

## **An Act to Form a Commission on For-Profit Schools (H 1066 /S 134) FACT SHEET**

The Act to Form a Commission on For-Profit Schools was filed to protect Massachusetts students from certain abusive practices of for-profit vocational schools. For-profit college enrollment grew by 225% from 1998 to 2008, largely because of the aggressive recruitment of low-income students and students of color. In addition, low-income students and minority students are more likely to borrow to finance their education at for-profit schools than at other institutions. In the 2008-2009 academic year, for-profit colleges received \$4.3 billion in Pell grants—quadruple the amount they received ten years earlier—and approximately \$20 billion in federal student loans, with default rates about twice as high as those of students at public and private nonprofit schools. Once enrolled, students often find they are ill-prepared to complete their programs, and often those who do graduate either cannot find jobs in their fields of study or cannot find jobs that pay enough to repay their loans.

This bill would create a commission to study and make recommendations concerning the regulation and oversight of Massachusetts for-profit schools with a particular focus on the protection of students who receive state and federal financial aid for their education at these institutions.

### **THE LEGISLATION**

The commission would examine and make recommendations to the legislature regarding the following:

- The enforcement of Massachusetts consumer protection laws as applicable to for-profit schools,
- The adequacy of loan mediation/rehabilitation legal support for Massachusetts residents at risk of or in default on student loans,
- The need for increased consumer education about for-profit schools and the financial risks associated with student loans and greater transparency regarding schools, which have violated state and federal laws, have a higher than average student loan default rate, or have been sanctioned in Massachusetts or in other states, and,
- The organization of for-profit school oversight in Massachusetts and recommendations for possible consolidation, improvements, improved financial auditing, and enhanced fee structures to support increased oversight.

### **THE FACTS**

- Thirteen out of 15 schools with the highest loan default rate in Massachusetts are private, for-profit vocational schools. (<http://student-loan-default.findthebest.com/directory/d/Massachusetts>)
- The Office of the State Auditor (OSA) reports an estimated 45,000 Massachusetts students attended Massachusetts Department of Elementary & Secondary Education (DESE) licensed private occupational schools in 2008 and that these schools derived more than \$500,000,000 in tuition revenue from Commonwealth students.

- Crittenton Women’s Union clients went into default on 55% of loans taken out to attend for-profit vocational schools vs. 13% for non-profit school loans.

## THE SOLUTION

Support an Act to Form a Commission on For-Profit Schools, creating a Commission to uncover proprietary schools abuses in Massachusetts and making recommendations to better protect students.

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### Sources:

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<sup>1</sup> Mamie Lynch, Jennifer Engle, and Jose L. Cruz., *Subprime Opportunity: The Unfulfilled Promise of For-Profit Colleges and Universities* (Washington, D.C.: The Education Trust, 2010)

<sup>2</sup> Ibid