

TESTIMONY OF SAMUEL GILFORD
Testimony to the House Appropriations Committee
HB 469: Institutions of Postsecondary Education - Disorderly School Closures
Position: Favorable
February 18, 2020

Good afternoon and thank you for the opportunity to testify today regarding House Bill 469. My name is Sam Gilford and I am the Director of External Affairs for Student Defense. Student Defense is a non-partisan, 501(c)(3) non-profit organization that works, through litigation and advocacy, to advance students' rights to educational opportunity and to ensure that higher education provides a launching point for economic mobility.

Student Defense strongly supports this bill. Without adequate safety measures and advance planning, an institutional closure is likely to yield dramatic, negative consequences for students. When a closure comes without warning, students can be left stranded with their academic and financial future upended. By establishing strong incentives against disorderly closures, this bill would protect Maryland students when institutions of higher education inevitably close in the future.

Last year, Student Defense released a report on how students are harmed when their college or university closes suddenly, including specific recommendations for how states can mitigate the dangers posed by closures.¹ Those recommendations largely align with the provisions included in this bill, particularly in recognizing the importance of teach-out agreements and ensuring students' access to transcripts.

This bill's mandate that a closing school enter into teach-out agreements with other institutions gets to the heart of the matter. Students in the middle of their course of study must be given the opportunity to transfer credits and complete their study elsewhere, or they will have wasted years of their life on a worthless, incomplete degree. The specific requirements of teach-out agreements in the bill are well-targeted – namely that agreements must allow students to transfer all of their completed credits; that they must be able to attend a school within a reasonable distance; that transferring to the new school should not be more expensive; and that the receiving institution should be a reputable school without a history of legal problems.

According to data released by the U.S. Department of Education, thirty-seven institutions or campuses in Maryland that were eligible to receive federal student aid funding closed between 2015 and 2019.² Although the needs of students impacted at the time of a closure are wide-ranging (*e.g.*, assessing transfer and teach-out options, obtaining transcripts, housing issues), the financial impact on a student can be devastating—particularly if students are unable to transfer earned credits to

¹ Student Defense, "School Closures and Student Harms", *available at*: <https://www.defendstudents.org/news/body/quality-assurance/Student-Defense-Quality-Assurance-Initiative-School-Closures.pdf>

² See Closed School Search File *available at* <https://www2.ed.gov/offices/OSFAP/PEPS/closedschools.html> (last visited Feb. 12, 2020).

another institution, as happened to many students enrolled at ITT Technical Institute at the time of its closure in September 2016.³

My organization currently represents former students of schools owned by the Dream Center, including the Art Institutes and Argosy University, in several ongoing legal proceedings. These schools, which closed in late 2018 and early 2019, enrolled over 10,000 students whose lives were disrupted, and many of whom have yet to recover. Our clients include former graduate students at Argosy University who had clinical and academic records destroyed when the school vacated its leased office space, and who have faced great difficulties as they try to reestablish the necessary documentation for professional licensing and continuing their careers. We have also heard from former Dream Center students who had great difficulties in accessing transcripts after the closure, who received transcripts filled with errors or on plain paper (and without any indication of legitimacy or veracity), and who have generally struggled to transfer to new schools due to the disorderly nature of the shutdown. This bill's requirement that closing institutions file all former students' academic records with MHEC could go a great ways toward preventing or ameliorating such problems for future closures. Student Defense believes that this is a step in the right direction, but that MHEC should go further and require all Maryland colleges to digitize transcripts that are stored with MHEC when a school is at risk of closure.

The bill prohibits schools that close in a disorderly manner from collecting on any loans that students owe directly to the school. This provision would ensure that students who have been let down by a school they trusted with their future are not further harmed through debt collection. This concern is not merely hypothetical: in our Dream Center litigation we have learned of thousands of former students who are now being subjected to collections for institutional debt, even while they are trying to recover from having their lives upended by schools that deceived them, broke the law, and ultimately hung them out to dry.

HB 469 would require all institutions in Maryland to submit a close-out plan to the Maryland Higher Education Commission, affirming that the institution will make all reasonable efforts to ensure that any closure of a program that enrolls Maryland students is not disorderly. Requiring such a plan from all institutions is appropriate, given the important distinction between the minimal burden of a close-out *plan* and the more substantial nature of teach-out *agreements*, which would only be required of schools that are actually closing.

This law will encourage responsible behavior by institutions of higher education and protect students from harm. Student Defense urges a favorable report on HB 469.

³ UPI, "U.S. Dept. of Education drops hammer on ITT Tech with devastating restrictions," Doug Ware (Aug. 26, 2016) *available at*: <https://www.upi.com/US-Dept-of-Education-drops-hammer-on-ITT-Tech-with-devastating-restrictions/8701472237496/>