

**Testimony of Hayes Batson  
Chairman and CEO  
Regency Beauty Institute**

**on**

**“Improving For-Profit Higher Education:  
A Roundtable Discussion of Policy Solutions”**

**before the**

**Senate Committee on Health, Education, Labor, and Pensions**

**July 21, 2011**

Good afternoon. I am Hayes Batson, Chairman and CEO of Regency Beauty Institute. Thank you for the opportunity to participate in this roundtable discussion aimed at improving higher education.

Regency is a Minnesota-based vocational education provider focused on cosmetology. We are privately held, were founded more than 50 years ago, and serve 6,000 students through 87 campuses in 20 states.

We differ from traditional educators in several key ways.

- Our programs are offered on a clock hour basis (rather than credit hour) and lead to state licensure which is required to practice as a cosmetologist in all 50 states.
- States prescribe most major aspects of our programs including length, attendance and time recording, faculty ratios and training requirements, curriculum, and number of practical services by type. In a number of states we track and report this data on a daily or monthly basis.
- Our students learn in a “hands on” manner by practicing services on guests and mannequins in small, salon-like campuses located in major retail areas.

We are accredited by the National Accrediting Commission of Cosmetology Arts and Sciences which monitors many aspects of our educational program and requires us to meet minimum student outcome thresholds in areas such as graduation (50%), licensure (60%), and placement (70%). At a Federal level we are subject to the same laws and regulations that apply to other proprietary higher education institutions participating in Title IV.

I am concerned about the sustainability of our current higher education system. There are undoubtedly cases of misinformation and abuse in proprietary schools, and the HELP Committee’s work has brought these to light. I believe these issues are addressable through sound policy and enforcement and look forward to working on solutions. In addition, there are major structural issues in higher education around quality, cost and access that must be tackled, and I hope we will have an opportunity to discuss those today. For example, since the economic downturn began in 2008 our student mix has shifted towards independent, Pell eligible students who report more life obstacles and lower incomes prior to entering school. These students need education to build successful careers and lives, but experience challenges that affect their success rates. We must crack the code to success for these students.

Educational success requires a partnership between the school, the student and the student’s parent, spouse, or other supporters. Schools should be accountable to students and taxpayers. We are facing huge Federal deficits, a stagnant economy, and growing pressure to demonstrate a return on our public investment in education. Now is the time to reform our current regulatory system to create a healthy long-term higher education environment for students, taxpayers and quality schools.

There are countless regulations in place today but many are indirect, ineffective or unevenly enforced attempts at ensuring that students get a quality education at a good value. We envision the creation of a new regulatory framework based on: 1) program cost and benefit information—right stuff, right format, right place; 2) verification—internal controls, auditors, accreditors, D Ed; and 3) thresholds for Title IV participation—completion, licensure and placement. This framework should replace not supplement the current patchwork of regulation, be applicable to all of higher education within a reasonable timeline, and consider implications on access and success rates of economically disadvantaged students. It could be supplemented with program lending limits that prevent students from over-borrowing in the first place by linking borrowing levels to the typical wages prevailing in the field served by the program.

We recognize that a redesign of the regulatory framework will be difficult and will require all participants in the higher education process to work outside their comfort zones. For our part, we need to be willing to make changes in the way we design and deliver education. However, we believe the collective interests of students, taxpayers and quality schools will be served by taking the steps outlined here, and we are committed to supporting the process going forward. Thank you again for the opportunity to share our views.