

MCRC

The Voice For Maryland Consumers

MARYLAND CONSUMER RIGHTS COALITION

Dr. Emily Dow
Assistant Secretary, Academic Affairs
Maryland Higher Education Commission
6 North Liberty St.
Baltimore, Maryland 21201

October 5, 2016

Dear Assistant Secretary Dow:

Thank you for the opportunity to comment prior to the decision of whether to apply the newly established For-Profit School Guaranty Fund retroactively to reimburse Maryland students that were enrolled in ITT Technical University. The Maryland Consumer Rights Coalition (MCRC) and 23 undersigned organizations strongly support allowing the approximately 1,000 Maryland students enrolled at ITT Technical University to access the Guaranty Fund.

Earlier this year, MCRC released our report "Making the Grade: An Analysis of For-Profit and Career Schools in Maryland" which found that 66% of students at for-profit schools take out student loans for programs that cost two to five times more than their public school counterparts. For profit schools recruit low-income students and those from communities of color. Our report found that of African-Americans enrolled in post-secondary institutions, 62% were enrolled at for-profit and private career schools.

We supported the legislation SB427/HB741 to strengthen transparency, reporting, and protections for students enrolling in for-profit and private career schools. The legislation prohibited schools from enrolling students in programs that do not meet state licensing and certification requirements or if the student would be unable to find employment in the field based on certain personal factors. The legislation also increased important transparency by requiring schools to post the net price calculator in a conspicuous place on its website.

In addition to these important prophylactic measures, the legislation also created a Guaranty Fund for students at for-profit schools, similar in composition as the Guaranty Fund for students at private career schools. The legislative intent was to provide protections for students currently enrolled in for-profit schools, so that if a school closes, the student can at least recoup the tuition they spent pursuing their education.

For students who were enrolled at ITT, it is important that they be able to seek redress through the Guaranty Fund. ITT abruptly closed its doors rather than offering an orderly close-out for students. Despite the swift and effective work of MHEC leadership and staff, students will not be able to avail themselves of any teach-out option until next semester. These students have effectively lost a semester of work. Moreover, students may have to pay for classes that would have been covered by the Pell Grant.

Of the approximately 1,000 students enrolled at ITT Tech, more than 580 were Pell Grant recipients and 233 were veterans attending school with the help of the GI bill. The student demographics reflect what our report uncovered,

nearly 60% of borrowers were African-American and more than 65% were relying on the Pell Grant to attend school.

Although ITT students are eligible for a Closed School Discharge from the Department of Education, this discharge does NOT cover the Pell grant of \$5,775. Nor does the discharge cover the costs of out-of-pocket expenses, GI Bill benefits, or private student loans.

The Guaranty Fund established by legislation is the best way to address the needs of Maryland students enrolled at ITT Tech. In fact, the legislation, which passed nearly unanimously was designed to do just that. The fact that the school closed less than a month before the legislation went into effect is no reason to deny students the very help that the General Assembly supported. In fact, given the 30 day timeline that students have to apply to ITT for assistance before going directly to the Guaranty Fund according to this new legislation, the law will be in effect by the time that 30 day window is over.

Without access to the Guaranty Fund, these low-income individuals and returning service men and women who are seeking higher education to provide new opportunities for themselves and their families, will, instead lose thousands of dollars in Pell Grants, out-of-pocket expenses, and GI bill dollars that they can never recover. The loans cannot easily be discharged in bankruptcy and this debt may prove too much of a barrier for the students to overcome in order to continue their education.

We cannot fail students who are doing their utmost to attain higher education and improve their lives and the lives of their families. We respectfully request that MHEC apply the Guaranty Fund retroactively to cover the nearly 1,000-ITT Tech students in Maryland.

Thank you for your time and consideration.

Best,



Marceline White

The Maryland Consumer Rights Coalition

Air Force Sergeants Association
Association of the United States Navy
Blue Star Families
Caroline Center
Center for Responsible Lending
Coast Guard Chief Petty Officers Association
Consumer Action
Consumers Union
Fund for Educational Excellence
Generation Progress
Higher Ed, Not Debt
Jane Addams Resource Corporation, Baltimore
Job Opportunities Task Force

Maryland CASH Campaign
Moveable Feast
National Association of Consumer Advocates
Student Debt Crisis
The Retired Enlisted Association
Veterans Education Success
Veterans for Common Sense
VetsFirst
Vietnam Veterans of America (VVA)
Young Invincibles