



SB 445 - For-Profit Institutions of Higher Education and Private Career Schools - Instructional Spending - Requirements
Senate Committee Education, Health, and Environmental Affairs
February 12th, 2020
SUPPORT

Chairman Pinsky, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 0445. This bill ensures that for-profit institutions of higher education and private career schools must spend at least 50% of their tuition revenue on instructional spending during the previous academic year.

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.

According to the Harvard Business Review, more jobs are requiring higher educational levels, particularly 4 year degrees, now than any other time. This is known as degree inflation.¹ This means that for people to obtain jobs that are substantial enough to provide a living, they have to have more education after high school. Seeking forms of higher education can put excessive strain on the financial stability of students. However, people face limited job aspects if they do not have some sort of postsecondary education.

For-profit colleges and private career schools are a factor in educating the population to ensure that they have the best job prospects. However, these schools do not spend a large amount of their revenue that they receive from tuition on instructional spending. This spending can include teachers, library services, curriculum development, technology, and other resources that benefit students while attending school. Institutions report their percent of instructional spending to the Integrated Postsecondary Educational Data System (IPEDS) Finance Survey. This shows that some universities spend under 15% of their tuition revenue for instructional expenses. This is a vast difference to public institutions that usually spend over 100% of their tuition revenue on instructional spending.² Students at all higher education institutions deserve to have the money they pay be invested into their education. This way they can be confident that they are investing in the opportunity of upward mobility.

SB 445 ensures that for-profit and private career schools are investing in the education that their students pay to receive. If an institution cannot invest at least 50% of the revenue they receive for tuition then they would not be able to enroll new students until they comply with the outlined procedures. This line of action will make certain that students are giving the education needed to succeed in the future job market.

Therefore, we encourage you to return a favorable report on SB 445.

¹ Dismissed by Degrees (2017)

² National Center for Education Statistics (2020)