



New England Private Career School Association

Testimony Submitted by

Catherine Flaherty, Executive Director

New England Private Career School Association (NEPCSA)

Joint Committee on Consumer Protection and Professional Licensure Public Hearing on July 8, 2019

S164 – Sponsor: Senator Jason Lewis (Democrat - Fifth Middlesex)

H3807 – Sponsor: Representative Jennifer Benson (Democrat - 37th Middlesex)

Senator Feeney, Representative Chan, members of the Committee, thank you for allowing me to testify in opposition to S164 and H3807, legislation to establish a Student Tuition Recovery Fund.

My name is Catherine Flaherty. I am the Executive Director of the New England Private Career School Association (NEPCSA), a non-profit membership organization of private sector, post-secondary educational institutions that offer specific career training in a wide variety of career fields. Graduates of NEPCSA member schools can earn diplomas, certificates and/or associate degrees.

NEPCSA member institutions provide training for many industries including: health care, transportation, construction, HVAC, manufacturing, radio and TV media broadcasting, information technology, culinary, hospitality and personal services.

NEPCSA members are opposed to S164 and H3807 because, if passed, this legislation would:

- Require that private career schools make an initial payment of \$2,500 into the fund;
- Pay 0.25 percent of the school's gross tuition and fees received by the school during the prior year in the second year; and
- Pay an amount determined by the attorney general not to exceed 0.5 percent of a school's gross tuition and fees received by the school during the prior year.

NEPCSA members are opposed to this legislation because pre-paid student tuition is already protected, as private career schools are required to purchase a surety bond that can be used to protect unearned tuition. In addition, the majority of schools also accept financial aid, state aid or employer reimbursement. Schools quite often have to wait for these funds and frequently receive the money only after the student has graduated.

Admittedly there are some very rare cases wherein a school collects funds up front and then closes before the student can benefit from training. However, even in those very extraordinary instances, the funds collected in advance would not necessitate the need for a Student Tuition Recovery Fund. At any given point in time, schools would have only collected a portion of total tuition.

Paying \$2,500 up front, then 0.25 percent of the school's gross tuition and fees is exorbitant and for most schools it would be difficult, if not impossible. The Student Tuition Recovery Fund would add unnecessary expenses to schools, which are already paying fees to the Division of Professional Development (DPL) that have tripled over the last several years.

NEPCSA members are also particularly concerned about the provision to allow the Attorney General to add additional assessments even after the fund reaches \$5,000,000. Plus, with all due respect to the Massachusetts Legislature, there is no guarantee that the money collected from private career schools would not be put into the General Fund.

In the last ten years, some 60% of the state's career schools have been forced to close because of the unreasonable regulatory burden imposed. The Student Tuition Recovery Fund will force other schools to close.

Moreover, schools with expansion plans would scrap development because operating in Massachusetts would become even more cost prohibitive, thus hurting the potential for job growth and an enhanced tax revenue stream for the Commonwealth.

Thank you again for the opportunity to testify on behalf of the private career schools in Massachusetts.

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