



MEMORANDUM IN OPPOSITION

S.5562 (Stavisky), S.5581 (Stavisky)

The Community Services Society (CSS) and Empire Justice Center oppose S.5562 and S.5581, both sponsored by Senator Stavisky, which deal with for-profit colleges.

While certain provisions of these bills are laudable, overall they do little to enhance the supervision of or protect students enrolled in for-profit colleges. Indeed, they deal with problems only after they have occurred.

For-profit colleges can provide students with a worthwhile education, but many saddle students with degrees that have little job market value. Studies show that many for-profit colleges in New York State prepare students for jobs that pay no more than minimum wage—a wage that individuals could secure with a high school diploma—and at huge expense. Indeed, while only 4% of college students in New York State attend a for-profit college, over 40% of New Yorkers in default on their student loans attended a for-profit school.

Among the concerns these bills raise are the following:

- At best, the proposed fund to help students who have been harmed by a for-profit degree-granting college would reimburse only a small portion of debt for a small portion of victimized students.
- Even if the payments were adequate, advocates who have represented former students know that most students lack the means to pursue claims, making them meaningless.
- Some provisions only apply to non-degree-granting colleges, even though degree-granting for-profit colleges are responsible for 86 of the 101 New York programs that fail or almost fail the federal student debt-to-income standards.

The Trump administration is actively rolling back oversight of the for-profit higher education sector. More New York students will be harmed in the months and years to come unless state guardrails are put in place to foster a for-profit marketplace that supports a quality, affordable education, ensuring that no student is left with high debts, low earning power, and meaningless credentials. Instead of addressing problems after they have occurred, it is imperative that the

Legislature look for ways to prevent students from being harmed by for-profit colleges in the first place by:

- Establishing consequences when there is evidence that a school is systematically harming low-income students, leaving them with high debts and poor outcomes.
- Applying standards and rules to both degree-granting and certificate-granting institutions uniformly.
- Requiring for-profit schools to spend a certain amount of their funds on instruction, and heightening state oversight to ensure those standards are met.
- Creating a mechanism to detect when rapid growth occurs at a for-profit college—a strong indicator of declining program quality.
- Providing students with access to adequate financial relief as a result of misrepresentations made by a for-profit college, as the federal government does—not just for the much higher standards of proven fraud, incompetence, and felony convictions. In addition, violations of state consumer protection laws should be included.
- Improving the proposed prohibition of forced arbitration by for-profit colleges to avoid a possible federal preemption under the Federal Arbitration Act.

For these reasons, CSS and Empire Justice Center cannot support these two pieces of legislation and urge the Legislature to amend the bills to enhance and strengthen the reimbursement funds, and to include protections that prevent the most abusive practices in the for-profit higher education arena that put New York students and military service members attending some of these programs in worse position than when before they enrolled in educational programs.

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