



HARVEY EPSTEIN
Assemblymember 74th District

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Testimony in Support of Proposed Rules to Address Deceptive Advertising by For-Profit Educational Institutions
Office of Assemblymember Harvey Epstein
Thursday, April 4th 2019

My name is Harvey Epstein and I am the Assemblymember representing New York's 74th Assembly District, which includes the neighborhoods of the Lower East Side, East Village, Stuyvesant Town/Peter Cooper Village, Murray Hill, Tudor City and the United Nations. Thank you for the opportunity to testify today.

I am here to support the Department's proposed rules on deceptive advertising by for-profit schools. Many, if not the majority, of these institutions, some of which are publicly traded companies, put their bottom line before the success of their students. These badly misaligned priorities create devastating outcomes for students, who leave school with mountains of debt and substandard employment opportunities.

The cost of attending one of these schools can be 2-4 times as expensive as attending a community or four-year public college. It may be easier to get into a for-profit, but not all potential employers recognize or accept their degrees or certification and the level of debt students carry when leaving is often much greater at a for-profit college than either a public or private not-for-profit institution.

According to the United States Department of Education's College Scorecard, Berkeley College, which was investigated undercover for two years and recently charged with deceptive and predatory recruiting practices, in addition to other violations, has an average annual cost of \$27,533, a graduation rate of 29%, and a salary after attending of \$40,800. In comparison, the public CUNY Kingsborough Community College, while more selective, has an average annual cost of \$6,989, a similar graduation rate, and a salary after attending of \$35,400. Another public school, CUNY's Baruch College, a 4-year institution like Berkeley, has an average annual cost of \$7,193, a graduation rate of 68%, and a salary after attending of \$57,200.

Beyond the obvious disparity in average annual cost, there is also a significant disparity in financial aid and debt. At Berkeley College, 70% of students receive federal loans, and have a typical total debt after graduation of \$29,165. At Kingsborough, on the other hand, only 6% of students receive federal loans and most graduate with around \$6,000 of total debt. Baruch has 12% of students receiving federal loans, and typically \$10,724 of debt after graduation but with greater job opportunities, the debt is more manageable.



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Worse than the bad return on investment these institutions provide is their targeting of vulnerable prospective students with deceptive and misleading recruitment practices. A number of educational and research organizations regularly conduct studies of post-secondary schools and their student characteristics. They have found that students at for-profit schools are disproportionately older and female, either Hispanic or African American, and many are single parents who have either not completed high school or are struggling to change careers while working full-time. Because these students often have not been in an educational setting for a while and most likely must work to support themselves and their families, they are also less likely to be able to complete their program of studies. They are then still burdened with the loans and grants that they initially took on when starting their program and even if they graduate, they earn less money than if they attended a public college.

According to the New York City Department of Consumer Affairs' legal complaint against Berkeley College, Berkeley was sadly typical of the exploitative and predatory tactics engaged in by for-profit colleges. The suit states that Berkeley would blatantly lie to prospective students about the mechanics and benefits of financial aid. In one case, a student was told by a recruiter that a Berkeley scholarship would cover almost all of her tuition. In fact, the college had deceived her into signing federal student loan paperwork, and she had thus unwittingly borrowed \$13,197 in federal loans for a single year of part-time study.

For-profit institutions must become more accountable to their students. For-profits are the beneficiaries of taxpayer funded financial aid, and it is our responsibility to ensure that aid is being spent on an education that improves the lives of students and does not burden them with debt. I believe this proposed rule will both enable prospective students to better make informed decisions about what school and program is right for them while also incentivizing for-profit colleges to make improvements to their programs so that they graduate students who are prepared to enter a competitive job market.

To that end, I also intend to introduce legislation that requires for-profit schools spend no less than 50% of their annual revenue on student instruction, academic support, and advising and career services. A separate bill would require NYSED to devise a method to assign "grades" to for-profit institutions based on many of the measures this proposed rule would require institutions to disclose. I look forward to being collaborative with DCA in ensuring our shared goals of protecting New Yorkers from these predatory practices and improving outcomes for students who choose to attend for-profit institutions.

Finally, we also need to address the current problems with distance education. New York is a



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party to the National Council for State Authorization Reciprocity Agreement, which allows institutions to avoid certain regulatory hurdles in other states in which they wish to provide distance education to students. While being a part of NC-SARA has enabled some good schools in New York to reach more students, it has also created a race to the bottom for some providers, who set up shop in states with lax regulations. If New York is going to become a leader in protecting students from predatory institutions by enacting rules such as the ones proposed, we need to also consider how being a part of the current NC-SARA agreement would undermine these improvements and think about ways we can work with students, advocates, legislators, and institutions across the country to ensure distance education is meeting students' needs.

Thank you for the opportunity to submit testimony on these important rules. In closing, I want to reiterate that I strongly support the proposed rule on deceptive advertising moving forward with this new rule.