



**HB 593 - Higher Education - Annual Revenues of For-Profit Institutions - Limitation on Enrollment  
(Veterans' Education Protection Act)  
February 4th, 2020  
SUPPORT**

Chair McIntosh, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of House Bill 593. This bill addresses a loop-hole that for-profit and private career schools exploit and target veterans.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy.

HB 593 addresses the loop-hole left in the Higher Education of 1965. There is a section in this act that protects taxpayers from the burden of supporting failing private institutions. This is the 90/10 Rule. This rule requires that institutions receive no more than 90% of their revenue from federal financial aid and have at least 10% of revenue comes from private funds.<sup>1</sup> There is an exception for funds from the United States Department of Veterans Affairs and the United States Department of Defense. These two departments are dedicated to help veterans re-enter into civilian life by providing support for higher education.

The purpose of the 90/10 Rule is to ensure that institutions are not solely funded by taxpayer dollars. However, the United States Department of Veterans Affairs and the United States Department of Defense higher education program is funded through taxpayer dollars. For-profit and private career institutions can recruit veterans to their programs, and the money that is given to the institution through the Post 9/11 G.I. Bill and Department of Defense's Tuition Assistance Program counts towards the 10% private funds instead of 90% federal funds.

This loop-hole allows for private education institutions to target veterans in predatory ways. Consequently, more veterans are being exposed to more institutions that do not have widely respected credentials or institutions that close more frequently.<sup>2</sup> This will expose veterans to greater financial instability, because education and financial stability are positively correlated.

***For these reasons, we encourage you to return a favorable report for HB 593.***

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<sup>1</sup> [https://www2.ed.gov/offices/OSFAP/training/fundamentals/common/files/1011FSAHbkVol2Master\\_60-62.pdf](https://www2.ed.gov/offices/OSFAP/training/fundamentals/common/files/1011FSAHbkVol2Master_60-62.pdf)

<sup>2</sup> <https://www.chronicle.com/interactives/20190404-ForProfit>