



# MARYLAND STATE & D.C. AFL-CIO

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**SB 294 – Higher Education – Annual Revenues For-Profit Institutions – Limitation on Enrollment (Veterans’ Education Protection Act)  
Senate Education, Health, and Environmental Affairs Committee  
February 4, 2020**

## **SUPPORT**

**Donna S. Edwards  
President  
Maryland State and DC AFL-CIO**

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of SB 294 – Higher Education – Annual Revenues For-Profit Institutions – Limitation on Enrollment (Veterans’ Education Protection Act). My name is Donna S. Edwards and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of the 340,000 union members, I offer the following comments.

For-profit education institutions should not be wholly sustained by our tax dollars. That was the clear intention of the “90/10 rule” in the Higher Education Act of 1965, which stipulates that a for-profit college may receive no more than 90% of its revenue from Title IV federal student aid, and at least 10% coming from the private sector. Restricting the language to include only federal student aid has left the door open for these institutions to interpret the GI Bill education benefits and Defense Department tuition assistance of veterans as “private money”. Therefore we now have a situation where 100% of the revenue of a for-profit school comes directly from tax payer money.

The situation creates a perverse incentive for these for-profit schools to target veterans for enrollment. Each veteran they sign up – and the tax dollars they receive from that – can be leveraged to sign up nine federal student loan recipients. This has created a market for these schools to get as many veterans into their programs as possible, with the payoff being the ability to get even more federal borrowers. They are aggressively marketing to veterans, regardless of the strength or viability of their educational programs. The system was never intended to operate this way. The 90/10 rule exists for these for-profit schools to prove their worth in the market by providing a high quality education that people are willing to pay for.

SB 294 corrects this upside-down incentive structure by closing the loophole and demanding that the GI Bill education benefits and Defense Department tuition assistance count toward the 90%

Federal funding limit. Additionally, it provides accountability by not allowing these for-profit schools to enroll new Maryland residents if they do not derive at least 10% of their revenue from private sources.

For-profit schools should be viable in the market, without the taxpayers. They should be competitive, and not rely on the taxpayers to float the whole bill. Veterans deserve not to be targeted by the institutions just to exploit a loophole in the law.

**For these reasons, we urge a favorable report on SB 294**