



# Balancing Access and Accountability

Assessing the Implications of the New Federal Transcript-Hold Regulation for Higher Education  
Part 3

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ITHAKA S+R

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# Summary and Key Findings

This report is the third in a three-part series examining how institutions of higher education have responded to state and federal policies limiting the use of transcript holds for unpaid balances, produced in partnership between Ithaka S+R and AACRAO. Part 1 explored the anticipated impacts of the July 2024 federal regulation limiting transcript holds on higher education institutions in states that did not have existing laws related to the practice. Part 2 examined the actual impacts of state-level limitations on transcript holds on institutions. Part 3 expands on the previous two reports by researching how institutions prepared for and implemented policies limiting transcript holds, drawing from focus groups with colleges and universities in both groups.

**Compliance decisions required complex collaboration between business offices, registrars, financial aid, institutional research, information technology, and other departments.** In some cases, registrars were not included in decision-making processes. This was less common at institutions that were implementing state policies and more common at institutions that were responding to the federal policy and did not have an existing state regulation.

**Institutions implemented the federal regulation differently depending on their priorities and capabilities, resulting in a patchwork system.** Some institutions have stopped withholding transcripts for unpaid balances altogether, while others are continuing the practice for students not covered by the federal regulation or are utilizing partial-transcript holds.

**Across both policy contexts, institutions were anxious about the effect that not holding transcripts would have on the size of unpaid balances. To address this, many implemented or strengthened other tools, such as lowering the threshold for registration holds, sending balances to external collections more quickly, or dropping students for non-payment.** These policies may have negative effects on students' academic journeys and financial well-being. If institutions increase the number of registration holds, they may have more difficulty retaining currently enrolled students and offering a path back to students who have stopped out and owe a balance, many of whom may now be able to use their transcript to transfer to another institution.

**Institutions have also adopted new practices that support students.**

Several participants mentioned auditing the kinds of holds used at their institution and ensuring that processes for resolving holds were clear. In states with pre-existing legislation limiting transcript holds, six institutions have implemented financial literacy programs. Other solutions include offering emergency grants to students in order to prevent registration holds.

**While some institutions saw increases in student requests for transcripts, student behavior did not immediately change in all cases or change in the same way.** Some institutions saw no change in transcript requests, while others observed that students were confused by differences between what they had heard about the federal regulation and the particulars of how their institution was implementing it. This highlights the importance of clear and proactive communication to students about their options, a practice that AACRAO emphasizes for all hold types.

**Registrars continue to have questions about how the patchwork system of approaches to transcript holds will affect incoming transfer students.**

Although a state or institution may have a policy of not holding transcripts, other state or institutional policies may differ. This could result in students attempting to transfer with a transcript hold from their previous institution still in place. Registrars also expressed a need for more guidance in interpreting the transcripts for students who transfer in with partial-transcript holds.

# Introduction

In July 2024, regulations from the Department of Education went into effect that limited the ability of higher education institutions to hold transcripts for students that have unpaid balances. This limitation disrupted a practice—one with a disproportionate impact on students who are low-income, first generation, or students of color—that prevented students from continuing their education and showing proof of credits earned for employment or military purposes.<sup>1</sup> Before the 2024 federal regulation, 13 states had already enacted laws banning or limiting the practice of transcript holds for unpaid balances. These state policies and the federal regulation created new opportunities for students to access their transcripts for transfer or employment purposes, as well as new challenges for institutions to maintain compliance and support students, staff, and institutional finances. To better understand how colleges and universities prepared for and implemented policies limiting transcript holds, Ithaka S+R and AACRAO fielded focus groups with institutions in states that had no state-level policy related to transcript withholding, and institutions in states that had existing limitations or bans.

Prior to the announcement of the federal regulation, individual states began limiting the use of transcript holds for students with unpaid balances. In July 2023, the Coalition of Higher Education Assistance Organizations (COHEAO) reported that 13 states had passed legislation limiting transcript holds: California, Colorado, Illinois, Indiana, Louisiana, Maine, Maryland, Minnesota, New York, Ohio, Oregon, and Washington.<sup>2</sup> Their analysis shows that the extent of these policies varies. For example, Oregon's policy prohibits institutions from withholding transcripts from current or former students with an unpaid balance. In Ohio, institutions are unable to withhold official transcripts in employment situations only. Other states, including Minnesota, prohibit transcript withholding for debts

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<sup>1</sup> Bradley R. Curs, Casandra E. Harper, and Justin Kumbal, "Institutional Inequities in the Prevalence of Registration Sanctions at a Flagship Public University," *Journal of Diversity in Higher Education* 17, no. 4 (2024): 481–92. <https://doi.org/10.1037/dhe0000432>; Julia Karon, James Dean Ward, Catherine Bond Hill, and Martin Kurzweil, "Solving Stranded Credits," *Ithaka S+R*, October 5, 2020, <https://doi.org/10.18665/sr.313978/>.

<sup>2</sup> Coalition of Higher Education Assistance Organizations, State Transcript Memo, last updated July 21, 2023, <https://coheao.com/wp-content/uploads/2024/05/State-Transcript-Memo-July-21-2023-corrected.pdf>.

under a certain dollar value threshold. In addition to these states whose legislation preceded the federal regulation, several states have similar pending legislation.

The federal regulation limits institutions' ability to withhold transcripts for unpaid balances for Title IV recipients for terms that have been paid in full. Since the regulation was announced in fall of 2023, AACRAO has provided guidance on implementation.<sup>3</sup> The Department of Education also issued clarifying guidance leading up to the regulation going into effect.<sup>4</sup> It is important to note that the regulation only affects transcript holds; registration holds and diploma holds are not addressed. In 2022, AACRAO and the National Association of College and University Business Officers (NACUBO) issued a joint statement providing guidelines for the use of holds in higher education institutions to support student success.<sup>5</sup>

## Methodological Approach

Ithaka S+R partnered with AACRAO to field the 2024 Transcript Hold Regulation Impact Survey in April 2024 to understand the actual and anticipated impacts of the state and federal regulations on institutions. In total, 326 institutions from states without regulations and 150 institutions from states with regulations participated in the survey. For the third phase of this project, survey respondents were invited to participate in focus groups to discuss their experiences preparing for the new federal guidelines on transcript withholding and, where applicable, managing change following a state limitation or prohibition on the practice. Twenty-four registrars were invited to join the focus groups, 12 from states with laws limiting transcript holds and 12 from states without such laws. Focus groups were scheduled for July 2024, two weeks after the new rule went

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<sup>3</sup> "Transcript Withholding and Partial Transcript Holds," AACRAO, <https://www.aacrao.org/advocacy/issues/transcript-holds>.

<sup>4</sup> "Transcript Withholding," Certification Procedures - Questions and Answers, US Department of Education, <https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/certification-procedures-questions-and-answers#tw>.

<sup>5</sup> Melanie Gottlieb, "AACRAO and NACUBO Issue Joint Statement on Institutional Holds," AACRAO, April 7, 2022, <https://www.aacrao.org/research-publications/research/eye-on-research-blog/article/executive-director-update/2022/04/07/aacrao-and-nacubo-issue-joint-statement-on-institutional-holds-4-7-2022>.

into effect. We conducted three focus groups: one for individuals in states with an existing law, and two in states without existing laws.<sup>6</sup>

A member of the Ithaka S+R research team led each focus group and a member of the AACRAO research team helped record responses, take notes, and provide follow-up questions. The virtual focus groups lasted 60 minutes and were conducted via Zoom.<sup>7</sup>

# Findings: Institutions Without State Regulations

## Preparing for the Federal Regulation

As institutions prepared for the regulation to go into effect, they faced decisions on what process and policy changes were required to comply with the regulation and continue to meet student and institutional needs. At many institutions, these conversations started with the bursar or business office and financial aid office. Registrars were also included, but many participants described being left out of leadership discussions, or needing to advocate to be brought into conversations. Other offices, including enrollment management, legal counsel, information technology, and institutional research, also took part in these discussions.

Institutions in states without an existing regulation landed on four different policy decisions to comply with the federal regulation:

1. Maintaining transcript holds but lifting them after a student meets with a representative from the institution to discuss their past-due balance.
2. Implementing partial-transcript holds, which suppress final grades for courses taken in terms where students have unpaid balances.

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<sup>6</sup> Because nearly all volunteers in states without laws opted to participate, we randomly assigned participants to two separate groups to keep the size manageable and provide everyone ample opportunity to share their experiences.

<sup>7</sup> Thank you to James Ward, Wendy Kilgore, and Jody Gordon for your contributions to the focus groups.

3. Continuing to hold transcripts for individuals with outstanding balances who did not receive Title IV funds, while releasing transcripts only for Title IV recipients.
4. Releasing all transcript holds for students with past-due balances, often due to technological and staffing limitations.

Some institutions adopted new policies that went beyond compliance, either as an opportunity to streamline practices or to prepare for challenges they anticipated the new regulation might bring. For example, multiple institutions worked to consolidate the many different holds that could be applied to students' accounts before the regulation went into effect. One participant shared that the hold audit and consolidation had a positive effect on the labor that went into general hold maintenance. Other institutions, concerned with the effect the regulation may have on the size of unpaid balances, converted transcript holds to registration holds or lowered the threshold for registration holds. As a result of these changes, students may be able to access their transcripts and transfer to a new institution, but be unable to register for classes at their former institution.

## **Consequences of Changes for Students and Staff**

Policy and process changes made in order to comply with and adapt to the federal regulation have had consequences for students and staff. How informed students are about the federal regulation and their former institution's policies varied widely. One institution shared that they reached out to students whose transcript requests had previously been denied to let them know that they could now access their transcripts. This resulted in some of those students re-enrolling at the institution. Another institution shared that since the regulation went into effect, they have been working on setting students up on payment plans, which they noted was beneficial for both students and the institution. Many institutions reported, however, that they did not develop a communication plan for students and were not seeing changes in the number of transcript requests.

In some cases, student behavior did respond to the federal regulation, but in ways that were seen as less positive. For example, one institution described seeing a "sudden surge" in transcript requests, which they described as taxing. Students also experienced confusion in the gap



between the federal regulation, which they may have heard about from the media or from a student at a different institution, and their institution's specific policies. One institution shared an example of difficult conversations with students who expected to be able to receive their transcripts but who still had a full or partial hold under the institution's new policy.

Participants in the focus groups also expressed different views on how they expected limits on their ability to hold transcripts would affect their past due balances. Multiple participants shared that their colleagues in business offices were very concerned that the rates of nonpayment would increase and that their institution had adopted or were considering adopting policies to offset this potential loss through shortening the time before accounts are sent to collections, reducing the threshold for registration holds, increasing the cost of transcripts, and instituting or lowering the threshold for dropping for nonpayment. In contrast to this, one focus group member said their institution had already made the decision to stop withholding transcripts due to unpaid balances in recent years, and that they had seen no impact on nonpayment. These qualitative responses echoed the variation between expected and actual results in the 2024 Transcript Hold Regulation Impact Survey: fewer than one-third of institutions in states with limits on transcript holds saw an increase in the average dollar value of unpaid balances, while almost 50 percent of institutions without state policies anticipated this change.<sup>8</sup>

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<sup>8</sup> AACRAO, "To Hold or Not to Hold?: Part Two Institutional Plans and AACRAO Guidance on the Use of Partial-transcript Holds," Webinar, May 29, 2024, [https://www.aacrao.org/docs/default-source/advocacy-docs/part-2-to-hold-or-not-to-hold.pdf?sfvrsn=24b930eb\\_2](https://www.aacrao.org/docs/default-source/advocacy-docs/part-2-to-hold-or-not-to-hold.pdf?sfvrsn=24b930eb_2).

# Findings: Institutions With State Regulations

## Preparing for the State Regulation

Registrars from institutions in states with regulations banning or limiting transcript holds described how they were brought into the decision-making process for how to comply with their state regulations earlier than their peers in states without such regulations. Participants described their institutions taking between five months and one year to come up with a plan for implementing their state policy. Decision-making conversations involved multiple stakeholders, including institutional research, finance, financial aid, information technology, and legal counsel.

Institutions that responded to a state-level regulation had to consider both technological limitations and whether the institution would make changes to other holds or policies. Focus group participants expressed that there was concern that unpaid balances might increase when the institution could no longer hold transcripts to incentivize repayment. Two participants described lowering their registration hold threshold to prevent increased balance sizes, and one cited a “robust” drop for non-payment policy at the institution as a method for limiting unpaid balances. Another participant explained that their institution took a different approach by requiring students with unpaid balances to meet with their institution for a counseling session before releasing their transcript.

## Consequences of Changes for Students and Staff

The impacts of state regulations on students, staff, and institutions have been varied. While one participant shared that their institution had seen larger balances owed by students, two stated that their institution had seen no change in the size of balances owed, and others believed that not enough time had passed to determine whether there was a change. The focus group participants also observed additional negative impacts on students, including an increase in students sent to collections (one

participant saw a 10 percent increase at their institution), and more students unable to register due to registration holds for unpaid balances. Staff members, too, have experienced increases in workload through new reporting required to show compliance, increased numbers of transcript requests, and more communication with students. At the same time, one participant noted that since the policy removed transcript holds, the responsibility for communicating this policy change with students has shifted from the registrar's office to the business office, lessening the registrar office's workload.

Several participants also noted positive changes for students as a result of their institution's policy change. Institutions have adapted their internal processes to make sure students are aware that they both have unpaid balances and can access their transcripts. One participant shared that their institution has seen an increase in the number of students going on repayment plans as a result of required payment counseling. Six participants also shared that their institution has implemented a financial wellness or literacy program in an effort to reduce the likelihood of unpaid balances to begin with. At one of these institutions, students already seem more aware of their financial aid options and are making appointments with the financial education office more frequently. In addition to education, some institutions also offer grants to help students who are facing a registration hold clear their balances.

## **Remaining Questions and Reflections on Support**

One of the largest remaining questions that came up in both focus group settings was the effect that partial-transcript holds would have on a student's transfer experience. The patchwork system of differing implementation strategies for state and federal regulations may cause confusion for students and institutions. Institutions in states with limitations on transcript holds explained that they still had to contend with students from out of state who attempted to transfer in with transcript holds. AACRAO's survey and focus group research has shown that some institutions are choosing to implement partial-transcript holds, and the number of students attempting to transfer with partial-transcript holds

may increase. One participant shared that they have not seen “many” students attempting to transfer with partial-transcript holds, but another expressed that this was an area where they felt they needed more guidance and support.

For institutions that did not already have a state policy in place, responding to the federal regulation around transcript holds was a complex challenge. Multiple participants shared that they would have appreciated more information from the Department of Education earlier on that explained the specifics of the regulation more clearly. As one participant explained, the lack of guidance prolonged their institution’s ability to make a decision on how to implement the regulation. At one institution, the state stepped in to help interpret the regulation and guide the implementation process at specific institutions. In addition to states, professional organizations were another resource that institutions relied on for support. Several participants cited materials from AACRAO, including discussions at the annual meeting, as their primary source of guidance.

## **Summary and Recommendations**

Regulations limiting the practice of transcript holds for unpaid balances have developed at the state and federal levels. Our focus groups revealed that institutions often had to navigate the same complex challenges regardless of the level of their regulation. These challenges included figuring out how to ensure compliance from the perspective of their staff and technological capabilities, managing institutional debt levels, and supporting students through communication and financial resources. This research reflects a moment in time, and institutional practices and policies may develop further as institutions affected by the federal regulation continue to learn from each other and make improvements to support their students and ensure their institutional health.

Focus groups revealed several areas that registrars and institutional leaders can consider as they continue to adapt their policies. First, institutions reported positive experiences from reviewing and streamlining

all of their hold policies. Institutions can refer to the joint statement issued by AACRAO and NACUBO for guidance on this practice. These guidelines include regularly monitoring and reviewing the use of holds at the institution, ensuring that holds are not tied to minor debt levels, maintaining clear communication with students, and considering options such as payment plans and debt forgiveness to keep students on track for registration and transcript requests.

While many participants expressed anxiety that removing transcript holds would lead to an increase in unpaid balances, survey research on institutions that already adopted this practice suggest that anxiety may be overstated. Efforts to manage balances that negatively impact students, whether through increased external collections or limits to registration, may also have negative consequences for institutions if there is no mechanism for students with unpaid balances to stay enrolled or re-enroll to complete their credentials. Continued evaluation of the effectiveness of holds for debt collection will help leaders make informed decisions in this area.

Finally, several institutions reported creative solutions to prevent unpaid balances for students, including financial wellness and literacy programs. In addition to other affordability measures, this approach to financial education may have the potential to set students up for success and also benefit communities in the long run following students' separation from institutions.