Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

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Chair

James D. Fielder, Jr., Ph. D.
Secretary

Bill Number: House Bill 1130 **Position:** Letter of Information
Title: Higher Education – For–Profit Institutions – Standards for Operation
Committee: House Appropriations Committee
Hearing Date: March 11, 2021

Bill Summary:

House Bill 1130 would require specific postsecondary institutions (i.e., for-profit institutions that receive Title IV funding from the federal government and are approved by the Maryland State Approving Agency for Veteran's benefits) to meet specific retention, graduation, placement, and credentialing rates (as reported to a specific accreditor listed in the bill) or fall below a specific cohort loan default rate. If an institution is unable to meet those standards, the institution must have at least 10% of their annual revenue sourced from non-federal funds (i.e., a Maryland specific "90/10 rule").

Information:

House Bill 1130 amends legislation that was passed in the 2020 session (SB294/Chapter 546), which established the Maryland specific "90/10 rule." MHEC is still working through the details on how to implement the Maryland "90/10 rule" and House Bill 1130 would add additional reporting requirements for review and additional oversight of specific institutions.

There are two possible ways MHEC could interpret the legislation. One way would be to only apply the Maryland specific 90/10 rule to institutions that do not meet the amended criteria listed in subsection (d)[1]. Alternatively, MHEC could apply the Maryland specific 90/10 rule to all applicable institutions described in subsections (b) & (c)[2] and exempt institutions from the

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[1] (d) (1) an institution or a school described in subsection (b) of this section that fails to meet either of the standards set forth under paragraph (2) of this subsection shall:
- (I) satisfy the requirement described under subsection (e) of this section; and
- (II) be subject to the enrollment limitations under subsection (f) of this section.

(2) An institution or a school shall, as reported on its annual report to its institutional accreditor, maintain during the previous year:
- (I) 1. A. A retention rate of 70% or greater; or B. A graduation rate of 70% or greater;
  2. An in–field career placement rate of 70% or greater; and
  3. A required credentialing rate of 70% or greater; or
- (II) a cohort default rate of 25% or less.

[2] (b) Subject to subsection (c) of this section, this section applies to:
(1) A for–profit institution of higher education approved to operate in the State;

Maryland specific 90/10 rule that meet the amended criteria listed in subsection (d). MHEC would require guidance on the intent of the legislation for proper administration.

Additionally, MHEC interprets a "cohort default rate" to apply to default rates of federal financial aid. MHEC would source this information from the U.S. Department of Education. Similarly, in reviewing the list of accreditors identified in the legislation, MHEC cannot identify an accreditor known as the "National Accreditation Commission on Cosmetology Arts and Sciences." MHEC believes that intended accreditor is the "National Accrediting Commission of Career Arts and Sciences, Inc."

For further information, contact Dr. Emily Dow, Assistant Secretary for Academic Affairs, at Emily.dow@maryland.gov.

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

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

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

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

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