



**Written Testimony of Protect Borrowers
at a Public Hearing before the
House Appropriations Committee
on SB 509
“Higher Education - Workforce Pell Grant Program - Implementation”**

IN FAVOR

March 31, 2026

Protect Borrowers (formerly Student Borrower Protection Center) is a team of experts, lawyers, and advocates fighting to build an economy where debt doesn't limit opportunity. We investigate financial abuses, take predatory companies to court, and push for policies to protect working people from debt traps. We aim to deliver immediate relief to families while building power and driving systemic change.

Chair Barnes, Vice Chair Kaiser, and Members of the Committee:

Protect Borrowers writes in favor of SB 509, which would provide protections and guardrails for Maryland's implementation of the federal Workforce Pell Grant program. Higher education advocates such as The Institute for College Access and Success (TICAS) are better suited to testify to the Workforce Pell Grant program overall, so Protect Borrowers will focus its testimony on the risks that Maryland students are likely to face with such a program. These risks, about which Protect Borrowers raised concerns when Congress was debating the Workforce Pell Grant program,¹ would be largely, if not entirely, addressed by SB 509.

Short-term and non-degree granting programs have a well-documented history of misconduct and abuse.

The 2000s and early 2010s saw the rise of predatory for-profit schools, which offered low-quality, high-cost educational programs targeting low-income students, immigrant students,

¹ See, e.g., Protect Borrowers, *Advocates Sound Alarm on Workforce Pell Act, Urge Congress to Reject Bail Out for Sham For-Profit and Online Training Companies That Target Vulnerable Workers* (Dec. 12, 2023), <https://protectborrowers.org/advocates-sound-alarm-on-workforce-pell-act-urge-congress-to-reject-bail-out-for-sham-for-profit-and-online-training-companies-that-target-vulnerable-workers/>; Stephanie Hall, Protect Borrowers, *Pell Grants for Diploma Mills? The Republican Budget Bill Could Bankroll Some of the Shadiest Short-Term Training Programs* (July 9, 2025), <https://protectborrowers.org/pell-grants-for-diploma-mills-the-republican-budget-bill-could-bankroll-some-of-the-shadiest-short-term-training-programs/>.

and communities of color.² In their wake arose a similar industry: mostly online, non-degree granting credentialing programs, such as tech bootcamps. Like their for-profit school predecessors, these programs promised quality education and high returns on investment, but too often offered students no meaningful training while charging exorbitant tuition and fees.³

The newest generation of scam programs are offered by Online Program Managers (OPMs), which purport to help brick-and-mortar institutions set up online programs, but which ultimately offer students inferior programs under the schools' names at the regular cost of tuition. OPMs have come under intense scrutiny for deceptive practices and for syphoning public tuition support dollars away from actual schools through revenue sharing agreements.⁴

Protect Borrowers has investigated several of these programs:

- **Make School**, a venture capital-backed operator of a for-profit coding academy in California, partnered with a Title IV-eligible college to offer a program it claimed would quickly train students for and place them in high-paying jobs in the technology sector. Ultimately, Make School's former students sued it for misrepresenting its educational product and associated career outcomes, as well as for steering them into high-cost private loans in the form of income-share agreements (ISAs).⁵
- **Prehired** was a tech sales training bootcamp that guaranteed to prepare students for high-paying jobs, when in fact it provided no meaningful training and instead left students with high-cost ISAs. When Prehired's students inevitably could not find employment and were unable to pay on their loans, the company sued them in Delaware small claims court, regardless of where in the country they live.⁶ This investigation

² See, e.g. U.S. Senate, Health, Education, Labor and Pensions Committee, Majority Committee Staff Report and Accompanying Minority Committee Staff Views, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (July 30, 2012), https://www.help.senate.gov/imo/media/for_profit_report/PartI.pdf.

³ See, e.g., Press Release, Consumer Fin. Prot. Bureau, *CFPB Takes Action Against Coding Boot Camp BloomTech and CEO Austen Allred for Deceiving Students and Hiding Loan Costs* (Apr. 17, 2024), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-coding-boot-camp-bloomtech-and-ceo-austen-allred-for-deceiving-students-and-hiding-loan-costs/>.

⁴ See Protect Borrowers, *With ED Asleep at the Wheel, the CFPB Must Protect Students from Out-of-Control Online Program Managers* (June 8, 2022), <https://protectborrowers.org/with-ed-asleep-at-the-wheel-the-cfpb-must-protect-students-from-out-of-control-online-program-managers/>; Stephanie Hall, The Century Foundation, *Invasion of the College Snatchers* (Sept. 30, 2021), <https://tcf.org/content/report/invasion-college-snatchers/>.

⁵ Protect Borrowers, *Selling Out Students* (Mar. 20, 2023), <https://protectborrowers.org/new-investigation-exposes-years-long-scheme-by-private-college-and-failed-coding-bootcamp-to-dupe-regulators-and-push-predatory-loans-on-low-income-students/>.

⁶ Protect Borrowers, *A Predatory School is Dragging 290 Defrauded Students into Court in the Latest Example of the Exploitative State of the Income Share Agreement Market* (Feb. 28, 2022), <https://protectborrowers.org/a-predatory-school-is-dragging-290-defrauded-students-into-court-in-the-latest-example-of-the-exploitative-state-of-the-income-share-agreement-market/>.

resulted in a lawsuit against Prehired by the Consumer Financial Protection Bureau and 11 states.⁷

- **Risepoint**, formerly Academic Partnerships, is the latest OPM in the market. As detailed in a Protect Borrowers report, at least one of Risepoint's tuition-sharing agreements with its school partners allowed the company to keep 50 percent of tuition revenue from student enrollment. The investigation also found that Risepoint regularly posed as its school partners while interacting with current and potential students, was involved in course design and institutional decisionmaking, had access to sensitive student data, and advised students on financial aid. As a result, students who thought they were interacting with a trusted academic institution or enrolling in a program offered by flagship state institutions were in fact opting into a program offered by Risepoint, which would then collect half of the students' tuition payments, including from state tuition support programs.⁸

There is a clear and well-documented reason to be wary of short-term program outcomes and of companies that partner with traditional schools to offer these programs. The Workforce Pell Grants create a new revenue stream for short-term programs, which creates an incentive for bad actors to take advantage of well-meaning students and institutions. Maryland must step in to ensure the program has sufficient protections.

SB 509 offers simple guardrails to protect against likely abuses.

There are three ways in which SB 509 will protect Maryland students.

First, the bill addresses the risk of OPMs by ensuring that only accredited programs can provide instruction for Workforce Pell Grant programs. Proposed section 11-212(E)(1) would make clear that participating schools can only partner with accredited entities to offer instruction. This leaves schools with the flexibility and ability to contract with companies to assist with technical support or advertising, for example, but ensures that the quality of education itself is overseen by accrediting agencies, which is not the case in many OPM partnerships.

Second, the bill protects students from high-cost and predatory loans by prohibiting participating institutions from partnering with or steering students towards interest-bearing loans, including ISAs, to finance the short-term program. *See* SB 509 at 11-212(E)(2). It would still allow zero-interest loans and payment plans. The bill would also cap tuition and fees charged to any

⁷ Press Release, Consumer Fin. Prot. Bureau, *State Partners and CFPB Sue Prehired For Illegal Student Lending Practices* (July 13, 2023), <https://www.consumerfinance.gov/about-us/newsroom/state-partners-and-cfpb-sue-prehired-for-illegal-student-lending-practices/>.

⁸ Stephanie Hall & Ella Azoulay, Protect Borrowers, *Why We're Sounding the Alarm on Risepoint in Illinois* (Oct. 9, 2025), <https://protectborrowers.org/why-were-sounding-the-alarm-on-risepoint-in-illinois/>.

student at the amount of Workforce Pell Grant available to them. *Id.* at 11-212(E)(3). Taken together, this will protect the program's intent by ensuring that no student has to go into debt in order to obtain high-quality professional training.

Third, the bill would ensure that credits students earn in the short-term programs are transferable. This addresses another of the early for-profit school abuses—students would earn credits that could not be transferred to a reputable school, leaving them with only two options: complete their degree with the for-profit, or start over somewhere else. SB 509 requires credits be transferable. *Id.* at 11-212(E)(4).

In addition to these student protections, which ensure sound fiscal stewardship of the program, the bill would require regular reporting to the state so that policymakers can monitor school conduct and determine whether further interventions are necessary.

Conclusion

The Workforce Pell Grant program could create opportunity in Maryland, or could entrench disparities. SB 509 is a common-sense bill that will maximize positive outcomes while protecting against the worst outcomes. Protect Borrowers urges the committee for a favorable vote.

Sincerely,

Protect Borrowers

Please contact Winston Berkman-Breen, Legal Director with Protect Borrowers, at winston@protectborrowers.org, if you have any questions or would like to discuss this comment further.