CERTIFICATION OF ENROLLMENT

ENGROSSED HOUSE BILL 1279

Chapter 82, Laws of 2025

69th Legislature
2025 Regular Session

POSTSECONDARY EDUCATION—CONSUMER PROTECTION—VARIOUS PROVISIONS

EFFECTIVE DATE: July 27, 2025

Passed by the House March 7, 2025
Yeas 94 Nays 0

LAURIE JINKINS

Speaker of the House of Representatives

Passed by the Senate April 11, 2025
Yeas 48 Nays 0

DENNY HECK

President of the Senate

Approved April 21, 2025 9:22 AM

BOB FERGUSON

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED HOUSE BILL 1279** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

April 21, 2025

Secretary of State
State of Washington

ENGROSSED HOUSE BILL 1279

Passed Legislature - 2025 Regular Session

State of Washington 69th Legislature 2025 Regular Session

By Representatives Pollet, Leavitt, Doglio, Reed, and Simmons

Read first time 01/14/25. Referred to Committee on Postsecondary Education & Workforce.

AN ACT Relating to postsecondary education consumer protections; amending RCW 28B.85.020, 28B.85.070, 28B.85.090, and 28B.85.095; adding a new section to chapter 28B.85 RCW; and creating a new section.

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

NEW SECTION. **Sec. 1.** The legislature finds that the Washington state attorney general and the attorneys general of 24 other states and the District of Columbia have found that online or distance education entities pose unique risks to student consumers. These risks may harm both students and the taxpayers in students' home states. The Washington state attorney general, along with the attorneys general of 24 other states and the District of Columbia, have urged the national council for the state authorization reciprocity agreement to reform the standards of state authorization reciprocity agreements. The national council for state authorization reciprocity agreements is not directly accountable to participating states and has had significant potential for conflict of interest.

According to the joint letter from the offices of the attorneys general, the national council for state authorization reciprocity agreements' current policies "do not adequately guard against the unique risks that arise from distance learning. For instance, NC-

SARA's policy prohibiting member states from enforcing education-specific consumer protection laws against out-of-state NC-SARA participating schools undermines our Offices' and other state agencies' ability to protect students in our states. It also creates a two-tiered system of protection, in which students attending NC-SARA-participating schools receive the benefit of fewer consumer protection laws than students attending schools based in our state or attending schools that do not participate in NC-SARA. This incentivizes NC-SARA participating schools to locate in states with weaker education-specific consumer protection laws, such as financial protections in the event of unanticipated closure, to avoid having to comply with more student-protective laws. Our conversations with some of the representatives of state entities that enforce NC-SARA rules showed that they share this concern."

The legislature finds that Washington has led the western interstate commission for higher education to adopt proposed reforms to state authorization reciprocity agreements and intends to encourage the student achievement council and the western interstate commission for higher education to continue this effort through this act. It is the objective of the legislature to ensure that the state authorization reciprocity agreement is reformed to recognize that student consumer protections adopted through legislation or rule in Washington protect all students residing in Washington through the adoption of this act while providing institutions domiciled in Washington the benefits of reciprocal approval or authorization to offer programs in other states after meeting Washington's rigorous review and approval or authorization standards.

The legislature does not intend for this act to imply that the existing legislatively adopted student consumer protections do not provide protection to students in Washington while Washington engages in efforts to reform the state authorization reciprocity agreement.

Sec. 2. RCW 28B.85.020 and 2013 c 218 s 3 are each amended to read as follows:

(1) The council:

(a) Shall adopt by rule, in accordance with chapter 34.05 RCW, minimum standards for degree-granting institutions concerning granting of degrees, quality of education, unfair business practices, financial stability, and other necessary measures to protect citizens of this state against substandard, fraudulent, or deceptive

practices. The rules shall require that an institution operating in Washington:

(i) Be accredited;

(ii) Have applied for accreditation and such application is pending before the accrediting agency;

(iii) Have been granted a waiver by the council waiving the requirement of accreditation; or

(iv) Have been granted an exemption by the council from the requirements of this subsection (1)(a), provided that any such exemption shall not suspend, supersede, or reduce student consumer protections or the authority of the council to investigate and enforce provisions of this chapter;

(b) May investigate any entity the council reasonably believes to be subject to the jurisdiction of this chapter. In connection with the investigation, the council may administer oaths and affirmations, issue subpoenas and compel attendance, take evidence, and require the production of any books, papers, correspondence, memorandums, or other records which the council deems relevant or material to the investigation. The council, including its staff and any other authorized persons, may conduct site inspections, the cost of which shall be borne by the institution, and examine records of all institutions subject to this chapter;

(c) ((~~May negotiate and enter into~~)) Is responsible for maintaining and developing interstate reciprocity agreements with other state or multistate entities if the agreements are consistent with the purposes in this chapter as determined by the council, and provided that, beginning July 1, 2028, the agreements:

(i) Do not suspend, supersede, or reduce student consumer protections or the authority of the council to investigate and enforce provisions of this chapter;

(ii) Maintain the authority and capabilities of the council to investigate complaints of students who are residents of, or domiciled in, Washington in regard to compliance provisions of this chapter for distance, online, or other degree programs;

(iii) Do not reduce surety or bond requirements for institutions adopted by the council pursuant to this chapter; and

(iv) Ensure disclosure of any investigation, suspension, or provisional status relating to either financial instability, eligibility for participation in federal or state financial aid

programs, or accreditation requirements to the council and students of the institutions, or prospective students, residing in Washington;

(d) May enter into agreements with degree-granting institutions of higher education based in this state, that are otherwise exempt under the provisions of ((~~subsection (1)~~))(a) of this ((~~section~~)) subsection, for the purpose of ensuring consistent consumer protection in interstate distance delivery of higher education;

(e) Shall develop an interagency agreement with the workforce training and education coordinating board to regulate degree-granting private vocational schools with respect to degree and nondegree programs; and

(f) Shall develop and disseminate information to the public about entities that sell or award degrees without requiring appropriate academic achievement at the postsecondary level, including but not limited to, a description of the substandard and potentially fraudulent practices of these entities, and advice about how the public can recognize and avoid the entities. To the extent feasible, the information shall include links to additional resources that may assist the public in identifying specific institutions offering substandard or fraudulent degree programs.

(2) Financial disclosures provided to the council by degree-granting private vocational schools are not subject to public disclosure under chapter 42.56 RCW to the extent that such records are exempt from disclosure by the federal government and are not relied on as part of federal or state determinations relating to (a) eligibility of students enrolled in the institution to receive federal or state financial aid; (b) the level of surety or bond required to be maintained by the institution; or (c) resolving any investigation relating to the ability of the institution to offer educational programs authorized by the council or workforce training and education coordinating board.

(3)(a) If the governing council of state authorization reciprocity agreements has not amended its bylaws and policies to provide student consumer protections equivalent to those established in this act by July 1, 2028, the student achievement council shall undertake a review of continuing participation in state authorization reciprocity agreements and may initiate alternative arrangements with individual states or groups of states. The student achievement council shall determine whether the governing council's bylaws and policies provide equivalent protections.

(b) By December 31, 2026, the student achievement council shall report, in compliance with RCW 43.01.036, to the appropriate committees of the legislature on whether the governing council of state authorization reciprocity agreements has amended its bylaws and policies, or is likely to amend its bylaws and policies, by July 1, 2028.

(c) If the student achievement council determines that the bylaws and policies of state authorization reciprocity agreements do not provide for such equivalent student consumer protections, then the student achievement council shall establish a process for administering interstate reciprocity agreements for distance education outside of state authorization reciprocity agreements and for facilitating a smooth transition of the administration by July 1, 2028.

(4) For purposes of this section, "prospective student" includes any resident who has submitted an application, all or in part, for admission or acceptance to a program of an institution, and anyone who the institution is soliciting to enroll.

Sec. 3. RCW 28B.85.070 and 2012 c 229 s 548 are each amended to read as follows:

(1) The council may require any degree-granting institution to have on file with the council an approved surety bond or other security in lieu of a bond in an amount determined by the council.

(2) In lieu of a surety bond, an institution may deposit with the council a cash deposit or other negotiable security acceptable to the council. The security deposited with the council in lieu of the surety bond shall be returned to the institution one year after the institution's authorization has expired or been revoked if legal action has not been instituted against the institution or the security deposit at the expiration of the year. The obligations and remedies relating to surety bonds authorized by this section, including but not limited to the settlement of claims procedure in subsection (5) of this section, shall apply to deposits filed with the council, as applicable.

(3) Each bond shall:

(a) Be executed by the institution as principal and by a corporate surety licensed to do business in the state;

(b) Be payable to the state for the benefit and protection of any student or enrollee of an institution, or, in the case of a minor, his or her parents or guardian;

(c) Be conditioned on compliance with all provisions of this chapter and the council's rules adopted under this chapter;

(d) Require the surety to give written notice to the council at least thirty-five days before cancellation of the bond; and

(e) Remain in effect for one year following the effective date of its cancellation or termination as to any obligation occurring on or before the effective date of cancellation or termination.

(4) Upon receiving notice of a bond cancellation, the council shall notify the institution that the authorization will be suspended on the effective date of the bond cancellation unless the institution files with the council another approved surety bond or other security. The council may suspend or revoke the authorization at an earlier date if it has reason to believe that such action will prevent students from losing their tuition or fees.

(5) If a complaint is filed under RCW 28B.85.090(1) against an institution, the council may file a claim against the surety and settle claims against the surety by following the procedure in this subsection.

(a) The council shall attempt to notify all potential claimants. If the absence of records or other circumstances makes it impossible or unreasonable for the council to ascertain the names and addresses of all the claimants, the council after exerting due diligence and making reasonable inquiry to secure that information from all reasonable and available sources, may make a demand on a bond on the basis of information in the council's possession. The council is not liable or responsible for claims or the handling of claims that may subsequently appear or be discovered.

(b) Thirty days after notification, if a claimant fails, refuses, or neglects to file with the council a verified claim, the council shall be relieved of further duty or action under this chapter on behalf of the claimant.

(c) After reviewing the claims, the council may make demands upon the bond on behalf of those claimants whose claims have been filed. The council may settle or compromise the claims with the surety and may execute and deliver a release and discharge of the bond.

(d) If the surety refuses to pay the demand, the council may bring an action on the bond in behalf of the claimants. If an action

is commenced on the bond, the council may require a new bond to be filed.

(e) Within ten days after a recovery on a bond or other posted security has occurred, the institution shall file a new bond or otherwise restore its security on file to the required amount.

(6) The liability of the surety shall not exceed the amount of the bond.

(7) The requirements for surety bonds established by the council may not be reduced based on whether an institution is headquartered, incorporated, or domiciled outside of Washington state. The council shall ensure that any authorization agreement with other states provides for at least the amount and security for surety applicable to an institution that is headquartered, incorporated, domiciled, or has a physical presence in Washington state.

Sec. 4. RCW 28B.85.090 and 2018 c 203 s 3 are each amended to read as follows:

(1) Complaints may be filed with the council under this chapter by a person claiming loss of tuition or fees ((~~as a result of an~~)); other loss or injury due to misrepresentation of educational programs, accreditation, support for or statistics relating to job placement, or measurements of student debts and earnings; and other unfair business practices. The complaint shall set forth the alleged violation and shall contain information required by the council. A complaint may also be filed with the council by an authorized staff member of the council or by the attorney general.

(2) The council shall investigate any complaint under this section and may attempt to bring about a settlement. The council may hold a hearing pursuant to the Administrative Procedure Act, chapter 34.05 RCW, in order to determine whether a violation has occurred. If the council prevails, the degree-granting institution shall pay the costs of the administrative hearing.

(3) If, after the hearing, the council finds that the institution or its agent engaged in or is engaging in any unfair business practice, the council shall issue and cause to be served upon the violator an order requiring the violator to cease and desist from the act or practice and may impose the penalties under RCW 28B.85.095 and 28B.85.100. If the council finds that the complainant has suffered loss as a result of the act or practice, the council may order full or partial restitution for the loss. The complainant is not bound by

the council's determination of restitution and may pursue any other legal remedy.

(4) The council shall determine the manner by which any nonpublic, for-profit online institution of higher education offering online distance learning and serving students in Washington shall prominently disclose students' rights, including how students may contact the council to file a complaint, on appropriate websites and in promotional materials distributed and made available to students in Washington. The council may not delegate or otherwise agree to defer investigation or resolution of complaints filed by students who are residents of Washington state and enrolled in institutions of higher education authorized by Washington state to another state where the institution of higher education is headquartered or incorporated.

Sec. 5. RCW 28B.85.095 and 2018 c 203 s 4 are each amended to read as follows:

(1)(a) 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.

(b) The council may not delegate to any other state its authority to oversee and enforce compliance with this chapter or its authority to respond to complaints by students in this state, regardless of whether the institution is authorized by, or has its home in, another state. ((~~Under RCW 28B.85.020(1)(c), participation in interstate reciprocity agreements consistent with the purposes of this chapter does not delegate authority for compliance with this chapter or authority to respond to student complaints.~~))

(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:

(a) 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;

(b) Use any official United States military logo in advertising or promotional materials; or

(c) Violate the provision of RCW 28B.85.175(1)(b) regarding the sale of, or inducing of students to obtain, specific consumer student loan products.

NEW SECTION. **Sec. 6.** A new section is added to chapter 28B.85 RCW to read as follows:

The council may utilize its authority to waive state requirements for institutions participating in interstate reciprocity agreements for online or distance education if:

(1) Such waivers are consistent with federal regulations and requirements for state authorization pursuant to 34 C.F.R. Sec. 600.2 and 600.9, including preserving Washington's authorization to administer federal financial aid programs; and

(2) The council finds that the institutions' authorizations are consistent with the council's policies for protection of Washington resident student consumers.

Passed by the House March 7, 2025.
Passed by the Senate April 11, 2025.
Approved by the Governor April 21, 2025.
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