

House Bill 593

Higher Education – Annual Revenues of For-Profit Institutions – Limitation on Enrollment

Lincoln College of Technology
Columbia, MD

Testimony in Opposition to HB 593

Testimony of Cory Hughes
President of Lincoln College of Technology
to the
Maryland House Appropriations Committee
February 4, 2020

Good afternoon, my name is Cory Hughes and I am the president of Lincoln College of Technology in Columbia. I have come before this committee to speak in opposition to House Bill 593 as there would be no possible way for our institution to operate if this legislation was enacted into law after 60 years of existence in Maryland.

First, let me say that Lincoln Tech has been a great partner to 1000's of businesses in Maryland by providing well-educated employees in the automotive, HVAC, electrical and culinary and baking fields since 1961 when we opened our first campus in Baltimore. We currently enroll 484 students and employ 82 faculty and staff. Our graduate placement rates have been consistently 80 percent or greater and over 90 percent of our student body comes from the State of Maryland and continue to reside in Maryland even after graduation. It should also be noted that Lincoln Tech has the largest number of graduates in automotive and HVAC programs in the entire state. Further, our HVAC program had almost 77 percent of all graduates in the state in 2018 according to the U.S. Department of Education's National Center for Education Statistics.

Unfortunately, this is the third year in a row that Lincoln Tech has provided comments on a bill that would severely hinder the ability of Maryland residents and Veterans to attend our institution. Our institution has no issues with accountability measures for all institutions in the state of Maryland. Parents and students should always have a clear understanding of an institution's outcomes and we have been extremely transparent with our program and institutional data. Just to give you an example of how our college provides ample data to students prior to

enrollment, you can easily access our “Student Consumer Information” section on our website that includes our catalog, tuition and fees, and a multitude of data including our graduate placement rates, median loan debt and median earnings by program.

This bill, however, does not provide any accountability measures to protect students, Veterans, and parents, rather it restricts what type of funding a student, Veteran, or parent may be able to use in order to attend Lincoln Tech. It should be noted that Lincoln Tech has never seen any data or research that correlates where a school derives its funds and the quality of the school. As you would suspect, our college enrolls a tremendous number of students who use federal student aid in order to finance their education. In fact, over 75 percent of our students use the federal student aid program, and almost 52 percent of our Pell Grant recipients have ZERO Expected Family Contribution to finance their education based on their tax forms provided to the U.S. Department of Education. As you know, the federal student aid program is an entitlement program. Thus, if a student is eligible for a certain amount of financial aid, our institution must provide that aid to the student. We have not considered what steps would need to be taken to reduce the amount of federal student aid used by students, but we do know that we cannot prevent a student from using the amount that he or she is entitled to.

Our college does enroll Veterans and their dependents into our career programs. However, not in a predatory manner as noted in the preamble to this bill, as our Veteran population is generally 10 to 12 percent of our total enrollment. It should come as no surprise that our Veterans are generally our best group of students in terms of their skill set and determination in completing their programs. We certainly wish to enroll more Veterans and have been successful in graduating (67%) and placing them (73%) in their career field of choice. This legislation would only force

our institution to figure out ways to turn away those who have served our country and have a passion for the career fields offered at Lincoln Tech.

This legislation also includes “institutional debt” as a source of where our institution can derive 90 percent of its revenue. This institutional debt is another small percentage of our total revenue, but has no correlation to the quality of the education provided to our students. This funding is used to provide the student with financing to fill the “gap” between federal student aid and the cost of the program.

If our institution was forced to meet the restrictive language in HB593, there would be several unintended consequences described in the following paragraphs.

First, if this bill were to become law, it would require additional auditing expenses for the college. Our college already has to follow a “90/10” rule with the U.S. Department of Education and this one would require our auditing firm to conduct different tests to provide the results to MHEC. We have always believed Maryland to be a “business friendly” state where laws and regulations are developed to protect its residents. This bill does not meet that litmus test, and in fact, it forces our institution to pay additional auditing fees and makes our school monitor and comply with two separate, but distinct regulations for two separate oversight agencies (U.S. Department of Education and MHEC).

Second, the percentage of Veterans and their dependents attending Lincoln Tech is approximately 10 to 12 percent each year. We do not aggressively market to these students. These students are using Post 9/11 Benefits to finance their education and these funds would be included in the “90/10” formula in the current legislation. During a typical pre-enrollment at our college, the tuition and costs of the program are discussed and the student makes a determination as to how

they will finance their education. Veterans have served this country and should be able to use any benefits afforded to them. By adding Veteran's funding to the formula from where we can derive our revenue, we would now be charged with possibly discontinuing use of VA funds in order to meet the "90/10" requirement in this legislation. This is something we have never done as a college and we have always served our Veteran population in the state.

Last spring, Lincoln Tech sponsored a Skills Gap Summit to discuss solutions to the gap between open positions and qualified applicants in fields such as automotive, HVAC, and electrical. In attendance were Delegates Hill, Terrasa, and Feldmark, as well as Senator Lam. These legislators heard the employers speak of their inability to find qualified employees in order to grow, and sustain, their businesses. In fact, each of these fields has a projected job growth of at least six percent annually in Maryland. This bill, if passed, would immediately have a negative impact on these Maryland businesses if Lincoln were forced to close as we provided 282 graduates in automotive, electrical and HVAC solely in 2018 to businesses in Maryland.

In my testimony last year, I spoke of my concerns with the pending legislation on our sector and noted a meeting should be held to discuss accountability measures that would be applicable to for profit colleges. In our opinion, those institutions meeting the thresholds established by MHEC would be able to continue operate in the state and those institutions who fell below, and were not able to improve those outcomes during a cure period, would not be able to continue being licensed. We are still open to hosting that meeting to help develop legislation that will provide Maryland residents with protections needed against any poor performing institutions.

Lastly, it seems as though this legislation is punishing current institutions for the misdeeds of Corinthian, ITT Tech and Brightwood College. Our college has been operating in the state for 60 years and would like to continue to operate another 60 years. We have not deviated from our

original mission to train students in career fields since we opened in Baltimore in January 1961. In fact, our most recent program initiated was welding in late 2019. Our college spent approximately \$1 million in expenses even before one student started a class. We hope to produce dozens of skilled welders each year for businesses in Maryland to grow our economy. That being said, we hope that you will consider the impact of this legislation on our college and oppose this bill as written.

Thank you again for allowing me to testify before this committee. I am available to take any questions.