



February 4, 2020

**RE: Northwest Career Colleges – Oregon (Position Summary)
SB 1544**

To: Chairman Wagner and Members of the Senate Education Committee

On behalf of Northwest Career Colleges – Oregon and our membership of Private Postsecondary Schools in the state of Oregon, I write to express our very strong concerns with this Senate Bill 1544. The bill as written could have a significant and unintended effect on a number of Institutions in our sector here in Oregon. If moved forward, this bill not only could eliminate a part of our sector, it also destroys the education programs for thousands of adult students who make the choice every day to attend our schools in pursuit of specific career training. It also puts at risk the success of the 40-40-20 initiative and pushes out the possibility of Adult Attainment both of which rely on the success of Oregon's Private Career Schools.

90/10 Background:

There is a long history in the implementation of what is known as the Federal 90/10 rule upon which this proposed bill is based. Unfortunately, the original framers of the rule wrongly believed that forcing an Institution that by law cannot create an endowment, and enrolls adult students who often are economically disadvantaged, would be a better Institution if a certain percentage of student financing came from "non-federal" funds. There is no qualitative or performance measurement, (including cohort default measures), that have demonstrated any evidence that 90/10 produces better outcomes for students.

As Federal loans and grants have increased over the years, the unintended consequences of 90/10 have resulted in for-profit Institutions not being able to offer popular lower tuition programs due to the fact that, in many cases, (federal funds) cover all the offered educational program costs. (100%) It is important to note that Institutions have no control over the amount of Federal loans and grants that a student may choose to sign up for and if a student's program costs are over the 90% it must find other students who will take out private loans to balance the 90/10. This is not a student friendly requirement. It actually hurts women and minorities the most.

Congress became aware of the unintended student harm that 90/10 was causing, including Institutions having to increase the frequency of loan collection during the student's educational term to keep the 90/10 balances correct. There was an effort to abolish the 90/10 but a compromise was reached in allowing veterans benefits (these are not loans) to be included in the 10% to provide some relief from the harm being caused to students, especially Veterans. This is not a "Loop Hole" as the authors of the bill might lead you to believe, but a planned and calculated move by Congress to ensure the viability of the Private Career College Sector.

Why Veterans might choose a Private Career School (Trade School):

Veterans choose our sector in large numbers for the specific subject matter offered, intensive study and faster educational progress. (*Get In – Get Out – Get a Job*) Our sector of higher education is well suited to a

Veteran's life circumstance and educational needs. They are able to get additional resources, tutoring, small class size and a faculty familiar with their special requirements. Many veterans joined the armed forces because of difficulty with institutional education in the first place. They joined the service to receive training and perhaps be introduced to a career opportunity. The non-traditional approach of the Private Career Colleges is exactly what they need to succeed. In fact, compare a list of Military MOS's (military occupational specialty code) to the list of programs available at different sectors of education. Does it look like a University or Four-Year College offerings? NO; Does it look like the programs out of a Community College Catalog? NO; **It looks like a list of "Trade School" Programs . . .our Private Career Schools.** That is why Veterans come to Private Career / Trade Schools.

The Bill has a hidden harmful effect on Private Career Schools - Institutional Loans:

This proposed Bill (SB 1544) not only changes the definition of the 90/10 rule, but it also puts constraints on non-veteran students who must pay "out-of-pocket" expenses that veterans typically do not need to pay. The rule would have all personal (non-federal funds) that the institution lends the student counted along with the federal funds in the 90%.

To legislate away the ability to borrow to fill the "gap", we would deny entry of a student into an Institution based on the fact he or she is economically challenged. This is not only discriminatory; it is the worst kind of denial of service and educational access that has ever been suggested and targets several underserved populations such as women and minorities. Many of these individuals cannot qualify for loans and the only way they can break the grip of poverty, succeed in a new career and change their lives is to pay as they go or carry a loan for the "gap" (difference between tuition and fees and their Title IV Loans and Grants). This bill would indirectly be supportive of the spiraling effects of Generational Poverty.

The Unfortunate Dynamic:

- Students want quick (short-term) programs that get them into the workforce. (Get In, Get Out, Get a Job)
- Typical Private Career School Programs are less than a year (9 months to a year) perfect length
- The amount of Pell and Title IV funds (federal funds) available to students often exceeds the cost of the program. (100% government funds)
- The Federal Government continues to increase the amount of Pell and Title IV money available
- Schools cannot discriminate or withhold offering students access to Federal Funds
- Even Veterans receiving over 100% of tuition costs can receive Pell Grants making the percentage of federal monies exceed the cost of the program. (perhaps 115%)
- Students/Veterans are able to access (excess) Title IV and Pell funds for "Cost of Living"
- The result is a Student exceeding 100% of Tuition via Title IV and maximizing Personal debt
- 90/10 and Gainful Employment Fight each other

Oregon Private Career Schools support the Governor's 40-40-20 Educational Vision and the Legislatures support of ADULT ATTAINMENT:

- The Private Career Schools of Oregon support the **Governor's 40-40-20 initiative.** (40% Bachelors or higher, 40% Associate or Professional Certification, 20% High School Grads) In fact, Private Career Schools play a huge role in the middle 40%. The governor's vision, simply will not happen without the help of this mission-critical sector.

For Example:

- **Nearly all of Oregon's Cosmetology graduates come from Private Career Schools.**
- **In excess of 85% of all Practical Nursing graduates in Oregon come from Private Career Schools**
- **High numbers of Culinary graduates in Oregon come from Private Career Schools**
- **An overwhelmingly large number of Oregon's Professional Medical Assistant graduates come from Private Career Schools.**

- The Private Career Schools of Oregon play a critical role in HECC's new goals set for **Adult Attainment**. The expectation to double the number of credentials (another 300,000) will take a concerted effort and include all sectors of education.

Private Career Schools are held to high standards:

- HECC rules (OAR) already mandate that Private Career Schools:
 - The schools must be financially stable, (HECC, the Federal Government and the State of Oregon require that the Private Career Schools make a profit)
 - The Private Career Schools have specific rules applied to marketing and recruiting practices
 - The Colleges are required to have a plan and deploy practices to hire, train and groom professional and qualified instructors
 - Administrators must be experienced and qualified.
- All Title IV Private Career Schools (those receiving Federal Funds) are Accredited and must meet the standards of accreditation. For example ACCET requires specific and challenging "outcomes".
 - A minimum of 67% of students entering any program must complete the program (graduate) within 1 ½ times the duration of the program (i.e.: if a 1 year program, student must complete by 1 ½ years)
 - A minimum of 70% of all Graduates must be employed (in their field of study) within 6 months of graduation. (not just be employed, but must be in a field using the skills acquired in the program)

Summary:

- Private Career Schools service an under-privileged and "at-risk" student body.
- Our students are for the most part all adult age, and many are single parents and have attempted without success other institutional learning. All are trying to change their lives for the better.
- These students need every resource available to complete their dream, escape Generational Poverty and Change Their Lives.
- This proposed Bill (SB 1544) will have a significant impact on our student population. They cannot afford (while enrolled) to make additional out-of-pocket payments and rely heavily on Student Financial Aid. The changing of the 90/10 rule would block many students from attending and thus steal their dreams.

Does Oregon want to be THE FIRST to enact the new 90/10 bill as proposed?

1. This effort to modify 90/10 has failed in several Federal Legislative attempts (House and Senate)
2. This effort to modify 90/10 is being introduced now at the state level in "many" states. It has not yet been successful in any state.
3. Oregon is being influence by outside lobby to be "THE FIRST"
4. Let's not be the first state to make this unfortunate mistake

Oregon Private Career Schools support and graduate Veterans of Oregon. In doing so, our schools support the Governor's 40-40-20 initiative, HECC's Adult Attainment and the Changing of thousands of Oregonian's lives.

Sincerely,

Wayne Matulich
 Executive Director
 Northwest Career Colleges – Oregon
wmatulich@gmail.com