

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 399

(Senator Pinsky, *et al.*)

Education, Health, and Environmental Affairs

Appropriations

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Consumer Protection – Private Career Schools and For-Profit Institutions of  
Higher Education – Disclosures

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This bill adds several items to the list of specified information that a private career school or for-profit institution of higher education, including those that are required to register with the Maryland Higher Education Commission (MHEC), must provide to a prospective student prior to the student signing an enrollment agreement, completing registration, or making a financial commitment to the school or institution. All specified information must also be prominently displayed on the website of the school or institution without the need for providing personal information. **The bill takes effect July 1, 2019.**

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Fiscal Summary

**State Effect:** None. The bill is directed at private career schools and for-profit institutions of higher education.

**Local Effect:** None.

**Small Business Effect:** Potential minimal.

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Analysis

**Bill Summary:**

*Information Provided to Prospective Students*

In addition to information currently required to be provided, before a prospective student signs an enrollment agreement, completes registration, or makes a financial commitment

to a private career school or for-profit institution of higher education, including those that are required to register with MHEC, the school or institution must provide to the student the following information:

- 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;
- whether the program satisfies the applicable educational prerequisites for professional licensure or certification in the State; and
- the median earnings of former students of the school or institution who received federal financial aid at 10 years after entering the school or institution, as reported on the [College Scorecard](#), if available.

### **Current Law:**

#### *For-profit Institutions*

A “for-profit institution of higher education” is defined as 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.

#### *Private Career Schools*

A “private career school” is defined in statute as 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.

To operate in Maryland, a private career school must be approved by MHEC; some are also accredited by national associations. Private career school programs generally provide training in one of the following areas: allied health, audio visual methods, cosmetology, barbering, bartending, computers, massage, the Montessori Method of education, real estate, truck driving, or mechanics. There are also programs in cooking, dry cleaning, maritime studies, travel, and trade schools.

#### *For-profit Online Distance Education Programs*

A “fully online distance education program in the State” is defined as a program, originating outside the State, offered by an out-of-state institution in which (1) a student

domiciled in Maryland enrolls; (2) 51% or more of the program is offered through electronic distribution; and (3) MHEC determines that the portion of the program offered at a location in the State, if any, does not require a certificate of approval for the institution to operate in the State. “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.

An institution of higher education that enrolls Maryland students in a fully online distance education program in the State must file an application to register with MHEC before, or within three months of, enrolling the first Maryland student unless it (1) is subject to MHEC academic program review; (2) participates in the Southern Regional Education Board’s Electronic Campus; or (3) participates in the State Authorization Reciprocity Agreement.

#### *Information Provided Required to be Provided to Students*

Before a prospective student signs an enrollment agreement, completes registration, or makes a financial commitment to a private career school or for-profit institution of higher education, including those that are required to register with MHEC, the school or institution must provide to the student the following information:

- the total cost of attendance for the program, as defined in 20 USC Section 1087LL;
- the length of the program;
- the number of clock or credit hours, or the equivalent information;
- the school’s or institution’s cancellation and refund policy;
- the program’s completion rates for both full-time and part-time students;
- the program’s withdrawal rates; and
- 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.

The information described must be prominently displayed in a letter or email to a prospective student. The letter or email may not contain any other substantive information from the school or institution. The school or institution must maintain records of the school’s or institution’s efforts to provide the information described to a prospective student for at least five years after the student enrolls at the school or institution.

## **Background:**

### *Number of Schools and Institutions*

According to MHEC, as of January 2019, there were 137 private career schools, 6 for-profit institutions approved to operate in Maryland, and 15 for-profit institutions required to register.

**Small Business Effect:** Many private career schools are small businesses. It is assumed that most private career schools can make prospective students aware of the specified information in the manner required and maintain required records using existing resources. However, some private career schools do not maintain a website. Under the bill all private career schools would need to maintain a website with the required information. This requirement is primarily an administrative burden, as a low traffic website can be created and hosted for no-to-low cost.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 464 (Delegate Hettleman, *et al.*) - Appropriations.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Maryland Higher Education Commission; U.S. Department of Education; Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2019  
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