

# HOUSE BILL 1130

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By: **Delegate D. Barnes**

Introduced and read first time: February 5, 2021

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Higher Education – For-Profit Institutions – Standards for Operation**

3 FOR the purpose of requiring certain for-profit institutions of higher education and private  
4 career schools to meet certain outcome-based standards or be required to be subject  
5 to a certain revenue requirement and be subject to certain enrollment limitations;  
6 defining a certain term; making conforming changes; and generally relating to  
7 standards for operation of for-profit institutions of higher education.

8 BY repealing and reenacting, with amendments,

9 Article – Education

10 Section 11–210

11 Annotated Code of Maryland

12 (2018 Replacement Volume and 2020 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

14 That the Laws of Maryland read as follows:

15 **Article – Education**

16 11–210.

17 (a) (1) In this section the following words have the meanings indicated.

18 (2) “Annual revenue” means the revenue generated during an institution  
19 of postsecondary education’s fiscal year that can be included in its calculation related to  
20 compliance with 20 U.S.C. § 1094(a)(24).

21 (3) (i) “Federal funds” means any federal financial assistance provided  
22 to an institution of postsecondary education through a grant, a contract, a subsidy, a loan,  
23 a guarantee, an insurance policy, or any other means.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) "Federal funds" includes federal financial assistance that is  
2 disbursed to a for-profit institution of higher education or a private career school under  
3 any federal law on behalf of a student to be used to attend the institution or school.

4 (iii) "Federal funds" does not include any monthly housing stipend  
5 provided under the federal Post-9/11 Veterans Educational Assistance Act of 2008.

6 (4) "INSTITUTIONAL ACCREDITOR" INCLUDES THE FOLLOWING  
7 ENTITIES:

8 (I) ACCREDITING BUREAU OF HEALTH EDUCATION SCHOOLS;

9 (II) ACCREDITING COMMISSION OF CAREER SCHOOLS AND  
10 COLLEGES;

11 (III) ACCREDITING COUNCIL FOR CONTINUING EDUCATION  
12 AND TRAINING;

13 (IV) ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES  
14 AND SCHOOLS;

15 (V) COUNCIL ON OCCUPATIONAL EDUCATION;

16 (VI) DISTANCE EDUCATION AND TRAINING COUNCIL; AND

17 (VII) NATIONAL ACCREDITING COMMISSION ON COSMETOLOGY  
18 ARTS AND SCIENCES.

19 (b) Subject to subsection (c) of this section, this section applies to:

20 (1) A for-profit institution of higher education approved to operate in the  
21 State;

22 (2) A for-profit institution of higher education that enrolls Maryland  
23 residents in a fully online distance education program in the State; and

24 (3) A private career school approved to operate in the State that has not  
25 been determined by the Internal Revenue Service to be an organization to which  
26 contributions are tax deductible in accordance with § 501(c)(3) of the Internal Revenue  
27 Code.

28 (c) An institution or a school described in subsection (b) of this section shall:

29 (1) Be approved by the Commission to receive education assistance under  
30 the federal Post-9/11 Veterans Educational Assistance Act of 2008; and

1 (2) Have received funds to pay for students' tuition, fees, or other  
2 institutional charges through Title IV of the federal Higher Education Act of 1965 during  
3 the prior academic year for which the tuition, fees, and other institutional charges collected  
4 per full-time equivalent student enrolled would not be covered in full by the amount of the  
5 maximum level of federal Pell Grant funds.

6 (D) (1) AN INSTITUTION OR A SCHOOL DESCRIBED IN SUBSECTION (B) OF  
7 THIS SECTION THAT FAILS TO MEET EITHER OF THE STANDARDS SET FORTH UNDER  
8 PARAGRAPH (2) OF THIS SUBSECTION SHALL:

9 (I) SATISFY THE REQUIREMENT DESCRIBED UNDER  
10 SUBSECTION (E) OF THIS SECTION; AND

11 (II) BE SUBJECT TO THE ENROLLMENT LIMITATIONS UNDER  
12 SUBSECTION (F) OF THIS SECTION.

13 (2) AN INSTITUTION OR A SCHOOL SHALL, AS REPORTED ON ITS  
14 ANNUAL REPORT TO ITS INSTITUTIONAL ACCREDITOR, MAINTAIN DURING THE  
15 PREVIOUS YEAR:

16 (I) 1. A. A RETENTION RATE OF 70% OR GREATER; OR  
17 B. A GRADUATION RATE OF 70% OR GREATER;  
18 2. AN IN-FIELD CAREER PLACEMENT RATE OF 70% OR  
19 GREATER; AND  
20 3. A REQUIRED CREDENTIALING RATE OF 70% OR  
21 GREATER; OR

22 (II) A COHORT DEFAULT RATE OF 25% OR LESS.

23 [(d)] (E) [At] IF AN INSTITUTION OR A SCHOOL FAILS TO MEET EITHER OF  
24 THE STANDARDS UNDER SUBSECTION (D) OF THIS SECTION, AT least 10% of the  
25 institution's or school's annual revenue shall be from a source other than federal funds.

26 [(e)] (F) An institution or a school described under subsection (b) of this section  
27 may not enroll new Maryland residents in a program if, beginning in fiscal year 2023:

28 (1) In 2 out of 3 of the immediately preceding fiscal years the institution or  
29 school fails to satisfy the provisions of subsection [(d)] (E) of this section; or

1                   (2) For 2 consecutive years the institution or school fails to satisfy the  
2 provisions of subsection **[(d)] (E)** of this section.

3                   **[(f)] (G)** On or before December 1, 2020, the Commission shall adopt regulations  
4 to carry out this section.

5                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
6 1, 2021.