

# STATE OF NEW YORK

5924

2021-2022 Regular Sessions

## IN SENATE

March 23, 2021

Introduced by Sen. THOMAS -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT to amend the general business law, in relation to prohibiting certain practices in the collection of education debt; and to amend the education law, in relation to student debts and extending college access challenge grant funds to ready adults returning to school to complete a degree

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 601 of the general business law is amended by  
2 adding a new subdivision 12 to read as follows:

3 12. Notwithstanding section three hundred fifty-five of the education  
4 law or 8 NYCRR Part 302, withhold a student's transcript for failure to  
5 pay past or presently due tuition, condition the provision of a tran-  
6 script on the payment of a debt, other than a fee charged to provide the  
7 transcript, or otherwise use transcript issuance as a tool for debt  
8 collection.

9 § 2. Section 602 of the general business law is amended by adding a  
10 new subdivision 4 to read as follows:

11 4. Any violation of this article is also a deceptive act and practices  
12 under section three hundred forty-nine of this chapter.

13 § 3. Section 2 of the education law is amended by adding a new subdi-  
14 vision 25 to read as follows:

15 25. Debt. The term "debt" means any money, obligation, claim, or sum,  
16 due or owing, or alleged to be due or owing, from a student, but does  
17 not include the fee, if any, charged to all students for the actual  
18 costs of providing the transcripts.

19 § 4. The education law is amended by adding a new article 13-c to read  
20 as follows:

### ARTICLE 13-C

#### STUDENT DEBT; PROHIBITED PRACTICES

21  
22  
23 Section 640. Student debt; prohibited practices.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

LBD08218-02-1

1 § 640. Student debt; prohibited practices. 1. Notwithstanding any  
2 provisions of law, no institution of higher education, including  
3 colleges, universities, and organizations offering career education, as  
4 defined in section 2 of this chapter shall:

5 (a) withhold a student's transcript for failure to pay past or pres-  
6 ently due tuition;

7 (b) condition the provision of a transcript on the payment of a debt,  
8 other than a fee charged to provide the transcript;

9 (c) charge a higher fee for obtaining a transcript, or provide less  
10 favorable treatment of a transcript request because a student owes a  
11 debt; or

12 (d) use transcript issuance as a tool for debt collection.

13 2. Institutions of higher education, including colleges, universities,  
14 and organizations offering career education may not withhold a student's  
15 official transcript, regardless of debt, except the fee charged to  
16 provide an official transcript, if the official transcript is requested  
17 by a student or entity for any of the following purposes:

18 (a) job application;

19 (b) transferring to another institution;

20 (c) applying for financial aid;

21 (d) pursuit of opportunities in the military or national guard; or

22 (e) pursuit of other post-secondary opportunities.

23 3. In addition to such penalties as may otherwise be applicable by  
24 law, the commissioner or the superintendent of financial services may,  
25 after notice and hearing, enjoin such transcript withholding practices  
26 and require any college found to be violating the provisions of this  
27 article or the rules or regulations promulgated hereunder to pay to the  
28 people of this state a penalty of five hundred dollars for each  
29 violation.

30 4. In addition to the right of action granted to the department or the  
31 superintendent of financial services pursuant to this section, any  
32 person who has been injured by reason of any violation of this section  
33 may bring an action in their own name to enjoin such unlawful act or  
34 practice. The court may, in its discretion, award reasonable attorney's  
35 fees to the prevailing plaintiff.

36 5. Nothing in this article shall limit any statutory or common law  
37 right of any person to bring any action in any court for any act, or the  
38 right of the state to punish any person for any violation of law.

39 § 5. The education law is amended by adding a new section 669-i to  
40 read as follows:

41 § 669-i. Ready adult grant program. 1. For the purposes of this  
42 section, "eligible ready adult applicant" means a person who was previ-  
43 ously enrolled at a state-operated institution or community college and  
44 who has completed at least seventy-five percent of a degree or certif-  
45 icate program.

46 2. Within amounts received by the state from the college access chal-  
47 lenge grant, the corporation shall grant awards to eligible ready adult  
48 applicants equal to up to one hundred percent of the tuition charged to  
49 state resident students attending an undergraduate program full-time at  
50 the state university of New York or a community college, or actual  
51 tuition charged, whichever is less, for credits needed to complete an  
52 undergraduate degree or certificate program.

53 § 6. This act shall take effect on the thirtieth day after it shall  
54 have become a law.