



MHEC
Creating a state of achievement

Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Anwer Hasan
Chairperson

James D. Fielder, Jr. Ph.D.
Secretary

Bill Number: Senate Bill 445

Position: Letter of Information

Title: For-Profit Institutions of Higher Education and Private Career Schools – Instructional Spending - Requirements

Committee: Senate Education, Health and Environmental Affairs Committee

Hearing Date: February 12, 2020

Bill Summary:

Senate Bill 445 requires certain for-profit institutions of higher education and private career schools to report certain information on revenues and spending to the Maryland Higher Education Commission on or before June 30 each year. It requires that, on or after July 1, 2022, and each July 1 thereafter, in order to maintain approval to operate in the State and enroll certain students, the institutions and schools must submit a certain plan and provide certain refunds under certain circumstances.

Information:

Senate Bill 445 provides two terms (“Instructional Spending” and “Tuition and Fees”) for which the definition refers to the Federal Integrated Postsecondary Education Data System (IPEDS). Both terms do not currently exist in IPEDS. Further information on each is provided below. A searchable glossary of terms used by IPEDS can be found here: <https://surveys.nces.ed.gov/ipeds/VisGlossaryAll.aspx>. Additionally, not all institutions (e.g., private career schools) provide data to IPEDS.

Instructional Spending

The Federal Integrated Postsecondary Education Data System (IPEDS) does not have a definition for “Instructional spending”; this is not a standard term used by IPEDS for describing institutional expenses. Instead, “Instruction” is one category of expense within “Expense by Functional Classification.” In addition to instruction, other categories are research, public service, academic support, student services, institutional support, auxiliary enterprises, and net grant aid to students (net tuition and fee allowances).

IPEDS defines “instruction” as:

A functional expense category that includes expenses of the colleges, schools, departments, and other instructional divisions of the institution and expenses for departmental research and public service that are not separately budgeted. Includes general academic instruction, occupational and vocational instruction, community education, preparatory and adult basic education, and regular, special, and extension sessions. Also includes expenses for both credit and non-credit activities. Excludes expenses for academic administration where the primary function is administration (e.g., academic deans). Information technology expenses related to instructional activities if the institution separately budgets and expenses information technology resources are included (otherwise these expenses are included in academic support). Institutions include actual or allocated costs for operation and maintenance of plant, interest, and depreciation.

Tuition and Fees

There are two issues of concern regarding the tuition and fees reference in the bill. First, IPEDS has one

definition for “tuition and fees” and separate definitions for “tuition” and “fees”. One term is used to convey the charges students may pay in a given academic year.

“tuition and fees (published charges)”: The amount of tuition and required fees covering a full academic year most frequently charged to students. These values represent what a typical student would be charged and may not be the same for all students at an institution. If tuition is charged on a per-credit-hour basis, the average full-time credit hour load for an entire academic year is used to estimate average tuition. Required fees include all fixed sum charges that are required of such a large proportion of all students that the student who does not pay the charges is an exception.

“tuition”: “the amount of money charged to students for instructional services. Tuition may be charged per term, per course, or per credit.”

Required fees: “Fixed sum charged to students for items not covered by tuition and required of such a large proportion of all students that the student who does not pay the charge is an exception.”

In addition to a number of applicable definitions, these data elements are reported by IPEDS in manner not very useable for the bill’s intent. They are used for institution-level reporting, such as the College Scorecard, and would not be aggregated accurately into a total “tuition revenue” figure to be used as the legislation posits.

There is also a revenue category in IPEDS that institutions report in the IPEDS finance component each year. The purpose of the IPEDS Finance component is to collect basic financial information from items associated with the institution's General Purpose Financial Statements (GPFS). Item areas include Scholarships and Fellowships, Revenues and Other Additions, Expenses and Other Deductions, and Census Information.

Within Revenues and Other Additions, there is an operating revenue category entitled “Tuition and fees, after deducting discounts and allowances.” This is defined as “revenues received from students for education purposes. [It] Includes revenues for tuition and fees net of discounts & allowances from institutional or governmental scholarships, waivers, etc. (...gross revenues minus discounts and allowances), ...those tuition and fees that are remitted to the state as an offset to state appropriations. (Charges for room, board, and other services rendered by auxiliary enterprises are not reported.” These data are perhaps more in line with the intention of the legislation; the challenge is that these data reported as a lump figure of “tuition and fees”, and neither tuition nor fees can be extracted separately from the figure.

Scope of using IPEDS Data

IPEDS data does not report for the majority of private career schools operating in the state. Therefore, another means of collecting these expenditure and revenue data from the non-IPEDS institutions would need to be identified.

For further information contact Dr. Emily Dow, Assistant Secretary, Academic Affairs, 410-767-3041.