



Maryland Consumer Rights Coalition

Testimony to the House Appropriations Committee
HB 469: Institutions of Postsecondary Education – Disorderly School Closures
Position: Favorable

February 18, 2020

The Honorable Maggie McIntosh, Chair
House Appropriations Committee
Room 121, House Office Building
Annapolis, Maryland 21401
cc: Members, House Appropriations Committee

Chair McIntosh and Members of the Committee:

MCRC is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in support of bill HB 469. This bill defines what an orderly closure is; prohibits a school from not properly notifying students of its closure; requires schools that are closing to obtain transfer agreements; and prevents an institution from collecting on student debt if the school closes in a disorderly way. HB 469 also holds for-profit schools' executive officers and owners personally liable for \$1,000 for every Maryland student enrolled at the time of closure.

Background

In the past five years, 17 for-profit colleges have closed in Maryland. These closures have affected 6,872 students. As the table below illustrates, of the students affected by these school closures, 64 percent were low-income (Pell Grant recipients), 74 percent were women, and 56 percent were Black, 6 percent were Hispanic, and 21 percent were white.

Some of these closures have happened in an orderly manner with schools giving students ample notice of their closure and establishing agreements with other colleges to allow students to finish their degree. However, for-profit schools like Corinthian College and ITT Technical University shut their doors suddenly leaving students left stranded trying to figure out how to complete their degree, transfer to another institution, obtain their transcripts, and pay back a debt owed to a closed school.

In December 2018, Brightwood College suddenly shut its doors, giving only two days' notice to students and leaving Maryland students at its three campuses scrambling. Many were left with few options. Maryland Army Veteran Rosalyn Ruffin-Moore said she has no other options for funding:

“These programs cost \$32,000, so I have spent \$64,000 here only to be tossed out within two days because we got a notification at 5 p.m. on Wednesday to tell us school was closed”.

- Ruffin-Moore

The abrupt closure of these for-profit schools disproportionately affects women and Black borrowers, two groups that tend to have higher debt loads and simultaneously contend with salary inequities.

Maryland For-Profit School Closures, 2014-2018

Institution	Location	Closure Year	Enrollment	Percent Pell Grant Recipients	Percent Women	Percent Black	Percent Hispanic
American Beauty Academy	Wheaton	2015	1414	64%	71%	71%	13%
ITT Tech	Owings Mills	2016	906	74%	22%	65%	3%
Everest	Silver Spring	2015	865	65%	86%	66%	16%
Brightwood	Baltimore	2018	827	74%	75%	75%	6%
ITT Tech	Hanover	2016	622	65%	22%	55%	8%
Brightwood	Towson	2018	532	75%	75%	70%	4%
Fortis	Baltimore	2018	500	72%	88%	88%	2%
International Beauty School	Cumberland	2015	384	100%	87%	14%	1%
DeVry	Bethesda	2014	221	57%	51%	54%	8%
L'Academie de Cuisine	Gaithersburg	2017	194	40%	51%	21%	9%
University of Phoenix-MD	Columbia	2018	138	17%	41%	38%	1%
Regency Beauty	Baltimore	2016	128	91%	97%	37%	0%
Regency Beauty	Gaithersburg	2016	56	77%	93%	39%	25%
Aaron's Academy of Beauty	Waldorf	2017	42	42%	95%	76%	5%
Cosmopolitan Beauty School	Ellicott City	2016	21	67%	100%	14%	0%
Maryland Beauty Academy	Baltimore	2017	16	92%	100%	76%	0%
Harmon's Beauty School	Landover	2016	6	13%	100%	100%	0%
Total			6872	64%	74%	56%	6%

Source: Chronicle of Education¹

¹ Brightwood-Beltsville also closed in 2018, however, no data was found regarding the school at the time of its closure. Michael Vasquez and Dan Bowman. “College Closures, 2014-18.” *Chronicle of Education*. https://www.chronicle.com/interactives/college-closures#id=MD_3_all.

The recent number of abrupt closures at for-profit colleges indicates that protections are needed to ensure that Maryland students are not being further disadvantaged. When a for-profit or non-profit school closes, students should not be left scrambling to figure out how they will complete their degrees/certificates or worrying about paying a debt to an institution that is no longer operational.

Maryland should make sure that if an abrupt closure occurs regardless of the type of institution, students are protected.

For all of these reasons we urge you to move favorably on HB 469.

Sincerely,

Dariya Brown
Student Rights Program Manager