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Bill Number: Senate Bill 294

Position: Letter of Information

Title: Higher Education – Annual Revenues of For-Profit Institutions – Limitation on Enrollment (Veterans’ Education Protection Act)

Committee: Senate Education, Health and Environmental Affairs Committee

Hearing Date: February 4, 2020

Bill Summary:

Senate Bill 294 would place enrollment restrictions on certain for-profit institutions of higher education and private career schools that demonstrate more than 90 percent of their annual revenue is derived from federal funds or institutional debt. Senate Bill 294 would require the Commission to complete an additional review of financial materials to ensure compliance and appropriate oversight and enforcement for institutions that violate the requirement.

Information:

The federal provisions for 90/10 calculation are outlined under Student Assistance of the Higher Education Act of 1965. This law directs proprietary (for-profit) institutions of higher education to derive at least 10% of their revenue from nonfederal financial aid sources, or risk becoming ineligible for title IV funding. Currently the rule allows federal educational assistance for military personnel, veterans and their eligible dependents/beneficiaries to count toward the 10%.

Senate Bill 294 identifies additional funds from the United States Department of Defense (DoD) and United States Department of Veterans Affairs (DVA) that are currently excluded from the federal 90/10 calculation.

The funds from the DVA are authorized by the Servicemen’s Readjustment Act of 1944, currently known as GI Bill®. MHEC serves as the Maryland State Approving Agency (MD SAA) for Veterans Education & Training. Education Assistance Programs/Veterans Education Benefits are an earned entitlement provided to active duty military, veterans, service members and their eligible dependents. These benefits are paid in the form of a monthly stipend directly to the beneficiary and/or to the education institution. The most common education benefit program is the Post 9/11 GI Bill® in which benefits are paid to defray the cost of tuition and fees, housing costs, books and supply stipends and/or a one-time rural benefit. Only tuition & fees are paid directly to the education institution.

The function of the MD SAA is to provide oversight and approval of institutions and their programs for the education & training of Veterans and their eligible dependents. Essentially, any individual wishing to use their Veterans Education Benefits in the state of Maryland, must attend an institution and/or training facility approved by the MD SAA. The payment of educational benefits for military personnel, veterans and other eligible beneficiaries is at the discretion and

under the jurisdiction of the U.S. Department of Veterans Affairs and/or U.S. Department of Defense.

Current Protection under Federal Regulation:

In accordance with the Code of Federal Regulations, Title 38, United States Code (CFR 21.4201) the Department of Veterans Affairs (DVA) (or State Approving Agency (SAA)) shall not approve the enrollment of any beneficiary in any course (program) for any period during which more than 85 percent of the students enrolled in the course are having all or part of their mandated tuition and fees paid by an educational institution or DVA. This provision applies to all public and private institutions approved to participate in the DVA Veterans Education & Training Benefit programs paid directly by the DVA and/or by SAA. The 85-15 Rule applies to enrollees and does not address the aggregate annual revenue. However, this provision limits and protects the amount of funding derived from the DVA and DoD for each program at an approved institutions. The federal law does provide a provision for a waiver of this rule at the discretion of the DVA Secretary. There are additional provisions to exempt the 85-15 Rule for military personnel (and their dependents) and institutions located on or adjacent to a military installation and facility of the National Guard. CFR 21.4201(c)(3).

For further information contact Dr. Emily Dow, Assistant Secretary, Academic Affairs, 410-767-3041.