



LR 123 Hearing Testimony
Dr. Mike Baumgartner, Executive Director
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- Good afternoon, chairman and members of the Education Committee. My name is Mike Baumgartner and I'm the executive director of the Coordinating Commission for Postsecondary Education.

- LB 123 would provide financial redress to students negatively impacted by the closing of a for-profit college or university located in Nebraska. Sen. Pansing Brooks already provided you with details about the bill and what it would accomplish, so I'll take a few minutes to speak more about how Nebraska's postsecondary institutions are regulated and why this bill improves that regulation to increase consumer protection for students.

- We can categorize postsecondary institutions operating in Nebraska in a number of ways, but I'll focus on three categories from The Postsecondary Institution Act, passed by the Legislature in 2011. The first category is public institutions, which do not have to apply to the Coordinating Commission for authorization to operate in Nebraska.

- The second category is private institutions with continuing authorization to operate. This applies to private institutions that had operated in Nebraska for at least 20 years as of 2011, such as Creighton University, Nebraska Wesleyan University, or Bellevue University
- The third category contains postsecondary institutions that have a physical presence in the state, offer a baccalaureate degree or above, and have received recurrent authorization to operate. These institutions must apply to the Coordinating Commission every five years for recurring permission to operate in Nebraska until they have operated in Nebraska for 20 years without a change of ownership. They are typically private – though not exclusively – and may

be not-for-profit, such as Bryan College of Health Sciences, or for-profit, such as Kaplan University. Prior to 2011, the for-profit institutions were regulated under the Private Postsecondary Career School Act administered by the Nebraska Department of Education.

- The Coordinating Commission uses specific and thorough criteria, defined in statute, to determine whether schools in the third category are allowed to continue to operate in Nebraska. These criteria include enrollments and graduations by program; accreditation; financial stability; student loan default rates for the Nebraska location; the quality of teaching faculty, library services, and support services; the adequacy and quality of facilities; programs to be offered; and any transfer agreements and other cooperative relationships with other institutions in Nebraska.
- These criteria work well and provide the Commission with the authority to thoroughly evaluate these institutions. However, they are not failsafe.
- In the past several years, a number of for-profit education companies across the country have closed suddenly. Some are able to provide for an orderly teach-out or transition for their students; others are not or do not. One very recent example demonstrates why we believe the surety bond and Guaranty Recovery Fund requirements are necessary.
- In September 2016, ITT Tech went out of business and closed all its campuses nationwide, including one in Omaha. Students attending ITT Tech's Omaha location suffered as a result of its sudden closing. Many students were in the middle of a degree program, or close to graduating, and were left to find a school that would accept their transfer credits. They also were left wondering how this would affect the federal financial aid they depend on.
- With the closing of ITT Tech, there now are three institutions in Nebraska that fall under the category that would be regulated through this bill: The Creative Center in Omaha; National American University in Bellevue; and Kaplan University, which has locations in Omaha and

Lincoln. LB 123 would provide a greater level of protection for students attending these institutions with relatively little financial impact on these institutions. Many other states have enacted similar requirements and they have proven to be effective.

- With that, I'd be happy to answer any questions you may have.