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Memorandum of Support

Set Standards for For-Profit higher Education Institutions A.7763(Epstein)/S.5800(Thomas)

Empire Justice Center strongly supports passage of A.7763(Epstein)/S.5800(Thomas). This bill sets forth an important standard for for-profit higher education institutions. The bill adds a new section to New York Education Law section 239-c to require that for-profit institutions of higher education spend at least fifty-percent of their annual revenue on “expenditures in the areas of student instruction, academic support and advising, or career services.”

Importantly, A.7763/S.5800 includes a new, expanded definition of what services can be counted for student instruction and preparation for the job market. “Student instruction” includes all salaries and expenses for faculty and instructors. “Academic support and advising” includes counseling services to help students succeed in their courses, and “career services” is exactly as it sounds, services to help students obtain employment, such as resume writing, interviewing and strategies of for getting a job.

For-profit schools typically spend less than half of their revenue on student instruction, allocating a larger portion of revenue instead toward marketing and advertising. At the same time, public and non-profit colleges tend to spend more of their resources on education than marketing and advertising.¹ This bill seeks to address this lop-sided spending of for-profit schools that is focused more on getting students in the door than preparing them for meaningful employment. Put another way, A7763/S5800 limits spending for student recruitment, marketing, direct mailing and for non-instructional staff whose primary duties are not student instruction, academic support, advising or career services to no more than fifty percent.

The aggressive targeting and marketing of students by the for-profit higher education sector is easy to see. Advertisements in subways, on television and online proliferate. Many websites for for-profit schools block information until a potential student enters their email address and contact information. Once one does so, heavy recruitment starts with incessant calls and email solicitations. Furthermore, military personnel report intensive direct marketing by recruiters from for-profit schools targeted at this captive audience. Students have even reported recruiters from for-profit colleges approaching them while they are standing in line to sign up for a community college.

Fifty percent is not a high bar. It should be a reasonable expectation for students who are paying for college with money saved or through loans and one-time grants to think that at least half of their tuition dollars will be spent directly for their benefit and instruction.

¹ See Hall, Stephanie, The Century Foundation, “How Much Education are Students Getting for Their Tuition Dollar?” Feb. 28, 2109, <https://tcf.org/content/report/much-education-students-getting-tuition-dollar/?agreed=1&agreed=1>.

For these reasons, Empire Justice supports passage of A.7763/S.5607 this session.

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