

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

Senate Bill 72      (Chair, Education, Health, and Environmental Affairs Committee)(By  
Request - Departmental - Higher Education Commission)

Education, Health, and Environmental Affairs

Appropriations

**Higher Education - Institutions of Postsecondary Education - Exempt Institutions**

This departmental bill prohibits an institution of postsecondary education that may operate without a certificate of approval issued by the Maryland Higher Education Commission (MHEC) from making reference to its approval or exemption from approval on any certificate, diploma, academic transcript or other document; in advertisements or publications; or on a web site. A violator is subject to a fine of up to \$5,000 for each violation.

**Fiscal Summary**

**State Effect:** Minimal increase in revenues due to the bill's penalty provision. No effect on expenditures.

**Local Effect:** None.

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

**Analysis**

**Current Law:** Most postsecondary institutions must obtain a certificate of approval from MHEC before they are allowed to operate in the State. However, certain institutions are exempt from obtaining a certificate of approval from MHEC. These institutions are either under charter from the General Assembly or religious institutions meeting certain qualifications. MHEC grants a certificate of approval exemption after an institution demonstrates it meets the requirements to qualify for an exemption.

**Background:** MHEC has received numerous complaints from students as a result of an exempt institution improperly referring to or advertising its exempt status. In some cases, institutions advertise the exemption as approval by MHEC, and in others, institutions simply advertise the exemption. In particular, the representation that an institution has been approved by MHEC when it has not is extremely misleading to students. An exempt institution does not undergo review of its programs, facilities, and resources, as does an approved institution.

**Additional Comments:** The bill does not specify where the fine revenue it to be deposited. It is assumed the minimal revenues collected are deposited in the general fund.

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### **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 27, 2009  
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Analysis by: Caroline L. Boice

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

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Higher Education – Institutions of Postsecondary Education – Exempt Institutions

BILL NUMBER: SB 72

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.