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**TESTIMONY OF THE ASSOCIATION OF PROPRIETARY COLLEGES**

**FOR THE JOINT LEGISLATIVE PUBLIC HEARING  
ON THE EXECUTIVE BUDGET PROPOSAL FOR  
SFY 2019 – 2020  
January 28, 2019**

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**Excellence. Access. Affordability.**

## Testimony Provided by the Association of Proprietary Colleges (APC)

Senator Krueger, Senator Stavisky, Assemblywoman Glick, Assemblywoman Weinstein and members of the Legislature, thank you for giving the Association of Proprietary Colleges (APC) the opportunity to present testimony regarding this year's budget and its impact on the proprietary sector. My name is Donna Stelling-Gurnett and I am the President of APC and it is my honor to be here today.

### *Introduction and History of Proprietary Education in New York:*

The Association of Proprietary Colleges (APC) represents 12 fully accredited, degree granting colleges operating on 23 college campuses in New York State offering associate, bachelor's, master's and doctoral level programs. Our colleges are located across the state from Buffalo to Long Island, Jamestown to Rochester, Syracuse, Albany and the NYC metropolitan area.

The history of proprietary education in New York began in the middle 1800's and is rooted in the tradition of providing access to a quality education. Six of our twelve member colleges were founded more than 100 years ago and our oldest members, Bryant & Stratton College, founded in 1854 and Jamestown Business College, founded in 1886 are still operating successfully today. Many other proprietary institutions were established in the first half of the 20<sup>th</sup> century; The College of Westchester was founded in 1915, Plaza College was founded in 1916, Monroe College was founded in 1933 and LIM College was founded in 1939.

In 1971, the New York State Board of Regents created a pathway for select proprietary schools to obtain degree-granting authority. In order to obtain degree granting authority, proprietary colleges are required to meet all of the same stringent requirements for program registration and approval as SUNY, CUNY, and private not-for-profit institutions. LIM College and Monroe College were among the first proprietary institutions to receive degree granting authority in 1972 and today continue to successfully educate thousands of students each year.

### *Educational Excellence, Access and Affordability*

At the end of my testimony you will find APC's Fast Facts highlighting our members' strong outcomes in areas such as graduation rates, number of degrees conferred, job placement rates and student loan debt. College access, affordability and educational excellence has been and continues to be a priority for APC member colleges and our students.

These colleges receive no direct state or federal aid yet they provide quality programs with strong academics, exceptional on-time graduation rates, and enviable job placement outcomes all with the best interest of their students in mind. This makes them the best value for the students they serve and New York State taxpayers.

APC member colleges are New York focused, educating local students for lifelong careers that are in demand in New York. Ninety percent of students attending APC member colleges are from New York and more than **90 percent** of those students stay in New York after graduation to live and work. Our colleges educate over 26,000 students and employ more than 6,000 people making them strong economic drivers in their local communities.

**In short, APC member colleges are committed to keeping college affordable, student loan debt low; academic achievement high; and the pathway to employment a priority.**

### ***Thank you for your support!***

APC members appreciate the continued support from the Legislature for their students and the commitment to providing access for all students, especially those who are under-represented, minority students, or the first in their family to attend college. For over forty years, the Legislature has been a true champion for TAP, state-supported financial aid and other opportunity programs. Thousands of our alumni have benefitted from these programs and we hope that commitment continues. While new state investments have been made into the Excelsior Scholarship and the Enhanced Tuition Award (ETA) programs, programs such as TAP, STEP, CSTEP, HEOP, are fundamental and have created a pipeline and access to higher education that New York should be proud of.

Last year, the Legislature expanded the ETA to ensure students attending ALL private colleges and universities had access to similar state assistance being offered to students attending SUNY and CUNY through the Excelsior Scholarship Program. The Association truly appreciates this expansion that allowed our students to participate and we estimate that approximately 750 students will benefit from an ETA award this academic year.

### ***Governor Cuomo's Proposed For-Profit College Accountability Act:***

In many ways, the goals of APC align with Governor Cuomo's goal of expanding access to higher education and combatting student debt and "practices that increase student debt." However, we believe that the Governor's proposed For-Profit College Accountability Act is flawed, not only because it targets just the proprietary sector but also because it ignores the long history of strong student outcomes and success demonstrated by this sector.

If implemented as the proposal currently stands, it will decimate the for-profit sector (both degree granting and non-degree) entirely. This is not a proposal that measures accountability as suggested, but a proposal that will eliminate an entire sector of higher education in New York. A sector that educates thousands of students with strong graduation and job placement outcomes and provides a direct pipeline to employers across the state in critical industries such as healthcare, fashion, the arts, and education.

For over 40 years the Legislature, through their support of TAP, have ensured New York residents have access and opportunity for higher education. New York State should require all colleges and universities to provide a quality education and ensure that all New Yorkers have an opportunity to choose their own education and career path. The Governor should not be limiting student choice at a time when the Legislature is seeking support for the Dreamers and creating opportunities for low-income and minority residents. Students should be empowered to find their best path and all colleges and universities should be required to uphold the highest standards.

APC member colleges offer their students exceptional academic support throughout their college experience. Common themes include individual attention, small class room sizes (average student-to-faculty ratio of 17 to 1), counseling and financial literacy training and career development. **This attention and support translates into more students successfully graduating on time with lower student debt overall.** According to recently released College

Scorecard data, students graduating from APC member colleges accumulate an average of \$22,357 in student loan debt. This is significantly lower than the average student loan debt of New York residents of \$30,931 and the national average of \$28,650.

**The Governor's proposal has several problematic components, however today I am going to focus on the two metrics that are the especially concerning and that will have a negative impact on students:**

**The 80/20 Rule: Require for-profit schools to report their funding sources and demonstrate that they are not receiving more than 80 percent of their tuition revenue from public sources, including need based student financial aid programs such as TAP and Pell as well as student loans that are backed by the federal government.**

For the first time ever, New York is trying to restrict student choice and opportunity by limiting the amount of tuition revenue a college can receive from public sources. While on the face of the proposal it may seem logical to require for-profit colleges to have revenue from non-public sources, the reality is the proposal is targeting low-income and minority students that depend on federal and state grant and loan programs to attend college.

Since 1992, the federal government has regulated the amount of federal funds a for-profit college can receive from tuition revenue. The federal rule is referred to as "90/10" meaning that 10 percent of tuition revenue must come from a private source other than Pell or federally backed student loans. The federal rule does not look at financial supports provided to veterans through the GI bill or any state or local grant or loan programs. All APC member colleges meet the federal measure without difficulty. On average the colleges receive 60% of their tuition revenue from Pell and federally backed student loans.

The Governor's 80/20 proposal would not only increase the amount of revenue that must come from private sources, it also significantly expands what is a public source. Under the proposal, a public source includes:

- TAP;
- ETA;
- All federal student loan and grant programs; and
- ANY Other local, state, or federal government loan, grant or scholarship program utilized to pay tuition, institutional fees, room and board, or other costs of attendance on behalf of a student.

Essentially, any federal, state, or local loan or grant program would be included in the 80% calculation. Many APC member colleges serve a high number of low income, minority or first generation students who utilize need based programs such as TAP and Pell to gain access to higher education. Students attending public, private, and for-profit colleges rely on federally backed loans to finance their education. Very few students can afford to pay 100% of their tuition, fees, room and board without some type of public assistance.

APC supports accountability for public funding but believes this proposal completely misses the mark. At public and independent, non-profit institutions tuition revenue accounts for just 20% and 30% of their total revenue respectively. However, because proprietary colleges receive no direct state or federal aid, tuition accounts for over 90% of their revenue. As such, these institutions will have difficulty meeting this metric which amounts to little more than a reflection of the demographic of students they serve.

Monroe College, having amongst the highest graduation rates in the country for low-income students coupled with low student loan default also currently offers one of the most generous full scholarship programs for undocumented students, funding 80 students over the last two years. This proposal would require colleges like Monroe College to abandon their mission of educating low income students and require them to pursue wealthier students who would pay tuition privately.

Moreover, many students enrolled at APC member colleges are in programs that are in demand. Healthcare, education, fashion, arts, and technology are sectors fueling the state's economy. As demonstrated by our excellent job placement rates, students not only graduate from APC member colleges they enter the workforce and help fulfill the pipeline. The Governor's proposal would essentially limit low-income and minority students' ability to attend an APC member college and improve their future. Clearly this measure does not support access and opportunity as the Governor intended.

The State of New York should be concerned about its return on investment not some absolute public funding metric. In fact, if an institution receives 100% of its funding from public sources and graduates the highest percentage of students with the lowest problems with student debt, the state should applaud rather than punish the institution.

**50% on Instruction: Require that for-profit schools spend at least 50% of their revenues on student instruction**

We support the philosophy behind this proposal but believe it is flawed because instruction is only one component of what low income and minority students need to succeed and graduate. Under the Governor's proposal, for-profit colleges would be required to spend at least 50% of their revenue on salaries, benefits, and professional development of classroom instructors. This definition completely disregards the substantial investment many of New York's proprietary institutions make in student academic support programs and personnel, wrap around services and other capital improvements made to ensure our students successfully graduate on time and find jobs in their field of study.

None of our colleges will meet this metric and in fact, over 65% of all four year colleges in all sectors of higher education in New York do not meet this measure. For instance, highly respected institutions such as NYU (30%), Cornell University (33%) and The Julliard School (33%) would not meet this metric. One of the keys to our students' success is the use of adjunct and part time faculty that often provides access to student internships. APC member colleges are proud of the investments they make in student instruction and academic support: For every \$1.00 in revenue received by an APC member college, approximately 93 cents are spent on the instruction and support of students.

APC member colleges are committed to helping their students succeed. The majority of the 26,000 students enrolling at an APC member college are coming directly from our urban public schools that have high school graduation rates of approximately 50%. Students enter college need remediation but also supports to stay on track. Strong academics require talented faculty and instructors. However, students cannot learn or take advantage of the opportunity if they cannot afford tuition, day care, transportation, food and the necessities of life. Further, many students attending APC member colleges, were previously enrolled at a college where they did not succeed. Students enroll, graduate on-time, and find jobs in their field of study because of the personalized attention and supports they receive which include

everything from help with their resume, finding internships and job opportunities, counseling and mentoring, financial literacy, and development of soft skills that set them apart when entering the job market. All of these supports, come directly from the college, and are funded through tuition revenues, since the college must manage all costs with tuition received.

APC member colleges are fully committed to ensuring students have the best faculty and instruction possible. However, the Governor's proposal does nothing to ensure or accomplish this, especially when you look at total percentage invested by some of the most elite colleges and universities in New York.

### **The Impact of the For-Profit Accountability Act:**

If a for-profit college does not meet the 80/20 rule or spend at least 50% of their revenue on instruction, the college will be prevented from enrolling ANY new students. In addition, the proposal gives the President of the Higher Education Services Corporation the discretion to terminate a for-profit college's ability to participate in TAP or ETA. The penalty for non-compliance is drastic and demonstrates the proposal is not meant to ensure public dollars are being spent on quality programs or even ensuring students are receiving a quality education. Rather the proposal is a means to destroy the for-profit sector by eliminating their student pipeline and/or cutting off state sponsored financial aid.

As devastating as this proposal is to APC member colleges, the true impact would be especially difficult for the students they serve. Students attending impacted institutions could lose access to their state financial aid (TAP and ETA), would be required to transfer to another institution to finish their degree and might not be able to take all of their credits with them or even find a similar program that has space for them to complete their degree. Last year, APC member colleges provided students with over \$95 million in institutional aid. This aid will not transfer to another institution. This means students will have to figure out how to transfer, finance their education, and for many who struggle, this will result in them not finishing their degree or returning to college. Students who do not complete their degrees also have a higher rate of defaulting on their college loans.

Governor Cuomo is to be commended for his work to improve higher education in New York, and resoundingly applauded for his efforts to improve college access and affordability. It would be a disservice to students, taxpayers, and institutions alike, however, to assume the country's issues with for-profit education are New York's – and that's because of the strength of our regulatory framework that promotes parity.

Any proposal on higher education accountability in New York should continue to protect all students and apply to all institutions, not just for-profit institutions.

**We ask for your support and reject the For-Profit Accountability Act entirely by not including this proposal in your one-house budgets.**

## Continued Support for TAP

The Tuition Assistance Program (TAP) has served as the cornerstone of New York State's financial aid program, providing financial support to ensure students complete their degrees in a timely manner. Based on 2017 IPEDS<sup>1</sup> data, 69% of APC students are women; 24% are Black; 16% are Hispanic; and 43% are White. Approximately 75% of APC students receive a Pell award and over 15,800 full-time equivalents received a TAP award<sup>2</sup>.

APC member colleges are committed to keeping college affordable. In 2018, the average tuition at APC member colleges increased less than 2% over the previous year and in 2017, APC member colleges provided over \$95 million in institutional grants, scholarships and aid.

This support combined with state TAP funding goes a long way for students attending APC member colleges in ensuring they reach their goal of graduating on-time. Our colleges believe on-time graduation is important and key to keeping student loan debt as low as possible.

This year, APC member colleges conferred 3,416 bachelor's degrees, 3,209 associate's degrees, over 800 master's degrees and 188 certificates. In total, 7,670 individuals made a commitment to improving their lives through enhancing their education and each of these is a wonderful success story!

Following are just a few APC member graduation statistics made possible by TAP awards:

- On June 3<sup>rd</sup> 2018, **Jamestown Business College (JBC)** celebrated **132 graduates** of the class of 2018 during the college's 132<sup>nd</sup> commencement ceremony. Graduates received associate and bachelor degrees in business administration and management. Founded in 1886, JBC serves approximately 300 students in a small rural community in western New York. Their programs stay relevant by tapping into local businesses for feedback on skills that are needed and courses are developed to reflect the demands of the local job market. Students chose JBC because they receive individual attention (the student-to-faculty ratio is 26:1), a caring environment and specialized career development training and assistance.
- **Monroe College**, a national leader in educating urban and international students, held its 85<sup>th</sup> Commencement on June 13, 2018 at Radio City Music Hall, conferring degrees on more than **2,600 graduates**. The College conferred 450 Master's degrees, 1,095 Bachelor's, 1,026 Associate's and awarded 50 professional certificates. Monroe College, with campuses in The Bronx, New Rochelle, Queens and St. Lucia is consistently recognized for its outstanding work, successfully educating minority and low income students.
- On May 24, 2018, more than **550 students** received associate, bachelor and master degrees from **LIM College**, where "Business Meets Fashion". Located in the heart of the fashion district in NYC, LIM College was founded in 1939. Students are required to complete 130 hours of internships in both their freshman and sophomore years – ensuring they graduate with a full resume of experience. LIM College was also recently

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<sup>1</sup> IPEDS Data Feedback Report 2017.

<sup>2</sup> New York State Higher Education Services Corporation Annual Report 2016-2017: <https://www.hesc.ny.gov/hesc-news.html>.

recognized by the Brookings Institute as being in the top 10% of “Value Added” colleges in the nation.

- **Bryant & Stratton College** conferred associate and bachelor degrees to more than **1,000 graduates** during its 161<sup>st</sup> graduation season. Bryant and Stratton College has eight campuses located across upstate NY from Buffalo to Albany, and was founded in 1854. They offer flexible class schedules and online courses in relevant majors such as criminal justice, medical assisting and business management. Bryant & Stratton College offers a Jumpstart Program that brings college level courses into local high schools, enabling students to receive college credit before they graduate high school.

Your continued support of the Tuition Assistance Program (TAP) is appreciated and provides opportunity to many APC students across the state. Many of the students attending an APC member college do not have family or others they can turn to for help and they rely on this assistance to complete their degrees.

APC respectfully requests your consideration of the following enhancements to the TAP program:

- **Increase the minimum TAP award from \$500 to \$1,000 and/or the maximum TAP award from \$5,165 to \$6,000 annually.** In 2014, the State showed its support of low income students attending higher education programs by increasing the maximum TAP award from \$5,000 to \$5,165. This increase was appreciated and well received but continued adjustments to the minimum and maximum TAP awards would make a tremendous difference to many lower income students and their families.
- **Increase the maximum income threshold to receive a TAP award from \$80,000 to \$100,000 annually.** Expanding the maximum income threshold for TAP recipients to \$100,000 would open the door to a college degree for many students from middle class families. The maximum income threshold has not been adjusted in over 19 years when it was raised from \$50,500 to \$80,000 in 2000. Certainly the cost of living and obtaining a college degree has increased significantly since 2000 and the maximum income threshold for TAP recipients should be adjusted accordingly.
- **Reinstate Graduate TAP.** The elimination of Graduate TAP in 2010 has had an impact on students, as well, and is something the state should reconsider. Over the last four years, APC member colleges have invested in Master’s level programs that are in demand by employers. A few examples include: Monroe College started a Master’s in Public Health. LIM College started a Master’s in Professional Studies in Fashion Merchandising and Retail Management as well as Master’s in Business Administration with concentrations in Fashion Management and Entrepreneurship.
- **Restore Maximum TAP Awards for Two-Year Degree Programs.** In 2010, TAP was reduced for students enrolled in two year degree granting programs from \$5,000 to \$4,000 (20%). The reduction was not limited to only maximum awards and all awards were reduced by 20%. Students enrolled in colleges that also offer four year programs were not impacted by the reductions. This means students enrolled in SUNY or CUNY community colleges are able to receive maximum TAP of \$5,165. Students enrolled in independent or our proprietary colleges that offer two and four year programs are not impacted. The result of this requirement is that these students are treated differently

based solely upon the type of institution they enter. This includes students attending long standing institutions such as Elmira Business Institute and Island Drafting and Technical Institute.

### ***Additional Considerations:***

#### **APC supports the proposed Dream Act**

In the past, The Dream Act as proposed by the Governor and legislature would repeal eligibility criteria governing state financial aid programs (i.e. TAP, ETA and Excelsior Scholarships) and allow students without lawful immigration status to participate in these state financial aid programs. The Association supports efforts to help undocumented students and looks forward to working with the legislature, HESC and NYSED to implement The Dream Act when it is passed into law.

Several APC member colleges have already created pathways and special aid programs to provide access to higher education opportunities to undocumented students. These colleges also provide the needed academic and wrap around supports to help these students graduate on time and find meaningful careers.

#### **APC supports NYSED's request for an additional \$15 million to support students with disabilities.**

In May 2017, NYS Education Department's Advisory Council on Postsecondary Education for Students with Disabilities recommended, and the Board of Regents adopted, a proposal to work with representatives from the higher education sectors to develop a funding proposal that would provide much needed enhanced supports and services to the over 61,000 identified students with disabilities in New York State degree granting colleges and universities to ensure that all of our students can succeed in their postsecondary education.

Since then, the Department has been engaged in collaborative efforts to establish a legislative framework advocating for critical new funding that would supplement, not supplant, any other federal, state or local funding in existence for such purposes. Funding would be allocated by the Department, in a proportionate manner by each identified student with disability per sector to SUNY, CUNY, independent and proprietary colleges.

APC member colleges indicated they would use the funding to support students with disabilities in the following ways:

1. Diagnostic testing and assessment: Students often cannot afford the cost of a private psycho/educational evaluation and therefore go undiagnosed. Assessment is a key that can open doors, as it provides the documentation required for students to get registered with accessibility services and obtain accommodations to help them reach their fullest academic potential. In addition, it helps students learn more about their strengths and weaknesses and what type of work may be best for them. We currently don't have the staffing or resources to offer diagnostic testing. We have referred students to outside resources and often don't hear back from them because they could not afford the evaluation. This could be an excellent additional service to provide our students.

2. Provide more in-depth training for faculty to create more accessible courses with a focus on Universal Design. The training would provide faculty with the tools to incorporate inclusive strategies in their teaching and enhance the design and delivery of instruction to our diverse population of students.

3. Provide opportunities to increase and expand faculty and staff training including online options for continuous learning. Some examples could be: sensitivity training, awareness, existing and new regulations, and even something as simple as color-blindness and faculty instruction.

4. Improving the identification process to identify students with disabilities by developing and implementing a tracking system to identify students shortly after they are admitted to the College. Purchasing a tracking software could assist with this and allow institutions to reach students in need of services as soon as possible.

### ***In Conclusion***

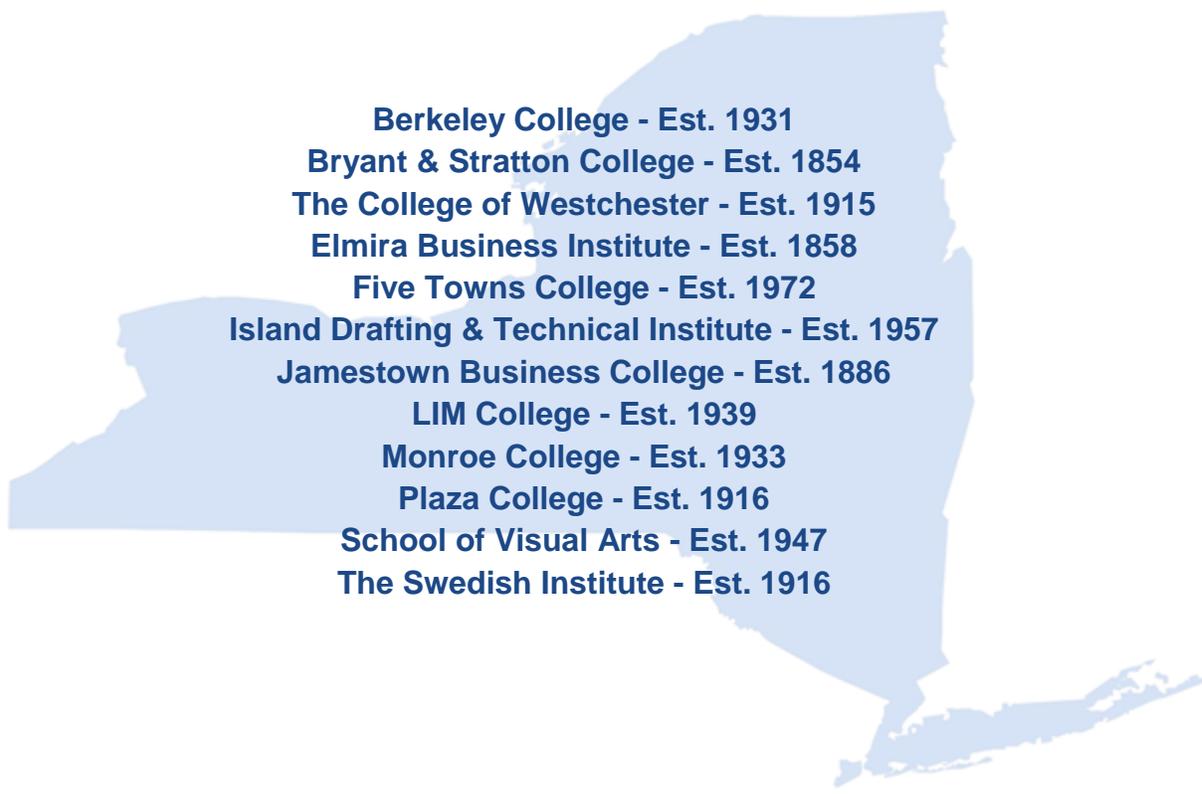
New York State has a long-standing history of working together with institutions of higher education in all four sectors (SUNY, CUNY, independent non-profit and proprietary) to benefit all New Yorkers. This commitment to equality and parity across all sectors has created a robust and diverse education system that has resulted in innovative and novel ideas, a consistent pipeline of employees for local businesses and has had a strong, positive economic impact across the state.

We appreciate your consideration and respectfully request your support in the future.

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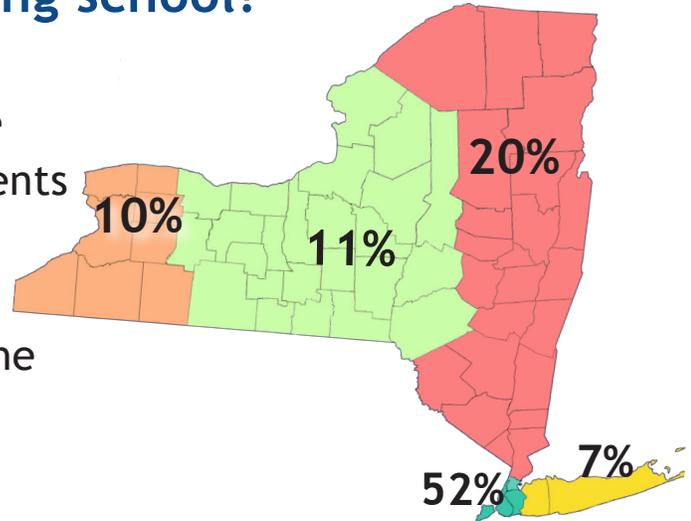


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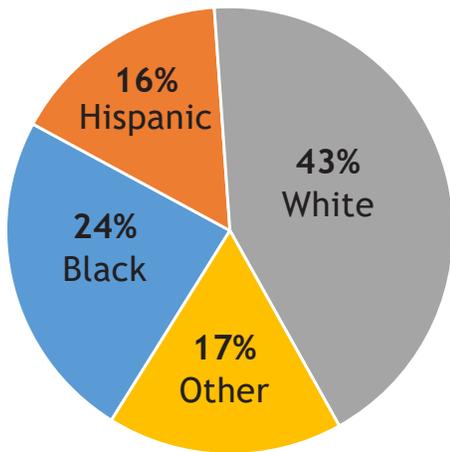


## Where are APC students attending school?

There are more than 26,000 students enrolled in APC member colleges that are located throughout New York State. Students are enrolled at campuses in Western NY, the Finger Lakes, the Southern Tier, the greater Capital Region, Long Island and the New York City metropolitan area.



## Who are APC students?



**69%**  
of APC students  
are women

**75%**  
of APC students  
received a Pell  
award in 2017

APC member colleges  
educate more than

**2,000**

veterans living in  
communities across  
New York State.



**9 out of 10 APC graduates stay in New York to live and work.**

**APC member colleges** conferred 7,670 certificate, associate, bachelor, master and doctorate degrees in 2017.



Source: IPEDS, U.S. Department of Education, 2016-2017 Academic Year

**APC college graduates** enter the workforce with loan debt that is 28% lower than the state-wide average.

*Average for APC member college graduates:*



*Statewide average for college graduates:*

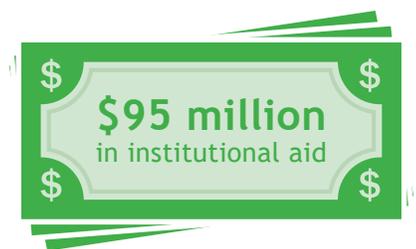


Source: US Department of Education, College Scorecard

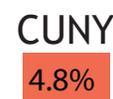
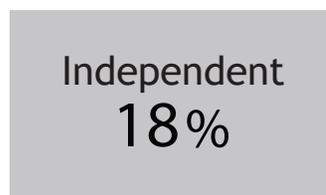
**Did You Know?** Each year, APC member colleges provide credits to local high school students through jump start or middle school programs.

## College Affordability

Maintaining affordability is a priority. In the 2017-18 academic year, average tuition at APC member colleges increased less than 2% and member colleges provided students more than \$95 million in institutional aid.



## On-Time Associate Degree Graduation Rates in New York



Source: NYS Education Department, 2016 Data