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**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1439**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Pollet, Haler, Tarleton, Fey, Sells, Orwall, Ryu, Stanford, and Dolan)

AN ACT Relating to regulating the institutions of higher education, including for-profit institutions and private vocational schools, to protect students from unfair business practices; amending RCW 28C.10.050 and 28C.10.110; adding new sections to chapter 28B.85 RCW; creating new sections; and prescribing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) In 2016, the student achievement council contracted with the William D. Ruckelshaus center to conduct a two-part study analyzing the system of for-profit degree-granting institutions and private vocational schools in Washington. The Ruckelshaus center issued its first report in December 2016, and this act incorporates some of the findings and recommendations from the first phase of the report, including the benefits of ensuring that recruitment advertising and materials are consistent with state and federal verified data. This act also authorizes the second part of the study, as recommended by the center, including discussions of agency jurisdiction and consistency.

(2) The legislature finds that there are many private for-profit and nonprofit career colleges and degree-granting institutions providing Washington state residents with important postsecondary and career opportunities that contribute to the economic security of Washington residents and aid in meeting the needs of our state's growing economy. The legislature also recognizes that there have been high profile closures of, or federal and other state determinations regarding, some for-profit or formerly for-profit institutions that have damaged the reputation of the sector and impacted the expectations and financial stability of some students. It is the legislature's intent to provide a framework to ensure a level playing field exists for the many institutions that provide disclosures to prospective students based on verifiable metrics, which allow prospective students to be able to make the best decisions on school and career choices and on financial aid and loans to finance their educational goals. The legislature also intends to ensure that students are provided the information they need to make the best decisions for their educational future and careers in event of closure or potential closure of an institution. In addition, the legislature intends to protect the state's interest in the integrity of its grant and aid programs, from private decisions to close schools or programs under circumstances that may prevent students from obtaining the degree or certificate and career services that the students expected upon enrollment.

NEW SECTION. **Sec.**  (1) Subject to the availability of amounts appropriated for this specific purpose, the student achievement council must continue administering the two-part study of for-profit degree-granting institutions and private vocational schools that was authorized under section 609, chapter 36, Laws of 2016 sp. sess.

(2) As part of the second part of the process, the study must contain findings and recommendations regarding the creation of an ombuds to serve students of degree-granting institutions and private vocational schools, including a recommendation on which state agency should house the position, and if there are other ombuds positions created by the legislature that can serve these students.

(3) The student achievement council and the workforce training and education coordinating board must provide a report on the study to the legislature by December 31, 2017.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.85 RCW to read as follows:

(1) The council may deny, revoke, or suspend the authorization of any degree-granting institution authorized to operate under this chapter that is found to be in violation of this chapter.

(2) It is a violation of this chapter for a degree-granting institution authorized to operate under this chapter or an agent employed by such a degree-granting institution to provide prospective students with any testimonial, endorsement, or other information that a reasonable person would find was likely to mislead or deceive prospective students or the public regarding current practices of the school, current conditions for employment opportunities, postgraduation employment by industry, or probable earnings in the occupation for which the education was designed, the likelihood of obtaining financial aid or low-interest loans for tuition, or the ability of graduates to repay loans.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.85 RCW to read as follows:

If a degree-granting institution authorized to operate under this chapter presents data about its completion rates, employment rates, loan or indebtedness metrics, or its graduates' median hourly and annual earnings, the posted data must be consistent with the data posted on the workforce training and education coordinating board's career bridge web site or the data posted by the United States department of education, if the board or the department of education has posted such data.

**Sec.**  RCW 28C.10.050 and 2014 c 11 s 2 are each amended to read as follows:

(1) The agency shall adopt by rule minimum standards for entities operating private vocational schools. The minimum standards shall include, but not be limited to, requirements to assess whether a private vocational school is eligible to obtain and maintain a license in this state.

(2) The requirements adopted by the agency shall, at a minimum, require a private vocational school to:

(a) Disclose to the agency information about its ownership and financial position and ((~~to~~)) demonstrate to the agency that the school is financially viable and responsible and that it has sufficient financial resources to fulfill its commitments to students. Financial disclosures provided to the agency shall not be subject to public disclosure under chapter 42.56 RCW;

(b) Follow a uniform statewide cancellation and refund policy as specified by the agency;

(c) Disclose through use of a school catalog, web site, brochure, or other written material, necessary information to students so that students may make informed enrollment decisions. The agency shall specify what data and information ((~~is~~)) are required. To the extent that these web sites or materials present any data on the completion rates, employment rates, loan or indebtedness metrics, and its graduates' median hourly and annual earnings for any of the private vocational schools or its programs, the posted data must be consistent with the data posted on the agency's career bridge web site or the data posted by the United States department of education, if the agency or the department of education has posted such data. Nothing in this subsection requires the agency to make changes to the career bridge web site or add new elements or features to the career bridge web site;

(d) Use an enrollment contract or agreement that includes: (i) The school's cancellation and refund policy, (ii) a brief statement that the school is licensed under this chapter and that inquiries, concerns, or complaints may be made to the agency, and (iii) other necessary information as determined by the agency;

(e) Describe accurately and completely in writing to students before their enrollment prerequisites and requirements for (i) completing successfully the programs of study in which they are interested and (ii) qualifying for the fields of employment for which their education is designed;

(f) Comply with the requirements of RCW 28C.10.084;

(g) Assess the basic skills and relevant aptitudes of each potential student to determine that a potential student has the basic skills and relevant aptitudes necessary to complete and benefit from the program in which the student plans to enroll, including but not limited to administering a United States department of education-approved English as a second language exam before enrolling students for whom English is a second language unless the students provide proof of graduation from a United States high school or proof of completion of a high school equivalency certificate as provided in RCW 28B.50.536 in English or results of another academic assessment determined appropriate by the agency. Guidelines for such assessments shall be developed by the agency, in consultation with the schools;

(h) Discuss with each potential student the potential student's obligations in signing any enrollment contract and/or incurring any debt for educational purposes. The discussion shall include the inadvisability of acquiring an excessive educational debt burden that will be difficult to repay given employment opportunities and average starting salaries in the potential student's chosen occupation;

(i) Ensure that any enrollment contract between the private vocational school and its students has an attachment in a format provided by the agency. The attachment shall be signed by both the school and the student. The attachment shall stipulate that the school has complied with (h) of this subsection and that the student understands and accepts his or her responsibilities in signing any enrollment contract or debt application. The attachment shall also stipulate that the enrollment contract shall not be binding for at least five days, excluding Sundays and holidays, following signature of the enrollment contract by both parties; and

(j) Comply with the requirements related to qualifications of administrators and instructors.

(3) The agency may deny a private vocational school's application for licensure if the school fails to meet the requirements in this section.

(4) The agency may determine that a licensed private vocational school or a particular program of a private vocational school is at risk of closure or termination if:

(a) There is a pattern or history of substantiated student complaints filed with the agency pursuant to RCW 28C.10.120; or

(b) The private vocational school fails to meet minimum licensing requirements and has a pattern or history of failing to meet the minimum requirements.

(5) If the agency determines that a private vocational school or a particular program is at risk of closure or termination, the agency shall require the school to take corrective action.

**Sec.**  RCW 28C.10.110 and 2014 c 11 s 6 are each amended to read as follows:

(1) It is a violation of this chapter for an entity operating a private vocational school to engage in an unfair business practice. The agency may deny, revoke, or suspend the license of any entity that is found to have engaged in a substantial number of unfair business practices or that has engaged in significant unfair business practices.

(2) It is an unfair business practice for an entity operating a private vocational school or an agent employed by a private vocational school to:

(a) Fail to comply with the terms of a student enrollment contract or agreement;

(b) Use an enrollment contract form, catalog, brochure, or similar written material affecting the terms and conditions of student enrollment other than that previously submitted to the agency and authorized for use;

(c) Advertise in the help wanted section of a newspaper or otherwise represent falsely, directly or by implication, that the school is an employment agency, is making an offer of employment or otherwise is attempting to conceal the fact that what is being represented are course offerings of a school;

(d) Represent falsely, directly or by implication, that an educational program is approved by a particular industry or that successful completion of the program qualifies a student for admission to a labor union or similar organization or for the receipt of a state license in any business, occupation, or profession;

(e) Represent falsely, directly or by implication, that a student who successfully completes a course or program of instruction may transfer credit for the course or program to any institution of higher education;

(f) Represent falsely, directly or by implication, in advertising or in any other manner, the school's size, location, facilities, equipment, faculty qualifications, number of faculty, or the extent or nature of any approval received from an accrediting association;

(g) Represent that the school is approved, recommended, or endorsed by the state of Washington or by the agency, except the fact that the school is authorized to operate under this chapter may be stated;

(h) Provide prospective students with: Any testimonial, endorsement, or other information ((~~which has the tendency~~)) that a reasonable person would find likely to mislead or deceive prospective students or the public, including those regarding current practices of the school((~~,~~)); information regarding rates of completion or postgraduation employment by industry, or its graduates' median hourly or annual earnings, that is not consistent with the presentation of data as established under RCW 28C.10.050(2)(c); current conditions for employment opportunities((~~,~~)); postgraduation employment by industry or probable earnings in the occupation for which the education was designed; total cost to obtain a degree or certificate; the acceptance of a degree or certificate by employers as a qualification for employment; the acceptance of courses, a degree, or certificate by higher education institutions; the likelihood of obtaining financial aid or low-interest loans for tuition; and the ability of graduates to repay loans;

(i) Designate or refer to sales representatives as "counselors," "advisors," or similar terms which have the tendency to mislead or deceive prospective students or the public regarding the authority or qualifications of the sales representatives;

(j) Make or cause to be made any statement or representation in connection with the offering of education if the school or agent knows or reasonably should have known the statement or representation to be false, substantially inaccurate, or misleading;

(k) Engage in methods of advertising, sales, collection, credit, or other business practices which are false, deceptive, misleading, or unfair, as determined by the agency by rule; or

(l) Attempt to recruit students in or within forty feet of a building that contains a welfare or unemployment office. Recruiting includes, but is not limited to canvassing and surveying. Recruiting does not include leaving materials at or near an office for a person to pick up of his or her own accord, or handing a brochure or leaflet to a person provided that no attempt is made to obtain a name, address, telephone number, or other data, or to otherwise actively pursue the enrollment of the individual.

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