



AN ASSOCIATION OF CAREER SCHOOLS OF POST SECONDARY EDUCATION SINCE 1945

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THE DESTRUCTION OF PRIVATE CAREER SCHOOL EDUCATION IN NEW YORK STATE Impact of the Proposed "For-Profit College Accountability Act"

PART E of the Education, Labor, Family Assistance Budget Bill (A2006/S1506) in the proposed 2020 Executive Budget will shut the doors to the approximately 400 non-degree granting for-profit career schools in New York State. It will end jobs for over 5,200 licensed teachers. It will eliminate paths to opportunity for 180,000 students in a typical year.¹ These students represent the mosaic that is New York.

While demographic data regarding protected classes is not collected from our schools for statistical analysis, our organization knows from informal surveys that our schools are often the last chance for success for many of our students. Many are Black, Hispanic, Asian, and of countless nationalities and origins. Many are women returning to the workforce or seeking a first career. Others are dislocated or unemployed workers pursuing a new and different path. Still others are returning Veterans or those with disabilities, including many recovering from alcohol or substance abuse. Others were formerly incarcerated who are seeking a new shot at life. Large numbers of our students tried their hand at community colleges and despaired. Some are not high school graduates.

The Governor's proposal uses arbitrary metrics that have no basis in guaranteeing quality education or outcomes. The 80/20 formula and the 50% teacher salary provisions miss the point that tuition revenue from students is the ONLY source of revenue for most career schools. Unlike public institutions, non-degree for-profit career schools do not receive taxpayer-funded subsidies, operating assistance or capital construction help. Students at non-degree for-profit schools do not receive any TAP funding, so no state assistance supports our schools or programs. Large, private, not-for-profit institutions often have substantial endowments, grants and funding sources for research and other activities. In addition, our schools pay federal, state and local corporate income taxes.

It is easy for public institutions and large, private, not-for-profit colleges to allocate their revenue and expenses so that larger amounts of tuition revenue appear dedicated to teacher salaries. Notwithstanding that, it should be noted that statistics released by the National Center for Education Statistics² for 2015-16 (the most recent year available) show that the percentage of TOTAL expenses for Instruction at Public Institutions is 30%, Private nonprofit 32% and Private for-Profit 27%.³ Likewise, as relates to certificate-granting programs at schools which are Title IV eligible, even the Century Foundation's recent study showed that the amounts spent on instruction in such programs did NOT vary widely, with public institutions at \$6,811, private non-profit at \$6,428, and for-profit at \$6,101.⁴

This proposal completely ignores the important impact of certificate-granting programs on providing a skilled workforce in New York State. Table I suggests the unfilled job demand for several occupations and the percentage of for-profit private career schools completers. The table reveals the critical role that for-profit career school capacity plays in fulfilling outstanding job demands. Where is the capacity to provide this training otherwise?

TABLE I - 2017 New York Job Demand and Completion Data in Selected Fields⁵

Program Name: Culinary Arts
 Total Completions: 1,744 (38% of completions from our sector)
 Job Openings: 20,350
Unfilled Jobs: 18,606

Program Name: Information Technology
 Total Completions: 884 (9% of completions from our sector)
 Job Openings: 13,470
Unfilled Jobs: 12,586

Program Name: Cosmetology and Related Personal Grooming Services
 Total Completions: 4,465 (95% of completions from our sector)
 Job Openings: 9,000
Unfilled Jobs: 4,535*

**Note that this includes multiple programs including hair stylists, nail technicians, makeup artists and skincare specialists.*

Program Name: Graphic Design
 Total Completions: 936 (36% of completions from our sector)
 Job Openings: 4,880
Unfilled Jobs: 3,944

Program Name: Automotive Mechanics Technician
 Total Completions: 992 (57% of completions from our sector)
 Job Openings: 3,890
Unfilled Jobs: 2,898

Non-degree granting for-profit schools are governed by the New York State Education Department’s (“SED”) Bureau of Proprietary School Supervision (“BPSS”) pursuant to comprehensive legislation that was enacted in 1990.⁶ The legislative framework and enabling regulations have provided a robust and effective regulatory structure for New York’s non-degree granting for-profit career schools. Student protection is at the heart of the framework and the oversight of BPSS is rigorous. The New York model is the most comprehensive and detailed system in the United States.

To receive a BPSS career school license, every aspect of a school's proposed operation is vetted. Curriculums and enrollment agreements must be approved. All teachers must satisfy special work-experience criteria and teaching methodology courses. Financial viability is judged by SED accountants. BPSS inspects all proposed classroom and administrative space, and it even specifies the number of students that can be in each class for a particular program. Admissions representatives are licensed, incentive compensation is prohibited, and schools have well-defined student service and job placement procedures. Annual certified financial audits must be filed before July 1 for the preceding fiscal year. Periodic license renewals are required for curriculums, teachers, admissions counselors, and directors, along with school relicensing as well.

The budget for BPSS oversight and monitoring of the schools is provided by the schools themselves. The statute requires that one-half percent of all GROSS ANNUAL TUITION RECEIPTS ("GAT") be remitted to the BPSS Supervisory Account, a special revenue account.

In addition all schools have remitted substantial funds into a Tuition Reimbursement Account designed to make a student whole if it can demonstrate that the school violated any standard or operating procedure. The TRA assessment is as much as an additional one-half percent of GAT for a newly licensed school and, depending on the amount in the fund, all other schools might be required to pay three-tenths of a percent. Usually, a viable school will reimburse the student directly after a BPSS determination, rather than drawing down the TRA. The TRA is a special protection in case a school closes. BPSS can pursue collection of any amount that might be paid from the TRA.

As the preceding recitation of BPSS oversight reveals, many parts of the revenue stream for New York's non-degree granting for-profit institutions are determined by the state. The number of students per class, the number of classrooms, the nature and format of curriculum, and the quarters requirements ... all of these are set by the state. Even the cost of a program and the method of payment must all be spelled out in a state-approved enrollment agreement. Specific refund policies keyed to dates of withdrawal are required to be expressly stated on the enrollment agreement. This comprehensive regulatory system means that a school has limited ability in how it shoulders its operational expenses. Unlike public or not-for profit private institutions, It cannot expand class size or add more classrooms to try to mitigate fixed costs. There are no "survey" lecture classes at our school with 200 students and one instructor! How do the faculty ratios compare for the public and private, not-for-profit institutions and us, especially if TA's and graduate assistants were excluded? This would make for some interesting research that suggests a major flaw with the reasoning of the Governor's proposal.

The salaries paid to teachers in non-degree granting for-profit institutions are determined by market forces. Licenses are held individually by each teacher. Teachers seek opportunities to fit their personal career goals and expectations. They are not being exploited by the salary structures in place, but, on the contrary, those structures must be competitive in the marketplace.

Fixed costs dominate most non-degree granting career schools – rent, insurance, build-out and maintenance of physical space, equipment, information technology, accounting, administration, compliance, licensing costs, and the surcharges paid BPSS for monitoring and the TRA. The vast majority of all these schools will be shuttered by the 50% teacher salary proposal.

The Governor’s proposal runs 180 degrees counter to the renewed emphasis on career education espoused by the New York Board of Regents and extant in the entire United States. More pathways to career success should be encouraged. The “one-size, fits all” college degree is no longer regarded as society’s standard of achievement. The State Education Department has been expanding its emphasis on Career and Technical Education (“CTE”) and has even pioneered a high school graduation pathway that allows substitution of a Career Development and Occupational Studies (“CDOS”) credential for a Regents exam.

Non-degree granting for-profit schools have been sought after by public schools to provide training to public school students while still in high school. Our schools are saving public school districts the expense of capital outlay and operational costs. This proposal threatens the existence of those schools.

A number of schools in our sector have successfully dedicated much of their mission to serving students with disabilities who are recommended for placement by vocational rehabilitation counselors through SED’s ACCES-VR (Adult Career and Continuing Education Services- Vocational Rehabilitation) services. This proposal threatens the existence of those schools.

Other schools in our sector provide unique training that is indispensable in the New York metropolitan area -- welding, high pressure boiler maintenance, HVAC, and stationary engineer schools – this proposal threatens the existence of those schools.

The need for entry-level support staff at hospitals, doctor’s offices, dental offices, nursing homes, hospices, and home care is staggering. This proposal threatens the very existence of the schools that train for those careers.

Our schools have long provided the vast majority of trained and licensed cosmetologists, estheticians, and barbers throughout New York State. This proposal threatens the existence of those schools.

New York City, home to so much of the performing arts, depends on several non-degree granting for-profit career schools. This proposal threatens the existence of those schools.

The 180,000 men and women who choose to attend New York’s licensed career schools are receiving an education that has been crafted to meet exacting state standards and fulfill occupational goals. Our schools only exist to the extent that they succeed at getting students to complete their training, graduate and be launched onto a chosen career path. Most of the programs of study at our

career schools are less than one year. There is real value in the certificate or diploma that the student receives.

The Governor's "For-Profit College Accountability Act" does nothing for accountability of our schools. That is already being provided by the BPSS licensing, monitoring and enforcement mechanisms. They work. BPSS has already addressed the issue of arbitration agreements as well. The only impact of this wrong-headed proposal would be the complete and utter destruction of our schools. The hundreds of thousands that might otherwise benefit from career opportunity will be denied their chance. Neither the Assembly nor Senate could countenance this result. This proposal must be discarded in its entirety. No portion of it should be approved.

¹ FY 2020 Executive Budget Briefing Book, p. 97.

² The National Center for Education Statistics (NCES) is the primary federal entity for collecting and analyzing data related to education in the U.S. and other nations. NCES is located within the U.S. Department of Education and the Institute of Education Sciences. NCES fulfills a Congressional mandate to collect, collate, analyze, and report complete statistics on the condition of American education; conduct and publish reports; and review and report on education activities internationally.

³ <https://nces.ed.gov/fastfacts/display.asp?id=75>

⁴ "Grading New York Colleges," The Century Foundation, Table 4 (2018)

⁵ Total Completions pulled from Department of Education IPEDS using 2017-18 provisional release data. Job Demand found using Projection Central Short Term Occupational Projections (2017-2019) Average Annual Openings.

⁶ Chapter 887 of the Laws of 1990, Proprietary School Reform Act, (A.7517-D(Brodsky)), subsequently designated as Article 101 of the Education Law, Sections 5001-5010.