

# JOTF JOB OPPORTUNITIES TASK FORCE

*Advocating better skills, jobs, and incomes*

## **TESTIMONY IN SUPPORT OF HOUSE BILL 470:**

### **For-Profit Institutions of Higher Education and Private Charter Schools - Instructional Spending - Requirements**

TO: Hon. Maggie McIntosh, Chair, and Members of the House Appropriations Committee  
FROM: Christopher Dews, Policy Advocate  
DATE: February 18, 2020

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that advocates for better jobs, skills training, and wages for low-income workers and job seekers in Maryland. We support House Bill 470 as a means of ensuring that for-profit educational institutions are responsibly allocating resources to student education.

Education is vital in securing employment. Every year, thousands of Marylanders pay scores of money to advance themselves into future careers. There is an assumption that the money being paid to or future debt incurred from the university is directly correlated with the education received. However, increasingly, this is not the case.

In recent years, for-profit colleges and private career schools have come under scrutiny for poor student outcomes and high debt for graduates relative to earnings. Recently, Corinthians College was found guilty of falsely advertising job prospects to its students. ITT Technical University also provided students with misleading job placement rates. One explanation for the poor student outcomes may be the paltry amount that for-profit colleges spend on teaching rather compared to money spent on recruitment and advertising. At the federal level, an institution's instructional spending measures how much of a student's tuition goes to education. In 2016, twenty-eight Maryland college and career schools spent less than 50% of their revenue on instructional spending.

Essentially, this means that students who are paying up to hundreds of thousands of dollars to become certified, licensed, or educated in a specific area are seeing their contributions diverted to areas that are of no tangible benefit to their education. Instead, they are subsidizing the school's personal, non-educational agenda like construction projects, recreational spaces, marketing materials, online advertisements, etc. While it is understandable that educational institutions have to address these concerns, it should not be fully financed at the expense of a student's education. An educational institution's primary responsibility is, indeed, to educate. To spend the vast majority of a student's tuition on non-educational means is a travesty and a direct misallocation of funding.

House Bill 470 seeks to address this by requiring for-profit schools to spend at least fifty percent of their tuition revenue on instruction or reduce how much they charge students for tuition to meet the amount spent on instruction. By requiring for-profit schools to spend at least fifty percent of tuition revenue on instruction, the state of Maryland is ensuring that students attending for-profit schools are receiving a high-quality education. For these reasons, JOTF urges a favorable report.