

# SENATE BILL 399

F2, I3

9lr1482  
CF HB 464

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By: **Senators Pinsky, Augustine, Elfreth, Ferguson, Hayes, McCray, Washington, Young, and Zucker**

Introduced and read first time: January 31, 2019

Assigned to: Education, Health, and Environmental Affairs

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 11, 2019

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Consumer Protection – Private Career Schools and For-Profit Institutions of**  
3 **Higher Education – Disclosures and Regulation**

4 FOR the purpose of requiring private career schools and certain for-profit institutions of  
5 higher education to provide certain students with certain information before the  
6 student signs an enrollment agreement, completes registration, or makes a financial  
7 commitment; requiring certain information to be displayed in a certain manner and  
8 on certain websites; ~~prohibiting certain schools and institutions from enrolling~~  
9 ~~certain residents under certain circumstances; providing for the construction of this~~  
10 ~~Act; requiring the Maryland Higher Education Commission to adopt certain~~  
11 ~~regulations on or before a certain date; specifying that certain schools and~~  
12 ~~institutions may not be required to comply with certain provisions until a certain~~  
13 ~~fiscal year; defining a certain term; and generally relating to the regulation of~~  
14 disclosures required to be made by private career schools and for-profit institutions  
15 of higher education.

16 BY repealing and reenacting, with amendments,  
17 Article – Commercial Law  
18 Section 13–320(b)  
19 Annotated Code of Maryland  
20 (2013 Replacement Volume and 2018 Supplement)

21 ~~BY repealing and reenacting, without amendments,~~  
22 ~~Article – Education~~

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~Section 10-101(a), (c), (d), and (j) and 11-202.2(a) and (b)(1) and (2)  
Annotated Code of Maryland  
(2018 Replacement Volume and 2018 Supplement)~~

~~BY adding to~~

~~Article — Education  
Section 11-210  
Annotated Code of Maryland  
(2018 Replacement Volume and 2018 Supplement)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

### Article – Commercial Law

13–320.

(b) (1) Before a prospective student signs an enrollment agreement, completes registration, or makes a financial commitment to a private career school, for-profit institution of higher education, or for-profit institution of higher education that is required to register with the Commission, the school or institution shall provide to the student the following information:

(i) The total cost of attendance for the program, as defined in 20 U.S.C. § 1087ll;

(ii) The length of the program;

(iii) The number of clock or credit hours, or the equivalent information;

(iv) The school or institution's cancellation and refund policy;

(v) The program's completion rates for both full-time and part-time students;

(vi) The program's withdrawal rates; [and]

(vii) The median combined loan debt for federal loans, institutional loans, and private loans certified by the school or institution, for all students who completed the program during the most recently completed award year;

**(VIII) THE PLACEMENT RATE FOR THE PROGRAM, IF THE SCHOOL OR INSTITUTION IS REQUIRED BY ITS ACCREDITING AGENCY TO CALCULATE A PLACEMENT RATE FOR THE PROGRAM, OR THE SCHOOL OR INSTITUTION, OR BOTH, USING THE REQUIRED METHODOLOGY OF THE ACCREDITING AGENCY;**

1 (IX) WHETHER THE PROGRAM SATISFIES THE APPLICABLE  
 2 EDUCATIONAL PREREQUISITES FOR PROFESSIONAL LICENSURE OR CERTIFICATION  
 3 IN THE STATE; AND

4 (X) THE MEDIAN EARNINGS OF FORMER STUDENTS OF THE  
 5 SCHOOL OR INSTITUTION WHO RECEIVED FEDERAL FINANCIAL AID AT 10 YEARS  
 6 AFTER ENTERING THE SCHOOL OR INSTITUTION, AS REPORTED ON THE COLLEGE  
 7 SCORECARD, IF AVAILABLE; ~~AND~~

8 ~~(XI) WHETHER THE SCHOOL OR INSTITUTION HAS FAILED TO~~  
 9 ~~MEET THE REQUIREMENTS OF § 11-210 OF THE EDUCATION ARTICLE IN ANY OF THE~~  
 10 ~~3 IMMEDIATELY PRECEDING FISCAL YEARS.~~

11 (2) [(i)] The information described under paragraph (1) of this subsection  
 12 shall be prominently displayed [in]:

13 (I) IN a letter or e-mail to a prospective student THAT DOES NOT  
 14 CONTAIN:

15 1. INFORMATION ABOUT A PROGRAM OTHER THAN THE  
 16 PROGRAM IN WHICH THE STUDENT HAS EXPRESSED INTEREST; OR

17 2. ANY OTHER SUBSTANTIVE INFORMATION; AND

18 [(ii)] The letter or e-mail may not contain any other substantive  
 19 information from the school or institution.]

20 (II) ON THE WEBSITE OF EACH SCHOOL OR INSTITUTION THAT  
 21 IS AVAILABLE TO A PROSPECTIVE STUDENT WITHOUT THE NECESSITY OF  
 22 PROVIDING ANY PERSONAL INFORMATION ABOUT THE STUDENT.

23 (3) The school or institution shall maintain records of the school's or  
 24 institution's efforts to provide the information described under paragraph (1) of this  
 25 subsection to a prospective student for at least 5 years after the student enrolls at the school  
 26 or institution.

27 ~~Article—Education~~

28 ~~10-101.~~

29 (a) ~~In this division the following words have the meanings indicated.~~

30 (e) ~~“Commission” means the Maryland Higher Education Commission.~~

~~(d) "For-profit institution of higher education" means an institution of higher education that generally limits enrollment to graduates of secondary schools, awards degrees at the associate, baccalaureate, or graduate level, and is not a public or private nonprofit institution of higher education.~~

~~(j) "Private career school" means a privately owned and privately operated institution of postsecondary education other than an institution of higher education that furnishes or offers to furnish programs, whether or not requiring a payment of tuition or fee, for the purpose of training, retraining, or upgrading individuals for gainful employment as skilled or semiskilled workers or technicians in recognized occupations or in new and emerging occupations.~~

~~11 11-202.2.~~

~~(a) (1) In this subtitle the following words have the meanings indicated.~~

~~(2) "Fully online distance education program in the State" means a program, originating outside the State, offered by an out-of-state institution in which:~~

~~(i) A student domiciled in Maryland enrolls;~~

~~(ii) 51% or more of the program is offered through electronic distribution; and~~

~~(iii) The Commission determines that the portion of the program offered at a location in the State, if any, does not require a certificate of approval under § 11-202 of this subtitle for the institution to operate in the State.~~

~~(3) "Out-of-state institution" means an institution of higher education whose primary campus exists outside Maryland and whose authority to grant degrees is conferred by another state.~~

~~(b) (1) An institution of higher education that enrolls Maryland students in a fully online distance education program in the State shall file an application to register with the Commission before or within 3 months of enrolling the first Maryland student.~~

~~(2) This section does not apply to an institution of higher education that enrolls Maryland students in a fully online distance education program in the State that:~~

~~(i) Is subject to program review by the Commission under § 11-206 or § 11-206.1 of this subtitle;~~

~~(ii) Participates in the Southern Regional Education Board's Electronic Campus; or~~

~~(iii) Participates in the State Authorization Reciprocity Agreement (SARA).~~

1 ~~11-210.~~

2 ~~(A) IN THIS SECTION, "ANNUAL REVENUE" MEANS THE REVENUE~~  
3 ~~GENERATED DURING A SCHOOL'S OR AN INSTITUTION'S FISCAL YEAR THAT CAN BE~~  
4 ~~INCLUDED IN ITS CALCULATION RELATED TO COMPLIANCE WITH 20 U.S.C. §~~  
5 ~~1094(A)(24).~~

6 ~~(B) THIS SECTION APPLIES TO A SCHOOL OR AN INSTITUTION THAT HAS~~  
7 ~~ANNUAL REVENUE IN EXCESS OF \$10,000,000 AND IS:~~

8 ~~(1) A PRIVATE CAREER SCHOOL;~~

9 ~~(2) A FOR-PROFIT INSTITUTION OF HIGHER EDUCATION APPROVED~~  
10 ~~TO OPERATE IN THE STATE; OR~~

11 ~~(3) A FOR-PROFIT INSTITUTION OF HIGHER EDUCATION THAT IS~~  
12 ~~REQUIRED TO REGISTER UNDER § 11-202.2 OF THIS SUBTITLE.~~

13 ~~(C) A SCHOOL OR AN INSTITUTION DESCRIBED UNDER SUBSECTION (B) OF~~  
14 ~~THIS SECTION MAY NOT ENROLL NEW MARYLAND RESIDENTS IN A PROGRAM IF, IN~~  
15 ~~2 OUT OF 3 OF THE IMMEDIATELY PRECEDING FISCAL YEARS, LESS THAN 15% OF~~  
16 ~~THE SCHOOL'S OR INSTITUTION'S ANNUAL REVENUE IS DERIVED FROM FUNDS~~  
17 ~~DISBURSED TO THE SCHOOL OR INSTITUTION THROUGH:~~

18 ~~(1) STATE OR FEDERAL FUNDING SOURCES RELATED TO TUITION,~~  
19 ~~FEES, AND OTHER INSTITUTIONAL CHARGES FOR STUDENTS; OR~~

20 ~~(2) LOANS AND GRANTS PROVIDED OR GUARANTEED BY THE SCHOOL~~  
21 ~~OR INSTITUTION.~~

22 ~~(D) A VIOLATION OF SUBSECTION (C) OF THIS SECTION MAY NOT BE~~  
23 ~~CONSTRUED TO LIMIT A SCHOOL'S OR AN INSTITUTION'S ELIGIBILITY TO PROVIDE~~  
24 ~~INSTRUCTION TO, AND COLLECT REVENUE FROM, STUDENTS WHO WERE ENROLLED~~  
25 ~~BEFORE THE VIOLATION TAKES PLACE.~~

26 ~~(E) ON OR BEFORE DECEMBER 1, 2019, THE COMMISSION SHALL ADOPT~~  
27 ~~REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SECTION.~~

28 ~~SECTION 2. AND BE IT FURTHER ENACTED, That a private career school or~~  
29 ~~for-profit institution of higher education subject to § 11-210 of the Education Article, as~~  
30 ~~enacted by this Act, may not be required to comply with the provisions of this Act until the~~  
31 ~~fiscal year of the school or institution that begins on or after July 1, 2019.~~

1 SECTION ~~3~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 2019.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.