticipated to be minimal, even if it is cumbersome.

Institutions with Outside Vendors

Six institutions reported using an outside vendor to process transcript requests. DLS advises that institutions that currently use an outside vendor are the most affected by the

bill, since they have to bring the process back in-house – at least for free transcripts – or develop a system to reimburse students or the vendor for free transcripts. However, these expenditures cannot be reliability estimated at this time.

Processing Transcripts, Monitoring Eligibility, Materials and Postage

USM advises that monitoring which students and graduates are eligible for a free transcript under the bill is difficult. UMCP advises that it does not have an automated system capable of checking which students are eligible, and developing such a system may be impossible. Furthermore, manual tracking of eligible students will be complicated and time consuming. UMCP also advises that it is unsure if the electronic data interchange processing system that is used for electronic transcript exchange by the public institutions participating in the system can handle tracking students eligible for a free transcript. UMCP advises that, under the bill, it needs to hire three full-time staff members at approximately \$43,000 each per year to process the requests from current students, assuming that each eligible student takes advantage of the opportunity to request a free transcript.

MSU anticipates that, under the bill, it needs to hire an additional full-time administrative assistant to process the additional transcripts requested at a cost of approximately \$40,000 annually. In addition, MSU anticipates requiring additional postage (\$5,000), an additional copier (\$15,000), and office supplies (\$30,000), with total annual costs estimated at more than \$100,000.

SMCM advises that, under the bill, it needs to cancel its arrangement with the outside vendor that processes its transcripts, as there is no way to request a transcript free of charge through the vendor. Thus, SMCM higher education expenditures may increase to bring transcript processing back in-house. Alternatively, office procedures and workloads need to be reorganized. In addition, SMCM needs to develop a system to track which students have received a free transcript.

BCCC advises that it needs to hire an additional full-time accounts clerk to process the additional transcripts required at an annual cost of approximately \$54,000. In addition, BCCC anticipates additional supplies and materials totaling approximately \$46,500 annually.

Local Fiscal Impact: Similar to the public four-year institutions and BCCC, local community college higher education revenues from official transcript fees decrease, perhaps significantly. However, it is unknown exactly how much revenues decrease. Likewise, higher education expenditures at local community colleges may increase minimally due to additional requests for free official transcripts; however, it is unknown how many additional requests will be made. Local community colleges did not provide any information regarding their transcript revenues or anticipated expenditures.

Additional Comments: Private four-year institutions of higher education that receive funding from the State are required to provide *one free* official transcript *per semester* to a student who meets specified criteria and *one free* official transcript *every five years* to graduates if the individual is a Maryland resident. The private four-year institutions of higher education did not provide any information regarding their transcript revenues or anticipated expenditures.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, Baltimore City Community College, University System of Maryland, Morgan State University, St. Mary's College of Maryland, Department of Legislative Services

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min/rhh

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