



MAPCS

**Massachusetts Association
of Private Career Schools**

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LEGISLATIVE FACT SHEET

MASSACHUSETTS H.B. 38

Career Colleges – Governance & State Oversight

Summary:

This bill transfers the responsibility for oversight of private occupational schools from the Department of Elementary and Secondary Education (ESE) to the Division of Professional Licensure (DPL) within the Office of Consumer Affairs and Business Regulation.

Status:

The bill was filed on January 27, 2011.

The bill has been referred to the Joint Higher Education Committee. The bill has been referred to the Joint Committee on Higher Education. The Committee chairs are Senator Michael O. Moore (D-Milbury) and Representative Tom Sannicandro (D-Auburn).

MAPCS Position:

Private Career School Should Be Part of Higher Education

MAPCS is opposed to the passage of HB 38 for the following reasons.

- MAPCS member schools are post secondary institutions of higher learning just like any other college, community college, junior college, and non-profit private school located within the state.
- MAPCS schools specialize in offering career specific training programs. However students attend classes, study, do homework, take exams, receive grades, credits, and transcripts exactly like their counterparts in any other approved institution of higher learning in the state.
- MAPCS schools employ instructors, advisors and administrators. Our schools have detailed curriculum with learning objectives. We employ career professionals as instructors and provide them with the tools they need to be successful teachers.
- We employ career advisors, directors of education, financial aid advisors and admissions representatives.

- Many of our schools are nationally accredited by an agency recognized by the United States Department of Education.
- In some cases our programs can help prepare a graduate to sit for a professional license examination but that is not the primary mission of the majority of our schools. The primary mission is to provide an education that can lead to gainful employment. Many of our schools provide core general education courses along with career specific courses that could offer the graduate the opportunity to transfer into a traditional college program.
- Our graduates become successful taxpayers and contribute to the state's economic prosperity. Our schools also employ hundreds of professionals that also pay taxes and contribute to the state's economy.
- The DPL is a consumer protection agency, not an educational authority. The current regulators believe they must have more authority to protect consumers (students) from bad schools. However, when we look at the list of school closings in the past several years there are only a few. Not a reason to subject an entire industry that has an overall record of providing quality training to this type of scrutiny.
- Moving oversight to DPL will give our schools a negative impression on potential students. When an individual is determining whether or not to attend one of our schools he/she would basically be presented with two choices: apply at one of the many traditional type schools overseen by the Mass Board of Higher Education or apply at one of our schools which are overseen by the "Consumer Protection Agency."
- At the DPL our regulators will have additional authority to impose fines on our schools, raise fees, subpoena records, etc. Again their objective is to protect consumers. Our objective is to provide quality educational programs.
- When we review the list of overseeing agencies in other states, we find higher education boards, workforce training boards, departments of education, etc. In our neighboring states in New England and in New York, private postsecondary school oversight is within an education department. Why should we in Massachusetts be treated any differently? Further why should we be treated any differently than our counterparts in the traditional type schools in our state?

In Massachusetts there are approximately 300 private career schools with a total enrollment of about 80,000 students. Our schools have an 81% completion rate and 76% of our graduates are placed in a training-related job. The average program length is only nine months and the average cost is only \$11,000.

Since early in the 20th century the state's proprietary schools were required to be licensed by the Commonwealth of Massachusetts, Department of Education. In recent times that office changed its name to the Department of Elementary and Secondary Education and as such we understand that it no longer makes sense for our schools to be overseen by this department.

However, we have a rich history as being a part of the department of education and we believe our oversight should remain within the educational sector of state government. We also believe our students deserve no less than to attend institutions of higher learning that receive oversight from the same educational sector of state government as their counterparts in the traditional schools.

For these reasons we believe the Office of Proprietary Schools should be moved to the Massachusetts Office of Higher Education and be provided the funding necessary to continue its important work with our schools.

Oversight

MAPCS members agree that some oversight for private career schools is warranted. Our member schools want to ensure that students receive the highest level of training and education. However, this legislation goes too far. If passed, the bill would give a single administrator the ability to change the way a school develops its curriculum and hires faculty. We consider this excessive oversight. Clearly a school would not remain in existence if it did not provide students with qualified faculty and a curriculum that leads to job placement.

Allowing a single administrator the right to create a fine and penalty structure is also problematic. Schools should abide by specific rules. However, if this legislation passes, one overzealous state employee could effectively shut a school down without cause and even have the right to issue subpoenas. This could have the unintended consequence of creating a police state atmosphere where simple regulations would suffice.

Surety Bond

This legislation also repeals the one hundred thousand dollar cap on surety bonds and other forms of indemnification for business, correspondence and trade schools.

Repealing the one hundred thousand dollar cap on a career school surety bond and allowing for an open-ended bond could result in an exorbitant increase in costs. Currently a surety bond costs approximately \$25.00 per one thousand in coverage. For a \$100,000 bond that cost totals \$2,500. However, if a school were required to obtain a \$500,000 bond that cost increases to \$12,500. For a \$1,000,000 surety bond the cost would be \$25,000.

Asking schools to purchase excessive and expensive surety bonds is unnecessary because the costs associated with the bond far exceeds the risk when consideration is given to the unearned tuition factor.

Unearned tuition represents the actual tuition dollars collected minus the actual tuition earned from all tuition at a given point in time. Usually it is calculated at the end of each fiscal year.

Most often the unearned tuition figure is not as large as one might think because many schools don't collect the tuition up front. Most schools allow students to make periodic payments. In addition the majority of schools also accept financial aid, state aid, or employer reimbursement. Schools quite often have to wait for these funds and frequently receive the money only after the student has graduated.

Admittedly there are some very rare cases wherein a school collects funds up front and then closes before the student can benefit from training. However, even in these very extraordinary instances, the funds collected in advance would not necessitate the need for an excessively high surety bond. At any given point in time schools would have only collected a portion of total tuition.

The cost of obtaining the bond is not the only problem in today's economic market. For most schools it would be difficult, if not impossible, to obtain a bond because banks and insurance companies would be unwilling to issue bonds in large amounts even if a school had a triple AAA credit status.

Schools with less financial strength could be required to pay an even larger amount for more risk, assuming the insurance company would consider issuing the bond in the first place. An insurance company may also require schools to put up an equal amount of money in a secured instrument to back the bond, which would be equally unaffordable.

Many of the state's career schools might be forced to close their doors because they either could not obtain or could not afford a surety bond.

Moreover, schools with expansion plans would scrap development because operating in Massachusetts would become cost prohibitive, thus hurting the potential for job growth and an enhanced tax revenue stream for the Commonwealth.

This provision is bad enough but HB 38 would also allow the Office of Proprietary Schools to raise the bond at will. Currently changes to the surety bond provisions must be handled by changes in the statute.

What Is MAPCS?

The Massachusetts Association of Private Career Schools (MAPCS) is a non-profit membership association whose members are comprised of private career schools and colleges that offer career specific training.

What Is a Private Career School?

There are nearly 300 private career schools in Massachusetts that train approximately 80,000 students each year. The training is generally completed in a short period of time, is affordable and leads to rewarding careers.

The schools produce employees with the skills that employers are looking for in a variety of fields including business administration, allied health care, broadcasting, computer technology, cosmetology, culinary and hospitality, dental, electronics, legal administration, massage therapy, medical billing & coding, pharmacy, photography and many more.

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