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## **An Act To Ensure the Integrity of For-profit Colleges**

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

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

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

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

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

B. "Degree" has the same meaning as in section 10701, subsection 2.

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

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

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

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

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

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

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

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

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

F. "National relational database" means the relational database developed by the United States Department of Education, National Center for Educational Statistics and the United States Department of Labor, Bureau of Labor Statistics relating the United States Department of Education classification of instructional program code identified for a particular program of study to a standard occupational classification.

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

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

(1) Educational instruction;

(2) Advertising; and

(3) Executive salaries;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## SUMMARY

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