

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF HB593:

Higher Education - Annual Revenues of For-Profit Institutions - Limitation on Enrollment (Veterans' Education Protection Act)

TO: Delegate Maggie McIntosh, Chair, and Members of Appropriations Committee

FROM: Christopher Dews, Policy Advocate

DATE: February 4th, 2020

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that advocates for better jobs, skills training, and wages for low-income workers and job seekers in Maryland. Education is a top priority for JOTF as we recognized that being educated in a skill or trade will determine one's financial accessibility in the market economy. We also recognize that many for-profit educational institutions exploit a Title IV loophole by using military personnel to maximize their funding. Thus, we support HB 593 as a means of holding educational institutions accountable for the honest distribution of taxpayer funding.

The Federal Higher Education Act "90/10 Rule" posits that a for-profit education business may derive no more than ninety percent of its revenues from the Title IV federal student aid programs. The purpose of this revenue cap is to force schools to prove their mettle in the free market, ensuring that federal student aid isn't used to prop up low-quality schools that are unable to attract at least 10% of their revenue from private sources, including employers, scholarship providers, and families. However, the GI Bill and Defense Department tuition assistance are not listed in the statute as sources of federal student aid. By manipulating this loophole, for-profit colleges can count the G.I. Bill and Defense Department tuition assistance as private revenue, thereby creating the opportunity to receive up to 100% of their revenues from federal funds and zero from private funds.

Worse yet, because of this loophole, for-profit colleges are incentivized to aggressively target veterans for enrollment in order to drastically increase the legal amount of Title IV funds they are allowed to receive. Many schools rely on extremely aggressive and deceptive recruiting techniques in order to maximize veteran enrollment. This has, of course, led to a breadth of scandals and is one of the most troubled sectors in our nation's history.

Maryland has the opportunity to lead the nation by standing up for veterans, taxpayers, and economically disadvantaged children simply by requiring for-profit education businesses to abide by the original intention of the 90/10 rule – that they prove themselves viable in the private market. More specifically, legislators can pass the Veterans Education Protection Act (House Bill 593)- amending state code governing career colleges to deny licenses necessary to enroll in the state of Maryland if the school is more than 90% reliant on taxpayer funds. JOTF requests a favorable report on this legislation.

