

1 BEFORE THE NEW YORK STATE SENATE
2 STANDING COMMITTEE ON HIGHER EDUCATION

3 PUBLIC HEARING

4 TO EXPLORE WAYS TO REVIEW OVERSIGHT OVER FOR-PROFIT
5 SCHOOLS IN ORDER TO BETTER INFORM STUDENTS, PARENTS,
6 AND CONSUMERS ABOUT FOR-PROFIT EDUCATION SCHOOLS

7 Legislative Office Building
8 Van Buren Hearing Room A - 2nd Floor
Albany, New York

9 Wednesday, April 10, 2019
10 Time: 10:00 a.m.

11 PRESIDING:

12 Senator Toby Ann Stavisky
13 Chair

14 PRESENT:

15 Senator James Gaughran

16 Senator John C. Liu

17 Senator Rachel May

18 Senator Shelley B. Mayer

19 Senator Kevin Thomas

20 Assemblyman Harvey Epstein

21 Assemblywoman Alicia Hyndman

22 Assemblyman Steve Stern
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| John D'Agati Deputy Commissioner, Office of Higher Education | | |
| Kevin Smith Deputy Commissioner, Adult Career and Continuing Education Services NYS Department of Education | | |
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1 SENATOR STAVISKY: (No audio or video.)

2 I chair the Senate Committee on Higher Education.

3 And this is a hearing of the Committee on
4 Higher Education concerning the for-profit colleges
5 and schools.

6 And I'm joined today by, on my left,
7 Assemblymember Steve Stern from Suffolk County,
8 Huntington -- town of Huntington;

9 Senator James Gaughran from Nassau County --

10 SENATOR GAUGHRAN: That's right.

11 SENATOR STAVISKY: -- and Suffolk County --

12 It's a shared, it's like BOCES, Commissioner.

13 -- and by Senator John Liu from
14 Queens County.

15 Before we start the hearing, I'd like to
16 thank everybody for coming, and I'd like to thank
17 the folks on my staff who put much of this material
18 together and planned for the hearing:

19 Jan Dorman, the committee director, is behind
20 me;

21 Beth Lamountain, the executive secretary;

22 Marilyn Dyer, the executive assistant;

23 Sabiel Chapnick, my Senate fellow and
24 counsel;

25 And, Mike Villa, my chief of staff.

1 There will be a 5-minute time limit for
2 testimony, and a 15-minute period for questions and
3 answers.

4 We have a clock over there (indicating),
5 which will let us know when the time is up.

6 The purpose of the hearing today is to
7 explore ways to better inform students, parents,
8 consumers, on how to make decisions about attending
9 a proprietary degree-granting college or a licensed
10 career school in New York State.

11 In his Executive budget, the Governor
12 proposed two rules:

13 The 80/20 rule, which prohibits for-profit
14 institutions from receiving more than 80 percent of
15 its revenue from state, local, or federal funds,
16 whether it be scholarships, grants, loans,
17 et cetera;

18 And the 50 percent rule, which requires
19 institutions spend at least 50 percent of its
20 revenue on instruction.

21 This is going to be a fair hearing, and we
22 will be absolutely fair and respectful to everyone.

23 This hearing is being live-fed, and
24 transcripts of the hearing, with copies of all
25 testimony, oral and written, will be submitted--

1 will be available next week for you to download and
2 print at www.nysenate.gov/committee/highereducation,
3 at that website.

4 And having said that, I'm delighted to
5 welcome the commissioner of education of the state
6 of New York, Mary Ellen Elia; and her deputy
7 commissioner, John D'Agati; and Deputy Commissioner
8 Kevin Smith.

9 Commissioner.

10 COMM. MARY ELLEN ELIA: Good morning, Chair
11 Stavisky and members of the Senate Higher Education
12 Committee, and those from the Assembly who have
13 joined us.

14 As you pointed out, I'm Mary Ellen Elia, the
15 commissioner of education.

16 John D'Agati is with me, and Kevin Smith,
17 from my staff, that oversee our degree-granting
18 for-profit schools, in John D'Agati's area; and our
19 career schools that are in Kevin Smith's area.

20 You have my written testimony before you.

21 I'd like to start by providing you with the
22 general overview of our current system of oversight
23 of for-profit colleges and non-degree-granting
24 private career schools, and certified
25 English-as-a-second-language, or "ESL," schools, of

1 New York State.

2 Oversight of these schools are primarily
3 divided between the two offices in our department.

4 Our Office of Higher Education, that is the
5 one that is overseen by John D'Agati, specifically,
6 the Office of College And University Evaluation, or
7 "OCUE," oversees all degree-granting colleges,
8 including our for-profit colleges; and our Bureau of
9 Proprietary School Supervision, or "BPSS," oversees
10 all non-degree-granting private career schools and
11 certified English-as-a-second-language schools, and
12 that office falls in Kevin Smith's area.

13 The OCUE degree-granting institutions in
14 New York State must meet certain program
15 registration standards for each degree program it
16 offers, which includes standards relating to
17 resources, faculty, and curriculum.

18 For-profit degree-granting colleges in
19 New York are evaluated against the same standards as
20 our not-for-profit public or independent colleges.

21 This is not true across the country.

22 New York State currently has 25 for-profit
23 degree-granting institutions, with an overall
24 enrollment of approximately 33,000 students, which
25 is about 3 percent of the total enrollment in

1 colleges in New York State.

2 The Board of Regents and the department
3 exercise oversight over for-profit degree-conferring
4 institutions in several ways.

5 First, we review and evaluate applications
6 for new degree authority, which must be approved by
7 the Board of Regents.

8 Then we continue to oversee these
9 institutions to ensure that they maintain the
10 capacity to have degree-granting and conferring
11 authority.

12 In addition, we review applications for new
13 registered programs, and may conduct site visits and
14 require reports and information from the college, to
15 determine if the institution continues to have the
16 ability to offer quality programs.

17 We also investigate student complaints.

18 And, finally, we have the authority to revoke
19 or limit degree-conferring authority when there is
20 sufficient cause, including establishing enrollment
21 caps.

22 OCUE's institutional review and oversight
23 process is substantial.

24 I'm going to give you an overview of that so
25 that you understand the review and oversight for

1 for-profit colleges in New York State.

2 In 2017 the Board of Regents enacted a new
3 and more rigorous process for establishing a new
4 for-profit degree-granting college in
5 New York State.

6 It is a multi-phased process that first
7 requires a written application with information on a
8 variety of issues.

9 These include the need for each degree
10 program it seeks to offer in New York, institutional
11 capacity, performance outcomes, and evidence that
12 the individuals having ownership or control have a
13 record free from fraudulent and deceptive practices.

14 If the written application is determined to
15 meet these requirements, it moves to the second
16 phase, wherein the department reviews additional
17 information about the applicant, the financial
18 capacity of the institution, the consumer
19 protections in place, and the academic quality of
20 the programs to be offered.

21 These -- this phase can also include an
22 in-person capacity interview, a site visit, and any
23 additional reports or information the department may
24 request.

25 The department then makes a recommendation to

1 The Regents regarding whether or not to grant
2 provisional degree authority, which can be for a
3 period up to five years.

4 During the provisional authorization period,
5 the institution must submit information and reports
6 as required by the department.

7 Prior to the end of the provisional
8 authorization period, the Board of Regents may
9 either grant permanent degree authorization, extend
10 provisional authorization, or deny permanent
11 authorization and direct the closure of the
12 institution.

13 The OCUE approval of degree-granting programs
14 requires the following:

15 Each academic program offered by any college,
16 including for-profit colleges, must be approved and
17 registered by the department before the college can
18 advertise, recruit, or enroll students.

19 As I mentioned earlier, the standards by
20 which the department registers college programs are
21 in regulation, and apply to all New York State
22 colleges regardless of the sector.

23 I think this is a very important point: We
24 have oversight of SUNY and CUNY, the independents,
25 and that same oversight, the same processes, are in

1 place for our for-profit degree-granting
2 institutions.

3 The registration standards require, among
4 other things:

5 A demonstration of qualified and competent
6 faculty, sufficient resources; that is, facilities,
7 equipment, et cetera, to support the program;

8 Clearly-defined course and program
9 objectives, and credit must be granted in compliance
10 with regulatory requirements;

11 Students' capacity to undertake the program,
12 and the institution's capacity to provide
13 instruction and other student supports.

14 The department will deny registration to any
15 program that does not meet the registration
16 requirements.

17 The department also has the ability to
18 deregister programs that do not continuously meet
19 program registration standards.

20 OCUE has a complaint resolution process for
21 all students attending degree-granting institutions,
22 including for-profit colleges.

23 After attempting to resolve their complaint
24 through the institution's grievance and appeal
25 process, which every institution is required to

1 publish and enforce, students can submit complaints
2 related to their educational programs to the
3 department.

4 The department reviews the complaint,
5 contacts the institution to request additional
6 information, copies of applicable policies and
7 requests, and requests an institution response to
8 the complaint so that we understand exactly how they
9 have taken it seriously and have addressed the
10 issues.

11 Complaints that fall under the jurisdiction
12 of another federal or state department or agency are
13 directed to those offices; for example, complaints
14 related to student financial aid are directed to the
15 New York State Higher Education Services Corporation
16 (HESC) and to the U.S. Department of Education, as
17 those agencies, not SED, administer the student
18 financial-aid programs.

19 That's the same with our not-for-profit
20 colleges at both SUNY and CUNY.

21 Complaints alleging consumer fraud are
22 directed to the New York State Attorney General's
23 Office.

24 State Authorization Reciprocity Agreements,
25 or "SARA," is an important part of this.

1 I want to take some time to talk about this
2 separately, but this related topic, and that is the
3 SARA agreement, commonly referred to with the
4 acronym "SARA."

5 You know, in education we have lots of
6 acronyms, so, if you need clarification on any of
7 those, please ask.

8 SARA is a multistate reciprocity agreement
9 for distance education offered by colleges to
10 residents in other states.

11 It establishes a set of standards that each
12 participating state applies when approving its own
13 colleges to participate in the agreement.

14 Those institutions that meet the standards,
15 and are approved by their home state, are permitted
16 to enroll residents in other SARA states in distance
17 education programs without the need for each state
18 to approve each individual institution separately.

19 Before 2016, when the Legislature passed and
20 the Governor signed the legislation that permitted
21 New York State to join SARA, any out-of-state
22 institution could enroll New York State residents in
23 any online program.

24 We had no information about where our
25 New York State residents were enrolled.

1 SARA provided, for the first time, a
2 structure for the oversight of out-of-state distance
3 education in New York State.

4 As a result of SARA, we now have a mechanism,
5 the authority and the capacity, to assist
6 New York State residents with complaints about their
7 out-of-state's distance education programs,
8 something we did not have before SARA.

9 SARA also provides a structure and process
10 for the removal of institutions from the SARA
11 agreement.

12 It also gives the department, for the first
13 time, data about the number of New York State
14 residents who are enrolled in out-of-state distance
15 education and where those students are enrolled.

16 For example, we know that, in 2017-18, there
17 were more than 43,000 New York residents enrolled in
18 out-of-states' distance education at 962 different
19 SARA institutions.

20 We also know that in that same year, more
21 than 34,000 residents in other states were enrolled
22 in distance education programs provided by the
23 96 New York State colleges that SED has approved to
24 participate in SARA.

25 A critical point to remember about SARA is

1 that it has absolutely no impact on the ability of
2 New York State Attorney General to take action
3 against any institution offering distance education
4 in New York State under her fraud and consumer
5 protection authority.

6 In addition to enacting regulations to
7 implement the SARA agreement in New York State, the
8 Board of Regents also enacted regulations
9 establishing oversight of non-SARA institutions that
10 want to offer distance education in New York.

11 If an out-of-state institution is not
12 participating in SARA, that institution must apply
13 directly to SED for authorization.

14 Our standards mirror SARA standards; in other
15 words, it's not easier to get approved by SED than
16 it is to be approved by SARA.

17 Many student and consumer advocacy groups
18 applauded The Regents when they enacted the non-SARA
19 regulations, as they recognized the important
20 consumer protections that are established.

21 BPSS, or non-degree-granting schools, are
22 another part of the work that we do at SED.

23 This Bureau of Proprietary School
24 Supervision, and the schools that they oversee,
25 licenses and monitors nearly 400 non-degree-granting

1 private career schools and certified
2 English-as-a-second-language schools.

3 These schools provide postsecondary career
4 and technical education in a wide range of skilled
5 programs, such as coding, allied health fields,
6 cosmetology, and dog grooming.

7 BPSS licenses proprietary schools and
8 credentials proprietary schoolteachers to ensure
9 that appropriate standards are met.

10 As a result of your efforts, current laws
11 regarding non-degree-granting proprietary schools in
12 New York State, under the oversight of the BPSS, are
13 often held as a national model.

14 These laws ensure consumer protection,
15 promote increasing educational competence, high
16 standards, accountability, and integrity within the
17 non-degree-granting proprietary-school sector. They
18 also require monitoring and oversight by the
19 department with fairness and equity.

20 BPS (sic) program review and oversight
21 process of non-degree-granting private career
22 schools and licensed ESL schools is as follows:

23 These schools are issued an initial two-year
24 license, and subsequent four-year licenses
25 contingent upon re-approval at each expiration

1 point.

2 Schools are required to provide BPSS with
3 bank accounts, projected tuition statements, showing
4 financial viability for the first year without the
5 tuition income.

6 BPSS assigns a field associate to each school
7 for monitoring throughout the licensure period,
8 wherein there are unscheduled inspections,
9 technical-assistance visits, and re-approval of
10 educational documents.

11 Should a school fail to maintain substantial
12 compliance with the education laws and
13 commissioner's regulations, the school's license is
14 denied and a forced closure is ordered.

15 Following their initial license, schools are
16 required to file a financial statement annually.

17 BPSS has a financial evaluator who interfaces
18 with the schools to manage the collection process,
19 and BPSS has the authority to impose financial
20 penalties for schools who fail to comply with the
21 deadlines and requirements.

22 The financial evaluator must -- may also make
23 recommendations to require a performance bond for
24 schools whose financial conditions are deemed to
25 threaten their ability to educate students.

1 Every school curriculum must also be licensed
2 by BPSS, and each curriculum is reviewed and
3 approved, or denied, by a BPS (sic) evaluator, and,
4 if needed, consulting evaluators who are experts in
5 the occupational field being reviewed.

6 Curricular are licensed for a two-year or
7 four-year period, at which time reapplication is
8 necessary at the expiration.

9 This ensures that BPSS is approving curricula
10 that responds to the rapidly changing occupational
11 fields that we license.

12 BPS (sic) investigations and the audit unit
13 investigates every complaint made against a
14 BPS (sic) school or individual employed by a BPSS
15 school.

16 Schools found to be operating in violation of
17 the law or regulations may have sanctions or
18 discipline imposed, including suspension or
19 revocation of the school's license, its financial
20 penalties, or corrective-action plans.

21 BPSS-related student complaints are resolved
22 through an investigations and audit unit.

23 Each student complaint is assigned one or
24 more investigators to perform a comprehensive
25 investigation.

1 Student complaints can be resolved informally
2 through an investigator's recommendation and report,
3 or formally through the issuance of a refund of
4 tuition and fees.

5 The law also authorizes BPSS to process
6 claims through an established tuition reimbursement
7 account, or "TRA," to refund paid tuition to
8 students.

9 The TRA allows BPSS to quickly and
10 efficiently resolve the complaint.

11 So, in conclusion, I want to thank you,
12 Chair Stavisky and the members of the Senate Higher
13 Education Committee, for allowing me to testify
14 today, and provide you with the important overview
15 of the department's current oversight over
16 degree-granting colleges and non-degree-granting
17 private career schools and ESL schools.

18 We believe that the current oversight of our
19 colleges, whether they be for not-for-profit or
20 for-profit or non-degree-granting BPS (sic) schools
21 should be continually examined to ensure student
22 protections.

23 We look forward to working with you, the
24 Assembly, and Executive when potential issues or
25 changes are identified.

1 Thank you.

2 We'd be happy to answer your questions.

3 SENATOR STAVISKY: Before we ask you
4 to answer questions, we've been joined by
5 Senator Shelley Mayer from Westchester, and
6 Senator Rachel May from Syracuse, as well as staff
7 from the Finance and Council Committee of the
8 Senate, Lonnie Threatte, Clayton Eichelberger,
9 Andrew Goldston, Rachel Porter, and Mike Swanson.

10 Senator Liu, you had a question.

11 SENATOR LIU: Yes.

12 Thank you, Madam Chair, for convening this
13 important hearing.

14 I think many of us were surprised when the
15 executive budget was first released.

16 And, I appreciate your testimony,
17 Commissioner Elia.

18 Your testimony seems to indicate that the
19 State Education Department and The Regents have a
20 pretty good handle on this stuff already; and,
21 therefore, what the Governor has proposed may not be
22 totally necessary, if not totally unnecessary.

23 Let me state from the outset that I am very
24 concerned that -- that the people of New York State
25 have access to quality education.

1 And, that in the event that they choose a
2 for-profit institution, that there are standards
3 that are going to be upheld, and that they will
4 actually achieve -- have a reasonable chance to
5 attain their degrees, and to do so without going
6 deeply, deeply into debt, more so than they would if
7 they attend a non-profit college or institution.

8 So we certainly want the students to be
9 protected.

10 COMM. MARY ELLEN ELIA: Right.

11 SENATOR LIU: The question is: How do we do
12 that; how do we achieve that?

13 Is the Governor's proposal the way to go
14 about it?

15 And coming into this hearing, I wasn't
16 exactly sure what the SED would say, but it seems to
17 me that you think -- you think the department
18 already has a good handle on it.

19 COMM. MARY ELLEN ELIA: Well, let me say,
20 Senator Liu, we've been working on this.

21 And as you see, we've made recent changes and
22 clarifications of the regulations for our
23 for-profits.

24 I can say to you that I think that, as you
25 look at where we already are in New York, we are

1 recognized nationally as one of those states that
2 has the most oversight of for-profit of anyone, and,
3 in fact, we often are asked to give information to
4 other states on how we do that, to protect students.

5 I will say this: The quality of our
6 education across the state is critically important
7 for SED as it is for you.

8 We want to make sure that our students have
9 access to programming, whether that be for a not --
10 from a not-for-profit or a for-profit, that is
11 quality, and it protects them.

12 We believe that many of the things that are
13 in place in state education and regulations, and
14 under the purview of our Regents, is substantial.

15 Is there something that perhaps we could
16 improve upon?

17 I would never say that we can't get better.

18 But I would say to you that it is very
19 important, I think, to be aware of all of the areas
20 that we already have oversight, and that we have
21 requirements in place for the for-profit
22 institutions, whether they be degree-granting or
23 career schools.

24 So, I appreciate the opportunity.

25 I told Senator Stavisky, it's important for

1 you all to be fully aware of where we are now, so
2 that anything that is proposed, we could make sure
3 that we cover that; and, if not, we work with you.

4 SENATOR LIU: And so I have -- I guess I have
5 three specific questions. I can repeat them again
6 later if necessary.

7 The first question is:

8 There is some thought that the requirements
9 that the Governor has proposed would go for -- the
10 requirements that the Governor has proposed for
11 for-profit institutions are much more stringent than
12 the requirements expected of non-profit
13 institutions.

14 That would be my first question: Is that
15 true or not true?

16 Second question --

17 COMM. MARY ELLEN ELIA: Okay.

18 SENATOR LIU: And I'll give you the whole
19 context.

20 COMM. MARY ELLEN ELIA: All right.

21 SENATOR LIU: The second question would be:
22 Would the Governor's proposal -- pardon me.

23 Would the Governor's proposals, if enacted,
24 have the result of shutting down, perhaps the
25 majority, if not the great majority, of these

1 for-profit institutions?

2 And my last question, which I guess is the
3 overarching question: If the Governor's proposals
4 are enacted, would it -- would it not only not
5 better protect students, but would it actually take
6 away opportunities from students?

7 COMM. MARY ELLEN ELIA: So those are -- those
8 questions are related to each other.

9 SENATOR LIU: Yes.

10 COMM. MARY ELLEN ELIA: So let me respond.

11 Specifically, the "50 percent," if you use
12 that, the goal for the 50 percent, I think it's
13 important to take into account that, if the
14 requirements are that 50 percent at least be spent
15 in certain ways, we need to make sure that people
16 are aware that -- that what is included in that
17 instructional requirement for 50 percent, that that,
18 in fact, reflects the requirements of not only
19 salaries, et cetera, but, the facilities that a
20 school may have.

21 So, if you're in New York City, the reality
22 of the rents for New York City's facilities are
23 going to be very different than if you were in
24 somewhere else.

25 And I think to have it be one particular

1 thing is really a critical point for us, because
2 that's where it gets into the second part of your
3 question, is could these things negatively affect
4 schools?

5 It is possible that that could negatively
6 affect schools because they couldn't stay in within
7 those guidelines, and, consequently, then they
8 wouldn't be able to meet the requirements of law in
9 New York, and then they'd be in a position where
10 they wouldn't be able to meet the guidelines;
11 therefore, they'd be closed.

12 I think one of the other factors is, many of
13 these schools provide extensive supports for
14 students.

15 If that wasn't included in one of those
16 categories, then you have a school that is providing
17 an opportunity for many students who need to have
18 those additional -- additional supports, maybe
19 guidance in how to get through this program, maybe
20 additional tutoring, all of those things could
21 possibly not be included in the definitions.

22 And if that is the case, then those schools
23 would not be able to provide those for students.

24 And some of these students are our most
25 at-risk students from our high schools, who are

1 trying to complete a postsecondary education, and
2 they might be then in danger of not being able to
3 get through because they didn't have the additional
4 supports.

5 So all of those things are -- are -- I think,
6 what you would not want to have happen with
7 additional legislation, so it needs to be very
8 carefully reviewed with the realities of the schools
9 and -- and the supports that they provide for
10 students.

11 SENATOR LIU: Thank you.

12 Thank you, Madam Chair.

13 SENATOR STAVISKY: Thank you, Madam Chair.

14 And, in fact, I asked that question at a
15 budget hearing.

16 COMM. MARY ELLEN ELIA: Yes, you did.
17 I remember.

18 SENATOR STAVISKY: And I'm sure the person
19 I asked remembers.

20 Senator Mayer.

21 SENATOR MAYER: Thank you.

22 Good morning, and thank you for being here.

23 I want to agree with many of the comments of
24 my colleague Senator Liu, in I think our strong
25 opposition to the Governor's proposal in his

1 executive budget, and I'm pleased that we were able
2 to push back against that.

3 I have had several terrific visits in my
4 district and elsewhere to excellent, high-quality
5 proprietary schools which not only help people get
6 into the workforce, but provide a meaningful support
7 mechanism, as you described, to ensure they have the
8 support they need to succeed.

9 And I want to commend, I know some of them
10 are here today.

11 I do think we have to have this issue in
12 context, however.

13 We are dealing with a national conversation
14 about proprietary colleges, and, particularly,
15 default rates and graduation rates.

16 And I think one of our arguments here, in
17 pushing back against the Governor, was, yes, SED is
18 already doing an excellent job at addressing those
19 issues on its own, and we have confidence in them.

20 So I wonder if you could speak with greater
21 specificity about your review of any schools that
22 may have had a default rate that was unduly high, or
23 a graduation rate that was unduly long, out of
24 context with our other schools of higher education
25 which also have these challenges at a very, you

1 know, significant rate.

2 But I think, again the more you provide us
3 with the information that shows that our current
4 regulatory apparatus is sufficient, that strengthens
5 our arguments that we do not need additional
6 legislation.

7 COMM. MARY ELLEN ELIA: So let me bring out
8 the specificity that we provide on graduation rates.

9 So our for-profit colleges' graduation rate
10 is 35.8 percent, SUNY is 41.6, CUNY is 28.7, and our
11 independents is 66.

12 SENATOR MAYER: Over how many years, might
13 I ask?

14 COMM. MARY ELLEN ELIA: That is as of
15 1217-18 (sic).

16 SENATOR MAYER: But is that over -- over a
17 what period of time graduation rate?

18 DEP COMM JOHN D'AGATI: Six years.

19 COMM. MARY ELLEN ELIA: Six years.

20 SENATOR MAYER: Thank you. Okay.

21 COMM. MARY ELLEN ELIA: So -- so you can see
22 there -- the -- the proprietary for-profit colleges
23 are within that same kind of area of graduation
24 rates.

25 I think it's a huge thing for all of us to be

1 working on.

2 I mean, graduation rates are at the high
3 school level are as important.

4 But, clearly, when we have students that move
5 into postsecondary, we need to be focused on what we
6 can do to provide the supports they need to make
7 sure they get through.

8 And the added stress comes because they're
9 paying funding -- they're paying for those tuition
10 payments, and then, ultimately, whatever they have
11 in loans after that, that they have to pay back.

12 So it's even more critical that we address
13 these graduation rates.

14 I will say that it's important to know
15 what -- related to the idea of loan defaults --

16 SENATOR MAYER: Yes.

17 COMM. MARY ELLEN ELIA: -- so we do not
18 collect the information on loan defaults.

19 The loans originate with many sources, so you
20 have private loans, you have federal, you have
21 other -- other family loans.

22 I mean, there's a number of areas where you
23 would say a student is defaulting on a loan.

24 It may be difficult to really generate an
25 accurate picture of that, given the fact that those

1 sources of information are many different places.

2 And, the decisions about the operations and
3 the high stakes of, whether I'm going to go to a
4 for-profit, am I going to take out the loans for
5 that school, and, then, how am I going to track
6 whether the loans, in fact, get paid over a period
7 of time?

8 Those same loan-default rates could be in
9 place for other schools.

10 And so you have circumstances that occur at
11 the end of a student's time period, time in a
12 college or university, in any of our public --
13 public or our for-profits that similarly could
14 affect whether or not there's a loan default.

15 We don't know all of that data, and the data
16 that we have from the national is not as clear as we
17 would like, and we can't really get it down to our
18 specific schools here in New York.

19 So I think there's another part of that that
20 is very important.

21 We have annual reports that come to SED that
22 include admissions, enrollment, and retention, their
23 graduation rates, off-campus instructional location,
24 all of these things that lead you to believe that,
25 whether -- if a student is, in fact, in a for-profit

1 school, and they have retained their students and
2 graduated their students, many of these schools have
3 very strong programs for placement in the workplace.

4 SENATOR MAYER: Right.

5 COMM. MARY ELLEN ELIA: Which then would lead
6 to you believe that those schools would have less of
7 a loan-default rate than a school that didn't have
8 that kind of placement activity.

9 And, for the most part, the for-profits, the
10 reason that they are often selected by students is
11 because of the placement rate.

12 So those are the things --

13 SENATOR MAYER: Yes, I'm well aware of that.

14 COMM. MARY ELLEN ELIA: -- so it's -- it's
15 not an easy thing, Senator, to say, this is the
16 reason. And it's not easy for us to identify
17 exactly where the default rates are.

18 And those statements that are made at the
19 national level, I'm not disputing the data, but it's
20 not as clear-cut as saying, we have high default
21 rates from these kinds of schools.

22 SENATOR MAYER: I understand, and
23 I appreciate it.

24 And I know the placement issue is extremely
25 important to students, and that is one of the

1 reasons they choose these schools.

2 COMM. MARY ELLEN ELIA: That's right.

3 SENATOR MAYER: I just think, in order to
4 ensure that our participation in this national
5 conversation is valued, it would be very helpful for
6 us to be able to rebut the claim of loan defaults at
7 a higher rate, or out of the mainstream, by our
8 proprietary schools.

9 And I would encourage us to figure out ways
10 to have accurate data.

11 COMM. MARY ELLEN ELIA: So -- so we will --
12 as a staff, we'll go back and look and see what we
13 can provide for you, so at least, if it is -- if
14 it's not clear, we'll identify why we believe it
15 isn't as clear --

16 SENATOR MAYER: Thank you.

17 COMM. MARY ELLEN ELIA: -- as what some --
18 some sources are saying is clear.

19 SENATOR MAYER: Thank you.

20 SENATOR STAVISKY: Thank you.

21 In the meantime, we've been joined by
22 Assemblywoman Alicia Hardman?

23 ASSEMBLYWOMAN HYNDMAN: Hyndman.

24 SENATOR STAVISKY: Hyndman.

25 I'm -- my colleague from Queens, my friend

1 from Queens, and, Assemblymember Harvey Epstein from
2 Manhattan.

3 Senator May.

4 SENATOR MAY: Thank you.

5 And thank you for your testimony.

6 I apologize for coming in in the middle.

7 I have toured a proprietary college in my
8 district, or adjacent to my district, and they have
9 a lot of good stories about student success and
10 programs they offer that no one else offers. And
11 I recognize that they provide a service that -- that
12 is valuable in our community.

13 But having been a -- on the faculty at SUNY
14 and at a private university, I was, frankly,
15 horrified at the conditions of the faculty there.

16 And I -- I guess the idea that we're -- we
17 are holding institutions to such different standards
18 is really troubling to me.

19 And so I'm wondering about what oversight
20 there is of employment at these institutions, and do
21 you feel there needs to be more oversight?

22 COMM. MARY ELLEN ELIA: So for the for-profit
23 institutions, depending on whether it's a career
24 school, and not -- it might certify someone in a
25 particular area, but it doesn't provide a degree, or

1 a for-profit for degree, we believe we are -- in
2 fact, we are putting the same standards for those
3 degree-granting as we do any of our colleges or
4 universities across the state.

5 In the particular circumstance you mentioned,
6 if a -- if a not-for-profit public university or
7 college, is -- through the State is certified and
8 able to function and be part of a SUNY system or a
9 system, or a not-for-profit, we look at all of those
10 schools when they get their accreditation and when
11 they get their approvals through The Regents.

12 So when that occurs, they have met the
13 requirements for the faculty that you mentioned.

14 If that isn't occurring and hasn't maintained
15 itself, then, normally, we would hear from someone
16 who would say, "this is not up to standard," and we
17 would then go in and review that.

18 We do have, on a regular basis, those schools
19 are accredited, and so they would get -- from an
20 accrediting agency, they would get accreditation.

21 So as we're looking at the for-profits, we do
22 the same thing.

23 So they come to us; they provide information
24 on the faculty that they're going to have, the
25 facilities they're going to have, the institutional

1 supports that they have for students, their tuition,
2 all of those things are provided, as well as their
3 financials.

4 So if they are treated -- the for-profits are
5 treated exactly the same as the not-for-profits.

6 So any of those things that then we would
7 have complaints about would be something that we
8 would go in and review.

9 And if we needed to, then we would put them
10 in a review status, and tell them what they have to
11 do to improve, or we would take stronger action
12 against them.

13 So, the process is in place for both, the
14 for-profit and the not-for-profit, and that is
15 through SED regulations.

16 And then it is true that, in fact, we have
17 closed schools, based on what we have been told when
18 we go and investigate. It's the case, when we see
19 the resources that they no longer have in place, we
20 have had colleges, that are in both categories,
21 close.

22 SENATOR MAYER: Okay. I guess, by the same
23 token, we heard a lot about how this school served
24 students who are at risk in various ways, and who
25 were facing a lot of troubled circumstances at home.

1 And I asked about mental-health support for
2 them, and they said, Oh, well, yeah, we have a whole
3 list of providers in the community that we refer
4 them to.

5 So they had nothing that they provided
6 themselves, which was, again, I felt like a very
7 different model, at the very least, if not a
8 different standard, for what an institution of
9 higher education would be providing.

10 And so it was, again, just this sense that
11 there are very different standards that, at least --
12 or expectations, of for-profit institutions than of
13 other institutions.

14 And so I just am grappling with this, that
15 maybe it does make sense to have, also, different
16 standards of oversight for them.

17 COMM. MARY ELLEN ELIA: So it's clear, SED's
18 role for the -- particularly the degree-granting,
19 those are not different.

20 So the standards that they may have, SUNY may
21 provide, on any one of their campuses, what you're
22 suggesting.

23 And if it is a much smaller college, an
24 independent college, for instance, doesn't have that
25 requirement on their campus, that they may have

1 referrals that go to community agencies, that could
2 be the case in both of those.

3 So an independent school and a for-profit
4 could have the same, but we judge those schools, and
5 allow them to be in place in New York, based on
6 that.

7 Now, the BPSS, the kinds of things that are
8 provided in BPSS schools, which are more
9 career-oriented schools, that are for-profit, those
10 schools, again, we look at what kinds of supports
11 they have available for students.

12 And, mainly, we would be looking for things,
13 that they would support students who were on their
14 campus or in their programs, to be able to complete
15 the coursework successfully, and then the guidance
16 that they get afterwards on job placements,
17 et cetera.

18 SENATOR MAYER: And are there standards in
19 place for what they have to inform the students of
20 ahead of time when they are applying, for example --

21 COMM. MARY ELLEN ELIA: Yes.

22 SENATOR MAYER: -- of what -- exactly what is
23 included and what is not included in their tuition?

24 COMM. MARY ELLEN ELIA: Yes.

25 That is all part of what would be reviewed as

1 they were seeking our support for either type of
2 school, whether it was for a degree-granting or it
3 was a career school.

4 SENATOR MAYER: Okay.

5 Thank you.

6 COMM. MARY ELLEN ELIA: Uh-huh.

7 SENATOR STAVISKY: Senator Gaughran.

8 SENATOR GAUGHRAN: Good morning,
9 Commissioner.

10 COMM. MARY ELLEN ELIA: Good morning.

11 SENATOR GAUGHRAN: I just had a question.

12 In your testimony you pointed out that the
13 for-profit degree institutions makes up about
14 3 percent of the student population of the state.

15 How does that stack up with other states, or,
16 I guess, larger states or similar states, to
17 New York?

18 COMM. MARY ELLEN ELIA: I don't know that we
19 would...

20 DEP COMM JOHN D'AGATI: They're generally
21 smaller. (Indiscernible) larger for --

22 COMM. MARY ELLEN ELIA: You want to speak
23 into the mic.

24 DEP COMM JOHN D'AGATI: Generally -- I don't
25 know about every state, but, generally, I know that

1 other states have larger footprint of for-profit
2 colleges. They serve more students.

3 COMM. MARY ELLEN ELIA: So we have
4 25 for-profit colleges that are degree-granting.
5 They have -- some have multiple campuses.

6 We have 400 career schools that fall under
7 BPSS.

8 And those are the two different groups that
9 are considered for-profit in New York.

10 SENATOR GAUGHRAN: I mean, I was just
11 curious, that would mean that 97 percent are
12 not-for-profit.

13 I was just wondering if, you know, places
14 like Virginia, you know, Massachusetts, might be
15 interesting to see how this relates.

16 COMM. MARY ELLEN ELIA: So we can check on
17 that information and get it over here if we're able
18 to track it down.

19 SENATOR GAUGHRAN: Okay. Thank you very
20 much.

21 SENATOR STAVISKY: Assemblywoman?

22 ASSEMBLYWOMAN HYNDMAN: Thank you very much,
23 Senator Stavisky.

24 I want to thank you and your staff for
25 indulging me and allowing me to participate in this.

1 SENATOR STAVISKY: We're delighted to have
2 you.

3 ASSEMBLYWOMAN HYNDMAN: Thank you very much.
4 Commissioner, it's good to see you again.

5 COMM. MARY ELLEN ELIA: Good to see you.

6 ASSEMBLYWOMAN HYNDMAN: Deputy Commissioner
7 Kevin Smith, Deputy Commissioner D'Agati.

8 I do have to disclose that I worked for the
9 State Education Department for 15 years, in the
10 Bureau of Proprietary School Supervision, so I do
11 have a thing, would you say, Kevin, a good
12 background?

13 So I will say that it's a small office. They
14 do a lot of heavy lifting for the entire state of
15 New York. And I still speak with my colleagues, and
16 I know they're undergoing a closure right now with a
17 foreign-language school in there. And they're
18 working very hard to service the students, as they
19 always do in New York State.

20 So, very quickly, Commissioner, you did say
21 that, the proprietary schools, the colleges, provide
22 information to the State Education Department when
23 it comes to complaints, reviews.

24 COMM. MARY ELLEN ELIA: Uh-huh.

25 ASSEMBLYWOMAN HYNDMAN: But there's no

1 prior -- it's not like SED doesn't go out and review
2 the facility before their degree-granting.

3 You review the facility.

4 Are there visits that take place subsequently
5 if there aren't any complaints?

6 COMM. MARY ELLEN ELIA: Yes.

7 So they would get their approval for a
8 two-year, or then a four-year, and after that they
9 still would have to go out and -- we would go out
10 and investigate them, and they would then provide
11 all that information for us again.

12 (Off-the-record discussion.)

13 COMM. MARY ELLEN ELIA: Yes, so Kevin just
14 reminded me, you may be asking on the degree side or
15 the non-degree side?

16 ASSEMBLYWOMAN HYNDMAN: The degree side.

17 COMM. MARY ELLEN ELIA: The degree side.

18 So that's John.

19 And out of that department, they do, if
20 there's any complaints, or if they're asking for any
21 changes in what they initially submitted to us,
22 expansions, any changes like that, they would have
23 to submit to our office, just like any of our
24 not-for-profits would, SUNY or the CUNY schools.

25 ASSEMBLYWOMAN HYNDMAN: They submit, but you

1 don't have to necessarily go and review those
2 changes or additions?

3 DEP COMM JOHN D'AGATI: We don't have to, but
4 we often do, particularly -- you know, and, again,
5 as the Commissioner said, we start with a
6 provisional authority, and they have to come back to
7 us for permanent authority.

8 And, often, we will go and visit again before
9 we issue that permanent authority.

10 But, there's no mandate that we go to every
11 single -- that we do a site visit at every single
12 time.

13 ASSEMBLYWOMAN HYNDMAN: How many -- I know
14 one of the things we talked about in the -- before
15 pre-budget, was the lack of -- or, the deficiencies
16 in staffing.

17 How many investigators or associates do you
18 have in OCUE to do just that?

19 And how many colleges and universities are in
20 the state of New York, and the -- where are the
21 shortages, I guess I'm asking?

22 COMM. MARY ELLEN ELIA: So thank you for
23 bringing that up.

24 So we do have -- in the proprietary schools
25 career side, in the BPSS, we have a dedicated staff,

1 because a portion of the fees come to support the
2 staff that we have.

3 ASSEMBLYWOMAN HYNDMAN: Right.

4 COMM. MARY ELLEN ELIA: And they support all
5 of the staff and the oversight.

6 So we have approximately 22, Kevin?

7 DEP COMM KEVIN SMITH: 25.

8 COMM. MARY ELLEN ELIA: 25 right now.

9 DEP COMM KEVIN SMITH: Hopefully, 26.

10 ASSEMBLYWOMAN HYNDMAN: With the new
11 director; right?

12 COMM. MARY ELLEN ELIA: That are supporting
13 that part of the work.

14 On the other side, in OCUE, which are the
15 degree-granting, we are very constrained there
16 because, as you can imagine, we have all of the
17 other colleges and universities across
18 New York State that, for any changes, must submit
19 those changes to the same department that has the
20 oversight for the for-profits.

21 However, what happens is, we move as quickly
22 as possible on those, and we have taken some staff
23 from one area to another to try to cover. But it's
24 a real constraint for us there.

25 And -- and the fact that these things are all

1 in place, it's not as though someone can move
2 forward and get approved without having the approval
3 come.

4 So the timing can be affected, clearly, by
5 the fact that we don't have staff to do it.

6 ASSEMBLYWOMAN HYNDMAN: Do you think that
7 then leads to a lot of self-reporting from
8 institutions of higher education in New York?

9 DEP COMM JOHN D'AGATI: We have -- yes, there
10 is a lot of self-reporting that comes in, and data
11 that we collect, and review. On a regular basis
12 we're looking at this.

13 A lot of times, though, if we get a
14 complaint, we'll look at it more in detail.

15 ASSEMBLYWOMAN HYNDMAN: Uh-huh.

16 What's -- what -- what's the number, if you
17 had a magic number, to have you at full operating,
18 to do outreach throughout the state, Mr. D'Agati,
19 what would that be?

20 I think it's important to highlight the --
21 you know, we're always asking SED to do more, but
22 not giving them the resources to do it.

23 So if you had a number.

24 DEP COMM JOHN D'AGATI: It's hard to come up
25 with a number. It depends on how much oversight you

1 really want.

2 But, there's about 250 degree-granting
3 institutions in New York, and, you know, some need a
4 little more oversight than others.

5 But, we could always use more professional
6 staff to do the kinds of site -- ongoing site visits
7 that would provide a little bit more comfort level.

8 ASSEMBLYWOMAN HYNDMAN: Okay.

9 COMM. MARY ELLEN ELIA: Yeah, and I want to
10 point out that, that the things that are done in
11 that office are things like expansions of -- into
12 new departments at SUNY or a CUNY school, that would
13 all come there. A change in the site, and add-on of
14 any program or a different degree level of that
15 program, all of those reviews are done through the
16 same department.

17 We, right now, though, have 25 for-profit
18 colleges. Some of them have multiple campuses, and
19 those are the ones that are served in the OCUE
20 office.

21 ASSEMBLYWOMAN HYNDMAN: Okay. Thank you.

22 COMM. MARY ELLEN ELIA: Thank you.

23 And we appreciate your bringing up that
24 point.

25 SENATOR STAVISKY: And to that point, we have

1 a memo from your office, answering that issue, and
2 I'll be glad to send it to you.

3 ASSEMBLYWOMAN HYNDMAN: Thank you.

4 SENATOR STAVISKY: It addresses exactly the
5 needs in case there's additional oversight issues
6 that have to be addressed.

7 Obviously...

8 COMM. MARY ELLEN ELIA: Well, and I think as
9 we've talked to you, Senator Stavisky, we are
10 certainly willing to look at any possible changes,
11 and give our insight as to where, either, we're
12 currently working in that area and doing that, or
13 whether or not there's some things that we have to
14 add.

15 The bottom line is, we want to protect our
16 students in any of these programs, and we want to
17 make sure that, ultimately, they can be the most
18 successful and move into a workforce that they're
19 then valued for the knowledge they have.

20 SENATOR STAVISKY: And, obviously, that's the
21 purpose of this hearing: We're going to hear from
22 both critics and the users of your services.

23 Assemblymember Epstein.

24 And then we'll call the next...

25 ASSEMBLYMAN EPSTEIN: Thank you, Madam Chair,

1 for allowing me to participate and to be here.

2 And thank you for being here.

3 I know -- I think we all have the same goal,
4 to making sure the students get high-quality
5 education in our schools.

6 COMM. MARY ELLEN ELIA: Right.

7 ASSEMBLYMAN EPSTEIN: Just some concerns,
8 just around the SARA agreement.

9 I'm wondering: How many students do you see
10 using online -- exclusively online colleges in the
11 New York?

12 And, what have you seen are the response
13 since 2016?

14 And the second piece of that would be:

15 Looking that, you know, California isn't part
16 of the SARA agreement, they've really tried to have,
17 I would argue, tougher standards.

18 Wondering if whether SARA's been the right
19 approach for New York?

20 COMM. MARY ELLEN ELIA: Well, I will say to
21 you, I think that it really has.

22 If you think about before we had the SARA
23 agreement, there was little control over whether or
24 not a student got an online program.

25 They could go online, they could have the

1 program, and be offered that program here in
2 New York.

3 We have now standards for that, and I think
4 that's a really important point.

5 I'm not sure if you were here for the initial
6 numbers that I read off, but there are more than
7 43,000 New York residents enrolled in the
8 out-of-state distance education through 962 SARA
9 institutions.

10 So you can see, that is a growing number.

11 And I think we all know that online learning
12 is -- is -- opens up many opportunities for
13 individuals who may currently be in a job, but want
14 to get an add-on credential so that they can expand
15 and have better opportunities, or, and we have
16 teachers that are getting add-ons to their
17 certifications.

18 I mean, there's many ways that online
19 learning can provide opportunities that a student,
20 because of constraints in their life, are unable to
21 participate in an existing campus program.

22 I would tell you that we think that the SARA
23 program is providing us with oversight that we never
24 had before.

25 And we think that's an extremely important

1 part of providing opportunities for New Yorkers to
2 learn.

3 ASSEMBLYMAN EPSTEIN: Because, I'm wondering,
4 the balance of New Yorkers who are going to other
5 online schools versus other students from other
6 jurisdictions coming to New York online schools,
7 wondering what that balance looks like?

8 COMM. MARY ELLEN ELIA: So, there's 34,000
9 residents in other states enrolled in our distance
10 learning given at 96 New York State colleges.

11 But let me say this:

12 I would -- I would venture to say that
13 New York has not been as forward-pushing on the
14 issue of providing distance learning as other
15 colleges and universities have in other parts of the
16 country.

17 So I think as -- as more of our colleges --
18 I've had conversations with SUNY, and I know CUNY
19 has expanded their online.

20 SUNY is making that a major effort this year,
21 to make sure that they expand their online
22 opportunities.

23 And we believe that, then, you will have many
24 more students participating in our programming here.

25 ASSEMBLYMAN EPSTEIN: And have you seen an

1 uptick in online complaints?

2 Because we -- we've heard a lot of, like,
3 people who feel like they don't get enough support
4 from online learning, and feel like there's no
5 vehicle to -- to --

6 DEP COMM JOHN D'AGATI: We have not seen an
7 uptick in complaints either from out-of-state
8 students or in-state students at online.

9 ASSEMBLYMAN EPSTEIN: And how do you regulate
10 the online schools to ensure that they're meeting
11 the standards that we want?

12 Is it through the SARA agreement? Or do you
13 feel like there's additional resources that you need
14 to be able to ensure that those students are getting
15 the support that they need through online learning?

16 DEP COMM JOHN D'AGATI: So to participate in
17 SARA, the colleges pay a fee. The fee is used to
18 support staff. And that group of staff that we have
19 work strictly on SARA institutions.

20 And there are regional bodies from several of
21 the states, and then there's a national
22 organization, that we interact with, that helps to
23 establish the standards and revisit the standards.

24 And, certainly, if there is a complaint, they
25 are a conduit to address issues.

1 If we have -- if we were to have several
2 students complain about a particular institution
3 that is out-of-state, we can go to the national
4 organization that we participate in, and they
5 would -- they would, with us, raise those issues
6 with that institution and with the state that
7 authorizes them.

8 COMM. MARY ELLEN ELIA: And those complaints
9 would come into our office, and then we would
10 process those through our SARA connection.

11 ASSEMBLYMAN EPSTEIN: And so it's a
12 complaint-driven process? It's not an affirmative
13 process that the department --

14 COMM. MARY ELLEN ELIA: Well, it's
15 affirmative at the beginning, of course, because
16 then they get approved to be in the SARA
17 organization of states and colleges.

18 ASSEMBLYMAN EPSTEIN: Right.

19 COMM. MARY ELLEN ELIA: And so they have to
20 be approved to be in it.

21 Not all states are participating in SARA, so,
22 that excludes some.

23 And if a state wants to offer a
24 distance-learning program, or an institution wants
25 to offer a distance-learning program, in

1 New York State, then they have to go through a much
2 more extensive process to be approved, and they
3 cannot offer it in New York State.

4 ASSEMBLYMAN EPSTEIN: And just a -- two quick
5 questions, this is around default, and kind of
6 seeing default rates for students, you know, five
7 and ten years out.

8 We've seen this uptick in default rates, both
9 for online and for-profit, from what I've seen.

10 I'm wondering how you're tracking those
11 default rates?

12 And, obviously, it's a concern when
13 students -- you know, higher numbers of students,
14 either online learning or for-profit schools, are
15 defaulting.

16 Kind of what -- what -- you know, I --
17 sometimes lower default rates, maybe two years out,
18 or five and ten years out, we're seeing larger
19 default rates.

20 And I'm wondering what you're tracking on
21 those.

22 COMM. MARY ELLEN ELIA: So the default rates
23 are really tracked by the institutions that give the
24 loans.

25 ASSEMBLYMAN EPSTEIN: Right.

1 COMM. MARY ELLEN ELIA: Right?

2 And so that's not something that SED does
3 because we are not in charge of that.

4 So it would either -- it would be through the
5 federal government. It could be through states. It
6 could be through private institutions that forgive
7 loans. It could be bank loans. Et cetera.

8 So, that's not something that we track.

9 ASSEMBLYMAN EPSTEIN: And is there something
10 that you feel like you shouldn't be tracking?

11 Because, obviously, the concerns around
12 student default is like a huge issue.

13 Obviously, student debt is a national
14 conversation that we're seeing, and larger default
15 rates and larger debt.

16 And I'm wondering, if someone -- if we're not
17 collectively dealing with it in a positive way for
18 New Yorkers, it's, you know, obviously, a concern.

19 DEP COMM JOHN D'AGATI: Right, I mean, we
20 could try to institute a data collection on default
21 rates, rather than utilize the federal, but it
22 would -- it would require resources, yeah.

23 ASSEMBLYMAN EPSTEIN: Okay. Thank you.

24 SENATOR STAVISKY: I have just two quick
25 questions --

1 COMM. MARY ELLEN ELIA: Sure.

2 SENATOR STAVISKY: -- and if you could limit
3 the response.

4 The first one is --

5 That most of my questions have already been
6 asked.

7 -- but, do you believe that New York should
8 adopt a gainful-employment metric, similar to that
9 in, I believe, California?

10 Would that be useful?

11 COMM. MARY ELLEN ELIA: Well, we have had
12 that conversation.

13 We do think that it's important that there be
14 a focus, particularly in our career schools, to make
15 sure that there's an opportunity for gainful
16 employment after that.

17 We also believe that that is something that
18 we should be looking at in any of our institutions
19 of higher learning, so that we know whether or not
20 that program is providing what it needs to provide,
21 so a student who goes there, that pays the money for
22 that program, has the opportunity to go into
23 employment.

24 And that may be, at that point, then they add
25 on additional experiences, either at the college

1 level or technical.

2 I think it's important for us to know that,
3 yes.

4 SENATOR STAVISKY: And second, unrelated,
5 I know the career schools have a -- well, let me
6 rephrase it.

7 Should there be a fund set up for the
8 students who attend the proprietary degree-granting
9 colleges, similar to the ones that exist for the
10 career schools? The fund --

11 COMM. MARY ELLEN ELIA: The -- yeah, the TRS
12 fund.

13 SENATOR STAVISKY: -- the T -- yeah, the
14 TRA (sic) fund.

15 What did you think?

16 COMM. MARY ELLEN ELIA: Well, I will say that
17 that has protected students to a great extent in
18 those programs.

19 So if a student has complaints, we
20 investigate it, we find that there's a real issue,
21 or, in the circumstance which we have right now,
22 with the school closing --

23 SENATOR STAVISKY: That's the point of my
24 question.

25 COMM. MARY ELLEN ELIA: -- and we're saying

1 that, in fact, the students who paid their tuition
2 for the school are not going to be able to get it,
3 that opportunity, first of all, we believe that the
4 institution should be held accountable, and we will
5 push hard to make sure that that occurs.

6 But if, in fact, there are no resources there
7 to reimburse students, we believe that's a very
8 important thing.

9 I think the degree-granting institutions,
10 because of the financials that we collect on a
11 regular basis, we know whether or not they're
12 financially able.

13 And so that's one of those things, I think
14 that is something we certainly could look at with
15 you.

16 And if you would like more information on how
17 that might affect our for-profit, the 26, or 25,
18 that we have currently, I think that is certainly we
19 could -- something we could explore with you.

20 SENATOR STAVISKY: Thank you.

21 Does anybody else?

22 Then we thank you very much.

23 COMM. MARY ELLEN ELIA: Thank you.

24 We appreciate your time.

25 SENATOR STAVISKY: I know we get the feeling

1 that SED is going to be really the lynchpin,
2 I think, for anything that --

3 COMM. MARY ELLEN ELIA: And we want to be
4 part of --

5 SENATOR STAVISKY: -- transpires.

6 COMM. MARY ELLEN ELIA: -- any opportunities
7 that you see to improve.

8 Thank you.

9 SENATOR STAVISKY: Our next group will be the
10 degree-granting institutions, and we have:

11 Marc Jerome, president of Monroe College;

12 Christopher Barto, vice president of
13 government relations and community affairs at
14 LIM College;

15 Frances Fel -- Feiser (sic), president,
16 Bryant & Stratton College;

17 And, Michael Hatten, chairman and CEO,
18 New York Automotive & Diesel Institute.

19 And we thank you all for coming.

20 MARC JEROME: Are you ready for us?

21 SENATOR STAVISKY: Yes.

22 MARC JEROME: I'm not sure, is this
23 microphone working?

24 It is.

25 SENATOR STAVISKY: If not, we'll get a

1 college student.

2 [Laughter.]

3 MARC JEROME: Good morning, Senator Stavisky
4 and members of the Higher Education Committee.

5 Thank you for inviting me today.

6 My name is Marc Jerome, and I am the
7 president of Monroe College in The Bronx.

8 I also, for the past eight years, have been
9 working on these issues federally, including gainful
10 employment, student debt, so if you have any
11 questions of me later, you can ask.

12 First, I would like to thank Senator Stavisky
13 and all of you for your support during the budget
14 process.

15 The Governor's proposal would have closed my
16 institution, despite having some incredible outcomes
17 for just the students you are worried about.

18 The past few months have been incredibly
19 challenging because, for the first time, some of the
20 divisiveness that we witnessed nationally has come
21 to New York, and has resulted in proposed
22 legislation that is uninformed and irrational.

23 I welcome today's dialogue, and I fully agree
24 that the issues of student debt, graduation rates,
25 institutional spending priorities, are important

1 topics; however, we should not be discussing these
2 issues for only one sector of higher education.

3 If you take one thing from my comments today,
4 it is this: Higher education in New York is
5 actually failing too many low-income students.
6 Whether we look at graduation rates or loan default,
7 shockingly weak outcomes for low-income students
8 demand accountability in all sectors.

9 And I am so proud of the impact that my
10 institution, and others like mine, have had on the
11 same students that you are concerned about.

12 In 1933 my grandfather and great-aunt founded
13 Monroe College.

14 My father preceded me for 50 years.

15 I'm the third generation of my family to lead
16 the institution, and I'm absolutely passionate about
17 what we do in The Bronx.

18 Significantly, our Bronx campus is located in
19 the poorest congressional district in the country,
20 but has some of the best outcomes for low-income
21 students and first-generation students of any
22 institution across all sectors.

23 Monroe consistently ranks among the top
24 institutions in New York State for graduating Black
25 and Latino students.

1 As you just heard, the New York State Board
2 of Regents and the Department of Education have
3 created the most unique, progressive, and effective
4 higher-education accountability framework in the
5 nation.

6 At its core is the simple notion that any
7 degree-granting institution in New York, from any
8 sector, must meet the rigorous requirements
9 promulgated by The Regents, and implemented and
10 enforced by the State Education Department.

11 The decision by the State Education
12 Department almost 50 years ago to require for-profit
13 colleges to operate as academic institutions, and
14 not businesses, was fortuitous.

15 New York's framework has produced for-profit
16 institutions that are examples of national
17 excellence, such as Monroe College, School of Visual
18 Arts, and LIM College.

19 Very important for all of us, students and
20 families deserve accurate, easy-to-understand, and
21 consistent information on programs and colleges they
22 want to attend.

23 All students should be able to compare
24 information about similar programs and be warned if
25 outcomes are weak.

1 Students should also have a reasonable
2 expectation they will graduate from the college they
3 want to attend, and colleges should be held
4 accountable if too few students graduate.

5 But in too many colleges across all sectors,
6 this is not happening.

7 In fact, SED reports that there are
8 30 colleges in New York State that report on-time
9 graduation rates less than 10 percent, only one of
10 which is a for-profit institution.

11 Students should also have a reasonable
12 expectation that if they take a student loan, they
13 will not default.

14 In fact, there are 36 degree-granting
15 institutions in New York State that have default
16 rates that are above 15 percent; 22 are public,
17 2 are private, and 12 are for-profit.

18 The issue of student-loan default can be
19 found across all sectors.

20 The higher-education landscape has changed
21 dramatically. Pressure in higher education in
22 New York is intense.

23 The two largest college closures in New York
24 have been two private colleges: the Dowling College
25 and the College of New Rochelle.

1 The largest advertisers in New York are
2 non-profit colleges, and the huge growing public and
3 non-profit online providers, like Southern
4 New Hampshire University, which spends well over
5 \$100 million in advertising.

6 Accountability and consumer protection should
7 be extended to all institutions and all students.

8 To do anything else is to abandon the close
9 to one million students -- New York college students
10 who do not attend for-profit institutions.

11 The national efforts to regulate solely the
12 for-profit sector, such as the gainful-employment
13 rule, which I have been intimately involved with for
14 many, many years, are so overbroad and so imprecise,
15 that they have the exact opposite effect from what
16 was intended.

17 Rather than punish poorly-performing
18 programs, the rules actually close some of the best
19 performing programs in the country, while leaving
20 the same programs at other institutions
21 unaccountable simply because they have a different
22 tax status.

23 This cannot be what was intended.

24 New York should stay the course, holding all
25 institutions accountable, and protecting students

1 wherever they may attend.

2 I have a list of proposals in my written
3 testimony, I'm happy to talk to you about, or answer
4 any questions.

5 Thank you so much.

6 SENATOR STAVISKY: Thank you.

7 We'll hold the questions until everybody has
8 an opportunity.

9 CHRISTOPHER BARTO: Thank you,
10 Senator Stavisky and members of the Committee on
11 Higher Education.

12 My name is Christopher Barto, and I'm the
13 vice president of government relations at
14 LIM College, where I've been employed for almost
15 15 years.

16 Thank you for giving me the opportunity to
17 testify today, and for your bipartisan rejection of
18 the Governor's proposed For-Profit College
19 Accountability Act.

20 For LIM College, and the Marcuse family who
21 started the college three generations ago, thinking
22 about the possibility that our college, a leader in
23 fashion business and experiential education, could
24 be summarily closed, based on a set of arbitrary and
25 capricious metrics, is incomprehensible.

1 Given our history and the important role that
2 we and other APC colleges play in higher education
3 in New York, this begs the question of, what problem
4 are we trying to solve?

5 Are we being asked to be sacrificial lambs
6 for the sins of others?

7 Political dogma that routinely describes all
8 proprietary colleges as predatory seems to be part
9 of the issue at hand, because, in this digital age
10 of transparency, certainly, all education consumers
11 are deserving of better information regarding any
12 institution of higher ed.

13 In my 30 years of higher-ed experience,
14 working with thousands of students and parents, they
15 are largely consistent in wanting to know the same
16 kinds of information: Cost of attendance, programs
17 of study, and the employability of graduates.

18 They expect that information from all
19 colleges regardless of private or public status,
20 non-profit or proprietary.

21 At LIM College we have students enrolled from
22 43 states and 37 countries.

23 We are a nationally and internationally
24 recognized institution, and students compare us with
25 colleges offering similar programs of study across

1 the U.S. at both public and private colleges.

2 To suggest that a unique set of public
3 disclosures, that would only apply to proprietary
4 colleges in New York, would somehow help these
5 students compare LIM College to our competitors,
6 ignores who those competitors are, and I believe
7 would only add to further confusion of inconsistent
8 information that many already face in this important
9 decision-making process.

10 For example, there is currently no uniform
11 definition of how colleges should calculate the
12 employability of their alumni, or any general
13 requirement that they do so, except for in some of
14 the licensed professions.

15 So college data in this area is all over the
16 map.

17 All degree-granting colleges in New York have
18 to meet the same set of standards that we've heard
19 about from the Board of Regents and the State
20 Education Department.

21 As such, I would assert that any additional
22 state-based metrics designed to better inform
23 students should exist for all sectors of higher ed.

24 In fact, the White House has recently
25 directed the U.S. Department of Education to develop

1 program-level outcomes data that they intend to add
2 to the federal College Scorecard, including
3 information on earnings, student debt, and
4 loan-repayment rates.

5 This will truly provide education consumers
6 with something that has been long overdue: the
7 ability to actually compare similar academic
8 programs across a wide variety of institutions in
9 all sectors.

10 New York was a leader and ahead of the curve
11 when it mandated the use of the standardized
12 financial-aid award letter based on the
13 federally-recommended shopping sheet.

14 Congress is now proposing that requirement
15 nationally.

16 We urge you to join in supporting the
17 national effort to also establish commonsense
18 program-level outcomes for all colleges.

19 I have with me 29 letters of support from
20 alumni, industry presidents, and senior executives,
21 as well as members of our board.

22 They all attest to the unique nature of the
23 college's academic programs and the essential role
24 that LIM College plays in supporting the economic
25 engine of New York's fashion and related industries.

1 We provide an innovative education, while at
2 the same time we work tirelessly to keep tuition
3 increases to a minimum, and to reinvest our tuition
4 into continued improvement of our facilities and all
5 academic career and support services.

6 The college has done so without the direct
7 financial support of any New York- or
8 federally-provided funds, the type of taxpayer-based
9 funding that highly subsidizes public colleges and
10 universities.

11 Most educators agree that institutional
12 quality is well evidenced by the improved economic
13 mobility of a college's graduates.

14 If the portion of tuition dollars spent
15 exclusively on instruction was a direct correlation
16 with institutional quality, then we would expect to
17 see that the outcome metrics of CUNY and SUNY
18 colleges would be dramatically higher than colleges
19 in other sectors.

20 But that is not the case.

21 I would venture to say that how efficiently
22 and effectively an institution uses its financial
23 resources does matter and can influence the success
24 of its academic programs.

25 Families certainly care more about the

1 transformative capability of a college experience
2 than they do about meeting a financial-inputs
3 benchmark.

4 As you consider the possibility of
5 implementing additional standards or disclosures of
6 data, we urge you to clearly articulate the intended
7 outcome, ensure any new standard in New York
8 utilizes established norms that can be compared to
9 other institutions, and continue to maintain parity
10 by equally applying those measures to all sectors of
11 higher education in New York to support transparency
12 and access for all students in the state.

13 Thank you.

14 SENATOR STAVISKY: Thank you.

15 Who's next?

16 FRANCES FELSER: That would be me.

17 SENATOR STAVISKY: Okay.

18 FRANCES FELSER: Good morning, Chair Stavisky
19 and other esteemed Senators of the New York State
20 Senate Higher Education Committee.

21 My name is Frances Felser. I am the
22 president of Bryant & Stratton College, a
23 family-owned institution, where I have served for
24 almost 30 years in a number of institutional
25 capacities.

1 I would like to thank you for rejecting the
2 Governor's budget proposal, which is allowing me to
3 complete my final year as a commissioner of the
4 Middle States Commission on Higher Education.

5 Bryant & Stratton was founded in Buffalo,
6 New York, in 1854.

7 Within New York we have eight campuses and
8 one extension center in Buffalo, Rochester,
9 Syracuse, and Albany. The college has also been
10 accredited by the Middle States Commission on Higher
11 Education since 2002.

12 There are over 57 colleges and universities
13 in Upstate New York, all focused on professions,
14 such as doctor, lawyer, teacher, engineer, and
15 physical therapists, which require a bachelor's
16 degree or advanced credential.

17 However, while most occupations require
18 postsecondary education, not all require a four-year
19 or advanced degree.

20 In addition, not all students have the
21 capacity or desire for these professions.

22 With that said, Upstate New York, relative to
23 the careers that require an associate's degree, such
24 as medical assistant, physical therapist assistant,
25 accountant, network administrator, paralegal, and

1 business manager, the only college choices for these
2 occupations are the community colleges and Bryant &
3 Stratton.

4 80 percent of our students are female,
5 40 percent are African-American, and 40 percent are
6 Caucasian.

7 The average age of our student is 27.

8 And while we offer bachelor's degrees, over
9 70 percent are pursuing associate's degrees.

10 Over 70 percent of our students have
11 attempted higher education elsewhere before coming
12 to us, and, interestingly, of that 70 percent,
13 almost 80 percent have previously attended a
14 community college.

15 Perhaps the most important reason our
16 students come to us is our personalized career
17 education and experience.

18 Students learn in their first semester of
19 study how to be postsecondary learners, which gives
20 them the confidence and capacity to finish their
21 studies and graduate.

22 The result is, students who may not have been
23 successful elsewhere at other colleges can and are
24 successful at Bryant & Stratton.

25 Included in my written testimony are data

1 regarding graduation and default rates.

2 Simply put, while our students have more
3 academic and socioeconomic challenges, our outcomes
4 are very strong when compared to our peer community
5 colleges.

6 The college is proud of our 1,000 students
7 who graduate every year in New York State, who
8 typically remain and work in the communities where
9 their respective campus is located.

10 An interesting statistic is that longitudinal
11 studies show that our graduates' average salaries
12 have increased 6.3 percent on a 5-year annual
13 compounded basis after graduation, compared to CPI
14 of 2.4 percent.

15 The access of federal Title IV grants and
16 loans, as well as the New York State
17 tuition-assistance programs, have allowed students
18 the access and choice to institutions of higher
19 education they have deemed best suited for them.

20 What is often overlooked is the possibility
21 that federal regulations, perhaps unintentionally,
22 contribute to the increased usage of student loans.

23 This unintended consequence occurs, since
24 students are entitled to borrow for costs beyond
25 tuition, books, and fees.

1 For example, consider a student who borrows
2 to cover tuition, fees, and books, successfully
3 completes the program on time, graduates with debt
4 \$14,500 and a monthly loan payment of \$165.

5 Now consider that same student who borrows
6 the maximum amount permitted by federal regulations,
7 which provides the capacity to borrow for living
8 expenses, transportation, and similar costs,
9 successfully completes the program on time,
10 graduates with debt of \$24,750, which is \$10,000
11 more than the first example, with a monthly loan
12 payment of \$283, which is \$100 more than the first
13 example.

14 The regulations as currently written do not
15 allow colleges and universities to limit federal
16 borrowing that students are entitled to.

17 In conclusion, Bryant & Stratton has been
18 deeply committed to our students and their success
19 for over 165 years, and we remain committed as ever.

20 Some of you have visited our campuses and
21 have witnessed our students' success in action.

22 For those of you who have not, please
23 consider this an invitation to come to our campuses
24 and visit our students and educators.

25 I thank you for this time this morning.

1 SENATOR STAVISKY: Thank you.

2 And we have Michael Hatten.

3 MICHAEL HATTEN: Good morning, Senators.

4 Good morning, Assemblymembers.

5 Thank you for the opportunity to appear
6 before you once again.

7 Last time was on January 28th, late into
8 the evening.

9 SENATOR STAVISKY: We remember.

10 [Laughter.]

11 MICHAEL HATTEN: And I thought it was well
12 worth it to participate in that conference, in that
13 hearing, I certainly think it's worth it to
14 participate this morning.

15 I want to just introduce myself for those of
16 you who don't know who I am.

17 My name is Michael Hatten. I'm the chairman
18 and CEO of New York Automotive and Diesel Institute,
19 the college of transportation technology in our
20 state.

21 I'm also the chairman of the Advisory Council
22 for Licensed Private Career Schools, appointed in
23 1993 by Mario Cuomo, reappointed multiple times,
24 currently as the chair of that advisory council.

25 This marks -- this June will mark my

1 49th year in postsecondary education.

2 I've done every job that you can do:
3 Admissions, financial aid, student services,
4 director, vice president, president, chairman, and
5 now I own a college.

6 It's not a bad thing to be for-profit. It
7 shouldn't be a word that we put over here and make
8 it pejorative (sic).

9 It's something that merely reflects the tax
10 status that we enjoy.

11 That's it.

12 Our commitment, my commitment, and our board
13 of trustees' commitment is to the mission of the
14 institution and to its outcomes, and to the
15 betterment of its students.

16 I'd like to focus some of my remarks on the
17 State Education Department, of which I have had,
18 I guess the honor, I would say the honor, of
19 interacting with for many, many years.

20 I've seen the good, the bad, and the somewhat
21 ugly.

22 Today we have a state education department
23 with a great chairman, a great commissioner, two
24 terrific deputy commissioners, an incredible Board
25 of Regents headed by Betty Rosa, just reappointed in

1 March to her second term; terrific educational
2 professionals in our state.

3 And we are regulated at the highest degree of
4 any state that I know, and in any circumstance that
5 I have heard of.

6 It took our institution four years of
7 concentrated effort, coming from non-degree to
8 degree-granting. Multiple millions of dollars were
9 invested in that effort.

10 There was something there at that institution
11 that I saw 10 years ago when I bought the school,
12 and at that time it was terminated from
13 participation in Title IV by the U.S. Department of
14 Education. It was an institution going out of
15 business.

16 From that period, 2008 to 2017, we built that
17 institution into a degree-granting college.

18 We have to report the same regulatory,
19 statutory, requirements as any degree-granting
20 college in the state of New York.

21 We worked hard, we kept our noses down, and,
22 finally, we were able to break that barrier that
23 hadn't been passed for 13 years.

24 The Regents had not authorized a non-degree
25 school to become degree-granting for 13 years.

1 Why did they do it in our case?

2 Oh, beside the fact that I'm a good-looking
3 guy, and, you know?

4 No, no.

5 It was our outcomes; it was what we do for
6 our students.

7 We have 95 percent minority Black and
8 Hispanic men in our institution.

9 They graduate -- right now we're testing it,
10 because we don't know exactly where it is -- but
11 over -- at over 50 percent on-time completion rate,
12 with a projected 70 percent at time and a half.

13 They are employed at anywhere from 80 to
14 90 percent.

15 We just had a visit from our national
16 accreditor to re -- for reaccrediting the
17 institution.

18 They asked our students in a survey that they
19 conducted -- not us, we don't conduct it, they
20 did -- what they thought of the institution.

21 99 percent said they were satisfied with the
22 education.

23 99 percent.

24 98 percent said they would recommend it to a
25 friend, a family member.

1 That's incredible.

2 Those are the kinds of outcomes that are,
3 I think, typical of the vast majority of
4 degree-granting institutions in this state, and
5 I would say, from my experience, the non-degree
6 schools in this state.

7 If you -- I see my time is almost up, so let
8 me end with this:

9 If you want to address perceived problems,
10 which I don't believe they're out there, but if you
11 want to address those, strengthen the State
12 Education Department's staff and administration so
13 that they can do more regulatory authority and
14 oversight, and they can interact with institutions,
15 not in a way that's -- that's -- you know, that we
16 look at as bad, but in a way that they may be able
17 to improve those institutions so they can get to the
18 finish line.

19 They -- we have some incredible professionals
20 at State Education Department.

21 Unleash that power.

22 Then there will be no question about anything
23 we do here, and we'll be just talking about even
24 greater outcomes in our state.

25 Thank you for the opportunity, and if you

1 have any questions, I'd be happy to answer them.

2 You also have my written testimony perhaps in
3 front of you as well.

4 SENATOR STAVISKY: We've been joined by
5 Senator Kevin Thomas of Suffolk County.

6 SENATOR THOMAS: No.

7 SENATOR STAVISKY: No? Sorry.

8 Nassau County, from Long Island.

9 [Laughter.]

10 SENATOR STAVISKY: And he will ask the first
11 question.

12 SENATOR THOMAS: All right.

13 So I have about six or seven questions here,
14 and I'm hoping every single one of you can answer
15 those.

16 All right, so, first question, to the
17 president of Monroe College --

18 MARC JEROME: I'm right here.

19 SENATOR THOMAS: -- why -- what percentage of
20 expenditures are on marketing versus instruction at
21 your school?

22 MARC JEROME: First thing, thanks for the
23 question.

24 I think it's a great question, and it's
25 something I think is relevant for all institutions.

1 We're at about 2 percent of our overall
2 budget.

3 SENATOR THOMAS: 2 percent. Okay.

4 What percentage of students that graduate
5 from for-profit schools earn more than a high school
6 graduate?

7 MARC JEROME: I don't know that answer off
8 the top of my head. I'm happy to look it up for
9 you.

10 I've done the study for the State, which
11 I think I might have provided to your office, of all
12 colleges in New York, with the percentage of
13 students that make more than \$25,000.

14 And, overall, I felt the for-profit sector
15 performed very well.

16 Maybe it was 6 percent lower than the public
17 sector, and the reason why I thought that was a
18 strong finding, because the public sector includes
19 the research institutions, such as SUNY Albany,
20 SUNY Binghamton, who attract a much higher-income,
21 higher academically-prepared student.

22 So I'm happy to provide that information, and
23 I think overall in the state, the sector performs
24 well.

25 SENATOR THOMAS: Okay.

1 CHRISTOPHER BARTO: I'll just add to my
2 colleague, that the college -- federal College
3 Scorecard does have information of that kind
4 publicly available, to refer you to that.

5 I will comment that, that is based on
6 students who start at an institution, and not
7 necessarily finish at that institution.

8 So it's not perfect data, but it is the best
9 data that's out there that currently provides some
10 metric along those lines.

11 SENATOR THOMAS: Do any of you have any of
12 that data with you today?

13 MARC JEROME: I certainly -- I've run that
14 data, and I can have it forwarded to you.

15 I believe I might have already given it to
16 your office when I visited on a snowy Friday.

17 SENATOR THOMAS: Okay.

18 SENATOR STAVISKY: Can I add, I have the
19 College Scorecards available.

20 SENATOR THOMAS: Okay.

21 CHRISTOPHER BARTO: I believe it's an exhibit
22 within the Association of Proprietary Colleges'
23 testimony.

24 SENATOR THOMAS: How many cents of every
25 dollar goes to instruction?

1 MARC JEROME: I'm also happy to start with
2 that.

3 So I think, to some extent, as we heard
4 before you arrived, the question is a little too
5 narrow.

6 As someone who spent 25 years in The Bronx
7 working with low-income students, low-income
8 students, while instruction is important, support
9 around the students is equally as important.

10 So we were firm, and we remain convinced, the
11 Governor's proposal to look only at instructional
12 costs, which is the cost of the faculty and their
13 benefits, was not an appropriate metric.

14 And if you use that metric, the bulk of
15 non-profit and public colleges in the state of
16 New York would have failed that metric.

17 SENATOR THOMAS: Okay.

18 How about, LIM?

19 CHRISTOPHER BARTO: At LIM College, we know
20 that instructional support and instruction is about
21 20 percent, but we also know that the statewide
22 average is 22.4 percent for all colleges and
23 universities --

24 SENATOR THOMAS: Can we go back to my first
25 question about the expenditures for marketing versus

1 instruction?

2 How much did I spend on marketing?

3 CHRISTOPHER BARTO: Sure.

4 For advertising, our expenditures are about
5 5 percent.

6 SENATOR THOMAS: 5 percent.

7 Can you send me that data as well?

8 CHRISTOPHER BARTO: Sure.

9 SENATOR THOMAS: All right.

10 And what percentage of students that graduate
11 from your school earn more than a high school
12 graduate?

13 CHRISTOPHER BARTO: So, again, the College
14 Scorecard data has that information.

15 In LIM's case, I believe that we're at about
16 65 percent.

17 SENATOR THOMAS: 65 percent. Okay.

18 Do you know whether any of them earned less
19 than a high school graduate?

20 CHRISTOPHER BARTO: Senator, I know -- what
21 I can say to you is that, an extremely high
22 percentage of our students, over 90 percent, are
23 employed within their field of study or related
24 industries within 12 months of graduating, and their
25 career progression is phenomenal.

1 And we track that.

2 We have a very active relationship with our
3 alumni who utilize our career services, both at the
4 time that they are initially graduating, and then
5 many of them who come back to the college for
6 additional support to advance to mid-level and
7 executive-level positions.

8 SENATOR THOMAS: What percentage of students
9 pay down their loan debt in five years?

10 Either one of you.

11 CHRISTOPHER BARTO: Off the top of my head,
12 I don't have that specific figure for you.

13 SENATOR STAVISKY: The answer to that
14 question again is available online.

15 CHRISTOPHER BARTO: Correct.

16 SENATOR STAVISKY: The U.S. Department of
17 Education puts out a College Scorecard for every --
18 all 50 states, and perhaps territories as well.

19 At LIM College, the graduation rate is
20 55 percent, and students who return after their
21 first year is 74 percent.

22 SENATOR THOMAS: Do they have information
23 on --

24 SENATOR STAVISKY: I'm not the lobbyist for.
25 I'm simply a --

1 [Laughter.]

2 SENATOR THOMAS: No, I mean, again --

3 MARC JEROME: But, Senator Thomas, the --
4 I've done a lot of work on repayment rates, and,
5 generally, you know, I was at the U.S. Conference on
6 Financial Aid.

7 Something like -- the U.S. Department of
8 Education recently announced only 24 percent of all
9 American borrowers are paying down their
10 student-debt principal.

11 So the issue of paying -- loan-repayment
12 rates is clearly a national issue.

13 Generally, it is true, community colleges and
14 for-profit colleges have lower repayment rates than
15 independent colleges because we're less selective
16 and we serve lower-income students.

17 It's -- so -- but that data is out there,
18 it's easy to find.

19 And in -- and when the federal government
20 proposed this, you found failures, widespread
21 failures, to meet the metric at public institutions,
22 historically Black institutions, as well as
23 for-profit institutions.

24 SENATOR THOMAS: But do either one of you
25 have stats on how many of your graduates pay down

1 their debts in five years?

2 MARC JEROME: It's all public information,
3 it's all on the College Scorecard; the College
4 Scorecard provides all that information.

5 And, generally, I think the sector performs
6 well, especially when you look at comparing us to
7 institutions that serve the same demographic that we
8 serve.

9 Could we do better?

10 The answer is yes.

11 But, the data is the data.

12 SENATOR THOMAS: How much tuition does it
13 cost a student to go to one of your schools?

14 How much tuition do they pay?

15 MARC JEROME: We have a wide range.

16 (Indicating.)

17 CHRISTOPHER BARTO: Sure.

18 In the current academic year, our tuition and
19 fees are 27,030, well below the average
20 private-school tuition of the competitive schools
21 that we overlap with, which is about \$39,000.

22 MARC JEROME: Yeah, I mean, my institution
23 may be one of the most affordable private colleges
24 in the state, with tuition at about 7,000.

25 The bulk of students come without taking a

1 student -- without taking any student debt, and we
2 work very hard with that.

3 We also support 80 undocumented students
4 going with full scholarships, which may be the
5 largest program of its kind in the state, if not the
6 country.

7 So, you know, as my colleague said, you can
8 be for-profit and for good.

9 And, you know, if you visit The Bronx,
10 whether you talk to an employer, a community-based
11 organization, or an elected official, for 86 years
12 we've made a major impact.

13 FRANCES FELSER: Our tuition and fees are
14 \$9,000 a semester, \$18,000 a year.

15 SENATOR THOMAS: Okay.

16 (Indicating.)

17 MICHAEL HATTEN: Uh, tuition and fees at
18 New York Automotive & Diesel Institute are \$36,000
19 for the two-year programs that we offer. The
20 college programs we offer, once again, \$9,000 a
21 semester.

22 We have in -- you'll see in the written
23 testimony, we have an average student-loan debt,
24 when the students graduate, of twelve to
25 twenty thousand dollars.

1 And we have an in-school student debt of
2 anywhere from four to eight thousand as they
3 progress through the program.

4 SENATOR THOMAS: Okay.

5 I have no more questions.

6 Go ahead.

7 SENATOR STAVISKY: Thank you.

8 Incidentally, I must comment, I was reading
9 quite a bit of background material, and I read
10 Mr. Jerome's testimony before the Congress about a
11 month ago?

12 MARC JEROME: Yes.

13 SENATOR STAVISKY: Extremely impressive.

14 And I suggest, anybody would like a copy,
15 I have a copy, before Senator Durbin and, I forgot
16 the member of Congress, but --

17 MARC JEROME: I appreciate it.

18 SENATOR STAVISKY: -- yep.

19 But I would be glad to provide -- it answers
20 many of the questions that Senator Thomas had asked.

21 Are there any --

22 SENATOR MAY: I have some questions.

23 SENATOR STAVISKY: -- you have a question?

24 SENATOR MAY: Yeah.

25 SENATOR STAVISKY: Okay.

1 Senator May, let's go this way.

2 SENATOR MAY: Thank you.

3 And thank you for the work you do.

4 I think it's clear that there are students
5 who get an enormous value from what you offer,
6 and -- and, in some cases, can't find those services
7 anywhere else.

8 And I -- I recognize that this is about
9 serving students, and it's appropriate that your
10 testimonies were all about what you do for the
11 students.

12 But, as I've said to the commissioner, I also
13 have the perspective of a former faculty member, and
14 I didn't hear a lot of, if any, mention of the
15 faculty in most of your testimony.

16 So, I would like to ask you about,
17 presumably, your faculty have higher-education
18 backgrounds, presumably most of them have completed
19 a four-year degree at least, and many of them
20 advanced degrees.

21 And, I am sort of curious to know, do you pay
22 them at the kind of rates that you would hope that
23 your own graduates would be able to earn when they
24 complete your degrees?

25 FRANCES FELSER: Hello, Senator.

1 SENATOR MAY: Hi.

2 FRANCES FELSER: We have met, you've been to
3 our college --

4 SENATOR MAY: Right.

5 FRANCES FELSER: -- yes.

6 And if I could, I'd like to respond to your
7 earlier comment, and then I could answer your
8 question.

9 You know, it's -- when you came to visit us,
10 and you're very familiar with this because you're an
11 educator, every opportunity is an education moment.
12 Right?

13 And it's unfortunate that -- that when you
14 saw the area where our faculty work, that -- back to
15 students, your earlier comment about our students,
16 and our passion for our students, all of our
17 associates, but particularly our faculty, are very
18 passionate about our students, and our students'
19 success.

20 And I think I shared with you that we have a
21 program in the first term, in first semester, and it
22 really moves into the second semester. And
23 they're -- the way the courses in the first semester
24 have been structured, they interrelate with one
25 another.

1 And so the faculty have lined up all of their
2 content and all of their assessments so that a
3 student doesn't have peaks and valleys. Right?

4 And so the faculty who are in -- that are
5 involved in that first semester, and into the first
6 year, all work together very collectively with
7 regard to that -- that student, or students, in
8 their first semester.

9 And they've come -- they've come to realize
10 that, for their benefit, as well as the students'
11 benefit, the way that they have their office space
12 is best designed for them in that way.

13 So it isn't, I suppose, something we impart
14 on them. It's something they have asked of us.

15 However, since you've raised it, I have --
16 I'm going to go back, I have got to go back, and ask
17 our faculty, you know: What is it, in terms of how
18 they would like their space to be, as it relates to
19 themselves, as well as the students?

20 So I'm going to go back and do a survey, and
21 I'll let you know.

22 SENATOR MAY: Yeah, it wasn't -- it wasn't so
23 much the physical conditions, although I was
24 wondering, how do you do office hours? How do you
25 have a private conversation?

1 FRANCES FELSER: They work it out.

2 SENATOR MAY: Yeah, I'm sure they do.

3 FRANCES FELSER: They work it out.

4 SENATOR MAY: But it was more, you know,
5 higher ed depends on educated faculty.

6 FRANCES FELSER: Right.

7 SENATOR MAY: And we have a crisis in higher
8 education right now with adjuncts at -- at the
9 public and -- and independent institutions getting
10 underpaid.

11 And I worry that they're further being
12 undercut, potentially, by some of your institutions
13 that have, it seems like, fewer controls and less
14 faculty power, in a way, over this process.

15 So I -- this is --

16 FRANCES FELSER: So to answer your second
17 question, you know, the regulations -- New York
18 State regulations, as well as what I would call
19 "academic convention," require our faculty to be
20 content experts.

21 Most are, if not all, are master's degrees or
22 beyond.

23 The point that I would like to make, though,
24 is the fact that not all content experts --

25 And we know education is a profession.

1 Right?

2 -- the individuals who go on to teach at the
3 post -- at the secondary level, you know, to be an
4 educator, it takes the techniques to be a good
5 pedagogist, instructional deliverer.

6 Our content experts who come to us with the
7 MSs or the Ph.D.s aren't necessarily the best
8 of educators in a classroom. Right?

9 SENATOR MAY: I'm aware, that's a problem,
10 yes.

11 FRANCES FELSER: So we -- we spend a
12 significant amount of effort having our content
13 experts learn how to be educators.

14 That's what we do, and that's what allows our
15 students in their first term, first year, to be more
16 successful.

17 Let me answer your final question.

18 Our faculty are paid at market. If -- and if
19 not, I would say better than market.

20 SENATOR MAY: Okay.

21 Yeah, I guess I was thinking, if we're going
22 to ask the question, "how long does it take your
23 students to pay off their loans?" how long does it
24 take your faculty to pay off the loans that they had
25 to take out in order to get the degrees that they

1 have in order to teach at your institution?

2 MARC JEROME: But if you visited a number of
3 our institutions, you would find a very long-tenured
4 faculty.

5 My institution, I have the data here,
6 61 percent have been on faculty full-time more than
7 10 years. Another 14 percent have been there more
8 than 20 years.

9 It's an incredibly diverse faculty that's
10 dedicated to the institution.

11 The pay is strong, that's why they're not
12 leaving.

13 And, so, as it is with everything else, we
14 are a diverse group: Upstate/downstate,
15 associate/bachelor/master's,
16 residential/non-residential.

17 Even in SUNY there's a diversity of
18 institutions and a diversity of faculty.

19 MICHAEL HATTEN: So we have an average salary
20 of our full-time teachers/faculty, once again, we're
21 fairly new as a degree-granting institution, it
22 averages -- they're all full-time, no part-time, and
23 it averages about \$85,000 a year.

24 They're experts in their field.

25 They range from master's degrees,

1 baccalaureate; mostly associate degrees because
2 it's -- automotive and diesel is a very technical --
3 highly technical. And we don't really have a lot of
4 pathways for folks in the state of New York to get a
5 baccalaureate and a master's degree in automotive.

6 Maybe in the future we will, but we don't
7 right now.

8 But they all have to meet the standards, the
9 NATEF standards, ASA standards.

10 So they're expert, master, certified, in all
11 of the disciplines that we teach, and the outcomes
12 verify the quality of our faculty.

13 SENATOR MAY: Thank you.

14 CHRISTOPHER BARTO: And I would just add, at
15 LIM College, as a master-degree-granting
16 institution, in the academic disciplines, there is a
17 requirement that most of those faculty hold a
18 doctorate.

19 And within the field of business, most of
20 those are folks who have at least a master's degree.

21 Amongst the adjunct faculty there are folks
22 who are practitioners within the fashion industry,
23 who teach specific disciplines, like, something like
24 a textiles course, who have relevant experience in
25 that area and may not have an advanced degree, but

1 have the experience in the industry that our
2 students are looking for.

3 Their salaries are competitive.

4 Our full-time faculty, the average time on
5 faculty is over nine years.

6 And our adjunct faculty, their average time
7 is five-plus years on our faculty.

8 SENATOR MAY: Thank you.

9 SENATOR STAVISKY: May I just quickly follow
10 up to Senator May's question?

11 At CUNY and SUNY we have a problem of too
12 many adjuncts.

13 What's your percentage of full-time faculty?

14 MARC JEROME: Well, I mean, I'm not sure we
15 would accept a conclusion about it being a problem,
16 because, with certain, more practical programs,
17 having an adjunct faculty is actually a great
18 strength.

19 So, in criminal justice, if the district
20 attorney of The Bronx would like to teach two
21 classes, you know, we think it's an excellent
22 addition to our faculty, and the students
23 especially, in certain fields, have a great
24 appreciation for the people with real experience,
25 sometimes, over the people that have the earned

1 Ph.D.

2 But I think all of our institutions have a
3 high percentage of full-time faculty.

4 SENATOR STAVISKY: Assemblyman Epstein.

5 ASSEMBLYMAN EPSTEIN: Yeah, can you just tell
6 us, when you're saying "high," what do you mean,
7 "percentage"?

8 MARC JEROME: You know what? I don't -- I'd
9 have to go back and get the actual.

10 I don't want to answer it correctly.

11 ASSEMBLYMAN EPSTEIN: So -- because you're
12 saying it's -- it's all everyone, basically, is
13 full-time.

14 So are you saying 70 to 80 percent, or are
15 you saying, like, less than 50 percent?

16 MARC JEROME: No, it's not less than
17 50 percent, but I would -- I don't know the answer
18 off the top of my head, and it's my apology.

19 I will get the answer for you.

20 ASSEMBLYMAN EPSTEIN: I appreciate that.

21 And then when you said "tenured," are they
22 tenured positions? Or are they just -- when you
23 said "tenured," what did you mean?

24 MARC JEROME: "Long tenured," which means
25 they've worked for many, many years. Not tenure.

1 ASSEMBLYMAN EPSTEIN: Not tenure.

2 MARC JEROME: And -- and -- but, in my
3 institution, the faculty actually voted on tenure,
4 and voted not to have a tenure system.

5 ASSEMBLYMAN EPSTEIN: At your school?

6 MARC JEROME: At my institution.

7 ASSEMBLYMAN EPSTEIN: But not unionized, not
8 tenured?

9 MARC JEROME: Yes.

10 ASSEMBLYMAN EPSTEIN: And any the for-profits
11 a unitized faculty?

12 And so there's a tenure system for yours?

13 FRANCES FELSER: We don't have a tenured
14 system, but we do have faculty, in certain
15 communities, that are union.

16 ASSEMBLYMAN EPSTEIN: And so -- and they --
17 what percentage of the faculty are full-time versus
18 the adjuncts?

19 FRANCES FELSER: You know, it's interesting
20 you asked that question, because we don't look at it
21 quite that way.

22 We look at it as, which per -- what
23 percentage of faculty are teaching the students, and
24 how much of it is full-time versus part-time.
25 Right?

1 Because we believe, like my colleague said,
2 that there's a good balance between a faculty member
3 who is full-time, and also an individual who is
4 coming in with that -- the world experience, if you
5 will, from a context-expert perspective.

6 To answer your question, we try to keep it
7 around 50/50.

8 ASSEMBLYMAN EPSTEIN: So 50 percent are
9 full-time, 50 percent are people who come for a
10 couple of classes, or, adjuncts?

11 FRANCES FELSER: Students are exposed to
12 50 percent of full-time instructor or 50 percent --

13 ASSEMBLYMAN EPSTEIN: And what percentage of
14 your instructors are full-time versus adjunct?

15 FRANCES FELSER: That, I don't know, because
16 we look at it the other way.

17 We look at it from the students' perspective.

18 ASSEMBLYMAN EPSTEIN: Is there a way that you
19 could get us?

20 FRANCES FELSER: I can get that to you, sure.

21 ASSEMBLYMAN EPSTEIN: Good.

22 And so, you know, obviously, this issue,
23 we're all -- our all goal is to ensure that students
24 get high-quality education --

25 FRANCES FELSER: Sure.

1 ASSEMBLYMAN EPSTEIN: -- get good jobs that
2 are high-paying, and become successful adults.

3 And we've all read stories, you know, the
4 city commission on, what, consumer affairs who was
5 at a for-profit college recently.

6 So how do we prevent the abuses that we've
7 seen and are complained, where, you know, people are
8 pressured into signing on to student loans and they
9 didn't know what they were, they didn't understand
10 the debt they were borrowing, they weren't able to
11 graduate, and they had all of this debt service,
12 they used up all their TAP dollars?

13 We're trying to avoid those situations.

14 I assume you all are, and we are, and we're
15 trying to figure out how to get there.

16 And so -- so our job is to kind of look at
17 the system and figure out if there are additional
18 protections that we need to put into place to
19 protect those vulnerable students who are going to
20 be -- that are maybe hoodwinked by someone who is
21 not doing the right thing, to sign on to a -- to
22 a -- to a program that doesn't actually meet their
23 needs.

24 So how do we -- how do we all get there?

25 Because, in my mind, maybe not in your minds,

1 we're not there today, because we still see
2 complaints that are still going on.

3 FRANCES FELSER: So at Bryant & Stratton
4 College, we have a program, where we actually hire a
5 third party to --

6 ASSEMBLYMAN EPSTEIN: But it's not statutory,
7 but you do it yourself?

8 FRANCES FELSER: We do it ourselves. Right?

9 -- and it -- and what we do is, we survey
10 students -- perspective students; students who have
11 either come to us and enrolled, or those who came to
12 us and didn't enroll.

13 And we -- the survey group are experts at
14 this in terms of asking the questions in a certain
15 way, so that you get a good understanding of the
16 roll of what our admissions representatives have
17 said, or not said, as well as what our financial-aid
18 advisers have said versus not said.

19 So questions such as, the differentiation
20 between a grant and a loan, right, making sure that
21 that was articulated, and the person heard it and
22 understood it.

23 ASSEMBLYMAN EPSTEIN: Right.

24 FRANCES FELSER: I mean, have -- our studies
25 come back spectacularly, believe and -- and -- but,

1 as with anything else, we're an
2 continuous-improvement institution, and so there's
3 always something that you can do to learn from that,
4 and make change if you had to.

5 ASSEMBLYMAN EPSTEIN: Well, this third-party
6 system, do you find that to be beneficial, then?

7 Is that something you put into place because
8 you thought it allowed students to be able to have
9 this neutral party to be involved in this
10 conversation?

11 FRANCES FELSER: We found it -- we found it
12 as another way of ensuring our integrity.

13 ASSEMBLYMAN EPSTEIN: Good.

14 Thank you.

15 MARC JEROME: I mean, there are a few other
16 things.

17 You could have a code of conduct.

18 We have a code of conduct.

19 I personally, as the president, insist on
20 meeting all new admissions and financial aid and
21 employees, and talk to them about, you know, putting
22 the interests of students first, and always acting
23 in the best interests of students and their
24 families.

25 So there are things out there.

1 As we've heard before, SED could use more
2 resources.

3 But I guess what I would ask, you know, for
4 all of you is, is not to paint a brush of many
5 institutions when we have an issue come to the fore
6 with one or two institutions, because, every year,
7 there are things that happen with SUNY, CUNY, and
8 the independents as well.

9 And we're not having hearings about
10 preventing college closures because of College of
11 New Rochelle, or, if there was a CUNY story in
12 "The Post," we're not having hearings on that.

13 So, you know, we hear one school at a time,
14 but we think there's a lot we do, and there's a lot
15 that SED could do.

16 ASSEMBLYWOMAN HYNDMAN: Uhm, Chair Stavisky,
17 is it okay if I ask some questions?

18 SENATOR STAVISKY: Sorry.

19 ASSEMBLYWOMAN HYNDMAN: No, that's okay.

20 Thank you.

21 SENATOR STAVISKY: I'm looking at the
22 Scorecards.

23 ASSEMBLYWOMAN HYNDMAN: Thanks again.

24 All of you -- well, thank you for your
25 testimony today.

1 All of you are part of the APC; right?

2 MICHAEL HATTEN: No.

3 ASSEMBLYWOMAN HYNDMAN: You're not?

4 MICHAEL HATTEN: Independent.

5 ASSEMBLYWOMAN HYNDMAN: Okay.

6 And this 20 -- out of all the schools that
7 are in --

8 I know, I see her in the audience.

9 -- but out all, how many -- okay, so I'll
10 table that question.

11 One of the complaints -- or, one of the
12 things that SUNY and CUNY are working on very
13 diligently right now, is to increase the number of
14 faculty members that look like their students, and
15 that is a big problem.

16 SUNY has a whole roll-out that the chancellor
17 has -- the new chancellor has instituted, because
18 there's a lack of faculty that look like the
19 students that they serve.

20 And you -- all of you have said that you
21 serve especially larger populations of Black and
22 Latino students.

23 What does your faculty look like, and what
24 are your numbers?

25 MARC JEROME: I mean, I would say the

1 Monroe College faculty is one of the most
2 diverse faculties in the country, especially
3 with African-American and Latino faculty.

4 I don't have the exact data in front of me,
5 but we consistently hear from students that one of
6 the reasons, if they've transferred, especially from
7 a large public -- a public institution, that they
8 like Monroe, is because the faculty look like them
9 and they resemble, you know, and they relate to
10 them.

11 So I will absolutely get you that data.

12 The data is very strong.

13 MICHAEL HATTEN: I could say that, off the
14 top of my head, probably 60, 65 percent are
15 minority, and the other 30, 40 percent are not.

16 CHRISTOPHER BARTO: Assemblywoman, we can
17 certainly, at LIM, get you that information.

18 We have a very diverse faculty, again, a mix
19 of academics and practitioners from the fashion
20 industry.

21 And we routinely get very high marks from our
22 students about their interaction with faculty.

23 In fact, a student-based metric is
24 The Princeton Review "Top Northeast Colleges," and
25 we have, for 14 years in a row, been listed as an

1 institution that gets extremely high marks, and has
2 made it into that distinctive category of the top
3 northeast colleges in the United States by
4 The Princeton Review, and student surveys.

5 FRANCES FELSER: I would say ours varies by
6 campus. We might have more diversity at one
7 location versus another.

8 Collectively, I would say, though,
9 Assemblywoman, we need to do better at that.

10 ASSEMBLYWOMAN HYNDMAN: I think -- well,
11 yeah, I also know that where you're located is
12 different than where these three schools are
13 located.

14 Because, what we're finding is, there's a --
15 throughout education there is a lack of teachers,
16 faculty, especially in the cities, where, if you're
17 thinking about success of students, and seeing
18 themselves to be successful in education, it's
19 important to have those models in front of them.

20 So one of the things, I asked that question,
21 because I relatively know the numbers are higher in
22 your institutions than sometimes CUNY and SUNY.

23 And so for -- I represent Queens.

24 I'm happy to say that this is the only
25 degree-granting institution I have in my district.

1 So, my role is to make sure that they're
2 offering the quality education that I know that our
3 students deserve.

4 And a lot of that is involved with making
5 sure that the faculty is qualified, and making sure
6 that you're doing recruitment, because, if we're
7 talking about the -- this narrative, where
8 for-profit colleges aren't doing their fair share,
9 from my experience, I'm seeing that the schools are
10 hiring more people that look like the students they
11 serve.

12 But also, to Mr. Jerome, I'm surprised you
13 didn't say that the Speaker of the Assembly also
14 taught at Monroe College, and use Darcel Clark as an
15 example.

16 I think it's important to have those
17 practitioners because, a lot of times, students are,
18 sometimes, if they get some -- if they get
19 professors in front of them that they don't always
20 relate to that attributes to their success.

21 So that is definitely a concern.

22 I mean, Mr. Jerome, I know you've done a lot
23 of work outside of Monroe, nationally, and when it
24 comes to federal oversight, and so forth.

25 But can you please talk about the process

1 that SUNY -- not SUNY -- that the SED has oversight
2 of your schools?

3 Because I know you said, four years,
4 Mr. Hatten, that you had to go through.

5 But SED, as well as the department of edu--
6 U.S. Department of Education, they do their audits,
7 and you're all Middle States-accredited. Right?

8 So you have three bodies that you have to
9 answer to on an annual basis.

10 MARC JEROME: I just want to give you one
11 comment on this.

12 50 years ago the Department of Ed made the
13 decision to have for-profit degree-granting
14 institutions meet all the same standards.

15 It was historic.

16 The states that went the business model,
17 saying, no, your businesses, like California, have
18 the exact opposite effect of what I think was
19 intended.

20 And so in New York, you have to have
21 libraries. We have dormitories. We have Division I
22 athletics.

23 We do not have a proliferation of
24 multi-campus storefronts all over the state, like
25 the states that adopted the other approaches.

1 And in some ways I feel bad, because there's
2 one report that gave New York a bad grade for not
3 regulating for-profit colleges differently, when, in
4 fact, New York deserved the "A" on that report.

5 ASSEMBLYWOMAN HYNDMAN: All of you are --
6 are -- when's the last time any of you have had an
7 audit by USDoE?

8 CHRISTOPHER BARTO: In 2011, LIM had a
9 federal program review.

10 And, in 2015, we had a review by the state
11 comptroller's office for our participation in the
12 TAP program.

13 ASSEMBLYWOMAN HYNDMAN: And it was -- and
14 you're --

15 CHRISTOPHER BARTO: The results were
16 extremely positive. The findings were exceptionally
17 nominal.

18 And -- and we received positive feedback in
19 both instances.

20 ASSEMBLYWOMAN HYNDMAN: I asked that because,
21 I think, you know, when we started talking about
22 for-profit colleges, the oversight is there.

23 You have the Middle States accreditation.

24 You have oversight from SED.

25 You have oversight from the federal

1 government.

2 So while I think -- I understand the aim of
3 it, I don't understand it was, basically, to cut out
4 any vitality that the sector had.

5 So, I thank the Chair, but I don't have any
6 more questions.

7 But I would like to visit your institutions.

8 I know I was supposed to visit LIM the other
9 day, LIM, but I had a family issue.

10 So, I will be back.

11 CHRISTOPHER BARTO: We welcome you back.

12 ASSEMBLYWOMAN HYNDMAN: Mike, I'll call you,
13 so -- so that you know.

14 And you're still on the advisory council,
15 Mr. (indiscernible)?

16 MICHAEL HATTEN: They just don't want to let
17 me go.

18 ASSEMBLYWOMAN HYNDMAN: Really?

19 MICHAEL HATTEN: And they -- the Governor has
20 in front of him an applicant, a very well-qualified
21 applicant, to take over the chair, and we're still
22 waiting for that appointment.

23 But until that time comes, I will remain
24 active as a chairman of the advisory council for
25 licensed private career schools.

1 Even though I'm on the other side, I will do
2 everything I can to add to the quality that's
3 already there.

4 ASSEMBLYWOMAN HYNDMAN: Okay.

5 Thank you.

6 SENATOR STAVISKY: Thank you.

7 Any other questions?

8 MICHAEL HATTEN: Thank you.

9 MARC JEROME: Thank you.

10 CHRISTOPHER BARTO: Thank you.

11 SENATOR STAVISKY: I just want to ask one
12 other question.

13 On the -- sorry, about that.

14 On the -- you spoke about the -- the
15 evaluations, the...

16 Are there any suggestions you would make, in
17 terms of metrics, or information, or data, that
18 would make it easier to take a look at those schools
19 that are in need of remediation, so to speak, those
20 schools who need some additional help to be brought
21 up to the standards that other schools have?

22 MARC JEROME: I mean, I made a few proposals.

23 One is, just to look at risk.

24 SED would look at institutions where
25 enrollment is declining very precipitously, or

1 increasing very precipitously, because that is
2 normally problematic on both sides.

3 And, currently, I'm not sure anyone tracks
4 that.

5 So that would be one of my recommendations.

6 FRANCES FELSER: The other alternative might
7 be to look at, you know, the same sec -- the -- look
8 at program length, and perhaps socioeconomic
9 similarities, and evaluate, do some averages in
10 standard deviations.

11 And those that are at the lower end of the
12 standard deviations which should be the ones you
13 should focus on.

14 MICHAEL HATTEN: I'd just like to add a
15 comment.

16 We have -- from -- from -- this is from my
17 viewpoint.

18 We have more than enough matrix out there,
19 and I know there are a few out there that we could
20 probably add.

21 I want to go back to what I said initially:
22 Strengthen the State Education Department.

23 There's enough quality professionals there to
24 do the job, and I think that will get us to where
25 you ultimately want to go.

1 SENATOR STAVISKY: Because my concern, quite
2 frankly, are the number of students who are
3 graduating with debt that they are -- have trouble
4 paying off, and looking for a job in the area in
5 which they were trained, and I think that is an area
6 that can need -- not with you, but with other
7 institutions, can use some improvement.

8 Thank you all for coming.

9 SPEAKER NOT ON VIDEO: Thank you, Senator.

10 SENATOR STAVISKY: And now we have the
11 consumer organizations.

12 We have, Kirsten Keefe, senior staff attorney
13 at the Empire Justice Center;

14 Ramond Curtis, Veterans Education Success;

15 Gary Schachter (sic), commander, and
16 James Casey, department adjunct (sic), of the
17 American Legion;

18 Kyle Boxhorn, paralegal, Western New York Law
19 Center;

20 And, Johnson Tyler, senior attorney, consumer
21 and foreclosure unit, Brooklyn Legal Services.

22 KIRSTEN KEEFE: Thank you, Senator.

23 And also, Kyle Boxhorn, I -- he was traveling
24 from Buffalo this morning.

25 He sent me an e-mail a little bit ago, that

1 he was having car problems on the way, and waiting
2 for AAA. So he might come in, but he asked me to
3 relay that to the Committee, with his apologies.

4 SENATOR STAVISKY: Whatever.

5 Why don't you go, you want to go first?

6 KIRSTEN KEEFE: Sure.

7 So, my name is Kirsten Keefe again. I'm a
8 senior attorney with the Empire Justice Center. I'm
9 located here in Albany, New York.

10 I really want to thank Senator Stavisky and
11 the Committee for holding this hearing today and
12 addressing the issue around for-profit colleges and
13 proprietary schools.

14 It is really important that New York is
15 addressing it at this point in time when the federal
16 government is clearly leaving us high and dry in
17 terms of protections, even a base level of
18 protections, to ferret out the worst of the
19 for-profit schools.

20 I really want to applaud the New York State
21 Education Department for their efforts.

22 It is difficult for me to think about, Marc
23 wanted to give an "A" to New York State for
24 protecting students.

25 And from our perspective, I just think of the

1 hundreds of students that are coming into the
2 offices of legal-service providers and others, and
3 the calls that I get, I don't even provide direct
4 services at this point in time to students, but the
5 calls that I'm receiving from students, about the
6 awful situations that they are in.

7 And I really want to encourage the State this
8 session to provide the State Education Department
9 with more resources and really strong tools, and
10 also to think about resources -- greater resources
11 statewide, to really get at this problem.

12 It's not just a matter of students going
13 deeply into debt, which is certainly a national
14 conversation.

15 It is much more, I think, of an issue of
16 students going into debt and not being able to repay
17 it.

18 I know the Committee has heard in other --
19 or, the Senate has heard and the Assembly has heard
20 in other hearings the issues that students have been
21 having, but student-loan debt never goes away.

22 I spent the last 20 years as a homeowner
23 advocate dealing with mortgages.

24 I thought that was the worst kind of debt
25 because of the size of the debt.

1 But, you know, you can lose your home, you
2 can file for bankruptcy, you can get out from under
3 a note; you can start anew. And I have seen that
4 time and time again with families.

5 Student-loan debt is even worse.

6 You know, we are certainly reaching a time
7 where a lot of student-loan debt is now
8 mortgage-size for a lot of students, but even more
9 so, even for that student who is only ten, twenty,
10 thirty thousand dollars in debt, that follows you
11 until death.

12 So it is really critical the state
13 Legislature jumped on the bandwagon as soon as we
14 started identifying predatory mortgage loans in this
15 state. We put in very strong protections to prevent
16 the worst abuses and high-cost home loans, and then
17 we added more protections for folks around subprime
18 home mortgages.

19 And that is what the State needs to do now in
20 terms of the types of colleges, the most predatory
21 colleges and proprietary schools, that are out there
22 targeting students.

23 I also want to say that I firmly believe the
24 student-loan issue and the for-profit issue is a
25 civil rights issue.

1 When you look at the debt, so, there's a
2 statistic that, in New York State, 72 percent of
3 African-American students who attended a for-profit
4 school default on their student loan within 12 years
5 of completion or leaving that program.

6 72 percent; that's almost three-quarters are
7 defaulting on their students loans for students who
8 attended for-profits.

9 That's compared to 24 percent of
10 African-American students who attended -- who have
11 never attended a for-profit school who default.

12 That is a problem.

13 The National Caucus of Black Legislative
14 Leaders passed a resolution in December of 2018,
15 calling on states to address this as an issue for
16 African-Americans in this country.

17 And I would also just like to highlight that,
18 that this is disproportionately impacting
19 individuals of color and communities of color.

20 Student-loan debt is not also just personal
21 to the individual, but it impacts communities, and
22 it certainly impacts the individual's ability in
23 other aspects of their life, not just in having this
24 debt, but their ability to move forward; get
25 married, buy houses, you know, accumulate wealth in

1 other ways.

2 My testimony addresses the questions that
3 were posed to the advocates.

4 I will just go over them generally, and what
5 I've provided in my written testimony.

6 One question was about metrics.

7 And one thing that I want to say about
8 metrics is, metrics can be complicated. You will
9 probably never have a perfect metric.

10 To be -- to ideally assess whether or not a
11 school is providing an adequate education and really
12 serving their students well, I think you would
13 really have to look at all of the circumstances and
14 have a very resourced State Education Department in
15 order to do that.

16 We are probably never going to get there, and
17 so my biggest fear is that New York State is going
18 to fail to act because there is this sense that we
19 cannot come up with the perfect metric.

20 Metrics do show signs, and I want to
21 encourage the Legislature to not -- to not think of
22 it as just individual metrics.

23 Metrics can be signs to trigger further
24 investigation, there can be a layered approach.

25 It's difficult to advocate for one metric

1 over another when I think a much more comprehensive
2 scheme could be useful.

3 But the metrics that I -- I suggested in my
4 testimony I think are not uncommon of metrics that
5 other states have looked at and adopted, or are
6 considering adopting.

7 And that's certainly other advocates are
8 proposing.

9 Some sort of, you know, 80/20, 90/10, rule.

10 The Governor proposed the 80/20 rule,
11 requiring no more than a certain percentage of a
12 school's revenue come from government sources,
13 taxpayer dollars, and, you know, encouraging
14 New York State, as the Governor's proposal did, to
15 close a loophole that, on the federal level, the
16 90/10 has been discussed, allows schools to count
17 veterans' benefits --

18 And I'll let Ramond talk much more about
19 this.

20 -- but, veterans' benefits to count as their
21 non-government sources, which makes no common sense
22 in the world.

23 But some sort of measure to sort of assess
24 whether or not this school has market value is
25 necessary.

1 Another metric could be looking at the cost
2 of tuition and fees to the individual, versus the
3 cost to the school of student instruction.

4 Repayment rates, and not just whether or not
5 a borrower -- or, student-loan borrower is paying
6 anything back on their student loans, but whether or
7 not they're really paying on the principal, and not
8 indentured servitudes for the rest of their lives on
9 this loan, is necessary to look at.

10 I think earnings, the gainful-employment
11 rule, I was part of the negotiated rule-making,
12 I was an alternate.

13 Johnson Tyler was the lead negotiator on
14 behalf of legal services' clients last year, that
15 Marc was also involved in, Marc Jerome.

16 But I think some form of the
17 gainful-employment rule should be employed in
18 New York State, and can be employed in New York
19 State.

20 Again, no measure is going to be exact.

21 Every -- any kind of metric that anybody
22 comes up with in any aspect of life could be
23 considered arbitrary and capricious.

24 It doesn't necessarily mean that it is.

25 And the gainful-employment measure is a base

1 level where there is information available to
2 determine: Did this person take on too much debt,
3 or did the cost of the program cost so much more
4 than the earnings really play out to be, for
5 individuals coming out of programs.

6 And, also, the growth rate of schools I think
7 could also be sort of another standard to be looked
8 at.

9 I just want to highlight that, you know, just
10 like throughout the mortgage crisis that we had,
11 when, you know, the typical question was: A bank --
12 you know, why would banks lend people money they
13 can't afford to pay back?

14 And there is this assumption that, banks,
15 there's some regulation on banks in terms of
16 lending, and that lend -- banks aren't lending you
17 money that they know, they're not making you a loan
18 that they know, from day one is going to fail.
19 Right?

20 Obviously, they were doing that, and there
21 was no regulation at that point in time stopping
22 them from doing that.

23 But the average homeowner believed that there
24 was oversight and regulation.

25 And I think the average student looking at

1 college, I think an average person, 50 or 60, with a
2 lot of experience in their lives, would think this,
3 but, certainly, somebody with a lot less experience,
4 at 18 or 19, is going to think that there is some
5 oversight and some real regulation about bad
6 schools, and that New York State is not going to
7 provide them with tuition assistance to attend a bad
8 school, and the federal government isn't going to
9 give them a loan to attend a school that is really
10 setting them up for failure.

11 So, you know, there has to be great
12 oversight, and there has to be real sanctions.

13 Disclosure of all the metrics and the
14 standards is never going to be enough.

15 You know, I go into Best Buy and I rely on
16 the person telling me about the speakers that I want
17 to buy, even though I go onto "Consumer Reports" and
18 I do my homework.

19 It is human nature to rely on what people are
20 telling you and what you might read on paper.

21 It is very difficult to read charts and
22 graphs and statistics about institutions, and do
23 your own evaluation, without some sort of
24 interpretation of that.

25 So I think a lot of the metrics, they should

1 be publicly available information, but just
2 disclosure alone is never going to be enough.

3 I will also add that a lot of low-income
4 students don't have access to computers.

5 We found this out when we were representing
6 students after Corinthian College's Everest
7 Institute closed in Rochester, and Empire Justice
8 Center started helping a lot of those students
9 because there were no other resources at that -- in
10 that area at that point in time to help students.
11 And we realized that it was, really, almost
12 50 percent, or more, of students don't even have a
13 computer at home.

14 So when you think about, you know, if most
15 people are relying on handheld, although, actually,
16 the statistics are very low of low-income people
17 even having smartphones to be able to see their
18 information, you can't be looking at charts on your
19 handheld, you know, and requiring somebody to just,
20 you know, be doing their own due diligence and their
21 own research to determine whether or not a school is
22 bad -- good or bad for them.

23 So disclosures are never going to be enough.
24 They are helpful, but we really do need real
25 sanctions.

1 I would add that, in sanctions, and, you
2 know, exactly what the sanctions should be, whether
3 it should be closing a program, whether it should be
4 closing a school, I could imagine a tiered system,
5 depending on different pieces of it.

6 I -- you know, I would agree that there
7 should be warnings to schools, but, we need to act
8 on it, because, as bad schools exist, even if it
9 takes a year or two or five to investigate a bad
10 school, students are attending that school, they are
11 taking out loans, and they are, potentially, tied to
12 those loans for the rest of their lives.

13 So I would also encourage the Legislature to
14 start looking at some increasing borrower
15 protections for students who we do fail to protect
16 and allow a bad school to exist in New York State
17 and allow students to go -- to go to bad schools and
18 be harmed by those bad schools.

19 I think New York State also has to think
20 about additional ways, enhancing protections for
21 those borrowers, not only a private right of action
22 to allow a student to go after a school if they were
23 harmed, but, also, you know, including some real
24 relief to students, so their lives aren't absolutely
25 ruined by the five or ten or twenty, whatever,

1 thousand dollars in student loans that they took
2 out, and, you know, then have no opportunity to try
3 again at a better school.

4 Finally, and I'll just end with, there were
5 questions around marketing and advertising.

6 I certainly think there should be limits on
7 marketing and advertising.

8 You know, when I step in this room and
9 sitting in this room today, you know, if we asked
10 everybody to sort of raise their hands in how many
11 people are here from the for-profit sector,
12 I imagine it outnumbered -- it certainly outnumbered
13 the number of consumer advocates, I know.

14 You know, there are a lot of resources in
15 this industry, and we are outnumbered as consumer
16 advocates trying to do public education to students,
17 and counselors trying to do education to students.

18 I think the State is probably outresourced in
19 terms of any public education that they would like
20 to do to state -- to students, to try to educate
21 them on how to best pick a good school for them to
22 go to.

23 But there is really -- and -- and I want to
24 add that, the public colleges and universities, and
25 the non-profit colleges and universities, do not

1 have the resources, the same resources, that the
2 for-profits are spending on marketing and targeting
3 students to come to their institutions.

4 There are many stories that have been brought
5 out through prior hearings.

6 I know that this hearing, folks didn't want
7 to focus on individual student stories, but there
8 are a lot of stories and a lot of evidence out there
9 of the heavy marketing and targeting that goes on.

10 So I think there needs to be limits in
11 marketing, both in terms of maybe dollar limits or
12 percentage limits that schools are able to spend, as
13 well as, I think other -- there could be other
14 consumer protections.

15 You know, I know when I was searching around
16 on websites of for-profits, you know, you
17 immediately get a pop-up on a lot of sites. And you
18 can't even access further basic information about
19 that school unless you hand over, you know, your
20 contact information and open yourself up to heavy
21 targeting.

22 So I'm happy to answer any questions at the
23 end.

24 SENATOR STAVISKY: Why don't we give
25 everybody a chance to make their presentation, and

1 then ask, like we did for the other group.

2 RAMOND CURTIS: Good afternoon,
3 Senator Stavisky and the remaining member of
4 Congress.

5 Thank you for this time today.

6 My name is Ramond Curtis. I'm with Veterans
7 Education Success.

8 I'm also a combat veteran; served from 2003
9 to 2009. I was in Iraq in '05-'06.

10 I was one of the lucky ones who didn't fall
11 for proprietary targeted marketing, and was able to
12 attend an Ivy League school with my education
13 benefits from the military, and left debt-free.

14 So it's shocking to me, the prices that
15 I heard about how much students pay at these
16 proprietary schools, especially knowing outcomes.

17 We work with about 9,000 students across --
18 well, former students/veterans from across the
19 nation. And I am overflowing with awful stories
20 that we were asked not to bring today, so I won't go
21 any further into that.

22 I like that we're talking about pricing.
23 I think that's a very important aspect of this
24 entire issue, because we're talking about,
25 student-loan debt that has taken off in the nation,

1 has now surpassed credit card debt.

2 We're asking the questions: Well, is the
3 product worth the price?

4 So, the U.S. federal government came up with
5 a way of solving this issue. It's called the "90/10
6 rule."

7 And when we're doing other things, like when
8 we're -- as in using taxpayer dollars to purchase a
9 new jet, or build a highway, or something like that,
10 the way in which we ensure that we're paying a fair
11 price is that we have a bidding happen between
12 those -- between the different companies that might
13 do that. And then we take the best possible
14 solution from that.

15 When we're doing -- when we're paying for
16 medical care from taxpayer dollars, the hospital or
17 the doctor or the specialist can send a bill to the
18 government and say, "This is what it costs," and
19 then the government tells them what they're going to
20 pay.

21 This is how we make sure that we're paying a
22 fair price on those things.

23 We have systems.

24 The systems set in place was the 90/10 rule,
25 set in 1992.

1 It was 85/15. And then, shortly thereafter,
2 due to excessive proprietary lobbying, it was
3 changed to 90/10.

4 Move, flash-forward, to when student -- when
5 they created the post-9/11 GI Bill, which is
6 distinctly different from the Regular GI Bill, as
7 well as vocational rehabilitation under the
8 Department of Defense Act.

9 When those benefits were established, they,
10 unfortunately, fell outside of what the 90/10 rule
11 defines as "federal student aid."

12 And so what that does, is it turns every
13 single veteran who has benefits, and family members
14 who are using their benefits, into a cash cow.

15 To give you a simple example of this, five
16 veterans maxing out their GI Bill at a for-profit
17 private school legally authorizes that school to
18 take in an additional \$1 million in federal student
19 aid.

20 So what we have here is a regulation that was
21 intended to help us set the price, and understand
22 why a school that charges \$27,000 a year for
23 students to go there is experiencing the same
24 performance rates as community colleges.

25 It baffles me that that was used as an excuse

1 when we were down here today, because community
2 colleges cost a quarter of that.

3 The reason is, because they have -- they deal
4 with low-income students, minority students,
5 first-generation students, oftentimes having to
6 leave school, come back.

7 Their performance rates don't reflect that of
8 for-profit -- non-profit private schools or public
9 schools, you know, four-year schools.

10 That's the difference here, that's what we're
11 talking about.

12 If they're having the same outcome as
13 community colleges, then why are they charging four
14 times the outcome?

15 Why are students getting into tens of
16 thousands of dollars of debt?

17 And this is why: It's because of the
18 loophole.

19 So I'd like to also tell you that, I am very
20 happy to report that the Oregon House Education
21 Committee has passed a bill to the floor to close
22 the "90/10" loophole, one that I specifically helped
23 draft and helped educate them on what that is.

24 It has passed through House. We have every
25 reason to believe that it will pass the House. The

1 difficult lift was the committee.

2 The same thing happened in California just
3 yesterday.

4 Oregon was on Monday.

5 California was yesterday.

6 In California it was passed, along with
7 six other bills, that are regulating the for-profit
8 colleges.

9 So I'm very happy and excited to express
10 that.

11 But, primarily, my focus is on the 90/10
12 loophole closure, because I believe that that is the
13 essential aspect of ensuring that schools are not
14 overcharging students for the product that they're
15 providing.

16 I agree with everyone in this room that these
17 schools should be providing a very necessary
18 product.

19 They serve a population, that the whole
20 purpose of federal student aid existing was to help
21 lift this population up out of poverty, offer them
22 success, and bring them to a place where they would
23 be able to sustain themselves and support
24 themselves.

25 Now we have a regulation that was intended to

1 regulate these prices, that is no longer
2 functioning, and we have veterans across the country
3 who are being defrauded, to exploit a loophole, so
4 that these schools can increase their revenues
5 exponentially.

6 And let me be very quick, this is about
7 practices. This is not about anything -- this is
8 not about specific schools.

9 This is about predatory practices that you
10 cannot escape.

11 If you are a private school and you enlist
12 veterans, then you are partaking in this loophole.
13 Isn't it your fault.

14 Furthermore, many of these larger schools
15 that are more successful have a fiduciary duty to
16 their shareholders to increase profits.

17 If it's legal, then they're required to do
18 it, in fact, by the law, to ensure that they're
19 increasing these profits as much as they possibly
20 can, and so of course they're going to focus on
21 enrolling students.

22 I'd like to read something from a report that
23 came out of one of the reports from the Veterans
24 Education Success.

25 SENATOR STAVISKY: It's time.

1 RAMOND CURTIS: I apologize.

2 If I may, just very quickly, again, there are
3 only four of us, and nine of the others, just to get
4 some of this information out.

5 But, internal corporate e-mails obtained by
6 the U.S. Senate Committee on Health, Education,
7 Labor, and Pension, during its two-year
8 investigation, show executives at the largest
9 for-profit colleges actively discussing their
10 military strategy on federal funds and the need to
11 accelerate -- quote, accelerate military billing and
12 collections to keep under the 90 percent cap on
13 federal aid.

14 So if I may, this is the essential part; this
15 is what will help a lot of the solutions, and bring
16 these institutions back to a place where they are
17 serving those who need it the most.

18 Thank you.

19 SENATOR STAVISKY: Thank you.

20 Commander.

21 GARY M. SCHACHER: Senator Stavisky,
22 distinguished members of the Committee, I thank you
23 for the time to speak during this hearing.

24 My name is Gary Schacher. I am the New York
25 department commander for the largest veteran service

1 organization in the country.

2 I do not come here with an ideological
3 agenda.

4 We are not interested in attacking one sector
5 of higher education or another; but, rather, to ask
6 the Senate Higher Education Committee a simple
7 question: How can we better come together as a
8 state to protect veterans and service members
9 transitioning to higher education, completing degree
10 programs, and obtaining career-ready skills?

11 As the drafters of the original GI Bill, the
12 American Legion's abiding imperative has been to
13 promote policies that ensure that every single
14 veteran or service member who enrolls in higher
15 education graduates with a credential or degree that
16 is worth the cost and leads to meaningful
17 employment, which will allow them to lead a
18 successful life after their time of service.

19 We can report, that it is a fact that
20 veterans are often singled out and targeted with
21 deceptive, fraudulent, and predatory
22 college-recruiting practices.

23 The Eisenhower Administration first
24 discovered this with the original GI Bill, and the
25 phenomena continues 75 years later.

1 The impact on veterans today is real.

2 Thousands of veterans have filed complaints
3 with the U.S. Department of Veterans Affairs,
4 including many from New York State.

5 An example is from Chans (ph.) P. from
6 Fort Drum, and I quote: After graduating,
7 I proceeded to attempt to get a job and no one would
8 hire me, or even give me a chance, because I was
9 from WyoTech, even though I was third in my class.

10 Because of stories like these, in 2017 our
11 national membership passed "Resolution Number 78:
12 Support Greater GI Bill Outcomes," by closing the
13 90/10 loophole.

14 With the passage of this resolution, the
15 American Legion joined veteran military-service
16 organizations nationwide in calling for the closure
17 of the 90/10 loophole.

18 By exploiting this loophole, for-profit
19 colleges count GI Bill benefits as private funds,
20 offsetting the 90 percent cap they otherwise face on
21 the access to federal student aid, an accounting
22 practice that nearly two dozen state attorneys
23 general have said violates the intent of the law.

24 As former Consumer Financial Protection
25 Bureau Director Holly Petraeus has written, "The

1 90/10 loophole gives for-profit colleges an
2 incentive to see service members as nothing more
3 than dollar signs in uniform and to use aggressive
4 marketing to draw them in."

5 In December, a U.S. Department of Veteran
6 Affairs internal audit highlighted for-profit
7 schools' deceptive advertising campaigns used to
8 recruit veterans, and warned that the government
9 will waste \$2.3 billion over the next five years if
10 changes are not made to reel in the abuse.

11 In addition to the veterans who have been
12 exploited by bad schools, we are also concerned
13 about veterans attending schools that unexpectedly
14 close.

15 Thousands of veterans attended
16 Corinthian colleges and ITT Tech before their
17 campuses abruptly closed.

18 And we are receiving more and more reports on
19 veterans who attended Argosy University, that are
20 now without any transfer options.

21 To add a quantitative component to the
22 troubling closures, in 2016 the Department of
23 Education issued a report, that 191 colleges
24 received more than 90 percent of their revenue from
25 federal student-aid GI Bill education benefits and

1 DOD education programs.

2 Expanding upon this, Veteran Education
3 Success research highlights the heavy and growing
4 reliance of proprietary schools on such educational
5 benefits, and suggests that sectors targeting of
6 veterans and service members has helped so often the
7 impact of its overall enrollment decreases.

8 For-profit colleges can change this practice
9 by improving their education and appealing to
10 employers, as DeVry demonstrated when it
11 voluntarily closed the 90/10 loophole and reduced
12 its overall reliance on federal student aid.

13 Regardless of legislative action, this should
14 be a commonsense goal that for-profit schools set in
15 order to establish quality assurance.

16 Even as there are federal dollars -- even as
17 these are federal dollars, the American Legion
18 Department of New York asserts that our state has a
19 critical responsibility to enforce policies and
20 rules that protect veterans and service members,
21 especially from schools and programs that will leave
22 them in deep debt for worthless degrees, to not lead
23 to gainful employment, and recruit using fraudulent
24 claims.

25 In conclusion, we should expect nothing less

1 than the Empire State to lead the country in
2 establishing innovative and meaningful
3 accountability metrics for the quality of education,
4 and it is critical that this includes protections
5 for New York's student veterans.

6 As long as military education and GI Bill
7 funds are counted on the 10 percent side of the
8 90/10 rule, our veterans will have a target on their
9 backs in the shape of a dollar sign.

10 Thank you again for this opportunity to
11 testify before this Committee.

12 SENATOR STAVISKY: Thank you.

13 And, Mr. Tyler.

14 JOHNSON TYLER: Good afternoon.

15 Thank you, Senator Stavisky, for inviting
16 Legal Services NYC to testify today.

17 Thank you Senator and Assemblywoman for
18 sticking around to hear our testimony as well.

19 I work at Legal Services NYC.

20 This is the largest provider of free legal
21 services in the country, and I specialize in student
22 loans.

23 I've been working in this area for a long
24 time, and I help many students who go to SUNY
25 schools, who go to private schools, go to

1 Columbia University, go to Cornell, with
2 student-loan problems.

3 But what I see often, over and over again,
4 are students who go to for-profit schools, and their
5 big problem, generally, is, they have no skills,
6 they have a lot of debt.

7 And, in dealing with this problem, the
8 question has always arisen: Is it anecdotal?

9 I work at a place that helps low-income
10 people. They are going to have problems with
11 their -- repaying their debts because they're
12 low-income and they qualify for some of our
13 services.

14 But what -- there is empirical evidence, and
15 that's the College ScoreCard.

16 So I have spent a lot of time pouring over
17 the College Scorecard. I've done didn't for many
18 years now.

19 This has lots of information compiled by --
20 from schools by the Department of Education, but
21 also from the U.S. Treasury on tax returns.

22 So it reports income that is reported, not
23 voluntarily, it's part of your tax return, as to how
24 much you're earning.

25 So there's a way that the federal government

1 is able to associate people who complete a FAFSA
2 form and put their Social Security number on it,
3 with their tax returns, years going forward, and
4 they can apply to the institution that they went to.

5 Having said that, I have written extensively
6 for this Committee in response to the questions.

7 But in looking at all this data, because
8 I spent a lot of time looking at it, there is
9 something that really emerges fairly starkly that
10 I'd like to share, and that has to do with associate
11 degrees, the two-year-degree colleges.

12 These are schools that, if you look at how
13 the CUNY system and the SUNY system performs for
14 community college, they do a really good job.

15 Do they do a perfect job?

16 No, but, there's very little debt that's
17 taken out to go to these schools.

18 And for CUNY schools in New York City,
19 7 percent of the students borrow. Everyone else is
20 getting grants, Pell grants or TAP grants, and
21 leaving debt-free.

22 So when I look at these -- those schools,
23 they're really engines of great opportunity.

24 And when you look at the College Scorecard
25 you can see, later on, students actually who go to

1 the community colleges capitalize on it.

2 They're earning, by and large, about \$36,000
3 is the median income that's getting reported
4 10 years after they've originally filled out that
5 first FAFSA form.

6 So they're actually -- do they go skyrocket
7 into the middle class?

8 No, but they're certainly moving out of
9 poverty, and they -- those schools take in a lot of
10 Pell students.

11 The majority of the students at the CUNY
12 schools are Pell-student recipients, and they're
13 people of color.

14 The five community colleges in New York City
15 have 90 percent people of color in them.

16 So these are people who are highly at risk
17 and they do well at these schools.

18 So when I see someone who goes to a
19 for-profit associate's-degree program and has no
20 skills, it really is disturbing, because they could
21 have gone to a community college and had a better
22 chance, and at the very least, if they're really not
23 college material, so to speak, they could have left
24 without any debt; and that debt comes back and gets
25 collected and paid year after year after year.

1 So when you look at -- when you look at all
2 of the associate programs, there are actually about
3 10 programs that do a terrible job educating people,
4 and do a terrible job in terms of repayment.

5 So the students who go to those schools end
6 up with about the earning power of \$24,000 ten years
7 later.

8 That's really nothing.

9 They're not doing better than a high
10 school -- someone who was just a high school
11 graduate, because the average earning for them is
12 \$28,000 ten years after leaving high school.

13 So they've failed, and they have -- on the
14 median when they leave school, they have about
15 \$12,000 of debt.

16 So they have a huge amount of debt. They've
17 really been railroaded in the wrong place.

18 So that group of people, how many people are
19 we talking about?

20 We're talking about 17,000 people every year
21 who are going to those schools.

22 So some of these schools, we hear about how
23 they're mom-and-pop schools.

24 One of them had a equity investor that took
25 partial ownership of the school in 2006. The rate

1 of the school enrolled at that time, prior to the
2 equity people coming in, 6,000 students.

3 They shot up to 13,000 students shortly
4 thereafter. They operated in multiple states,
5 including New York.

6 And now they've done -- that's the "back"
7 group, because they've gotten their money. The
8 10-year equity capital investors, they sort of work
9 that way. They put in the money for 10 years, and
10 they take it out.

11 But -- so there is a huge amount of profit
12 motivation that's going on here, and there are
13 metrics, that I've outlined in my written testimony,
14 that can identify them.

15 So the metrics that I would use to identify
16 are:

17 Earnings after six years of touching the
18 school, what percentage of students are earning more
19 than a high school diploma?

20 Most of the for-profit -- the for-profit
21 industry, on a whole, does less than half of that.

22 So more than half the students, six years
23 after they touch a for-profit school, are earning
24 less than a high school graduate.

25 So that's one way to look at it.

1 I'm not saying you should take that average
2 and knock out the whole industry, but you can look
3 at some schools.

4 LIM, for example, did real -- does really
5 good on this score. They do okay on this, I think.

6 And I get some of these mixed up.

7 But some of the schools, and I've put in the
8 testimony, they actually do quite well when you look
9 at this stuff. But others do quite poorly.

10 So that would be one of the metrics I would
11 look at.

12 The other one has to do with the repayment
13 rate, which also takes into account the amount of
14 debt that is accumulated, and the ability to repay
15 it down.

16 Because those are the people -- and when you
17 look at those numbers that are associated with who's
18 having trouble repaying them, those people are more
19 likely to be subject to garnishment; tax-refund
20 intercepts, which includes your earned-income tax
21 credit. So that's money that could have come into
22 the state.

23 So that would be the other metric I would
24 apply.

25 I want to address one question that keeps

1 coming up: Why are we focusing on this sector?

2 Let's do it for everyone so that it's equal
3 among all sectors, being the for-profit and the
4 non-profit and the private non-profit.

5 I mean, let's look at -- just look at the
6 whole school industry right now.

7 There are a little under a million students
8 going to schools in New York State.

9 About 351,000 go to private for-profits;

10 560 to go public schools -- 560,000 go;

11 And fifty-two or fifty-three each year are
12 going to for-profit schools.

13 But the for-profit schools are in the news
14 all the time over this problem. They're the people
15 who are coming into my door.

16 I was here only two months ago, where there
17 was all this news that came out about schools
18 closing down.

19 And I found a whole new set of clients who
20 have just come in from the Dream Center schools.
21 That closed down a few weeks ago.

22 I had a client come in today and say:
23 I didn't get, what happened to, my living-expense
24 allowance?

25 Well, you know, they're -- they've taken

1 \$18 million that was designed to go to students for
2 their living expenses, and they gave it to other
3 creditors within the organization, and then they
4 filed for bankruptcy or went out of business.

5 So the sector does have a problem in profit
6 motivation that results in a lack of quality.

7 Another problem I see over and over again,
8 it's just -- when you end up in an associate's
9 program at a for-profit school, if it's not a good
10 for-profit school, they're going to charge you
11 through the roof for something that is really not
12 necessarily a good investment.

13 So I had a client, I outlined in my testimony
14 about this, from ASA College, who does a terrible
15 job in educating people on every single one of these
16 metrics that I've discussed, and you can also look
17 at other metrics that are in my testimony, and he's
18 paid, between the Pell grant that he received and
19 the loans he took out --

20 SENATOR STAVISKY: It's time.

21 JOHNSON TYLER: -- he paid \$40,000 for an
22 associate's degree in business administration, and
23 he couldn't find a job after that.

24 So, thank you for listening to my testimony.

25

1 SENATOR STAVISKY: Okay. Thank you.

2 Do you have a question?

3 Senator May.

4 SENATOR MAY: Thank you all for your
5 testimony.

6 And let me follow up on that, because one of
7 the things we heard from the previous group was that
8 the for-profit model is really not that different
9 from the non-profit model.

10 But, do you have a sense of where the profits
11 go?

12 Are they put back into the education, or are
13 they extracted?

14 And if they're extracted, does that mean
15 taxpayer dollars for -- for, you know, student aid
16 are just going into someone's pocket?

17 JOHNSON TYLER: You know, I don't know where
18 the money goes, but I can tell you that DeVry,
19 that recently -- has been in the news for years, the
20 FTC sued them, got a \$100 million settlement.

21 One of my clients got \$250 out of that
22 settlement, and still owes \$25,000, so, big deal.

23 Their current executive gets paid about
24 \$11 million between -- between the salary, which is
25 \$2 million, plus \$9 million in equity compensation.

1 So money does go for profit.

2 Money also goes towards recruiting more
3 students.

4 I -- my colleague Kirsten mentioned these
5 pop-ups.

6 I was doing research on one of these cases,
7 and I couldn't get beyond the pop-up at ASA College.
8 So I put in my telephone number and my name, just
9 out of -- impulsively, and I received, within
10 15 minutes, a phone call, and I received thereafter
11 a phone call every single day for three weeks, from
12 that recruiter.

13 So after that I was, like, okay, I'm just
14 going to do an experiment and see where -- what --
15 what's the Borough of Manhattan Community College
16 going to do when I ask for more information, because
17 they have a little thing on their website.

18 So I did that, and they said, "Thank you for
19 your information." It was like an automatic return.
20 "We'll get to you shortly."

21 I never heard from them.

22 So a lot of money goes to recruitment, and
23 that's because money can be made.

24 I mean, I had a client recently who signed up
25 at Mildred Elley College, and she's paying \$32,400

1 for a medical-assistant degree for two years.

2 You know, these places are expensive.

3 And she didn't even know that.

4 She was 20 years old. She didn't even know
5 what she was signing up for.

6 I mean, she knew what she what was studying,
7 but she didn't understand that she had taken on any
8 of debt.

9 So...

10 KIRSTEN KEEFE: Can I ask to just respond?

11 One of the Governor's proposals was, it would
12 require for-profit schools to disclose their
13 financial statements.

14 So I think, you know, your question, and we
15 don't know, you know, at the very least, right, we
16 should also be increasing the amount of information
17 that the schools are providing to the State, as well
18 as publicly, to be able to answer these questions.

19 RAMOND CURTIS: We have a whistleblower from
20 Ashford --

21 I understand they don't have a location here
22 in the city, but just to understand, because a lot
23 of these, especially the larger ones, function very
24 similarly.

25 -- a whistleblower from Ashford who

1 participated in their annual report. And he
2 explained that, predominantly, the profits go to
3 a -- profits, so, it goes to their investors, as
4 well as legal services and lobbying.

5 This is a very -- for them, this was a very
6 expensive panel.

7 And also lawsuits when they are found -- you
8 know, just last January there was a lawsuit with --
9 not Corinthian, but a lawsuit with 49 state
10 attorneys general, and the settlement was half a
11 billion dollars.

12 This is where the money goes.

13 It's not going into instruction.

14 It's going into pay their legal fees, to pay
15 their lobbyists, and to pay their investors, and to
16 pay their marketing teams and advertisements that
17 are -- you know, they look like they were created by
18 the U.S. Air Force or the U.S. Army.

19 These are professionally, expensively made.

20 They're also sending individuals to veterans
21 homes, by the way, after they get out.

22 This the type of aggressive marketing is also
23 very expensive.

24 SENATOR MAY: Thank you.

25 SENATOR STAVISKY: Assemblyman, do you have a

1 question?

2 ASSEMBLYWOMAN HYNDMAN: Yes.

3 SENATOR STAVISKY: Assemblyman Epstein?

4 ASSEMBLYMAN EPSTEIN: (Indicating.)

5 Thank you very much for testifying.

6 I have a couple of questions.

7 Ms. Keefe, you mentioned -- can you be more
8 specific, for New York State and New York State
9 schools, and differentiate between proprietary
10 colleges and the non-degree sector?

11 Can you -- do you have any specific examples?

12 KIRSTEN KEEFE: If you're talking about data,
13 I don't.

14 ASSEMBLYWOMAN HYNDMAN: Because you kept
15 saying "bad schools."

16 So one of the things I -- I want this
17 testimony, so that we make sure we go after the bad
18 actors, because if it's the bad schools that are
19 giving the schools that are trying to be compliant,
20 we want to make sure we get the bad schools.

21 And you said that several times in your
22 testimony.

23 KIRSTEN KEEFE: So the "bad schools" that I'm
24 referring to are schools that are not properly
25 serving the students that are going to them, whether

1 it's a degree-granting school or whether it's a
2 certificate or a trade -- more of a trade school,
3 typically thought of as a trade school.

4 But it's really the schools that are, you
5 know, not providing adequate education for students
6 to come out and making more than they could have
7 made if they hadn't attended that school, and, in
8 addition, making enough money to be able to repay
9 their loans, you know, such as the
10 gainful-employment record, you know, compares
11 schools.

12 ASSEMBLYWOMAN HYNDMAN: So when you talked
13 about the heavy marketing and targeting, and having
14 protections, you're just generalizing over the
15 entire sector?

16 You're not specifically saying that there's
17 any schools in New York City or around the state
18 that are particularly bad actors; you're just
19 generalizing the whole industry?

20 KIRSTEN KEEFE: I'm not saying that all
21 the -- so, I'm not accusing, if that's what you
22 interpret it as.

23 I'm sorry.

24 I'm not accusing all for-profit schools of
25 bad activity.

1 I was trying to express that there is
2 aggressive marketing and targeting of students
3 within the for-profit sector.

4 And that I think it would be helpful if there
5 were limits put around either pot -- you know, a
6 person, potentially, a dollar percentage.

7 One of the questions I think that was posed
8 sort of insinuated that that is being considered.

9 And then also some general regulations around
10 marketing and targeting, you know, requiring
11 schools, for example, to know whether they are a
12 public institution, a non-profit institution, a
13 for-profit institution, and maybe some other limits
14 on marketing and how aggressively.

15 You know, I would love to see a prohibition
16 that first states in -- for schools, non-profit or
17 for-profit, but if you want to access information on
18 the website, you don't have to first put in your
19 information in order. That there should be some
20 level of basic information that's available.

21 ASSEMBLYWOMAN HYNDMAN: That's a lot
22 businesses, not just education --

23 KIRSTEN KEEFE: Well --

24 ASSEMBLYWOMAN HYNDMAN: -- we know throughout
25 the (indiscernible).

1 Any -- any -- any area you're going, on any
2 website, unless you're blocking pops-up, they pop
3 up. Right?

4 KIRSTEN KEEFE: Yes.

5 ASSEMBLYWOMAN HYNDMAN: You could go into a
6 DSW, and then the next day I look at my phone and
7 all of these shoes are, you know, on my phone.

8 RAMOND CURTIS: May I also contribute to that
9 just a little bit? Because --

10 ASSEMBLYWOMAN HYNDMAN: I'll come to you, I'm
11 coming to you.

12 Mr. Tyler, one of the things --

13 And this is the thing: I want us to make
14 sure we get those bad actors.

15 -- of the students -- of the former students
16 that come to seeking legal services, are you able to
17 provide them any recourse using USDoE for loan
18 repayment, the State Education Department? Do you
19 collaborate with BPSS?

20 Because a lot of times I'm hearing the
21 intertwining of the college sectors with the
22 non-degree schools.

23 So, I'm wondering, are you able to provide
24 any recourse or working with SED to make sure -- or
25 USDoE, to make sure these some of these students are

1 able to get loan repayment?

2 JOHNSON TYLER: (No audio.)

3 So almost all of the students -- sorry.

4 Almost every student is coming in with a
5 financial problem, that's what brings them into the
6 office, usually a tax-refund intercept.

7 ASSEMBLYWOMAN HYNDMAN: And they didn't get
8 their taxes; right?

9 JOHNSON TYLER: They didn't get their taxes,
10 and they're in default.

11 So I get them out of default and I get them
12 into a payment plan -- an income-driven repayment
13 plan, some working exclusively with the
14 U.S. Department of Education in fixing the loan.

15 We do try to get loans forgiven, there are
16 discharge provisions.

17 ASSEMBLYWOMAN HYNDMAN: Right.

18 JOHNSON TYLER: Those are, the ones we have
19 success are on, are people that are disabled, people
20 getting Social Security. So that's an elderly
21 population.

22 The younger group who have been ripped off by
23 schools, we have been filing borrower defense
24 applications.

25 I filed one in 2016. It still wasn't ruled

1 on even by the Obama Administration.

2 They are not ruling on these things.

3 ASSEMBLYWOMAN HYNDMAN: Even less now.

4 JOHNSON TYLER: With even -- oh, much less
5 now.

6 So there are about 100,000 of them pending as
7 of last May when someone last counted.

8 So there really isn't that sort of relief
9 unless you're disabled.

10 Everyone else, the relief they're getting, is
11 they're getting a payment plan, which means the
12 interest is just accumulating.

13 And for young people that's, you know, pretty
14 depressing and difficult, when they're -- you know,
15 for example, if you had -- if you're a single person
16 earning \$30,000, you're going to pay \$100 a month.

17 But if you have a debt that's about \$40,000,
18 that debt is actually, despite those \$100 payments,
19 is going to keep increasing.

20 So that's a pretty terrible situation.

21 ASSEMBLYWOMAN HYNDMAN: When these
22 individuals come to you and they -- their taxes have
23 been taken away, and they can't, how many -- what
24 length of time did they attend the school, and what
25 length of time do they come to you?

1 Because usually if your taxes are being taken
2 away, it's because a period of years that have
3 passed by, where they, unfortunately, did not pay or
4 make any attempts to pay, and then the taxes are
5 taken away.

6 JOHNSON TYLER: Right, right.

7 It's usually, I would say, predominantly, the
8 people who are coming with tax-refund intercepts are
9 people who went to school and got nothing out of it.

10 So either they completed the education and
11 thought it was a waste time;

12 Or, like this person I just mentioned before
13 at Mildred Elley, but she's current on her things,
14 but she dropped out. She's, like, the instruction
15 thinks stinks. I'm not doing this again. This is a
16 waste my time.

17 But she still owes a debt she has to repay,
18 which I informed her.

19 So to answer your question, "what percentage
20 of the people are completers or not completers?"
21 it's hard to say.

22 I would say it's a mixture. It's certainly a
23 mixture.

24 ASSEMBLYWOMAN HYNDMAN: I'm concerned about
25 that young person because, if that school was not

1 giving the education that they purported that they
2 were going to give her, do you contact the
3 institution, or do you just --

4 JOHNSON TYLER: Oh, no, we can't do that.

5 ASSEMBLYWOMAN HYNDMAN: You're not allowed?

6 JOHNSON TYLER: Yeah -- I mean, we could do
7 that, but it's just -- it's not productive.

8 I mean, I have so many clients, it's not
9 likely that I'm going to get anywhere on an
10 individual basis, doing something like that.

11 I mean, the problem with, you know, every
12 single school, every single client that comes in
13 with a problem, it's not a problem I can fix to
14 reform Mildred Elley.

15 I think it's this body's job to say, we're
16 not going to give TAP money to schools that don't
17 perform.

18 ASSEMBLYWOMAN HYNDMAN: Well, that's a long
19 process. And we have to --

20 JOHNSON TYLER: But I certainly --

21 ASSEMBLYWOMAN HYNDMAN: -- SED would have to
22 do an investigation --

23 JOHNSON TYLER: -it certainly --

24 ASSEMBLYWOMAN HYNDMAN: -- OCUE would have --
25 OCUE and USDoE, because -- and this is the thing,

1 like, we have several bodies in New York State.

2 And then, to Mr. Curtis, a lot of the
3 examples you gave seem to be outside of New York
4 State.

5 You said Corinthian College or WyoTech.

6 For them, they don't operate --

7 RAMOND CURTIS: I don't believe that was --
8 WyoTech was not -- I was not --

9 ASSEMBLYWOMAN HYNDMAN: I'm sorry, I'm sorry.
10 Commander, you mentioned those schools.

11 But the information -- a lot of information
12 you give is not specific to New York State.

13 RAMOND CURTIS: Is that a -- maybe I can help
14 illuminate.

15 ASSEMBLYWOMAN HYNDMAN: Because I want to
16 make -- we -- in New York State we have a lot of
17 layers.

18 You have the State Education Department.

19 You have U.S. -- well, USDoE, and then you
20 have the accrediting associations that accredit
21 these schools.

22 So the examples you gave of Oregon and
23 California, are those schools -- is that the
24 situation in New York?

25 Are we missing something?

1 RAMOND CURTIS: Yes.

2 So what I -- and I want to clarify something,
3 and that's why I wanted to speak to the question
4 that you were asking her.

5 This isn't about bad schools.

6 These -- the concept, the institution itself,
7 functioning properly, serves a demographic that we
8 need to be serving in this state; for me, especially
9 veterans.

10 However, because the federal law that is
11 supposed to be establishing the price isn't
12 functioning, because they're not incorporating all
13 of taxpayer dollars, then we aren't getting a proper
14 price set on this.

15 We aren't doing it in the same way that we
16 price everything else.

17 And to also be clear, when we're talking
18 about DSW, that's not a comparable example because
19 we don't get given vouchers from taxpayer dollars to
20 pay for these shoes.

21 That's our own dollar bills that we can spend
22 on absolutely anything else, and we make the choice
23 to either purchase the shoes, or purchase food, or
24 something else, and we make that decision based on
25 our own evaluation of the quality of the product.

1 Now, that changes when we're using these
2 vouchers.

3 It's the reason that the federal government
4 established the regulation that you must receive
5 10 percent of your revenue from a private source.

6 And that can be any private source. It
7 doesn't have to be from the student.

8 So the closure that's happening at the state
9 levels in New York, that's completely the same
10 availability, because this isn't also about -- we
11 can't tell you who to -- how to enroll veterans.

12 That's done by the state-approving agency.

13 We're also not talking about that.

14 We're talking about closing the loophole that
15 allows them to leverage veterans' benefits to
16 exploit a loophole and increase their revenue by
17 nine times for each single veteran.

18 And so --

19 ASSEMBLYWOMAN HYNDMAN: That letter you read
20 was from what -- what state was that from?

21 RAMOND CURTIS: The quote?

22 ASSEMBLYWOMAN HYNDMAN: I can't talk about
23 what -- yeah.

24 RAMOND CURTIS: Oh, that was a report that
25 the Veteran --

1 ASSEMBLYWOMAN HYNDMAN: You read an letter,
2 or an e-mail.

3 RAMOND CURTIS: -- I read a quote from a
4 report that Veterans Education Success put together,
5 based off of the 2012 Senate report from the Health
6 Department.

7 ASSEMBLYWOMAN HYNDMAN: No, you read an
8 e-mail, where the school was specifically targeting
9 veterans for how much money they would get.

10 RAMOND CURTIS: Oh, yes.

11 It was an -- internal e-mails that were
12 received, from the Senate report, that speak about
13 how they're -- they need to increase their -- they
14 need to expedite their enrollment and the funds
15 coming from veterans, so that --

16 ASSEMBLYWOMAN HYNDMAN: It was from a report?

17 RAMOND CURTIS: Yes.

18 ASSEMBLYWOMAN HYNDMAN: So do you don't have
19 a specific location where they were doing these
20 practices?

21 Because --

22 RAMOND CURTIS: Oh, absolutely.

23 ASSEMBLYWOMAN HYNDMAN: -- one of the other
24 examples you gave, I'm not sure it was this hearing,
25 but the previous hearings, like, people were

1 actually on college -- I mean, on these campuses or
2 at veterans centers, recruiting veterans.

3 Is that happening in New York State?

4 RAMOND CURTIS: Yes, absolutely.

5 ASSEMBLYWOMAN HYNDMAN: Can you -- see, that
6 bothers me, because of the service that has been
7 given to this country, we want to make sure that
8 this stops.

9 If ASA is a bad actor, then they need to --
10 we need to make sure that this is something that
11 stops.

12 They're also not part of APC, which, you
13 know -- and that's another way, an association is
14 making sure that their members are giving standard
15 and quality education to the students.

16 So I think the -- the onus on this body is to
17 make sure that, in New York State, we are protecting
18 all students, whatever institution of higher
19 education they choose to go to, and that I believe
20 is the purpose.

21 RAMOND CURTIS: I can actually walk through
22 exactly how we can do that in New York State, from
23 beginning to end.

24 I was the one who came up with the idea of
25 how we're doing in it California, and in Oregon as

1 well.

2 It has to do with the licensing agency in the
3 state who approves the state to -- or, approves the
4 for-profit private school to enroll students in the
5 state.

6 All you have to do is incorporate into the
7 regulation, which already exists, and the very
8 amazing regulation that exists in New York,
9 incorporate an additional regulation that strengthens
10 the language that already exists at the federal law,
11 and instead of saying -- because the federal law
12 defines "federal tuition assistance" as Title IV.

13 That only incorporates the subsidized student
14 loan and the Pell grant.

15 It doesn't incorporate benefits for veterans
16 under the post-9/11 GI Bill. It doesn't include
17 benefits for foster children either.

18 So these individuals, the money is being --
19 is coming from the same place, it's coming from
20 taxpayers. But -- which, by the way, TAP as well is
21 coming from taxpayers.

22 And yet these schools are allowed to legally
23 count it as private funds.

24 Now, it's not an intentional thing. It is an
25 unintentional loophole.

1 And so to fix it, we can't regulate the
2 federal funding, but the State of New York can say,
3 If you're receiving this much in taxpayer dollars,
4 then you can't enroll students in this state because
5 you are clearly not proving yourself as a viable
6 business if your business model is based upon
7 enrolling and exploiting a loophole.

8 ASSEMBLYWOMAN HYNDMAN: Thank you.

9 Thank you.

10 SENATOR STAVISKY: Assemblyman Epstein.

11 ASSEMBLYMAN EPSTEIN: I want to thank you all
12 for being here and taking the time to give us this
13 really -- really vital information.

14 And I just wanted to, maybe if someone can
15 respond around default rates, and what you're seeing
16 in the for-profits, not, you know, three years out,
17 five years, or ten years out.

18 Are you seeing higher default rates in
19 for-profits than you're seeing in other
20 institutions, as why?

21 Can you -- can you help us understand that a
22 little more?

23 RAMOND CURTIS: Yes, absolutely I can.

24 Again, I've been -- I've been bouncing all
25 over the states.

1 I -- the state policy manager is going from
2 different capitals, dealing with this in different
3 ways, and seeing different angles.

4 Unfortunately, the Century Foundation was not
5 able to be here to testify, but you all should have
6 an extensive testimony submitted by Bob Shireman,
7 who is one of the greatest experts, I would say, in
8 the country on this issue, having worked in it for
9 decades.

10 However, I will say that the default rate for
11 students, now, right now, we're not counting it at
12 five years, we're counting it at three. So
13 everything that's being disclosed by the school is
14 on a three-year default rate.

15 And as many of us know, you can defer.

16 And a lot of these schools are -- one of the
17 bad practices -- again, it's practices, not
18 schools -- bad practices is encouraging them and
19 facilitating them to defer.

20 And then once they get past that three-year
21 point, they go into default.

22 It's not only that, but they've accumulated
23 an incredible amount of interest on these loans as
24 well.

25 So to get around that, to show that their

1 students aren't defaulting within the three years,
2 they invest in systems that help the students defer
3 up until they're past that point when the government
4 is measuring it.

5 Right now it's a five-year point, it's
6 40 percent.

7 And, do you recall the percentage of schools
8 in the state of New York that make up the for-profit
9 sector in students?

10 ASSEMBLYMAN EPSTEIN: 3 percent. Right?

11 RAMOND CURTIS: Yes.

12 So those numbers are incredibly concerning.
13 Incredibly concerning.

14 And one of the primary issues, and I will
15 keep going back to this, because I believe that one
16 way to end a lot of these bad practices is to stop
17 incentivizing these schools to legally inflate their
18 10 percent private section.

19 And I believe that one of the mistakes that
20 we encountered with the budget proposal, was it was
21 set at 80/20.

22 That 10 percent difference is negligible in
23 comparison to closing a loophole that is making a
24 million more dollars per five veterans that max out
25 their GI Bill at the school.

1 A million more dollars.

2 That would change the face of how for-profit
3 schools operate in this state.

4 KIRSTEN KEEFE: So I do have some specific
5 statistics from the Century Foundation regarding
6 defaults.

7 So, according to their research, 47 percent
8 of students who are attending for-profits default
9 12 years out, when looking 12 years out of college.

10 ASSEMBLYMAN EPSTEIN: This is New York State
11 data?

12 KIRSTEN KEEFE: This is New York State, yes.

13 So 47 percent of students who went to a
14 for-profit.

15 That's compared to 11 percent of students who
16 are in default 12 years out who attended a public,
17 and 10 percent for students who attended a
18 non-profit.

19 ASSEMBLYMAN EPSTEIN: And how recent is that
20 data? Do you know?

21 Is it --

22 KIRSTEN KEEFE: I think this is based on
23 2000 -- oh, I don't know.

24 RAMOND CURTIS: It's a '17 report.

25 ASSEMBLYMAN EPSTEIN: 2017.

1 So it could be on '16 or '15 data?

2 KIRSTEN KEEFE: Yeah.

3 And then the other statistic that I'll just
4 share is, seven -- so according to their research,
5 7 percent of the students who are attending higher
6 education in New York State are attending for-profit
7 schools. I should say only 7 percent.

8 But, that, for-profit students who attended a
9 for-profit make up 25 percent of the students who
10 are in default, and I think that's three years
11 out --

12 RAMOND CURTIS: That's the three-year.

13 KIRSTEN KEEFE: -- in New York State.

14 ASSEMBLYMAN EPSTEIN: Great.

15 And so -- I know we've talked about some ways
16 to fix this, but one thing I'm really interested in
17 is this idea that, what we see now with other
18 schools, where the for-profit is incentivized,
19 sometimes, to have people on staff who are
20 encouraging people to attend.

21 Is there a requirement of a third party at
22 the early stages of enrollment, does that help -- do
23 you think that would help in any way to kind of get
24 to these issues?

25 Or, is this a good choice?

1 This -- what is the actual dollars? What are
2 you borrowing? What are you getting? And so forth.

3 Does that help at all, or is that not useful?

4 KIRSTEN KEEFE: So I don't -- I can't say
5 from experience whether it helps or not.

6 I -- one thing that I will say, so, one,
7 there are a whole group of financial counselors for
8 high school-level students. Right?

9 And I certainly think that could and should
10 be enhanced.

11 I don't know how much it exists.

12 The counselors that I know of, the groups are
13 located in New York City.

14 And one I did want to highlight for the
15 Committee, that the resources outside of New York
16 City are really nil for students, certainly
17 student-loan borrowers after they leave schools.

18 You know, there are three organizations at
19 least in New York City that have, I think, very
20 robust student-loan assistance programs: Legal
21 Services NYC, of course. MFJ. NYLAG.

22 There are probably others in New York City.

23 Kyle Boxhorn was supposed to be here from the
24 Western New York Law Center.

25 They are starting to do work with

1 student-loan borrowers.

2 Our office, Empire Justice Center, in
3 Rochester was providing assistance only for the
4 Corinthian students because it was such an urgent
5 need because of the immediate closure of that
6 school.

7 But we don't have the resources and capacity
8 to do it.

9 And I don't know of another legal-services
10 program outside of New York City and
11 Western New York Law Center that has like a
12 dedicated program.

13 And I -- and my sense is that that's the same
14 in the financial-counseling or the
15 student-counseling world as well.

16 I just don't know of a lot of groups that
17 exist outside of New York City, not that they don't,
18 but, you know, I just don't know.

19 So I just wanted to raise that dichotomy.

20 I'm often representing, you know, the rest of
21 the state.

22 ASSEMBLYMAN EPSTEIN: Well, I do worry,
23 though, that once they to get to a legal-services
24 office, it's too late in the game.

25 KIRSTEN KEEFE: Correct, yes.

1 ASSEMBLYMAN EPSTEIN: Right.

2 So my hope is to get them up front, to say,
3 you know: At the time that you're going to go, do
4 you know your options well? Are you informed? Are
5 you, like, educated enough to know what you're
6 signing on?

7 And who's the one who can help that student?

8 You know, some people, fortunately, have a
9 support network.

10 Other people don't.

11 Is available, in place, to help that student
12 make a well-informed decision at the early stage?

13 Is this for-profit, non-profit, or private
14 school the best place for me to go?

15 And, then, how do I make that decision?

16 And, you know, obviously, we're focusing on
17 for-profits here because of the high level of
18 defaults.

19 But I have to think that this early
20 intervention has got to have an impact on someone
21 making those choices.

22 RAMOND CURTIS: Absolutely.

23 One of the issues, if I can, just quickly,
24 what we're facing right now is that it is so
25 complicated and convoluted, that it would take an

1 absolute professional and expert in the field to
2 navigate past what types of tactics are used,
3 deceptive, misleading tactics that are used, by
4 for-profits in order to show that they are a quality
5 school.

6 Oftentimes you don't know until you've gone
7 to the school, paid the tuition, gone to the
8 classes, gotten a degree, and then realized the
9 difference between the two.

10 It's difficult to require them to disclose
11 certain things to demonstrate their quality, because
12 it becomes so complicated that, for example, when
13 we're talking about graduation rates that's
14 150 percent time, if somebody who completes within
15 150 percent time, and, for purposes that I even
16 understand as a policy wonk, it doesn't include
17 students that drop out.

18 I would be very interested in knowing how
19 many students drop out of these schools.

20 JOHNSON TYLER: If I can respond to your
21 question, I think counseling people on these sort of
22 financial endeavors, especially school, I have
23 students who are helping, and they say, I'm going
24 back to ASA, I'm going to TCI, I'm going to another
25 for-profit.

1 It's really hard to talk people out of what
2 they've decided to do.

3 I think, if you look at California, and
4 I appreciate what you said, Assemblywoman, about it
5 being difficult to take away TAP, but you look at
6 what California did, they just created a metric.

7 They had a three-metric thing.

8 If you don't pass these three metrics, we're
9 not giving you Cal-Aid.

10 ASSEMBLYWOMAN HYNDMAN: Cal-Aid?

11 JOHNSON TYLER: Cal-Aid is the equivalent of
12 TAP.

13 Sorry.

14 So they had a program, and they've taken
15 schools that you stop right in that state, and
16 they've left, they've moved out. And they have
17 better quality schools because of it.

18 So I think that the idea of trying to leave
19 this up to consumers, it's really not fair to
20 consumers.

21 ASSEMBLYMAN EPSTEIN: Got it.

22 JOHNSON TYLER: And -- thank you.

23 ASSEMBLYMAN EPSTEIN: Yeah, I -- so can you,
24 like, share those metrics with us?

25 It could be would be great to see what

1 California is doing, and how those metrics could
2 apply here in New York.

3 SENATOR STAVISKY: I'd appreciate it if you
4 kept, you know, your answers short.

5 One -- I have one question before Senator Liu
6 asks his.

7 You spoke about bad schools.

8 What did you do to resolve the issue?

9 Did you refer incidents to the State
10 Education Department? Did you go to court?

11 KIRSTEN KEEFE: Did I -- so we are not
12 currently providing direct services calls that
13 I get, and that's one of the problems that I was
14 trying to highlight.

15 I don't know who actually the best folks are
16 to refer people to.

17 I do encourage folks to file a complaint with
18 the State Education Department and the Office of the
19 Attorney General's Office, typically.

20 But it's -- but we -- we're not doing it, and
21 I don't have a lot of resources to send people to
22 (indiscernible).

23 SENATOR STAVISKY: So you do not --

24 ASSEMBLYWOMAN HYNDMAN: I just want to say,
25 the State Education Department will only look at

1 complaints if they're within two years of the last
2 date that the student left.

3 So if we could maybe expand that.

4 SENATOR STAVISKY: But they deal with
5 complaints, and that's what I'm asking.

6 ASSEMBLYWOMAN HYNDMAN: Maybe we could
7 expand --

8 SENATOR STAVISKY: Did you file a complaint,
9 or, you know, start at the lowest level, seeking a
10 remedy?

11 KIRSTEN KEEFE: I did not.

12 I mean, I just try to provide the most basic
13 information that I can to consumers who call me with
14 random questions.

15 SENATOR STAVISKY: No, I understand.

16 Senator Liu.

17 SENATOR LIU: Thank you.

18 Thank you, Madame Chair.

19 First, thank you for allowing me to take part
20 in this hearing, even though I am not assigned to
21 this Committee.

22 And apologies for my absence before I --
23 I actually am assigned to the Transportation, and
24 Finance, committees, where I had to go take votes.

25 But I'm glad to be back.

1 And I'm sorry I missed a lot of the testimony
2 of this particular panel.

3 But, I have similar questions to what I had
4 asked Commissioner Elia earlier, which is -- or,
5 I guess, maybe they're variations of those
6 questions.

7 But some of you cite specific examples where
8 you helped individuals who had difficulties with
9 some of the proprietary institutions, you know, loan
10 issues, default issues, not being able to get a job
11 through their placement.

12 Have your respective organizations helped
13 individuals who have had similar situations with
14 non-profit institutions?

15 RAMOND CURTIS: Veterans Education Success
16 works strictly with for-profit, veterans who have
17 been defrauded of their benefits through for-profit
18 institutions.

19 SENATOR LIU: Are you aware that some of
20 these same issues, not being able to pay back loans,
21 not being able to get placed on a job, exists also
22 in non-profit -- non-profit institutions as well?

23 RAMOND CURTIS: Well, to -- it's a two-part
24 answer, and I'll keep it quick as the Chair
25 requested.

1 But, first, these same issues exist, but
2 nowhere near at the capacity that they do in the
3 for-profit industry.

4 And, second, we focus on closing the 90/10
5 loophole which does not apply to non-profit
6 institutions. They don't get any incentive to
7 exploit veterans' benefits in order to increase the
8 amount of federal student aid that they receive.

9 Our focus is on closing the 90/10 loophole
10 and protecting veterans from being targets that are
11 cash cows for these schools, for every single
12 private for-profit school that -- you know, that is
13 regulated by the federal government.

14 SENATOR LIU: Okay. And are you -- would you
15 be in concurrence, or would you not really have any
16 basis to make a judgment, about the contention that
17 the regulations, as proposed by the Governor, would
18 shut down the majority of proprietary institutions?

19 RAMOND CURTIS: I think that -- the reason --
20 the only reason that any proprietary institution
21 that was -- and, again, just to focus on just the
22 80/20 aspect of it, if the 80/20 rule was to close
23 down your institution, it wouldn't be because it was
24 an unfair regulation.

25 It would be because you have practices that

1 aren't sustainable under a system where you are
2 actually following the law.

3 If you can't adjust your business practices
4 in order to ensure that at least 10 percent of your
5 students -- or, at least 10 percent of your revenue
6 from tuition is coming from a private source, if you
7 can't at least do that, if that closes you down,
8 then, I apologize, sir, but you are not a
9 financially lucrative business that should be
10 operating.

11 You are using taxpayer dollars.

12 SENATOR LIU: So are you of the
13 understanding, or perhaps presumption, that most of
14 these proprietary institutions are bad actors then?

15 RAMOND CURTIS: So, again, and I need to
16 continue to press this, we are not addressing bad
17 schools.

18 We are addressing bad practices.

19 SENATOR LIU: Well, before you just said that
20 if they're going to be shut down, essentially,
21 because they're bad apples --

22 RAMOND CURTIS: Well, if you were --

23 SENATOR LIU: -- then so be it.

24 RAMOND CURTIS: -- right.

25 If you're using a bad practice, and you have

1 no other way to operate outside of exploiting a
2 loophole, that isn't -- that's not specific to
3 anyone. I think that would apply to absolutely any
4 business in the state of New York, or the country,
5 for that matter.

6 If you can't sustain your business without
7 exploiting a loophole that allows to you receive
8 100 percent of your funds from taxpayer dollars,
9 without anyone actually regulating the price of how
10 you set that, then, of course, I don't believe any
11 business should be operating at that, let alone a
12 for-profit private institution that's job is to
13 educate.

14 However, every single for-profit private
15 institution does of fall under this loophole.

16 There are no one -- no one's exempt from it
17 because it's a loophole that is in a law that
18 governs all for-profit private institutions.

19 The only for-profit private institutions that
20 aren't exploiting this loophole are the ones that do
21 not enroll any veterans, or ones like -- like the
22 commander mentioned earlier, like DeVry, who
23 voluntarily stopped following the loophole, and they
24 count veterans' benefits as federal tuition
25 assistance, and not as private money, as it is

1 intended.

2 SENATOR LIU: Mr. Tyler.

3 JOHNSON TYLER: Yeah, Senator Liu, to answer
4 your question, I did prepare testimony two months
5 ago.

6 I don't remember the statistics, but all
7 for-profit schools would not have been closed down
8 by --

9 SENATOR LIU: I'm sorry, say that again?

10 JOHNSON TYLER: -- would not have been closed
11 down.

12 There were a number of schools that passed
13 the metrics that the Governor already proposed.

14 SENATOR LIU: Oh, yeah, I mean, not everyone.

15 But there's a contention that the majority of
16 them would have to close down.

17 RAMOND CURTIS: A claim?

18 JOHNSON TYLER: Would have to change their
19 practices to meet the metrics, yes.

20 SENATOR STAVISKY: No, the previous panel
21 testified -- the previous panel --

22 SENATOR LIU: But the head of Monroe
23 College --

24 SENATOR STAVISKY: -- the head of Monroe
25 College --

1 SENATOR LIU: -- said that they'd have to
2 shut down.

3 SENATOR STAVISKY: -- testified that his
4 office would close down if we had either the 80/20
5 rule or the 50 percent rule.

6 RAMOND CURTIS: Just to -- I checked out
7 their numbers from '16-'17. That data is available,
8 the most recent data that is available, from the
9 Department of Education shows that the only school
10 that risked closing down with the 80/20 rule, and,
11 again, this is if they do not change their
12 practices --

13 Which I think we can all agree that
14 exploiting a loophole is a bad practice.

15 -- if they do not change their practices, the
16 only school that would close down, possibly, would
17 have been Bryant & Stratton.

18 The other schools were well within.

19 And, in fact, I believe Monroe College was
20 the furthest from it.

21 The amount, even with the amount of veterans
22 that study there, and I think that's wonderful, but
23 the calculations that the number of veterans,
24 I have, the number of veterans that studied there in
25 '16-'17 that were enrolled, and I have the average

1 amount that the veterans received per year, and then
2 I have the percentage of federal tuition assistance
3 that they received.

4 There was no way that they were going to be
5 able to --

6 SENATOR LIU: I mean, obviously,
7 Madame Chair, we either have to have some follow-up
8 meetings to get to the bottom of this, or just have
9 an arm wrestling contest right here on the table.

10 [Laughter.]

11 RAMOND CURTIS: Well, there's a clear
12 difference between statistics and claims.

13 That's another issue that I'm facing with a
14 lot of legislators, is that we are having to show up
15 with ample amount of evidence. And then a
16 for-profit institution can just flood you with
17 claims without providing any actual data that you
18 can verify.

19 Mine is verified from their own
20 self-reporting to the federal government.

21 So --

22 SENATOR STAVISKY: You will provide with us
23 that information?

24 RAMOND CURTIS: Yes, absolutely.

25 SENATOR STAVISKY: That's all we're asking.

1 SENATOR LIU: Yeah, I think this panel has
2 provided useful information.

3 It's just --

4 RAMOND CURTIS: You hate to think --

5 SENATOR LIU: -- a different --

6 RAMOND CURTIS: -- (indiscernible) dishonest.

7 SENATOR LIU: -- it's like parallel universe.

8 I feel like I'm in a "Star Trek" episode
9 here.

10 [Laughter.]

11 SENATOR LIU: My last question, Madam Chair,
12 for this panel, anybody on the panel, or everybody
13 if possible, is --

14 SENATOR STAVISKY: If you would keep your
15 answers --

16 SENATOR LIU: Brevity is the soul of wit.

17 -- why don't -- do you have an opinion as to
18 where -- whether for-profit colleges should even
19 exist in the first place?

20 RAMOND CURTIS: I have a strong opinion about
21 that.

22 I come from -- I'm first generation,
23 low-income, combat war veteran, who worked my way
24 through all of this.

25 The product that they are supposed to be

1 providing --

2 SENATOR LIU: Well --

3 RAMOND CURTIS: -- right, but this is --

4 SENATOR LIU: -- the concept, the college
5 that makes profit.

6 RAMOND CURTIS: -- that's what I mean, the
7 concept, the institution -- the concept of the
8 institution is incredibly valuable to those of us
9 that need it the most.

10 I went to a community college that didn't
11 have the greatest metrics, Bronx Community College,
12 but, I also didn't find myself under a mountain of
13 debt when I finally finished that degree, and, those
14 credits transferred.

15 SENATOR LIU: So you're saying you don't
16 necessarily have anything personal
17 (indiscernible) --

18 RAMOND CURTIS: Against the institution --
19 for-profit institutions?

20 Absolutely not. I -- I -- I love it.

21 SENATOR LIU: How about, the others
22 organizations, is there any kind of --

23 RAMOND CURTIS: I think there's certainly a
24 place for for-profit institutions in college and
25 two-year-degree programs and certificate programs.

1 In fact, I -- when I was younger, I took a
2 certificate program to become an EMT at a for-profit
3 school.

4 They do a good job, they get you enrolled,
5 they get you out quickly. You pay your check, and
6 you get your -- the work you want to have.

7 So there certainly is a role for them.

8 SENATOR LIU: By the way, you have to pay
9 your check at a non-profit institution, including
10 public colleges too, if you want to get your piece
11 of paper.

12 Yes.

13 KIRSTEN KEEFE: I mean, I'll just respond by
14 saying, my beef isn't with the school, whether it's
15 non-profit or for-profit.

16 My focus is on students.

17 And we hear of, we know, there are a lot of
18 students that are really struggling to pay debt.

19 When you look at the data, there are a lot of
20 students that are -- you know, have been attending
21 for-profit schools.

22 There seems to be a disproportionate impact
23 when you look at the data.

24 I certainly agree that there are concerns
25 with student-loan debt, and that was in the

1 testimony that I presented earlier.

2 In the public arena, but, you know, also in
3 the non-profit arena, probably more so in the
4 non-profit arena than the public arena, you know,
5 student-loan debt is a much, much bigger issue.

6 But it -- there is -- when you look at the
7 numbers, there is a disproportionate impact on
8 students regarding student-loan debt and not being
9 able to pay it back.

10 Right?

11 It's not a matter of how badly somebody gets
12 into debt.

13 It's really about whether or not they can pay
14 it back.

15 And the numbers do show a disproportionate
16 impact.

17 Our office was deeply impacted by, you know,
18 students who were coming in the doors by Corinthian.

19 Those students were not protected by the
20 federal government. There weren't adequate
21 protections and oversight on the state level.

22 SENATOR LIU: Okay.

23 Thank you.

24 Thank you, Madame Chair.

25 SENATOR STAVISKY: Thank you.

1 RAMOND CURTIS: Thank you very much.

2 SENATOR STAVISKY: And our last panel will be
3 the career schools:

4 Terence Zaleski, executive director and
5 counsel, Coalition of New York State Career Schools;

6 Joseph Monaco, Culinary Tech Center;

7 Frank Talty -- if I mispronounced your name,
8 I apologize -- director of Refrigeration Institute;

9 Beshoy Boshra, general manager, Austin
10 Medical Assistant Training;

11 And, Anthony Civitano, executive director,
12 New York State Beauty School Association.

13 As you noticed, we tried to separate the
14 degree-granting institutions from the career
15 services.

16 TERENCE ZALESKI: Thank you very much,
17 Senator.

18 We appreciate very much the opportunity to
19 come before you today and to address the issue of
20 oversight of for-profit career schools.

21 And, you know, we appreciate the way you've
22 structured the forum, and it makes a whole lot of
23 sense in this manner.

24 Is that on now?

25 SENATOR STAVISKY: Yes.

1 TERENCE ZALESKI: It is on.

2 Okay, great.

3 The -- we -- you have at this hearing table,
4 executive director of the Beauty School Association,
5 and I'm as the executive director of the Coalition
6 of New York State Career Schools.

7 And we're going to be, I guess, progressing
8 down the table, sort of, in this order.

9 And, I would just like to make a point that,
10 in terms of the Coalition of New York State Career
11 Schools, we are represented today at this hearing by
12 Joe Monaco, who represents the culinary school, and
13 the culinary sector, which is a very important
14 sector in our career-school industry.

15 We also have Frank Talty, who is the owner of
16 the Refrigeration Institute, which is buildings
17 trades.

18 And then we have Beshoy Boshra, who is owner
19 of a medical school.

20 So we tried to have some diversity.

21 SENATOR STAVISKY: In my Senate district.

22 TERENCE ZALESKI: Excuse me?

23 SENATOR STAVISKY: In my Senate district.

24 TERENCE ZALESKI: And in your Senate
25 district.

1 Ah, how about that.

2 Very astute about that.

3 [Laughter.]

4 TERENCE ZALESKI: But, you know, alongside me
5 over here in this case, is something that I'm going
6 be leaving behind for the Committee, and if you ask,
7 what's that?

8 What's in here are some materials from 24 --
9 more than 24 schools, two doz -- more than two dozen
10 schools that are members of the Coalition of Career
11 Schools, who are licensed by the State Education
12 Department.

13 And one of the things that we want the
14 Committee to have access to is:

15 What it is that a school actually puts out on
16 as its face; what does a catalog for a school like
17 look?

18 What are the details of that catalog?

19 What types of disclosures are contained
20 within that information that's provided there?

21 What information is made available to the
22 student?

23 Also, the complaint process, how is that
24 disclosed in the materials?

25 All of this is laid out in all of the

1 catalogs, and what you'll find is that, because of
2 the very stringent regulations of the State
3 Education Department and the implementation of
4 Article 101 of the education law, you'll find that
5 all of these catalogs are consistent:

6 You'll find the same types of information
7 laid out in there;

8 You'll find that the enrollment agreements,
9 which are the contracts with the students, are very
10 carefully detailed;

11 You'll find the refund policies that are
12 clearly stated in there, in terms of what the
13 students are supposed to be receiving.

14 And, I'd just like to state that, you know,
15 that level of detail, that thoroughness of
16 information, you know, it is all about programs that
17 really have high impact on students' lives, as
18 you'll be hearing.

19 And we hope that the testimony of the school
20 owners will demonstrate that.

21 You'll also be finding, if you look at the
22 catalogs for these types of programs, that, you
23 know, the costs are generally quite reasonable.

24 The levels of student debt are modest while
25 they're in school and at post graduation.

1 And, in many cases, you'll find that
2 there's -- they're absolutely non-existent.

3 And one point that I would like to make
4 before the -- before they start to speak, we've
5 heard from consumer advocacy groups and veterans'
6 groups.

7 One of the things that the Committee may not
8 be fully aware of is the availability of a full
9 refund for students if a complaint is made against
10 one of these schools, and if the State Education
11 Department verifies that complaint.

12 I mean, you heard the commissioner speak
13 earlier about the tuition-reimbursement account and
14 the way that operates.

15 I mean, there is a protection there.

16 A veteran that has concern, that feels that
17 they've been defrauded, can go to the State and file
18 a complaint. And then that complaint, if it is
19 founded, will lead to a full return of that
20 student's money.

21 And on top of that, it will also trigger not
22 just an investigation into that one instance, but
23 the State Education Department looks to see if there
24 is something more general that's going on, something
25 systemic in the school.

1 So that a complaint that comes in to the
2 State Education Department about one of our schools
3 is something that the State Education Department
4 takes very seriously, and our schools take very
5 seriously, because there will be a comprehensive
6 review, a comprehensive audit, a comprehensive
7 investigation.

8 And, if the State Education Department sees
9 that that one student's complaint has some merit,
10 then that, in turn, can lead to a complete reversal
11 and return of funds to a large number of students in
12 a given situation.

13 And that's something that's often overlooked
14 in this discussion, that level of protection that is
15 available through the TRA in our schools.

16 But, enough from me as an executive director.

17 It's more -- you heard from me back in
18 January, and we appreciate the attention that the
19 Committee paid back then at the very late hour that
20 we testified.

21 More important now, you have to hear from the
22 schools, and with that...

23 JOSEPH MONACO: Thank you.

24 TERENCE ZALESKI: Thank you.

25 JOSEPH MONACO: Senator and Assemblywoman,

1 thank you.

2 And I just wanted to really say thank you for
3 allowing us the opportunity to clarify a few things
4 today.

5 I really want to address why we're here.

6 Six weeks ago, when the Governor proposed the
7 two --

8 SENATOR STAVISKY: Can I interrupt you for
9 one moment?

10 Can you move the microphones closer to you?

11 JOSEPH MONACO: Of course.

12 Better?

13 Great.

14 SENATOR LIU: The Governor likes to hear what
15 you're saying.

16 JOSEPH MONACO: Okay.

17 [Laughter.]

18 SENATOR LIU: Just kidding.

19 SENATOR STAVISKY: He wants to know if you
20 brought samples.

21 JOSEPH MONACO: I can do that.

22 [Laughter.]

23 JOSEPH MONACO: Senator, first, my name is
24 Joe Monaco. I have been a school owner, an
25 operator, of for-profit licensed proprietary schools

1 here in New York State since 1981; for over
2 35 years.

3 I have bought, sold, started, a variety of
4 different schools, primarily in the area of culinary
5 education.

6 Today, I have four licensed schools: one in
7 Buffalo, one in Poughkeepsie, one in New York City,
8 and one in White Plains.

9 We are probably one of the largest ACCES-VR
10 contractors, and by that I mean, if you're familiar
11 with the old VESID and ACCES-VR, which is providing
12 training services for those with disabilities here
13 in New York State, we are one of those largest
14 contract providers here.

15 To clarify, I think, why at least I'm here,
16 in my 35 years here, 6 weeks ago was the first time
17 that I ever felt, that regardless of compliance
18 outcomes, what we did, what my staff has done, for
19 students over the years, that I would be out of
20 business like that.

21 Those two proposals in the Governor's budget,
22 regardless of what you've heard today, the 80/20 and
23 the 50 percent would have totally put me right out
24 of business, both areas. And I believe almost all
25 of the proprietary sector.

1 I'm the 80/20 front.

2 The 80/20 is not a loophole.

3 It's not going up to 90/10 as a loophole for
4 veterans' monies.

5 Okay?

6 I have two licensed schools here in New York
7 State: one in Buffalo, one in Poughkeepsie.

8 My director is right behind me. She's been
9 with me for 24 years.

10 We are 100 percent reliant on ACCES-VR
11 dollars.

12 We train nobody but those disabled clients
13 that we get referred from your state agency here.

14 We are very proud of the job that we do for
15 those kids.

16 Learning-disabled, former drug and alcohol
17 abuse, you name it, those disabled students that
18 come to our school go through our program. And our
19 graduations, there is not a dry eye in the place.

20 Okay?

21 We are 100 percent reliant on those funds.

22 We are a contractor.

23 Those counselors elect to send those students
24 to us. They don't have to.

25 But that 80/10 -- that 80/20 rule would have

1 totally not allowed me to be a licensed provider
2 here in the state.

3 I'm the 50 percent rule, just for clarity.

4 I like hearing today that everyone's talking
5 about instruction, and 50 percent to instruction.

6 That's very different than the way it came
7 out.

8 In the Governor's proposed budget, it came
9 out 50 percent to faculty salaries.

10 That would have put me out of business.

11 There is no way any school in this state can
12 put 50 percent of its revenue to faculty salaries.

13 It's just not a business model.

14 It will never happen in the for-profit,
15 not-for-profit, public sector, anywhere.

16 So to me, that is why we're here.

17 In terms of our schools and what we do, and
18 what we've contributed, you know, I can tell you, in
19 35 years, I have been subject to, as you heard from
20 our commissioner:

21 Every two years, curriculum renewals;

22 Every four-year license renewals;

23 Teacher licenses;

24 Who I hire as my directors;

25 Who we hire as our admissions people, and

1 agents.

2 And anybody who gives information about our
3 schools, everybody has to be licensed.

4 Everybody has to either go through a state
5 BPS (sic) training program, or our internal.

6 We are subject to, here in this state,
7 surprise visits from our associates; from, you heard
8 earlier, the investigative unit of BPSS here in this
9 state, who has a staff.

10 I've had surprise investigative units show up
11 at my schools.

12 In my 35 years, I have had three student
13 complaints, I have paid one fine.

14 And six weeks ago, that could have all been
15 wiped away, and that's why we are really here today.

16 We are -- I am -- I cannot tell you, my
17 staff, directors, directors of placement, directors
18 of faculty, have been with us for years.

19 We have an 81 percent graduation rate, and of
20 that graduation rate we place 89 percent in the
21 field.

22 We recently did a study of our grads, because
23 it's difficult in this state to do business as a
24 proprietary school.

25 To even be here, I feel like we finally

1 earned our place at this table and being recognized
2 in higher education.

3 We did a survey of our graduates.

4 64 percent of our graduates went to a
5 community college or college.

6 Of that 64 percent that had gone, 70 percent
7 did not complete.

8 70 percent did not complete, yet they
9 graduated from us.

10 Of the 70 that did not complete, what they
11 recognized, and they admitted, was that 83 percent
12 said college wasn't for them.

13 40 percent acknowledged that they had some
14 learning difficulties.

15 So, when these proposals came out in the
16 Governor's budget, that would just wipe away the
17 sector, the thing that I think the Committee here in
18 New York State has to recognize is choice is
19 critical here in this state. There is such a
20 problem at higher ed, and students need as much
21 choice.

22 And I think that was recognized, which is why
23 I think we did get the support we did get.

24 But even on a go-forward basis, please
25 recognize that people here need choice. And any

1 regulations need to be administered across the board
2 for all.

3 Of those 70 percent that did not complete --
4 or, of those 30 percent that did receive the --
5 their degree, 90 percent are not even working in
6 their chosen field of study because, of course, they
7 came to us, and, hopefully, we placed them and were
8 working.

9 I disclosed many facts as you required in my
10 written testimony.

11 I just have to say that, these proposals, and
12 a lot of what was discussed even earlier, really has
13 a huge impact on our sector.

14 SENATOR STAVISKY: Thank you.

15 JOSEPH MONACO: Thank you.

16 Thank you for having us.

17 You're up.

18 FRANK TALTY: Thank you.

19 Thank you, Senator Toby Stavisky,
20 Assemblywoman Alicia Hyndman, and Senator John Liu.

21 It's an honor to be here with you guys today.

22 For anyone who doesn't know me, I am
23 Frank Talty. I'm the founder of the Refrigeration
24 Institute. We're in our 25th year.

25 And I'm the vice president of the Coalition

1 of New York State Career Schools.

2 It is my intention to speak to you about my
3 life's work, and the great work my colleagues do
4 here with me today, and to speak to you about the
5 entire private for-profit non-degree-granting
6 sector, and all the amazing students we serve.

7 The Refrigeration Institute has built many
8 strong relationships with HVAC contractors, hotels,
9 colleges, universities, and departments of New York
10 City and New York State.

11 For the past 20 years we have built a
12 partnership with one of the finest HVAC companies in
13 New York State, Donnelly Mechanical.

14 I have a letter from the president of
15 Donnelly Mechanical, John Fallon, which really
16 explains a lot.

17 It's a short letter, and I have submitted it
18 in my written testimony.

19 "I have known Frank Talty for over 20 years,
20 and worked with him in the Refrigeration Institute
21 during this time, to not only help recruit new
22 talent to our company, but to also train our
23 existing staff.

24 "The curricula offered at the school are head
25 and shoulders above the programs in the tri-state

1 area, and the reason we've partnered to develop our
2 technical teams over the years.

3 "Frank's approach to teaching and building
4 relationships with his staff, students, and friends
5 is rarely found in these days.

6 "I highly recommend Frank as a top-tier
7 educator, mentor, and person."

8 We train college graduates; high school
9 graduates; veterans; people with disabilities;
10 people who have not yet achieved high school
11 diploma, but have a proven ability to benefit from
12 our training.

13 In our schools, the Refrigeration Institute,
14 the "cool school," regardless of students'
15 background, we start with the basics.

16 Attention is retention.

17 So, first, we emphasize the importance of
18 showing up every day on time, no excuses.

19 If a student cannot commit to excellent
20 attendance right from day one, then they're not
21 ready to begin training.

22 Our classes begin at 10 a.m., and students
23 start showing up an hour before the class, often by
24 9:00 a.m.

25 We teach them how to learn: How to move

1 information into short-term memory. Then we teach
2 them how to move that information into long-term
3 memory.

4 Next we work on their self-esteem.

5 We talk to them about great people from
6 history, like Henry Ford, who said, "Whether you
7 believe you can, or you believe you can't, either
8 way, you're correct."

9 My students are amazing, but they don't know
10 that, because they believe that they're not smart
11 enough, old enough, young enough, fast enough, slow
12 enough, good enough.

13 Many believe they're just not enough.

14 When people told Henry Ford he was not
15 enough, that he could not build a car for around the
16 price of a motorcycle, he took the "t" out of the
17 word "can't," and he stuck that "t" on the front of
18 his car: The Model T Ford.

19 And the rest is history.

20 Once the student believes he or she can do
21 this, they begin to learn like never before in their
22 life. Now all things are possible.

23 This private for-profit non-degree-granting
24 sector, career trade schools, are the most
25 innovative, most flexible, the most responsive, to

1 whatever the economic need for skilled development
2 in New York State is, to whatever the economic need
3 for skilled development in our society is.

4 We serve a very important educational role in
5 this state, and we do it well.

6 This is exactly what we do for so many
7 companies in this state.

8 I have submitted a letter from
9 Robert Berninger, director of plant operations,
10 energy, and engineering, facilities operations
11 division, Memorial Sloan-Kettering Cancer Center.

12 In his letter, he states that "TRI was chosen
13 over many other schools due to its willingness to
14 tailor its program to the needs of MSK. Other
15 schools wanted more students or were unwilling to
16 tailor their program."

17 Mr. Berninger is very happy with the
18 knowledge TRI instilled in their students, and if
19 they need more engineers, they will partner with TRI
20 again.

21 This private for-profit non-degree-granting
22 sector is leading New York State in preventing
23 recidivism.

24 Many of our alumni, within two to five years
25 of graduation, are making over \$100,000 per year.

1 Making just half that amount is an amazing
2 accomplishment.

3 And this is how we are not just talking about
4 generational change. Together, our sector is making
5 true generational change.

6 In conclusion, like many of my colleagues in
7 the for-profit non-degree-granting education sector,
8 I feel I was born to do this; that this is my
9 calling in life.

10 It is where I combine the skills that I have
11 learned in my life, and my ability to communicate
12 those skills to others, for the purpose of enriching
13 lives, and the lives of their children and
14 grandchildren.

15 I love my work.

16 I feel I do a good job of refrigeration, air
17 conditioning, training, with the strong electrical
18 component, the same as my peers who train people in
19 electricity, plumbing, carpentry, medical programs,
20 culinary, computers, automotive, and the beauty
21 industry, as well as many other career paths.

22 I hope to teach and help change lives for the
23 rest of my working days.

24 Thank you so much.

25 SENATOR STAVISKY: Thank you.

1 BESHOY BOSHRA: Good afternoon, Senators and
2 Assembly --

3 SENATOR STAVISKY: Would you get a little
4 closer to the mic.

5 BESHOY BOSHRA: My name is Beshoy. I come
6 from Austin Medical Assistant Training in
7 Forest Hills, Queens.

8 I would like to say, about Austin Medical,
9 why I have this school.

10 Particularly, this is not my first business.

11 I have before the school, three other
12 business.

13 I'm doing very good in this business.

14 I have a lot of people who work with me.

15 We making successful service for all of our
16 patients, because my business is related to the
17 medical field, and some business not related to the
18 medical field.

19 In one point, when we tried to hire people
20 coming from other schools, we tried to get some
21 people who's experienced that can serve the patient,
22 because we deal with health, and we need people who
23 really care about people life.

24 And we found a little bit hard to get people
25 with experience that can help our patient or help

1 our doctor offices, or when we send people to the
2 hospital; so people that like helps patients, and
3 giving us good service for our patient.

4 Until we get to the point, we have one of our
5 medical assistant, and I would like to say that she
6 was coming from community college. And when we hire
7 her to work with patient, and, (indiscernible), what
8 all of us know, when we go to doctor office, the
9 first thing we do, vital sign.

10 We realize she doesn't know how she can do
11 vital sign.

12 And this is the basic thing in the medical
13 field.

14 From this point, I decide, me and my team, to
15 start doing school to train the student, to give
16 them the qualification, and make them successful in
17 this field.

18 And from here, coming Austin Medical
19 Assistant Training, to be having the student, train
20 them the right way in the field, give them job, and
21 put them in the field.

22 We get a lot of student. We don't do any --
23 a lot of advertisers.

24 Even in the building, like, I don't have a
25 sign in the building. There's a small sign on the

1 front door.

2 But, when we start with a couple of student,
3 all my student have it now, (indiscernible) in my
4 report, almost talking about 45 student, all of them
5 coming of the network from another student.

6 All of them, they get job.

7 And the good thing in the school here, they
8 not only get job after graduate, we have 100 percent
9 job placement after graduate. All of them work on
10 the field. It is not anything related to the field,
11 on the medical field.

12 And I have 95 percent of my student, they are
13 working in the field.

14 They understand the program, they understand
15 the school. And we send them to work with doctor
16 office and hospital, and they are still continue
17 education with us.

18 We're very happy we have this service for,
19 I don't want to say young people, because,
20 (indiscernible), we take like 20 and up years,
21 people coming in. And they are able to understand
22 what they coming for.

23 They knows, when they sign the enrollment
24 agreement with our school, they has all the details,
25 break it down for everything, paying how much the

1 tuition books and registration fee. They know they
2 have the seven days. If doesn't want to continue
3 the school, they can take all the money back.

4 They knows all the stuff from the school, the
5 refund policy, it is in the enrollment agreement
6 they sign, and how they can get the money back.

7 So, basically, it has every single detail to
8 understand how the school and program work.

9 What surprise me for some times are the
10 running the school, and work in the medical field, a
11 lot of people coming in.

12 And, before, I was not reported this names,
13 but now I start to report after the budget, and
14 stuff like. We receive some students coming from
15 community college.

16 They has a medical assistant program, and
17 they want to take the program again.

18 And I have the student names, because we
19 start to report that.

20 And the questions is, they ask them, they
21 pay, but they doesn't get the quality education, and
22 they come back to our school to get training
23 because, as a private school, we're focused with the
24 hand-on.

25 At the career school, if our student doesn't

1 have experience and hand-on, they will never found
2 job.

3 And this is where we're focused, to give the
4 student the experience and the hand-on before they
5 start the career.

6 And I'm think this is why we have 95 percent
7 of our students still in the school, continue the
8 classes, and they get hired.

9 How much we charge, and I hear the group
10 before us was talking about the prices we charge.

11 It surprised me, ultrasound program, we
12 charge \$25,000 for two years and a half.

13 One of the school, and I say community
14 college in Long Island, they charge you 43,000.

15 EKG, we charge 400.

16 Other school, Laguardia, charge 963.

17 And, this is just some of the programs.

18 (Indiscernible) we charge 500. Other schools
19 charge 1,540.

20 So is double what we do with our student.

21 In the end, and to be honest, after a couple
22 of months is when we started the school, was all
23 this rules and regulations, and -- and -- and
24 killing us.

25 We decide, me and my team, we have a meeting,

1 because we said, why we have this stuff for
2 business? It was all just regulations, and rules,
3 and killing ourself. And our time is spent from
4 7 a.m. until 10 and 11 p.m. in the office, report.
5 When we finish with the report, another report
6 coming in, and they asking for every single details.

7 And I just submit report for credential for
8 all my students: The name, the phone number. Where
9 they get hired, the phone number of the place. Who
10 is the manager? And, how many student apply, how
11 many student accept?

12 Like, it is, like, crazy.

13 Like, I all my business before, I don't have
14 to spend all this time, and I'm making a lot of
15 money.

16 And now when I get this business, is to be
17 honest with you, is a lot of headache.

18 But, we have a meeting, this is what we
19 decide, to continue education, and because of one
20 reason:

21 All my business, what we do, it just dealing
22 with business, making money, we're good.

23 But this is the first time we feel, I did all
24 for all the business before, my signature, I don't
25 feel it when I sign a check for over two hundred,

1 three hundred thousand. I don't feel when I sign
2 those checks like that.

3 But, when I start to sign the certificate for
4 a student, I start to feel the value, I start to
5 feel I'm giving my student, life, future, a career
6 to start.

7 So this is what we decide to continue, the
8 school, because we really focus about our student,
9 to give them life and future.

10 It is not everything we have to spend the
11 time to get money.

12 Sometimes we need to spend time in our school
13 to give other people life and futures.

14 Thank you.

15 SENATOR STAVISKY: Thank you.

16 ANTHONY CIVITANO: Thank you,
17 Senator Stavisky, Senator Liu, and the Honorable
18 Assemblywoman Hyndman.

19 My name is Anthony Civitano.

20 And I am here on behalf of the -- I'm the
21 executive director of the New York State Beauty
22 School Association, as well as a former school
23 owner.

24 I'm a second-generation licensed hairdresser,
25 second-generation school-owner.

1 And I'm here to tell the story of our
2 students and our schools.

3 I'm going to jump around from the aggregate a
4 little bit, and then to my own experiences.

5 The intent for my testimony is to demonstrate
6 the rigors of regulation and oversight that
7 for-profit schools, non-degree-granting schools,
8 must abide by to operate in the state of New York.

9 As you've heard from many of my colleagues,
10 the education law, 5001, is a very well-equipped
11 oversight tool for the State Education Department to
12 have oversight over us.

13 As mentioned before, all of our schools are
14 licensed, our curriculums are approved and licensed,
15 our directors are licensed.

16 And I think one of the most important things,
17 as we speak about predatory schools, is that our
18 agents are licensed, and they're the only ones that
19 are allowed to speak to the students, or potential
20 students as they come to inquire about our schools.

21 In the Beauty School Association, we're
22 teaching the non-traditional student.

23 These are not students that go the
24 traditional pathways of higher education.

25 Many of them have tried in the past to go to

1 that route, or many want to -- they come out of high
2 school knowing that this is what they want to do.

3 So rather than go to a two- or a four-year
4 degree-granting school for, I don't know what, which
5 is what they have generally go for, they're coming
6 to our school for the trade of their choice.

7 They know what they want to do.

8 Many of them are second- or third-generation
9 hairdressers, makeup artists, estheticians, nail
10 technicians; whatever you have.

11 So when they come to us, they have a very
12 focused intent on what they're going to do at our
13 schools.

14 Our programs are promulgated by the
15 Department of State.

16 So the Department of State is what gives us
17 our 1,000-hour core curriculum, and then the schools
18 write their own curriculums around that core
19 curriculum.

20 We have to teach that 1,000 hours.

21 We cannot deviate. We cannot change
22 anything. We can't even change nomenclature.

23 We keep it exact and succinct to what the
24 Department of State licenses us for.

25 The BPSS has the oversight for that, it gets

1 approved through their rigors, and then we start to
2 teach.

3 When our students graduate, they are ready to
4 sit for a written and a practical exam, which then
5 licenses them for general business law, to be
6 licensed as a hairdresser, or whatever chosen
7 program they've taken in our institutions.

8 I'm sad to see that some of the Senators
9 leave today, because I definitely want to address
10 some of the misleading -- misguidance about default
11 rates or about completion rates.

12 Many of our schools, if not all of the
13 30 schools that we represent, are accredited
14 institutions.

15 So, in the journey to become an accredited
16 institution, you have to be a licensed school.

17 And by the way, when gainful employment was
18 first created at the national level, there was
19 something called "state authorization".

20 And I'm happy to say that New York State was
21 able to fly through that litmus test because we are
22 regulated by the Department of Education.

23 Not a state board, not a group of people who
24 are just practitioners in the industry, and they
25 create the rules.

1 But, the State Education Department.

2 We're not governed by the Labor Department or
3 the Department of Health.

4 It's the State Education Department;
5 therefore, we were able to really get through that
6 with, I don't want to say ease, but a lot of other
7 states didn't have the ability that we had.

8 So, when our students graduate, they are only
9 allowed to borrow \$9500 as an -- in an academic
10 year.

11 That is the maximum that they are allowed to
12 borrow.

13 They can receive a Pell grant of up to,
14 approximately, 6500.

15 In aggregate, our schools in the state of
16 New York charge about \$15,000.

17 So the students are allowed to actually get
18 granted and borrow more than we are charging.

19 When our students graduate, they're getting
20 positions, starting out anywhere from \$24,000, to
21 the sky is the limit.

22 When they come to our schools, we do not
23 promise that they'll be Vidal Sassoon, but we do
24 promise them that we will give them an entry-level
25 education to pass the written and practical test,

1 and get an entry-level position out in the career.

2 Then the career helps them as they go along,
3 like any other.

4 With experience you get better, and you're
5 able to advance your career.

6 I want to talk about default rates a little
7 bit, if I can.

8 The default-rate problem in the national
9 scope should really be looked at, that the federal
10 government should not be charging 6 percent for a
11 student loan.

12 That is prime-plus.

13 If the government wanted to really help
14 students out, they should do a study of themselves
15 and find out what the cost of administering those
16 loans are, and then charge the appropriate interest
17 based on that.

18 One of our colleagues earlier spoke
19 about student loans being put into
20 forebation (sic) (ph.), or holding them off.

21 Well, I can tell you that, after three or
22 four years, when does personal accountability come
23 into the student?

24 To look at somebody who's graduated 10 years
25 ago, and they haven't paid back their student loan,

1 I just don't see the common sense in that.

2 I can see, two years, three years, but beyond
3 that, where's the personal accountability?

4 What are we teaching our generation, this new
5 generation, about personal accountability?

6 We're not.

7 We're teaching them that, you can do whatever
8 you want to do, and then just dump over anybody if
9 you didn't achieve what you wanted.

10 Our students' graduation rates in the beauty
11 schools, if you're an accredited school, at minimum,
12 this is minimum, and we all exceed this, is
13 50 percent completion rate, 60 percent licensure
14 rate -- I'm sorry, employment, and 70 percent
15 licensure rate.

16 I would put those statistics up against any
17 two- or four-year degree.

18 Our students graduate, they work in the
19 field.

20 And the wonderful thing about this industry,
21 is that you can work as little or as much.

22 You can work behind a chair. You can be a
23 sales representative. You can go to research and
24 development.

25 There are so many aspects of our industry

1 that you can go into.

2 I want to speak about my own experience now.

3 At one time I owned two schools -- well,
4 I owned nine schools, but at one time I owned two
5 schools; same exact ownership, same exact
6 curriculum.

7 One school was in an inner city based in
8 Long Island, in Nassau County.

9 The other was in -- further out in the
10 suburbs in Suffolk County.

11 Now, remember, same ownership, same
12 curriculum; same everything. Different student
13 body. But our default rates were vastly different.

14 I ask you, is that because of the school, or
15 is it because of the students that we're teaching?

16 We have 1,000 hours to teach them.

17 We teach them, remember, a dictated program
18 of 1,000 hours.

19 We try to get in there as much as we can
20 about fiscal, aptitude, and being able to have
21 student-loan repayment in their mantra.

22 When we're enrolling them and we're
23 administering the student loans, we are explaining
24 to them about how to budget, and how to make sure
25 that they can afford this program.

1 So I ask you, again: When does it become
2 student's accountability, and not the school's?

3 Default rates are not a judgment, or a good
4 correlation to the schools, good or bad.

5 And last thing I'd like to say, Senators, is
6 that I would love to see, instead of percentages of
7 students, add in the dollar amount.

8 Because our students, on average, enroll
9 about 100 to 110 students a year.

10 Some are 50 students a year, some are
11 300 students a year.

12 When the students default, at 5 or
13 10 percent, or even to 30 percent maximum allowed,
14 look at the dollar amount that is attached to that,
15 as opposed to some of these two- and four-year
16 degrees, where they're charging exorbitant amounts
17 of tuition, and the default rate then correlates to
18 real hard dollars.

19 I thank you for your time.

20 If you have any questions for me, I would
21 love to answer.

22 SENATOR STAVISKY: Thank you.

23 ASSEMBLYWOMAN HYNDMAN: First I want to thank
24 Senator Stavisky for having this hearing. I think
25 this is very informative.

1 And to your staff, and allowing me to
2 participate.

3 Obviously, I'm not on the Senate, so it's
4 really funny to sit on this side, and look at the
5 representatives before me, because these were some
6 of the schools that I had the opportunity to provide
7 oversight to.

8 And I think one of the things that they spoke
9 very interestingly about is the amount of oversight
10 that the Office of the Bureau of Proprietary School
11 Supervision provides to the proprietary
12 non-degree-granting sector.

13 With only 20 to 25 people, they're able to
14 supervise over 400 schools throughout the state of
15 New York, as well as incoming schools who want the
16 privilege of becoming proprietary schools.

17 So I would say that the oversight is there.

18 And, if anything, and I'm going to say this
19 joke, and I know this is recorded, that, as a former
20 investigator, one of the things we said was,
21 "Schools become degree-granting because they don't
22 want the oversight."

23 And, the amount of work, if a complaint is --
24 if a complaint is there, the oversight, when we come
25 unannounced to the school, like you said. The

1 agents have to be licensed to do the admissions.
2 The advertising is even reviewed by that office
3 within SED.

4 And a lot of times the AG would refer
5 complaints to SED, to do the investigation, and the
6 findings would be given to the attorney general.

7 And, last, I don't have any questions for you
8 all, because I know BPSS does a good job, and
9 I don't think they always get the credit that they
10 should.

11 And I see Kevin Smith is still here, so
12 I have to say it for his benefit.

13 But I think the office does a tremendous -- a
14 tremendous lift for the state of New York.

15 And I will say this:

16 That, we talk about Trump University a lot.

17 That investigation started in BPSS, with
18 undercover investigations, and all of that
19 information was given to the former attorney
20 general, and that office took all the credit.

21 So, I understand the work that you all do,
22 and the oversight that's there.

23 And I would really -- we're exploring
24 legislation to duplicate some of the efforts that's
25 done in BPSS, as maybe for the proprietary-college

1 sector.

2 I think, you know, the "cool school," the
3 work that you do with HVAC students, getting them
4 employed throughout the institutions throughout the
5 city of New York, is instrumental.

6 So, I congratulate all of you for being in
7 this business.

8 And, you're newer to this than the people
9 sitting on either side of you, but, the --
10 New York State has done a great job with the
11 oversight, and I hope they continue to do that,
12 which is why they ask for all the information that
13 they ask for, to make sure the quality of education
14 the students are getting is -- is -- is worthy of
15 it.

16 Thank you.

17 SENATOR STAVISKY: Thank you.

18 And let me thank you for coming, because
19 I think your questions here came from not just the
20 role of an Assemblywoman, or community leader, but,
21 as a professional in the field.

22 It was like having another expert witness,
23 except the expert witness is sitting on this side of
24 the table.

25 So we certainly appreciate your insights,

1 and, anytime.

2 ASSEMBLYWOMAN HYNDMAN: Thank you.

3 SENATOR STAVISKY: Thank you.

4 Senator Liu.

5 SENATOR LIU: Well, thank you, Madam Chair,
6 and I want to thank you for holding this hearing.

7 I don't think that the gentlemen enjoyed
8 seeing me here as much as they saw the
9 Assemblymember, especially with her previous
10 capacity.

11 So, you know, it's been a long hearing, but
12 thank you very much for your testimony.

13 I think some of your testimony went far
14 beyond the scope of this hearing, so we can -- if is
15 anything that we need to do, we certainly can, with
16 the Chairwoman's consent, work on it.

17 But on this particular issue, whether we go
18 forward or not, again, we want to protect our
19 constituents, your students.

20 Most of your contention is that they don't
21 need protection.

22 And I think -- I suspect there's probably
23 some truth somewhere in the middle. If not
24 necessarily relevant to every one of your
25 institutions, there probably -- it probably does

1 pertain to at least some of the institutions in our
2 state.

3 So thank you very much for the input, and
4 I am fairly confident there will be quite amount --
5 quite an amount of follow-up.

6 Thank you.

7 SENATOR STAVISKY: Thank you.

8 And I thank everybody for coming.

9 And, I think this has been a very, very good
10 experience, particularly in terms of trying to do
11 the right thing, whether it be the regulation, the
12 oversight, but, also, responding to the Governor's
13 budget, Article 7 language, about the 60 -- the
14 80/20 rule and the 50 percent rule.

15 And I think it's been painted with such a
16 broad brush, that I'm not sure how much of that
17 applies to the career schools.

18 I agree with much of the testimony.

19 But on the other hand, we've got to make sure
20 that the consumers are protected, because, with all
21 due respect, they are our clients, as your clients.

22 So I thank you all for coming.

23 And we have a lot of paperwork, thanks to
24 (indicating).

25 TERENCE ZALESKI: Yeah, well, we'll keep the

1 staff busy for a while.

2 SENATOR STAVISKY: But, we do thank you for
3 coming, as we thank all of the people who came: the
4 consumer advocates, the degree-granting colleges,
5 and the State Education Department, because I found
6 their testimony to be very compelling also.

7 So I thank you, and this hearing is
8 adjourned.

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10 (Whereupon, at approximately 2:06 p.m.,
11 the public hearing held before the New York State
12 Senate Standing Committee on Higher Education
13 concluded, and adjourned.)

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