

# HOUSE BILL REPORT

## ESHB 2381

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### As Passed Legislature

**Title:** An act relating to degree-granting institutions of higher education.

**Brief Description:** Ensuring the quality of degree-granting institutions of higher education.

**Sponsors:** By House Committee on Higher Education (originally sponsored by Representatives Kenney, Cox, Fromhold, Chase, Miloscia, Morrell and Moeller).

#### **Brief History:**

##### **Committee Activity:**

Higher Education: 1/21/04, 2/4/04 [DPS].

##### **Floor Activity:**

Passed House: 2/12/04, 94-2.

Senate Amended.

Passed Senate: 3/4/04, 46-0.

House Refused to Concur.

Senate Receded.

Passed Senate: 3/11/04, 49-0.

Passed Legislature.

#### **Brief Summary of Engrossed Substitute Bill**

- Directs the Higher Education Coordinating Board (HECB) to develop consumer protection information regarding unauthorized and substandard degree-granting institutions.
- Permits the HECB to require accreditation or progress toward accreditation in rules for authorizing private degree-granting institutions.
- Requires periodic review of institutions previously exempted from degree-granting rules.
- Clarifies provisions regarding the cost of the HECB investigations of degree-granting institutions, and regarding exemptions for institutions offering seminars, workshops, and non-credit bearing courses.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Kenney, Chair; Fromhold, Vice Chair; Cox, Ranking Minority Member; Priest, Assistant Ranking Minority Member; Boldt, Chase, Condotta, Jarrett, McCoy, Morrell and Ormsby.

**Staff:** Sydney Forrester (786-7120).

**Background:**

Degree Authorization and Accreditation: A private or out-of-state institution of higher education may not grant or offer to grant a degree unless the Higher Education Coordinating Board (HECB) has authorized the institution to grant degrees in Washington. Although some private institutions are exempt, the HECB rules apply generally to any institution with a presence in Washington that offers educational credentials, instruction, or services prerequisite to, or indicative of, an academic or professional degree beyond the high school level.

In its review of private institutions seeking authorization to operate in Washington, the HECB examines various documents and interviews the institution's officials. In order to ensure an institution has appropriate policies, staffing, infrastructure, and support to offer the degrees they claim to offer, the HECB has established standards for review related to: administration; academic programs; faculty; support services; and, financial stability. Audited financial statements are required every two years for reauthorization.

Accreditation is a process used in some states consisting of peer review of an institution's curricula, instructional support, and finances. Accrediting bodies may rely on self-study or self-reporting by the institution under review. Most public and private institutions seek accreditation, and the United States Department of Education (USDOE) maintains a list of approved accrediting agencies. Although Washington currently does not require an institution to be accredited in order to obtain authorization, all but two authorized institutions are accredited. The two non-accredited institutions currently are in the process of seeking accreditation.

Substandard and Unauthorized Degree-Granting Institutions: The HECB is charged with adopting minimum standards and necessary measures to protect the public from substandard and fraudulent or deceptive practices. The HECB authority to investigate complaints extends to any institution the Board reasonably believes is subject to its jurisdiction, including any institution: 1) offering degree programs or courses for credit at a physical location in Washington; 2) maintaining a server for a distance learning program in Washington; or 3) recruiting or advertising directly to Washington residents.

Unauthorized internet-based institutions that offer degrees with little or no post-secondary level academic work present significant enforcement challenges because they may be outside the jurisdiction of the HECB. The substandard practices of these institutions also implicate consumer protection concerns for both students and the general public.

### **Summary of Engrossed Substitute Bill:**

The HECB is permitted to include accreditation or progress toward accreditation by an agency recognized by the USDOE as a requirement for private degree-granting higher education institutions to operate in Washington.

The HECB also is directed to develop information for the public regarding the substandard and potentially fraudulent practices of institutions that sell or award degrees without requiring adequate and appropriate post-secondary course work. To the extent feasible, information should include links to additional resources.

Existing exemptions are declared nonpermanent and the HECB is directed to periodically review exempt degree-granting institutions. An exemption will be continued only if the institution continues to qualify based on the criteria for exemption in effect at the time of review.

A clarification is made that the cost of inspecting institutions under the HECB's jurisdiction must be borne by the institution. Further clarification is made regarding exemptions for institutions that offer only credit-bearing seminars or workshops lasting three or fewer days, that offer only noncredit-bearing seminars and workshops, and honorary degrees.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** This bill will improve the degree-grating act by strengthening it with another measure of institutional quality. Institutions wanting to start up in Washington are scrutinized for adequate capital and financial ability. Making progress toward accreditation is consistent with these standards. Requiring the HECB to distribute information in print and via its website about diploma mills would add to the consumer protection measures already in place. Because diploma mills usually advertise via the internet, it won't address the person who wants to purchase a fraudulent degree, but it will help protect consumers who aren't aware of diploma mills. In addition, making it explicit in law that exemptions from the act are not permanent justifies periodic review of exempted institutions.

**Testimony Against:** None.

**Persons Testifying:** Becki Collins and Michael Ball, Higher Education Coordinating Board.

**Persons Signed In To Testify But Not Testifying:** None.