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Legislative Document

No. 103

S.P. 30

In Senate, January 15, 2019

An Act To Ensure the Integrity of For-profit Colleges

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator VITELLI of Sagadahoc.
Cosponsored by Representative HEPLER of Woolwich and
Senators: GRATWICK of Penobscot, LIBBY of Androscoggin, MOORE of Washington,
Representatives: EVANGELOS of Friendship, PLUECKER of Warren.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 20-A MRSA §10706-A** is enacted to read:

3 **§10706-A. For-profit college review**

4 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
5 following terms have the following meanings.

6 A. "Adequate educational standards" means educational offerings and spending
7 priorities that the state board finds meet the metrics established under subsection 3.

8 B. "Employed" means a person has obtained permanent employment and:

9 (1) The position is paid. If the position is an entry-level position, the salary must
10 be at least 80% of the entry-level salary for the position;

11 (2) The position requires at least 32 hours of work per week;

12 (3) The person has worked in the position for at least 30 days; and

13 (4) The position is not affiliated with a for-profit college from which the person
14 graduated, its parent company or a subsidiary or affiliate of its parent company.

15 C. "Employment in the field of study" means employment in a job:

16 (1) That is included on a list of job titles for which a graduate of a program of
17 study is qualified, as published by the for-profit college, and in the most recent
18 national relational database as a job related to that program of study. If the job
19 title is not in the national relational database, the job may be considered as
20 employment in the field of study if the employer's description of the job matches
21 the job description, tasks and work activities for a job that is included in the most
22 recent national relational database as related to the program of study; or

23 (2) That requires the graduate to use the core skills listed in the school's
24 published program of study taken by the graduate and the employer's written job
25 description provides that the job requires education beyond a high school
26 diploma, that applicants with a postsecondary credential are preferred or that the
27 position is a supervisory or managerial position.

28 D. "For-profit college" means a postsecondary institution that has degree-granting
29 authority and that is operated by a private, for-profit business.

30 E. "National relational database" means the relational database developed by the
31 United States Department of Education, Institute of Education Sciences, National
32 Center for Education Statistics and the United States Department of Labor, Bureau of
33 Labor Statistics relating the United States Department of Education classification of
34 instructional program code identified for a particular program of study to a standard
35 occupational classification.

36 **2. Reporting.** A for-profit college shall report annually by July 1st to the state board
37 the following information in accordance with rules established by the state board that
38 ensure the information is provided in a manner that allows evaluation in accordance with
39 the metrics established under subsection 3:

1 A. The amount of funds, disaggregated by campus, spent on each of the following as
2 compared with total spending by the for-profit college:

3 (1) Educational instruction;

4 (2) Advertising; and

5 (3) Executive salaries;

6 B. The percentage of those who graduated in the previous calendar year,
7 disaggregated by campus and program, who have employment in the field of study;

8 C. The percentage of those who graduated in the previous calendar year,
9 disaggregated by campus and program, who are employed; and

10 D. As reported to the United States Department of Education, the percentage of
11 graduates who graduated in the previous 3 calendar years who received federal
12 student loans and:

13 (1) The percentage of those who received such loans who have defaulted; and

14 (2) The percentage of those who received such loans whose loan balances
15 declined in the 3 years after repayment first became due, excluding those
16 graduates for whom repayment was deferred as a result of military service.

17 **3. Evaluation.** The state board shall by rule establish metrics to determine adequate
18 educational standards that must be met by for-profit colleges. The metrics must include
19 at least the following annual evaluation criteria.

20 A. The state board shall evaluate spending priorities by using information supplied
21 pursuant to subsection 2, paragraph A. If the state board finds a for-profit college
22 annually spends less than 50% of its total spending on instruction or more than 15%
23 of its total spending on advertising, the state board must find that the for-profit
24 college fails to meet adequate educational standards.

25 B. The state board shall determine whether a for-profit college has received
26 necessary accreditations to allow graduates to meet professional licensing or other
27 career standards related to the educational programs for which degrees or certificates
28 are granted by the for-profit college. If the state board finds a for-profit college has
29 not received these necessary accreditations, the state board must find that the
30 for-profit college fails to meet adequate educational standards.

31 **4. Rules.** The state board shall adopt rules necessary to implement this section.
32 Rules adopted under this subsection are routine technical rules as defined in Title 5,
33 chapter 375, subchapter 2-A.

34 **5. Termination of degree-granting authority.** Pursuant to section 10712, the state
35 board, after completing the evaluation under subsection 3, shall terminate the
36 degree-granting authority of a for-profit college that the board finds does not meet
37 adequate educational standards.

38 **Sec. 2. 20-A MRSA §10712,** as amended by PL 2009, c. 274, §13, is further
39 amended to read:

1 **§10712. Termination of degree-granting authority**

2 The authority of an educational institution to confer degrees terminates upon
3 determination by the state board that any of the following has occurred:

4 **1. Discontinuance of instruction.** The substantial discontinuance of instruction by
5 the educational institution;

6 **2. Sale of stock.** The sale, exchange or other transfer of all or a substantial part of
7 the voting stock of an educational institution;

8 **3. Sale or lease of assets.** The sale, exchange, lease or other transfer of all or a
9 substantial part of the assets of an educational institution; ~~or~~

10 **4. Merger; consolidation; reorganization.** The merger or consolidation of the
11 educational institution with an external entity, or the reorganization of the educational
12 institution, including, but not limited to, reorganization in bankruptcy. This subsection
13 does not apply and authority to confer degrees is not terminated if degree programs are
14 consolidated or reorganized within an educational institution and are at the same level as
15 those authorized by the Legislature or the state board prior to the consolidation or
16 reorganization; or

17 **5. Failure of certain institutions to meet adequate educational standards.** If the
18 educational institution is a for-profit college as defined in section 10706-A, the failure of
19 the institution to meet adequate educational standards under section 10706-A.

20 Upon termination of its degree-granting authority ~~pursuant to this section~~ upon a
21 determination pursuant to subsection 1, 2, 3 or 4, an educational institution may apply to
22 the state board pursuant to section 10703 for a certificate of temporary approval to use the
23 term "community college," "college" or "university" in its name.

24 **SUMMARY**

25 This bill requires annual review of for-profit colleges by the State Board of Education
26 to ensure that they are meeting adequate educational standards. If the board finds that a
27 for-profit college is not meeting the standards, the board may terminate the
28 degree-granting authority of the for-profit college.