

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 383 (Senator Watson, *et al.*)  
Education, Energy, and the Environment

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**Higher Education - Private Career Schools - Advertising**

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This bill authorizes the Secretary of Higher Education to approve a request from an applicant for a private career school to advertise and collect contact information from potential new students before the private career school receives a certificate of approval (COA) to operate. A private career school granted approval must (1) advertise only information relating to the opening of the private career school, including the anticipated date of opening, programs of instruction, and the application process and (2) include a disclosure that the COA is still pending. These private career schools may not collect any fees or enter into an enrollment agreement with potential students. The Secretary must adopt regulations providing for the process to approve a private career school to advertise prior to receiving a COA, as specified. **The bill takes effect July 1, 2026.**

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**Fiscal Summary**

**State Effect:** The Maryland Higher Education Commission (MHEC) can likely implement the bill with existing resources, as discussed below. Revenues are not directly affected.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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## Analysis

### Current Law:

#### *Private Career Schools*

“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 (*i.e.*, have a COA); 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, dog grooming, dry cleaning, maritime studies, photography, polygraph, travel, and trade schools.

#### *Certificate of Approval*

An institution of postsecondary education may not operate, do business, or function without a COA from MHEC. MHEC must issue a COA if it determines that (1) the institution’s facilities, admission standards, and educational qualifications meet appropriate standards for its programs, training, and courses and (2) the proposed programs address the State’s educational needs. If an institution fails to meet these requirements, MHEC must provide written notice of deficiencies. An institution may request a hearing and judicial review, but MHEC’s decision is presumed correct, and the institution bears the burden of proof.

#### *Guaranty Funds*

Chapters 552 and 553 of 2016 required MHEC to create and provide for two separate guaranty funds (one each for private career schools and for-profit institutions of higher education), which had previously been optional. In the event of the closure of such a school, these guaranty funds must be used to provide a full refund of tuition and fees incurred by a student that have not been reimbursed or discharged. However, this requirement does not apply to a for-profit institution of higher education that underwent an orderly closure on or before October 1, 2016, which included a teach-out plan encompassing specified elements.

Each for-profit institution (as defined, the term does not include for-profit institutions required to register with MHEC) or private career school is required to pay an annual fee into the appropriate fund as determined by MHEC.

The guaranty funds must be used to provide a refund, as determined by the Secretary of Higher Education, of tuition and fees incurred by a student that have not been reimbursed or discharged, if a for-profit institution of higher education or a private career school fails to (1) perform faithfully any enrollment agreement or contract with the student or (2) comply with any provision of the Education Article. Finally, the guaranty funds must be used to provide a refund, as determined by the Secretary of Higher Education, of tuition and fees incurred by a student that have not been reimbursed or discharged, for any other reason directly related to the original purpose of the funds deemed appropriate by the Secretary of Higher Education.

**State Expenditures:** MHEC advises that its Private Career School Unit is fully subscribed and that a full-time staff specialist is needed to ensure pre-approval advertising does not inadvertently lead to fraud against prospective students or administrative backlogs associated with the unit's other duties. The unit currently consists of four staff responsible for oversight of approximately 140 schools; another 31 applications from organizations seeking to operate as private career schools are under review – an increase from 22 such applications in 2025.

The Department of Legislative Services advises that MHEC can *likely* manage the additional workload under the bill with existing resources. Pre-approval limits prospective private career schools to advertising about their anticipated opening and collecting contact information only. Such schools may not collect fees or enter into enrollment agreements, and any advertisement must disclose that the COA to operate is pending. Nevertheless, should growth in applications continue, additional assistance may be necessary and can be requested through the annual budget process.

**Small Business Effect:** Many private career schools are small businesses. The ability to build a prospective student list prior to receiving a COA and opening may facilitate a successful launch and, thus, have a meaningful fiscal impact on prospective private career schools.

**Additional Comments:** In 2025, MHEC advised that organizations intending to become certified as private career schools may face significant challenges in coming fully into regulatory compliance and, thus, ultimately not meet the standards for a COA. These challenges include ensuring curricular alignment with licensing board requirements, developing a course catalog that meets regulatory standards, creating an enrollment agreement that complies with State regulations, and meeting financial requirements, such as securing a financial guarantee.

## Additional Information

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 1138 of 2025.

**Designated Cross File:** HB 28 (Delegate Fair, *et al.*) - Appropriations., HB 28 (Delegate Fair, *et al.*) - Appropriations.

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

**Fiscal Note History:** First Reader - March 9, 2026  
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