

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 128

(Senator Serafini)

Education, Health, and Environmental Affairs

Appropriations

**Maryland Higher Education Commission - Religious Educational Institutions -  
Authority to Operate**

This bill repeals one of the conditions that a religious educational institution must follow to operate in the State without a certificate of approval from the Maryland Higher Education Commission (MHEC) or registering with MHEC (for a fully online distance education program). Specifically, the condition that the religious educational institution must not “offer instruction in nonsectarian or general education” is repealed.

The bill takes effect July 1, 2016.

**Fiscal Summary**

**State Effect:** MHEC special fund revenues increase minimally beginning in FY 2017 due to additional religious institutions applying for an exemption. MHEC can process the minimal number of new applications and renewal applications using existing resources.

**Local Effect:** None.

**Small Business Effect:** None.

**Analysis**

**Current Law:** Most postsecondary educational institutions must obtain a certificate of approval from MHEC or register with MHEC (for fully online distance education programs) before they are allowed to operate in the State. However, certain institutions are exempt from registering with or obtaining a certificate of approval from MHEC. These

institutions are either under charter from the General Assembly or religious institutions meeting certain qualifications.

Specifically, a religious educational institution may operate without a certificate of approval and may enroll Maryland students in a fully online distance education program in the State without registering if the institution (1) is established for educational purposes; (2) provides educational programs only for religious vocations or purposes; (3) offers only sectarian instruction designed for and aimed at individuals who hold or seek to learn the particular religious faiths or beliefs taught by the institution; (4) does not offer instruction in nonsectarian or general education; and (5) states on the certificate or diploma the religious nature of the award.

A religious educational institution that is accredited by an accrediting body recognized by the U.S. Department of Education may not operate without a certificate of approval from MHEC.

Each religious educational institution authorized to operate without a certificate of approval or without registering must submit to MHEC a renewal application every two years that includes specified information.

According to the Code of Maryland Regulations, an institution seeking an exemption as a religious educational institution must submit an application, a financial statement, and the documentation required by the Secretary of Higher Education – including the proposed catalog of courses and evidence from the State Department of Assessments and Taxation that the institution is in good standing. In addition, the institution must submit an application fee of \$250. An exemption is valid for two years. For a renewal application, an institution must submit the same materials and a renewal application fee of \$250. A renewal exemption is valid for two years. Since fiscal 2014, revenues from application and renewal fees are deposited into a special fund within MHEC.

Other institutions of higher education are not required to accept, for transfer, credit from a general education course or any other course offered by an exempt religious institution. In addition, there are other limitations on courses offered by exempt religious institution. Prior to enrolling, a student must be given written notice of these limitations.

A person is prohibited from making a verbal or written statement that an institution of postsecondary education operating without a certificate of approval issued by MHEC is approved by, or has a certificate of approval from, MHEC. In addition, a person may not enroll a student in the institution unless the person gives written notice that the student acknowledges certain limitations of the instructional program, including that an institution of higher education is not required to accept, for transfer, credits earned at the institution. A violator is subject to a fine of up to \$5,000 for each violation.

**Background:** As of 2007, 28 states exempted religious schools or bible colleges from their higher education licensing, certification, or accreditation process. States vary in the limitations they place on the courses or programs offered by exempt institutions. In some states, the exemptions are limited to those that prepare students for a vocation in the church or religious organization, but the specific requirements vary by state.

MHEC advises that, on average, it receives seven applications each calendar year. Of those, two or three must be denied because their curriculum includes some general education courses.

**State Fiscal Effect:** MHEC anticipates that the bill results in an increase in the number of institutions applying for a religious exemption; thus, MHEC special fund revenues increase minimally beginning in fiscal 2017. Due to the minimal number of new applications and renewal applications anticipated, MHEC can process the applications using existing resources. The current number of applications consumes approximately 5% of the time of the full-time analyst assigned to the task.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Higher Education Commission, Connecticut Office of Legislative Research, Department of Legislative Services

**Fiscal Note History:** First Reader - January 26, 2016  
min/rhh

---

Analysis by: Caroline L. Boice

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