

MARYLAND HIGHER EDUCATION COMMISSION

MEETING BOOKLET

Time: 11:00 AM – 12:00 PM
August 27, 2018

Place: Maryland Higher Education Commission
Conference Call

Maryland Higher Education Commission

Anwer Hasan, Chairman

Sandra L. Jimenez, Vice-Chair

Vivian S. Boyd

John Holaday

Vera R. Jackson

Russell V. Kelley

Giavanna Tserkis, Student Commissioner

Ian MacFarlane

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James D. Fielder, Jr., Ph. D.
 Secretary

Maryland Higher Education Commission Meeting Agenda

TIME: 11:00 a.m. to 12:00 p.m.
 Monday
 August 27, 2018

PLACE: Maryland Higher Education Commission
 Conference Call

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Call to Order		
• Proposed Adoption on Regulations		
○ Workforce Development Sequence	1	*
• Final Adoption on Regulations		
○ Financial Guarantee Requirements for Online Registered Institutions.....	7	*
○ Financial Guarantee Requirements for Private Career Schools.....	10	*

Adjournment



Larry Hogan
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Boyd K. Rutherford
Lt. Governor

Anwer Hasan
Chairperson

James D. Fielder, Jr., Ph. D.
Secretary

MEMORANDUM

DATE: August 27, 2018
TO: Commissioners, Maryland Higher Education Commission
FROM: Emily A.A. Dow, Ph.D., Assistant Secretary, Academic Affairs
Donna Thomas, Executive Director, Office of Student Financial Assistance
RE: Proposed Regulations - Workforce Development Sequence Scholarships

The purpose of this memorandum is to request the Commission's approval for publication in the Maryland Register of the enclosed proposed regulations, dated August 27, 2018, regarding Workforce Development Sequence Scholarships.

In 2017, the General Assembly enacted legislation (2017, ch. 149, § 1) to create workforce development sequence scholarships at community colleges in the State. In 2018, the General Assembly amended the legislation (2018, ch. 695, § 1) to expand availability of the scholarships for workforce sequences related to registered apprenticeship programs.

On May 23, 2018, the Commission approved for publication proposed regulations regarding workforce development sequence scholarships. Those proposed regulations have been further amended by staff, working together with community college representatives, to clarify the inclusion of registered apprenticeships pursuant to the 2018 legislation, and to make other clarifying edits.

RECOMMENDATION:

It is recommended that the Commission:

- (1) Approves for publication in the Maryland Register the enclosed proposed regulations, dated August 27, 2018, regarding workforce development sequence scholarships;
- (2) Rescinds its prior approval, on May 23, 2018, of a set of proposed regulations, dated May 23, 2018, regarding workforce development sequence scholarships; and
- (3) Authorizes its Assistant Attorneys General to make non-substantive edits to the proposed regulations if necessary to conform to the stylistic requirements of the Joint Administrative, Executive, and Legislative Review Committee or the Division of State Documents.

.01 Purpose.

The purpose of the Workforce Development Sequence Scholarship is to provide financial assistance to students enrolled in Workforce Development Sequences at community colleges in the State.

.02 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) "Associated costs of attendance" means costs incurred by a student to purchase books or equipment that are necessary for the completion of the workforce development sequence for which the student is receiving a workforce development sequence scholarship, and any related testing fees for licensure or certification.

(2) "Commission" means the Maryland Higher Education Commission.

(3) "Eligible Student" means a student who:

(a) Is a Maryland resident or has graduated from a Maryland high school; and

(b) Is enrolled in a Workforce Development Sequence at a community college in the State.

(c) "Eligible Students" may include active duty members of the U.S. Military who:

(i) Are stationed in the State;

(ii) Reside in the State; or

(iii) Are domiciled in this State.

(4) "Non-credit certificate" means a document issued by a community college to a student certifying that the student has completed a non-credit sequence of courses.

(5) "Office" means the Office of Student Financial Assistance within the Commission.

(6) "Secretary" means the Secretary of Higher Education.

(7) "Workforce Development Sequence" means a group of non-credit courses, approved by the Commission, that is offered by a community college and composed of courses related to:

(a) Job preparation or a registered apprenticeship;

(b) Licensure or certification; or

(c) Job skill enhancement.

(8) "Workforce Development Sequence" does not include a sequence of courses leading to an associate or bachelor's degree.

(9) "Workforce Development Sequence Scholarship" or "Scholarship" means an award made to an eligible student under this chapter.

.03 Establishment and Administration.

A. There is a Workforce Development Sequence Scholarship, which shall be administered by the Office consistent with this chapter and pursuant to participation agreements with participating community colleges.

B. To participate in the Workforce Development Sequence Scholarship, a community college shall enter into a participation agreement with the Office, upon the terms prescribed by the Secretary, which, at a minimum, shall include terms to:

(1) Safeguard the confidentiality of personally identifiable information;

(2) Ensure the accuracy of student eligibility determinations under this chapter; and

(3) Provide for the return by the college to the Office any Scholarships not awarded consistent with this chapter and the participation agreement.

.04 Approval of a Workforce Development Sequence.

A. A community college shall apply to the Commission for approval of a workforce development sequence on a form prescribed by the Secretary.

B. The Secretary shall approve a workforce development sequence application if:

(1) The Secretary determines that completion of the courses in the sequence results in the issuance of a non-credit certificate to the student; and

(2) Each course in the sequence is:

(a) Eligible to be funded through Pell grants under Title IV of the federal Higher Education Act;

(b) Eligible to be funded through the federal Workforce Innovation and Opportunity Act;

(c) Designed to prepare an individual to sit for a licensing exam required by a State regulatory agency for employment in a specific occupational field;

(d) A required component of a registered apprenticeship; or

(e) In the Secretary's determination:

(i) Is approved for State funding through the Request for State Funding of a Continuing Education Course (CC-10) application process; and

(ii) Has the purpose of job enhancement or job preparation, or leads to licensure or certification for an occupation that requires licensure or certification.

.05 Student Eligibility.

To be eligible to receive a Workforce Development Sequence Scholarship, a student shall:

(1) Be enrolled at a community college that has entered into a participation agreement with the Office;

(2) Be enrolled in a Workforce Development Sequence; and

(3) Be an eligible student as defined in regulation .02.

.06 Award Amount.

A. A Workforce Development Sequence Scholarship shall not exceed \$2,000 per student annually.

B. A Workforce Development Sequence Scholarship shall be used solely for tuition, mandatory fees, costs to participate in a registered apprenticeship program, and other associated costs of attendance that have not been met through another grant or scholarship by the State or employer.

C. A Workforce Development Sequence Scholarship may be combined with any other grant or scholarship, provided that the total amount of grants or scholarships does not exceed the student's tuition, mandatory fees, apprenticeship costs, and other associated costs of attendance.

.07 Institutional Allocation and Notification.

A. At the beginning of each State fiscal year, the Office shall notify each participating college of the total dollar amount of Scholarships that may be awarded to students attending the college during the fiscal year.

B. The Office shall allocate equally among the community colleges up to 50 percent of the annual dollar amount budgeted for the Workforce Development Sequence Scholarship.

C. Except as provided in paragraph D, the amount remaining after the allocation required under paragraph B shall be allocated proportionately to participating community colleges based upon student enrollment as follows:

(1) Each college's most recent FTE enrollment in workforce development sequences, based upon the previous year's Enrollment Report for Credit Courses (CC2 report) and Enrollment Report for Equated Credit Continuing Education Courses (CC3 report), shall be divided by the

total FTE enrollment for all workforce development sequences offered by all participating colleges; and

(2) The percentage derived from the calculation in § C(1) of this regulation shall be multiplied by the total number of awards (in \$2,000 increments) not allocated, and the result shall be the additional allocation to the college.

D. For the 2018-2019 award year only, the amount remaining after the allocation required under paragraph B shall be allocated proportionally to participating community colleges based upon student enrollment as follows:

(1) Each college's most recent total FTE enrollment, based upon the previous year's Enrollment Report for Credit Courses (CC2 report) and Enrollment Report for Equated Credit Continuing Education Courses (CC3 report), shall be divided by the total FTE enrollment for all community colleges; and

(2) The percentage derived from the calculation in § D(1) shall be multiplied by the total number of awards (in \$2,000 increments) not allocated, and the result shall be the additional allocation to the college.

.08 Disbursement and Reallocation of Funds.

A. Each participating community college is responsible for awarding its allocation to eligible students.

B. Beginning in the 2019-2020 award year, if a college fails to use 66 percent or more of its allocated awards by March 15, the remaining unused awards shall be returned to the Office and redistributed to community colleges meeting the 66 percent requirement, on a pro-rata basis, unless the community college losing the award demonstrates, in the judgment of the Office, that it has eligible candidates to whom it will make the remaining awards.

C. The Office shall notify colleges of any reallocation of awards made after March 15.

D. If a community college does not spend the entire amount allocated to it in a fiscal year by June 15th, the following year's allocated amount will be reduced by the amount of unspent funds.

.09. Distribution of Awards to Students.

A. Selection Criteria. In determining the selection criteria to be applied to award applicants, a community college:

(1) Shall ensure that awards are made only to eligible students;

(2) Shall not make an award to any student who already has received the award for two workforce development sequences, regardless of the duration, cost, or successful completion of the sequences; and

(3) May determine the prioritization of awards based upon any of the following criteria:

(a) The workforce needs of the service area of the institution;

(b) The availability to the applicant of other funds;

(c) Whether the student has received the award previously; and

(d) The order in which applications were submitted by applicants.

B. Compliance with State and Federal Law. A community college shall administer the Workforce Development Sequence Scholarship consistent with State and federal law.

C. Non-discrimination. A community college shall not discriminate against applicants, prospective applicants, or awardees based upon sex, race, ethnicity, religion, disability, sexual orientation, or sexual identity.

D. Reporting to Commission. A community college shall report to the Office annually regarding the selection criteria used by the college under paragraph A.

.10 Continuation of Workforce Development Sequence.

A. Approval of a Workforce Development Sequence terminates when the condition under which the sequence was approved ceases, including by:

(1) A determination by the U.S. Department of Education that one or more of the courses in the sequence are no longer eligible to be funded through Pell grants under Title IV of the federal Higher Education Act;

(2) A determination by the Department of Labor, Licensing, and Regulation that the sequence is no longer eligible to be funded through the federal Workforce Innovation and Opportunity Act;

(3) A determination by a licensing board that the licensing exam that is the subject of the sequence no longer is required for employment in a specific occupational field;

(4) A determination by the Department of Labor, Licensing, and Regulation that the sequence is no longer a required component of a registered apprenticeship; or

(4) A determination by the Secretary that:

(a) Any course in the sequence is no longer eligible for State funding through the CC-10 application process; or

(b) The sequence no longer has the purpose of job enhancement or job preparation, or no longer leads to licensure or certification for occupations that require the licensure or certification.

B. A community college shall notify the Commission immediately if the Workforce Development Sequence discontinues, or if any of the circumstances enumerated in paragraph A occur.

C. If a Workforce Development Sequence is discontinued or terminated, the community college either shall reallocate workforce development sequence funds towards another workforce development sequence, or shall return the unused funds to the Office.

.11 Record Keeping, Audits, and Annual Reports.

A. All financial books, records, and documents pertaining to the Workforce Development Sequence program shall be open to inspection, review, and audit at all times by the Commission, the State auditor, or their authorized representatives.

B. A community college shall include the Workforce Development Sequence program in any independent audit conducted for the college on State financial aid programs.

C. Except as provided in paragraph D, each community college that participates in this Scholarship program shall submit to the Office:

(1) By October 15, a report of all initial awards for the academic year that includes for each award the:

(a) Name and social security number of each award recipient;

(b) Cost of attendance for each sequence of courses;

(c) Amount awarded to each recipient;

(d) Workforce development sequence in which each recipient is enrolled;

(e) Any registered apprenticeship in which the recipient participated;

(f) State and county residency of each award recipient; and

(g) For any recipients who are not residents of the State, the Maryland high school from which the recipient graduated;

(2) By January 15, a report of subsequent awards for the academic year that includes for each award the:

- (a) Name and social security number of each award recipient;*
- (b) Cost of attendance for each sequence of courses;*
- (c) Amount awarded to each recipient;*
- (d) Workforce development sequence in which each recipient is enrolled;*
- (e) Any registered apprenticeship in which the recipient participated;*
- (f) State and county residency of each award recipient; and*
- (g) For any recipients who are not residents of the State, the Maryland high school from which the recipient graduated;*

(3) By June 15, a final end-of-year report that provides a final cumulative list of recipients that includes for each award the:

- (a) Name, social security number, and date of birth of each award recipient;*
- (b) Cost of attendance for each sequence of courses;*
- (c) Gender, race, and ethnicity of each award recipient;*
- (d) Amount awarded to each recipient;*
- (e) Workforce development sequence in which each recipient is enrolled;*
- (f) Any registered apprenticeship in which the recipient participated;*
- (g) State and county residency of each award recipient;*
- (h) For any recipients who are not residents of the State, the Maryland high school from which the recipient graduated; and*

(h) The number of current year recipients registering for the following year to continue their sequence of courses; and

(4) Any additional information required by the Office pursuant to the participating agreement.

D. For the 2018-2019 award year only, a community college shall provide the reports required under paragraph C by deadlines established by the Office.



Larry Hogan
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Lt. Governor

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Chairperson

James D. Fielder, Jr., Ph. D.
Secretary

August 27, 2018

TO: Commissioners, Maryland Higher Education Commission

FROM: Emily A.A. Dow, Ph.D., Assistant Secretary, Academic Affairs

RE: Final Adoption of Regulations to Implement New Financial Guarantee Requirements for Online Registered Institutions

During the 2018 legislative session, the General Assembly passed Senate Bill 795 as emergency legislation. The bill will require non-SARA, for-profit out-of-state institutions of higher education that provide online education in Maryland to provide to MHEC a financial guarantee in an amount sufficient to cover the institution's non-Title IV tuition liability.

On April 25, 2018, the Commission approved for publication in the Maryland Register the enclosed regulations to implement the requirements of the 2018 legislation. The regulations were published in the Maryland Register on June 8, 2018. The public comment period for the regulations ended on July 9, 2018, and no public comments were received.

The proposed regulations are ready for the Commission's final adoption.

RECOMMENDATION: It is recommended that the Commission approves for final adoption the attached proposed regulations regarding the financial guarantee requirements of certain for-profit institutions that are required to register with the Commission.

.06 Registration Procedure.

A. An institution seeking registration with the Commission as required in Regulation .04 of this chapter shall submit to the Commission:

(1) – (6) (text unchanged)

(7) An affidavit from the President or Chief Executive Officer of the institution affirming that:

(a) The institution has not filed for bankruptcy protection under Title 11 of the U.S. Code during its existence;

and

(b) The President or Chief Executive Officer [will] *shall*:

(i) Abide by the requirements of Education Article, §11-202.2, Annotated Code of Maryland, and this chapter; and

(ii) Notify the Commission in reference to the matters set forth in Regulation .11 of this chapter; [and]

(8) If the institution is or will be enrolling Maryland students before registration is issued, within 30 days of submitting the complete application, a *pre-registration* financial guarantee as provided for in Regulation .07 of this chapter[.]; *and*

(9) *If the institution is a for-profit institution, a continuous financial guarantee pursuant to §11-203 of the Education Article, Annotated Code of Maryland, and as provided for in regulation .12 of this chapter.*

B. In addition to the requirements of §A of this regulation, an institution shall submit a copy of the institution's most recent financial statement reviewed by an independent accountant retained by the institution with its first application for registration and with [subsequent applications for registration every 2 years] *each annual renewal application*.

C. An application is complete as of the day on which an institution submits all documentation required in §§A(1)—(7) and A(9) of this regulation for the registration process as determined by the Secretary.

D. If the Secretary finds that the institution is in compliance with the applicable requirements of Education Article, Title 11, Annotated Code of Maryland, and this chapter, the Secretary shall issue registration to the institution.

E. – H. (text unchanged)

.07 Pre-Registration Financial Guarantee.

A. *Scope.*

(1) *This regulation applies to an institution applying for or renewing registration under this chapter if the institution chooses to enroll [If] a Maryland student [is enrolled]:*

(a) [before] *Before* [an institution is registered] *the institution's registration is issued by the Secretary; or*

(b) [when] *When* [an] *the institution's registration [expires, the institution must file an application for registration as required in Regulation .04A of this chapter and provide a financial guarantee to the Commission in order to commence or continue enrollment of Maryland students] has expired.*

(2) *This regulation does not apply to an institution applying for or renewing a registration if the institution does not enroll a Maryland student:*

(a) *Before the institution's registration is issued by the Secretary; or*

(b) *When the institution's registration has expired.*

B. *The institution shall file an application for registration as required in regulation .04A of this chapter and provide a pre-registration financial guarantee to the Commission, as described in this regulation .07, in order to commence or continue the enrollment of Maryland students.*

C. *The pre-registration financial guarantee provided for in this regulation .07 is separate from, and additional to, the continuous financial guarantee that is required of for-profit institutions under regulation .12 of this chapter.*

[B.] D. An institution that files an application and provides a financial guarantee under this regulation may continue to operate without a registration while the Commission considers the institution's application, conducts a hearing concerning the institution's application, or participates in judicial review regarding the institution's application.

[C.] E. The financial guarantee shall be in the form required by the Secretary, *shall be between the Commission and the surety, and shall be conditioned that, if the institution is denied registration, the institution [will] shall provide 100 percent refunds of tuition and fees paid to the institution by all Maryland students.*

[D.] F. The amount of the financial guarantee *required under this regulation* shall be [5 times the average annual total program tuition and fee costs payable by an individual Maryland student enrolled at the institution] *sufficient to cover 100 percent refunds and fees paid to the institution by all Maryland students.*

[E. While the financial guarantee is active, if the institution's tuition and fee liability to all Maryland students enrolled at the institution exceeds the amount of the financial guarantee, the Secretary may require that the amount of the guarantee be increased to a level to cover 100 percent refunds of tuition and fees paid to the institution by all Maryland students.]

.11 Institutional Operations.

An institution that is registered under this chapter shall:

A. Promptly notify the Commission of:

(1) A change in ownership or a change in majority control;

(2) A material change in the institution's financial status;

(3) A filing for bankruptcy protection under Title 11 of the U.S. Code;

(4) A change in the institution's business standing in the state in which the central administration of the institution is incorporated;

(5) Any communication received from the state authority that regulates the institution regarding institutional or program status with regard to online programs in which Maryland students are enrolled; [and]

(6) Any communication from the institution's accrediting body that may impact the institution's status with the accrediting body; and

(7) Any notice of an adverse action, or potentially adverse action, against the institution by the U.S. Department of Education, including but not limited to any notice to the institution of a reduction of the institution's financial responsibility composite score.

B. Comply with the principles of good practice for distance education in COMAR 13B.02.03;

C. Make refunds to Maryland students as required by Regulation .10 of this chapter;

D. Make public and post on its website:

(1) Information on its registration with the Commission; and

(2) The process for Maryland students to make complaints about the institution;

E. [If the institution has no more than ten Maryland students in a single program placed simultaneously at one site in the State in a supervised internship, practicum, or field experience as a required part of a degree or certificate program, submit] *Submit* to the Secretary, by June 30 of each year, an annual report detailing the number of students placed at each internship, practicum, or field experience location *within the State*, in a form and manner required by the Secretary; and

F. Enroll no more than 10 Maryland students in a single program placed simultaneously at one site in the State in a supervised internship, practicum, or field experience, or otherwise operate in Maryland as defined in subtitle 2 of this title, unless it first obtains a certificate of approval from the Commission in accordance with subtitle 2 of this title.

.12 Continuous Financial Guarantees of For-Profit Institutions.

A. In this regulation, the following terms have the meanings indicated.

(1) "Adjusted gross tuition and fees" means all revenues received on a cash or accrual accounting basis, less any refunds paid to students, for tuition and fees for all instructional programs or courses enrolled in by students, except for charges for materials, supplies, and books that have been purchased by, and are the property of, a student.

(2) "Non-Title IV adjusted gross tuition and fees" means an institution's adjusted gross tuition and fees minus the amount of Title IV federal financial aid received by the institution on behalf of its students.

B. A for-profit institution seeking or renewing registration under this chapter shall provide to the Secretary an irrevocable letter of credit or performance bond, as required by § 11-203 of the Education Article of the Annotated Code, conditioned that the institution shall:

(1) Perform faithfully all agreements or contracts it makes with its students; and

(2) Comply with the Education Article of the Annotated Code.

C. The irrevocable letter of credit or performance bond shall be in the form and amount prescribed by the Secretary and shall conform to the requirements of paragraph D.

D. The amount provided for in the irrevocable letter of credit or performance bond shall, unless a higher amount is required by the Secretary, be:

(1) If the institution is renewing its registration, an amount equal to the institution's non-Title IV adjusted gross tuition and fees for Maryland students for the prior July 1 through June 30; or

(2) If the institution is seeking initial registration, an amount equal to the institution's non-Title IV adjusted gross tuition and fees for the students of its principal campus for the prior July 1 through June 30.

E. The irrevocable letter of credit or performance bond shall be between the surety and the Commission.

F. The irrevocable letter of credit or performance bond required by this regulation, and each annual application to renew a for-profit institution's registration under this chapter, shall be accompanied by a report, in a form prescribed by the Secretary:

(1) Certifying the for-profit institution's:

(a) Total number of Maryland students enrolled in the institution or, if the institution is seeking initial registration, total number of students enrolled in the institution's principal campus;

(b) Total amount of adjusted tuition and fees from the enrollment of Maryland students or, if the institution is seeking initial registration, total amount of adjusted tuition and fees from the enrollment of students in the institution's principal campus;

(c) Total amount of non-Title IV adjusted gross tuition and fees from the enrollment of Maryland students or, if the institution is seeking initial registration, total amount of non-Title-IV adjusted tuition and fees from the enrollment of students in the institution's principal campus; and

(2) Enclosing a declaration signed and dated by the chief executive officer of the school, under penalty of perjury, that the information in the report and any attachments to the report are true and correct.



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August 27, 2018

TO: Commissioners, Maryland Higher Education Commission

FROM: Emily A.A. Dow, Ph.D., Assistant Secretary, Academic Affairs

RE: Final Adoption of Regulations to Implement New Financial Guarantee Requirements for Private Career Schools

During the 2018 legislative session, the General Assembly passed Senate Bill 795 as an emergency measure. The bill requires private career schools to provide to the Commission financial guarantees in amounts sufficient to cover 100 percent of the institutions' non-Title IV tuition liability.

On April 25, 2018, the Commission approved the enclosed proposed regulations, for publication in the Maryland Register, in order to implement the new statutory requirements. The proposed regulations were published in the Maryland Register on June 8, 2018. The public comment period ended on July 9, 2018, and no public comments were received.

The regulations are ready for the Commission's final adoption.

RECOMMENDATION: It is recommended that the Commission approves for final adoption the enclosed proposed regulations regarding the financial guarantee requirements of private career schools.

.02 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) – (6) (text unchanged)

[(6-1) “Branch campus Title IV school” means a school that:

(a) Is recognized as a branch campus, or as an additional location of a main campus, by an accrediting body recognized by the U.S. Department of Education;

(b) Has a main campus that is certified by the U.S. Secretary of Education to participate in federal financial aid programs under Title IV of the Higher Education Act of 1965;

(c) Is geographically apart and independent of its main campus; and

(d) Has a location that:

(i) Is permanent in nature;

(ii) Has its own faculty and administrative or supervisory organization; and

(iii) Has its own budgetary and hiring authority.]

(7) – (19) (text unchanged)

[(19-1) “Main campus Title IV school” means a school that is:

(a) Accredited as a main campus by an accrediting body recognized by the U.S. Department of Education; and

(b) Certified by the U.S. Secretary of Education to participate in federal financial aid programs under Title IV of the Higher Education Act of 1965.]

(19-2) “Non-Title IV school” means a school that does not participate [as a main campus or as a branch campus] in federal financial aid programs under Title IV of the Higher Education Act of 1965.

(20) – (31) (text unchanged)

(32) “Title IV school” means a *school certified by the U.S. Secretary of Education to participate in federal financial aid programs under Title IV of the Higher Education Act of 1965.* [main campus Title IV school or a branch campus Title IV school.]

(33) – (34) (text unchanged)

.19 Financial Guarantee.

A. [Whenever a] A financial guarantee [is] required by this chapter[, it] shall be:

(1) In the form of a performance bond or an irrevocable letter of credit;

(2) Made under the terms and conditions determined by the Secretary, including the conditions that the school [will] *shall*:

(a) Perform faithfully all agreements or contracts it makes with its students; and

(b) Comply with Education Article, Annotated Code of Maryland, and with this chapter;

(3) Made payable to the Secretary *on behalf of the Commission*, and provided to the Secretary; [and]

(4) *Between the Commission and the surety; and*

[(4)] (5) In the amount the Secretary requires, which at a minimum shall be:

(a) The amount prescribed by §B of this regulation, if the school is a non-Title IV school;

(b) The amount prescribed by §C of this regulation, if the school is a [main campus] Title IV school;

[(c)] (c) The amount prescribed by §D of this regulation, if the school is a branch campus Title IV school;]

[(d)] (d) The amount prescribed by [§E] §D of this regulation, if the school is a Title IV school that has been notified by the U.S. Department of Education of an adverse, or potentially adverse, action affecting the school’s participation in Title IV; or

[(e)] (e) The amount prescribed by [§F] §E of this regulation, if the school delivers its programs in whole or in part by distance education.

B. Financial Guarantee Amount — Non-Title IV Schools.

(1) [A Non-Title IV School’s 1st Through 5th Years of Operation.

(a) This subsection applies to a] A non-Title IV school [during its 1st through 5th years of operation.

(b) If the school collects tuition in multiple installments from or on behalf of its students, the school] shall provide a financial guarantee in an amount sufficient to cover[:

(i)] 100 percent of the total tuition liability of the school[, if the school does not meet financial viability standards set forth in §G of this regulation; or

(ii) 50 percent of the total tuition liability of the school, or a greater amount if deemed necessary by the Secretary, if the school meets the financial viability standards set forth in §G of this regulation.

(c) If the school does not collect tuition in multiple installments from or on behalf of its students, the school shall provide a financial guarantee in an amount sufficient to cover 100 percent of the total tuition liability of the school.

(2) During a Non-Title IV School’s 6th Through 10th Years of Operation.

(a) This subsection applies to a non-Title IV school during its 6th through 10th years of operation.

(b) If the school collects tuition in multiple installments from or on behalf of students, the school shall provide a financial guarantee in an amount sufficient to cover:

(i) 100 percent of the total tuition liability of the school, if the school does not meet the financial viability requirements set forth in §G of this regulation; or

(ii) 30 percent of the total tuition liability of the school, or a greater amount if deemed necessary by the Secretary, if the school meets the financial viability requirements set forth in §G of this regulation.

(c) If the school does not collect tuition in multiple installments from or on behalf of its students, the school shall provide a financial guarantee in an amount sufficient to cover 100 percent of the total tuition liability of the school.

(3) After a non-Title IV school's 10th year of operation.

(a) This subsection applies to a non-Title IV school after its 10th year of operation.

(b) If the school collects tuition in multiple installments from or on behalf of students, the school shall provide:

(i) A financial guarantee in an amount sufficient to cover 30 percent of the total tuition liability of the school, or a greater amount if deemed necessary by the Secretary, if the school does not meet the financial viability requirements set forth in §G of this regulation; or

(ii) No financial guarantee, unless the Secretary deems one necessary, if the school meets the financial viability requirements set forth in §G of this regulation.

(c) If the school does not collect tuition in multiple installments from or on behalf of its students, the school shall provide a financial guarantee in an amount sufficient to cover 100 percent of the total tuition liability of the school].

C. Financial Guarantee Amount — [Main Campus] Title IV Schools.

(1) *Minimum Amount.* A Title IV school shall maintain a financial guarantee in an amount sufficient to cover 100 percent of the total non-Title IV tuition liability of the school, unless a greater amount:

(a) Is deemed necessary by the Secretary; or

(b) Is required by the provision of this §C.

[(1)] (2) During a [main campus] Title IV school's 1st through 5th years of operation, [and after at least 1 year of its operation as a main campus Title IV school,] the school shall provide a financial guarantee in an amount sufficient to cover]:

(a)] 100 percent of the total tuition liability of the school[, if the school does not meet the financial viability standards set forth in §G of this regulation; or

(b) 100 percent of the total non-Title IV tuition liability of the school, or a greater amount if deemed necessary by the Secretary, if the school meets the financial viability standards set forth in §G of this regulation].

[(2)] (3) During a [main campus] Title IV school's 6th through 10th years of operation, [and after at least 1 year of its operation as a main campus Title IV school,] the school shall provide a financial guarantee in an amount sufficient to cover:

(a) [100] 50 percent of the total [non-Title IV] tuition liability of the school, if the school does not meet financial viability requirements set forth in [§G] §F of this regulation, *and if 50 percent of the total tuition liability of the school is greater than 100 percent of the school's total non-Title IV tuition liability;* [or]

(b) [50] 100 percent of the school's total non-Title IV tuition liability, [or a greater amount if deemed necessary by the Secretary,] if the school meets the financial viability requirements set forth in [§G] §F of this regulation[.]; or

(c) *A greater amount if deemed necessary by the Secretary.*

[(3)] (4) After a [non-]Title IV school's 10th year of operation, [and after at least 1 year of its operation as a main campus Title IV school,] the school shall provide:

(a) A financial guarantee in an amount sufficient to cover [50] 30 percent of the total [non-Title IV] tuition liability of the school, [or a greater amount if deemed necessary by the Secretary,] if the school does not meet the financial viability requirements set forth in [§G] §F of this regulation, *and if 30 percent of the total tuition liability is greater than 100 percent of the school's total non-Title IV tuition liability;* [or]

(b) [No financial guarantee, unless one is deemed necessary by the Secretary,] *A financial guarantee in an amount sufficient to cover 100 percent of the school's total non-Title IV tuition liability,* if the school meets the financial viability requirements set forth in [§G] §F of this regulation[.]; or

(c) *A greater amount if deemed necessary by the Secretary.*

[D. Financial Guarantee Amount — Branch Campus Title IV School.

(1) During a branch campus Title IV school's 1st through 2nd years of operation in Maryland, the school shall provide a financial guarantee in an amount sufficient to cover:

(a) 100 percent of the total tuition liability of the school, if the school does not meet minimum financial viability standards set forth in §G of this regulation; or

(b) 50 percent of the total tuition liability of the school, if the school meets the minimum financial viability standards set forth in §G of this regulation.

(2) After a branch campus Title IV school's 2nd year of operation in Maryland, and before the school's main campus has operated for 10 years, the school shall provide a financial guarantee in an amount sufficient to cover:

(a) 100 percent of the total non-Title IV tuition liability of the school, if the school does not meet the financial viability requirements set forth in §G of this regulation; or

(b) 50 percent of the total non-Title IV tuition liability of the school, or a greater amount if deemed necessary by the Secretary, if the school meets the financial viability standards set forth in §G of this regulation.

(3) After a branch campus Title IV school's 2nd year of operation in Maryland, and once the school's main campus has operated for at least 10 years, the school:

(a) Shall provide a financial guarantee in an amount sufficient to cover 50 percent of the total non-Title IV tuition liability of the school, if the school does not meet financial viability requirements set forth in §G of this regulation; or

(b) Shall be released from the financial guarantee requirement, unless the Secretary determines that one is necessary, if the school meets the financial viability requirements set forth in §G of this regulation.]

[E.] *D. Financial Guarantee Amount — Title IV Schools Notified of Potentially Adverse Action by the U.S. Department of Education.*

(1) If the U.S. Department of Education notifies a Title IV school that the school is subject to an adverse or potentially adverse action, including any action that limits, suspends, terminates, or otherwise negatively affects the school's participation in Title IV, the school [must] *shall* notify the Commission in accordance with regulation .06 of this chapter.

(2) Upon receipt of the school's notice under [§E(1)] §D(1) of this regulation, or on the Secretary's own initiative, the Secretary may require the school to provide a financial guarantee in an amount deemed necessary by the Secretary to protect students, up to 100 percent of the school's total tuition liability.

[F.] *E. Financial Guarantee Amount — Schools Delivering Programs in Whole or in Part by Distance Education.*

[(1)] A school that delivers a program in whole or in part by distance education shall provide a financial guarantee, regardless of whether a financial guarantee would otherwise be required under §§B—E of this regulation.

(2) The financial guarantee of a school that delivers a program in whole or in part by distance education shall be in the amount prescribed by §§B—[E]D of this regulation, plus an amount sufficient to cover the sum of the tuition of each program delivered in whole or in part by distance education, multiplied by the maximum permissible enrollment for that program.

[G.] *F. Reduced [or Eliminated] Financial Guarantees Based on Financial Viability.*

(1) Upon submission of its annual report under Regulation .06 of this chapter, a school *that provides a financial guarantee in an amount greater than 100 percent of its non-Title IV tuition liability* may request in writing that the Secretary reduce [or eliminate] the school's financial guarantee amount, in accordance with the criteria set forth in §§B—[F]E of this regulation.

(2) The school's request [must] *shall* include the two most recent audited financial statements of the school, and of any corporate parent or holding company of the school.

(3) The Secretary may grant the school's request if the Secretary finds that:

(a) The financial statements and other relevant financial information, including external accounting reports, demonstrate that the school and its ownership meet the financial viability requirements set forth in [§G(4)] §F(4) of this regulation, operate in accordance with sound principles of financial management, and maintain financial resources adequate for the satisfactory conduct of the school; and

(b) A reduction [or elimination] of the financial guarantee is appropriate under the criteria set forth in §§B—[F]E of this regulation.

(4) *Financial Viability Requirement.* A school is considered financially viable if its financial statements, and those of its corporate parent or holding company, demonstrate that the school and its ownership, for each of the 2 most recent years:

(a) Had a *net* income that exceeded expenditures; and

(b) Maintained at least a 1:1 ratio of total current assets to total current liabilities.

(5) *In no instance shall a financial guarantee of a school be reduced below an amount equal to 100 percent of the school's total non-Title IV tuition liability.*



Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Anwer Hasan
Chairperson

James D. Fielder, Jr., Ph. D.
Secretary

Maryland Higher Education Commission 2018 Meeting Dates

The Maryland Higher Education Commission (MHEC) is Maryland’s higher education coordinating board responsible for the management of statewide financial aid programs and the establishment of statewide policies for public and private colleges and career schools to support students’ postsecondary pursuits.

Meeting Dates and Locations

January 24, 2018	June 27, 2018
February 28, 2018	September 26, 2018 9:30am to 3:30pm
March 28, 2018	October 24, 2018
April 25, 2018	November 14, 2018 *Please note date change*
May 23, 2018	December 12, 2018 *Please note date change*

All Commission Meetings will be held on the 4th Wednesday of Each Month from 1:00pm to 4:00pm at the Maryland Higher Education Commission in the 7th Floor Board Room located at 6 N. Liberty Street, Baltimore, MD 21201 unless otherwise noted.

Dates and Times Subject to Change

<http://www.mhec.maryland.gov/About/Pages/Meetings.aspx>