

WALDEN UNIVERSITY

Testimony of Walden University on HB 470 – For-Profit Institutions of Higher Education and Private Career Schools - Instructional Spending – Requirements Position: Oppose Unless Amended

Walden University appreciates the opportunity to submit these written comments to raise concerns regarding HB 470. While we support measures to increase accountability and ensure transparency to students in Maryland, any legislation should focus on positively affecting the broadest number of students in the state as possible. In this instance, we are particularly concerned that **the legislation relies on inconsistent, incomplete, and outdated data to impose a standard that few, if any, institutions of higher education meet.**

Walden has submitted amendments to the Senate Education Health and Environmental Affairs Committee to ensure that this legislation adequately serves students, taxpayers, and schools. Below, we outline some of our principal concerns with the legislation in its current form, but we encourage this Committee to likewise consider our proposed amendments.

Issues of Concern with the Legislation

Defining and Categorizing ‘Instructional Spending’

To be eligible for federal financial aid funds (Title IV of the Higher Education Act), all institutions of higher education must submit data to the Integrated Postsecondary Education Data System (IPEDS).

- Among the data institutions provide to IPEDS, the Finance survey collects and publishes expenses in several categories: Instruction, Research, Public service, Academic support, Student services, Institutional support, Auxiliary expenses, Net grant aid to students, and Hospital services.

As defined in IPEDS, the “Instruction” category includes expenditures for faculty compensation, neglecting to account for forms of spending increasingly relevant to the one-third of U.S. students enrolled in a distance education course.

- The IPEDS categories and definition of “Instruction” predate the growth of distance education and do not represent many of the resources essential to student learning.
- Most recently in 2017, IPEDS reported that over 33% of students enrolled in higher education took at least one online course the previous year.
- While the IPEDS definition of “Instruction” centers around faculty compensation, the learning experience at distance education institutions includes other critical expenses, ranging from curriculum and course design to staff that support instruction to interactive learning resources.
- While vital to student learning, these expenses are currently reported to IPEDS under several different categories within the Finance survey.

The legislation requires a 50% “Instructional spending” threshold that would be difficult for many of the most prestigious institutions in the nation to achieve. According to IPEDS:

- Harvard University spends 28% on Instruction
- Johns Hopkins University spends 36% on Instruction
- Princeton University spends 32% on Instruction
- University of Maryland—Global Campus spends 26% on Instruction
- University of Maryland—College Park spends 32% on Instruction

Thus, the legislation sets a standard for “Instructional spending” that few institutions currently attain.

- Indeed, University of Maryland—Global Campus, along with two *nonprofit* institutions—Southern New Hampshire University, Western Governors University—and for-profit Capella University, recently raised similar concerns about the inadequacy of the current definitions and categories in IPEDS to the U.S.

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Department of Education, which indicated in response that it is considering convening a Technical Review Panel to update the IPEDS categories.

The legislation notes that “Instructional spending has the meaning stated in the federal [IPEDS].”

- IPEDS has no definition or category called “Instructional spending,” so it remains unclear whether the legislation intends to use the IPEDS category, “Instruction.”
 - The bill further specifies several expenditures not included in Instructional spending: admissions, advertising, recruiting, and other activities related to students not yet enrolled.
- Unfortunately, IPEDS does not permit institutions to report such expenditures separately, instead relying on institutions *at their own discretion* to report expenses in any number of categories, eschewing reliable, standardized methods of data reporting, particularly in the categories of admissions, advertising, and recruiting.
- IPEDS lacks a robust auditing process to verify data institutions submit to the Finance survey; thus, reliance on IPEDS data is unreasonable and unworkable.

Timing of Implementation Fails to Provide Opportunity for Correction

Because IPEDS data—and data in general—often lags more than a year, as institutions must report verifiable, audited data, the implementation timeline provided in the legislation is problematic.

- The bill calls for the Maryland Higher Education Commission (MHEC) to adopt regulations by January 1, 2021, followed by a new requirement that institutions demonstrate 50% expenditure of tuition revenue on “Instructional spending” by July 1, 2022.
- Unfortunately, available data at that point may derive from FY 2020, depending on the timing of data audits ahead of IPEDS submission.
- Given that FY 2020 is already underway, this amounts to a retroactive requirement.
- Because institutions deserve a chance to comply with these new requirements, the effective data for institutional compliance would need to be no sooner than July 1, 2023.

If the Committee, nevertheless, prefers to proceed with the existing definitional framework for “instructional spending,” we urge consideration for starting with a simple reporting requirement.

- Given longstanding concerns about the myriad ways to classify institutional spending, a straight reporting requirement could provide for institutions to submit spending figures for admissions, advertising, recruitment, teaching faculty, course and curriculum design, support instruction, (online) library tutorial, and interactive learning resources.
 - These expenses currently fall under several different categories on IPEDS but are all key to student learning.

Background on Walden University

Walden University (“Walden”) is an entirely online university, based in Minneapolis, Minnesota, serving more than 48,000 online students in the U.S., including approximately 3,100 students and 6,900 alumni in Maryland. Celebrating its 50th anniversary in 2020, Walden was founded to support working professionals in achieving their academic goals and making a greater impact in their professions and communities. With more than 85% of its students enrolled at the master’s and doctoral degree levels, the university offers programs in education, counseling, management, psychology, public health, social work and human services, nursing, public administration, public policy, and technology.

The university offers more than 80 degree programs with over 350 specializations and concentrations. Walden is regionally accredited by the Higher Learning Commission (“HLC”), as well as by several specialized accrediting

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agencies. Walden includes four colleges of study with an emphasis on programs in nursing and health sciences, education, psychology, counseling and social work, public policy and administration, and management and technology.

Walden's student population is 49% minority and 76% female and has an average age of 40. Walden is proud to rank No. 1 for conferring graduate degrees to African American students and all minority students combined, according to *Diverse: Issues in Higher Education's* 2019 Top 100 Producers of Minority Graduate Degrees. Walden's Master of Science in Nursing (MSN) ranks No. 1 in Nursing graduates in the U.S.¹ Walden University is a Certified B Corporation®, which signifies that a company has met standards of social and environmental impact, accountability, and transparency assessed against the proprietary criteria established by B Lab®, an independent nonprofit organization. Walden employs 3,773 faculty and administrative staff, including over 300 in Maryland.

Conclusion

Given the above concerns, a delay of this legislation until further study in the Interim is wise in order to ensure: (1) Maryland understands and evaluates the utility of available data in order to fairly and accurately apply findings from reported data; (2) to allow for the U.S. Department of Education to convene a Technical Review Panel to update the IPEDS definitions and categories to more appropriately reflect today's learning environment. Absent a delay, the Committee should ensure that the implementation timeline avoids the imposition of a retroactive corrective action plan—or to first establish a reporting requirement that provides Maryland an opportunity to assess the role of various expenditure categories in the distance education setting.

¹ Source: National Center for Education Statistics (NCES) IPEDS database. Retrieved using the 51.38 CIP code group (Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing). Includes 2017-18 preliminary data.