

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 55 (Chair, Education, Health, and Environmental Affairs
Committee)(By Request - Departmental - Higher
Education Commission)

Education, Health, and Environmental Affairs

Appropriations

Private Career Schools - Solicitor Permits - Repeal

This departmental bill eliminates the requirement that a solicitor for a private career school located outside the State obtain a permit from the Maryland Higher Education Commission (MHEC).

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: General fund revenues from private career school solicitor fees decrease minimally beginning in FY 2013. MHEC general fund expenditures for postage decrease minimally.

Local Effect: None.

Small Business Effect: MHEC has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: A person wishing to act as a solicitor for a private career school located outside of the State must apply to MHEC for a permit. To apply for a permit, the applicant must complete the required forms and submit a copy of each type of contract offered by the solicitor to prospective students and any advertising materials and other

representations that are made by the school to its students or prospective students. If MHEC approves the application, it must issue a permit to the solicitor, on payment of an initial fee of \$25. Each permit issued expires on June 30 and may be renewed annually, for \$25.

Background: Private career schools offer the training needed in dozens of fields, ranging from electronic repair and computer operation to cosmetology and allied health. During the 2009-2010 academic year, approximately 30,500 students were enrolled in 179 private career schools throughout the State.

The solicitor fees for private career schools were established by Chapter 246 of 1988. Technological advancement, especially through electronic media, has provided out-of-state access to in-state students that is virtually impossible to track or monitor. Today, neither an out-of-state private career school nor a Maryland resident need travel to another location to be recruited or to enroll. The existing statute only pertains to school solicitors who physically enter Maryland for the purpose of enrolling Maryland residents in an out-of-state training program. Fees are not required for solicitors for other types of postsecondary education such as for-profit institutions of higher education, nonprofit four-year institutions, or community colleges.

State Revenues: General fund revenues from private career school solicitor fees decrease minimally beginning in fiscal 2013, assuming renewal would otherwise occur before the end of June. Annual revenue from solicitor permits averaged approximately \$2,000 per year over the past five years (about 80 permits per year, each at \$25). However, the number of permits has decreased during the two most recent fiscal years. Solicitor fee revenue was \$1,125 for 45 permits for fiscal 2013, and solicitor fee revenue was \$1,425 for 57 permits for fiscal 2012. MHEC anticipates that the decline in solicitor permits will continue due to the increased use of electronic media in student recruitment. MHEC projects that solicitor fee revenues would otherwise be approximately \$1,000 for permits in fiscal 2014 and would have decreased by approximately \$100 per year; therefore, the amount of foregone general fund revenue due to the fee being eliminated will decrease each year.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - January 14, 2013
mlm/rhh

Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Higher Education Commission – Solicitors for Private Career Schools

BILL NUMBER: SB 55

PREPARED BY: Maryland Higher Education Commission

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.