
HOUSE BILL 1949

State of Washington

64th Legislature

2015 Regular Session

By Representatives Pollet, S. Hunt, Gregerson, Ortiz-Self, Moscoso, Ormsby, and McBride

Read first time 02/03/15. Referred to Committee on Higher Education.

1 AN ACT Relating to regulating the institutions of higher
2 education, including for-profit institutions and private vocational
3 schools, to protect students from unfair business practices; amending
4 RCW 28B.85.020, 28B.85.040, 28B.85.070, 28B.85.090, 28B.85.100,
5 28B.92.030, 28C.10.050, 28C.10.110, 28C.10.120, and 28C.10.130;
6 adding new sections to chapter 28B.85 RCW; adding a new section to
7 chapter 28C.10 RCW; creating a new section; and prescribing
8 penalties.

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

10 NEW SECTION. **Sec. 1.** The legislature intends that students
11 enrolled in for-profit higher education institutions and private
12 vocational schools should be protected from documented practices that
13 have jeopardized students' investments in obtaining higher education
14 or vocational training, including marketing of loans at
15 extraordinarily high interest rates by institutions with a financial
16 interest in the students' debt; inflation of data regarding
17 postgraduation employment or earning levels to induce students to
18 enroll; exaggeration of the likelihood of student's ability to obtain
19 financial aid or low-interest loans for tuition; and overstatement
20 about the ability of graduates to repay loans.

1 The legislature finds that it is necessary to protect (1)
2 students who are enrolled in for-profit higher education institutions
3 or private vocational schools, and (2) the state's interest in the
4 integrity of its grant and aid programs, from private decisions to
5 close schools or programs under circumstances that may prevent
6 students from obtaining the degree or certificate and career services
7 that the students expected upon enrollment. The legislature intends
8 that the attorney general should have clear authority to investigate
9 and protect student consumers from unfair business practices.

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

12 (1) The council:

13 (a) Shall adopt by rule, in accordance with chapter 34.05 RCW,
14 minimum standards for degree-granting institutions concerning
15 granting of degrees, quality of education, unfair business practices,
16 financial stability, and other necessary measures to protect citizens
17 of this state against substandard, fraudulent, or deceptive
18 practices. The rules shall require that an institution operating in
19 Washington:

20 (i) Be accredited;

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

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

25 (iv) Have been granted an exemption by the council from the
26 requirements of this subsection (1)(a);

27 (b) Shall require that each degree-granting institution that
28 operates on a for-profit basis and any agent employed by a
29 degree-granting institution that operates on a for-profit basis not
30 engage in any practice that benefits any person or entity that has an
31 ownership interest in the institution or in any practice from which
32 the institution benefits financially regarding the sale of, or
33 enrollment of students in, loan products to fund education.

34 (c) May investigate any entity the council reasonably believes to
35 be subject to the jurisdiction of this chapter. In connection with
36 the investigation, the council may administer oaths and affirmations,
37 issue subpoenas and compel attendance, take evidence, and require the
38 production of any books, papers, correspondence, memorandums, or
39 other records which the council deems relevant or material to the

1 investigation. The council, including its staff and any other
2 authorized persons, may conduct site inspections, the cost of which
3 shall be borne by the institution, and examine records of all
4 institutions subject to this chapter;

5 ~~((e))~~ (d) May negotiate and enter into interstate reciprocity
6 agreements with other state or multistate entities if the agreements
7 are consistent with the purposes in this chapter as determined by the
8 council;

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

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

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

28 (2) ~~((Financial disclosures provided to the council by degree-~~
29 ~~granting private vocational schools))~~ Trade secrets and commercial or
30 financial information submitted to the council by any degree-granting
31 institution that operates on a for-profit basis as privileged or
32 confidential proprietary data, that are not subject to disclosure by
33 federal regulators pursuant to 5 U.S.C. Sec. 552 (b)(4), as existing
34 on the effective date of this section, and that are not relevant to
35 the council's analyses of financial soundness, amount of surety, or
36 practices or relationships regulated under this chapter, are not
37 subject to public disclosure under chapter 42.56 RCW.

38 **Sec. 3.** RCW 28B.85.040 and 2012 c 229 s 545 are each amended to
39 read as follows:

1 (1) An institution or person shall not advertise, offer, sell, or
2 award a degree or any other type of educational credential unless the
3 student has enrolled in and successfully completed a prescribed
4 program of study, as outlined in the institution's publications. This
5 prohibition shall not apply to honorary credentials clearly
6 designated as such on the front side of the diploma or certificate
7 and awarded by institutions offering other educational credentials in
8 compliance with state law.

9 (2) No exemption or waiver granted under this chapter is
10 permanent. The council shall periodically review exempted degree-
11 granting institutions and degree-granting institutions granted a
12 waiver, and continue exemptions or waivers only if an institution
13 meets the statutory or council requirements for exemption or waiver
14 in effect on the date of the review.

15 (3) Except as provided in subsection (1) of this section, this
16 chapter shall not apply to:

17 (a) Any public college, university, community college, technical
18 college, or institute operating as part of the public higher
19 educational system of this state;

20 (b) Institutions that have been accredited by an accrediting
21 association recognized by the council for the purposes of this
22 chapter: PROVIDED, That those institutions meet minimum exemption
23 standards adopted by the council; and PROVIDED FURTHER, That an
24 institution, branch, extension, or facility operating within the
25 state of Washington which is affiliated with an institution operating
26 in another state must be a separately accredited member institution
27 of any such accrediting association to qualify for this exemption;
28 and PROVIDED FURTHER, That an institution that operates on a
29 for-profit basis must comply with the requirements of RCW 28B.85.070,
30 28B.85.090, 28B.85.100, 28B.85.180, and sections 7, 8, 9, and 10 of
31 this act;

32 (c) Institutions of a religious character, but only as to those
33 education programs devoted exclusively to religious or theological
34 objectives if the programs are represented in an accurate manner in
35 institutional catalogs and other official publications;

36 (d) Honorary credentials clearly designated as such on the front
37 side of the diploma or certificate awarded by institutions offering
38 other educational credentials in compliance with state law; or

1 (e) Institutions not otherwise exempt which offer only workshops
2 or seminars and institutions offering only credit-bearing workshops
3 or seminars lasting no longer than three calendar days.

4 **Sec. 4.** RCW 28B.85.070 and 2012 c 229 s 548 are each amended to
5 read as follows:

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

9 (b) For a degree-granting institution that operates on a
10 for-profit basis, the council may require that the surety bond or
11 other security be sufficient to reimburse the total tuition and fees
12 paid by every student (i) currently enrolled in the institution and
13 (ii) who received state need grant support or took out loans and was
14 unable to complete a certificate or degree program because of the
15 actions of the institution. No portion of the bond or security may be
16 covered by a state-operated restitution fund or surety. Any financial
17 assurance required by the council may include an assessment of the
18 institution's financial soundness and the council must increase the
19 bond or security if the institution is considered to be at risk of
20 closing, reducing programs, or losing accreditation.

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

32 (3) Each bond shall:

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

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

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

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

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

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

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

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

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

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

34 (d) If the surety refuses to pay the demand, the council may
35 bring an action on the bond in behalf of the claimants. If an action
36 is commenced on the bond, the council may require a new bond to be
37 filed.

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

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

3 **Sec. 5.** RCW 28B.85.090 and 2012 c 229 s 550 are each amended to
4 read as follows:

5 (1) Complaints may be filed with the council under this chapter
6 by or on behalf of a person claiming loss of tuition or fees as a
7 result of an unfair business practice ((may file a complaint with the
8 council)). The complaint shall set forth the alleged violation and
9 shall contain information required by the council. A complaint may
10 also be filed with the council by an authorized staff member of the
11 council or by the attorney general.

12 (2)(a) The council shall investigate any complaint under this
13 section and may attempt to bring about a settlement. The council may
14 hold a hearing pursuant to the Administrative Procedure Act, chapter
15 34.05 RCW, in order to determine whether a violation has occurred. If
16 the council prevails, the degree-granting institution shall pay the
17 costs of the administrative hearing.

18 (b) The attorney general may investigate complaints and take
19 independent action on behalf of an individual or group of similarly
20 situated persons claiming loss of tuition, fees, or other financial
21 loss, including incurring debts to pay for tuition, if there is
22 evidence that students lost the ability to pursue a program in which
23 they were enrolled or paid tuition, and that they may no longer
24 complete due to action of the institution. The actions taken by the
25 attorney general may include seeking to enjoin unfair practices,
26 equitable remedies, and the imposition of penalties pursuant to RCW
27 19.86.020 of the consumer protection act.

28 (c) The council and the attorney general may subpoena witnesses,
29 compel their attendance, and require the production of documents in
30 the course of their investigation of complaints.

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

1 remedy, including an action pursuant to RCW 19.86.020 of the consumer
2 protection act.

3 **Sec. 6.** RCW 28B.85.100 and 2012 c 229 s 551 are each amended to
4 read as follows:

5 (1) Any person, group, or entity or any owner, officer, agent, or
6 employee of such entity who willfully violates any provision of this
7 chapter or the rules adopted under this chapter shall be subject to a
8 civil penalty of not more than one hundred dollars for each
9 violation. Each day on which a violation occurs, and each student
10 injured by an unfair business practice, constitutes a separate
11 violation. The fine may be imposed by the council or by any court of
12 competent jurisdiction.

13 (2) In addition to the penalties authorized under subsection (1)
14 of this section, any violation of any provision of this chapter under
15 RCW 28B.85.180 is also a violation of RCW 19.86.020 of the consumer
16 protection act. The penalties authorized pursuant to subsection (1)
17 of this section do not preclude remedies available under the
18 provisions of the consumer protection act.

19 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.85
20 RCW to read as follows:

21 (1) The council may deny, revoke, or suspend the accreditation of
22 any institution that is found to have engaged in a substantial number
23 of unfair business practices or that has engaged in significant
24 unfair business practices.

25 (2) It is a violation of this chapter for a degree-granting
26 institution that operates on a for-profit basis or an agent employed
27 by such a degree-granting institution to:

28 (a) Provide prospective students with any testimonial,
29 endorsement, or other information that has the tendency to mislead or
30 deceive prospective students or the public regarding current
31 practices of the school, current conditions for employment
32 opportunities, postgraduation career placement rates or probable
33 earnings in the occupation for which the education was designed, the
34 likelihood of obtaining financial aid or low-interest loans for
35 tuition, or the ability of graduates to repay loans;

36 (b) Fail to continue job placement services promised to enrollees
37 or graduates in the event the institution is sold, closed, or reduces
38 any programs or services;

1 (c) Place a current student or exiter of a program in a
2 short-term job:

3 (i) That is not relevant to the student's training, in order to
4 meet reporting requirements under state law; or

5 (ii) Where the placement is done for the purpose of reporting the
6 current student or an exiter of a program as employed, in order to
7 meet reporting requirements under state law; or

8 (d) Use any official United States military logo in advertising
9 or promotional materials.

10 (3) It is a violation of this chapter for a degree-granting
11 institution that operates on a for-profit basis or an agent employed
12 by a degree-granting institution that operates on a for-profit basis
13 to engage in any practice that benefits any person or entity that has
14 an ownership interest in the institution or in any practice from
15 which the institution benefits financially regarding the sale of, or
16 enrollment of students in, loan products to fund education.

17 NEW SECTION. **Sec. 8.** A new section is added to chapter 28B.85
18 RCW to read as follows:

19 (1) A degree-granting institution that operates on a for-profit
20 basis must provide notice regarding student's rights under this
21 chapter, any applicable federal law, and the complaint procedures in
22 RCW 28B.85.090:

23 (a) In writing to current students and exiters of a program;

24 (b) On the web site of the institution; and

25 (c) In all communications regarding the sale or the closing of a
26 program, facility, or site.

27 (2) The council must provide the form and content of the notice
28 required in this section. The notice must inform students that claims
29 may be pursued by filing a complaint with the council, by filing a
30 complaint pursuant to RCW 19.86.020, or by providing information to
31 the attorney general.

32 (3) The council may direct institutions to post the notice in a
33 conspicuous location within the institution and send the notices by
34 mail to students.

35 NEW SECTION. **Sec. 9.** A new section is added to chapter 28B.85
36 RCW to read as follows:

37 A degree-granting institution that operates on a for-profit basis
38 must provide job placement services and report to the council

1 regarding three-month, six-month, and one-year job placement and
2 earnings outcomes.

3 NEW SECTION. **Sec. 10.** A new section is added to chapter 28B.85
4 RCW to read as follows:

5 (1)(a) The council shall review and approve any sale or closure
6 of an institution that operates on a for-profit basis to ensure that
7 the rights of students under state and federal law are protected. As
8 part of the council's review, the council must ensure that:

9 (i) The purchaser of the institution assumes liability for all
10 tuition and fees paid by students who may not receive the promised
11 educational benefits, career counseling, and placement services. The
12 purchaser's obligation under this section may not be met by a state-
13 operated restitution fund or surety; and

14 (ii) Students have the opportunity to choose to enroll in an
15 alternate program.

16 (b) As it deems necessary, the council may require that corporate
17 contracts or sales agreements contain provisions to ensure that
18 students have the opportunity to enroll in an alternate program.

19 (2) If an institution that operates on a for-profit basis is
20 sold, closed, or reduces programs or other services, the institution
21 must continue to provide job placement services and report to the
22 council as required by section 8 of this act.

23 **Sec. 11.** RCW 28B.92.030 and 2013 c 248 s 2 are each amended to
24 read as follows:

25 As used in this chapter:

26 (1) "Council" means the student achievement council.

27 (2) "Disadvantaged student" means a posthigh school student who
28 by reason of adverse cultural, educational, environmental,
29 experiential, familial or other circumstances is unable to qualify
30 for enrollment as a full-time student in an institution of higher
31 education, who would otherwise qualify as a needy student, and who is
32 attending an institution of higher education under an established
33 program designed to qualify the student for enrollment as a full-time
34 student.

35 (3) "Financial aid" means loans and/or grants to needy students
36 enrolled or accepted for enrollment as a student at institutions of
37 higher education.

38 (4)(a) "Institution" or "institutions of higher education" means:

1 ~~((a))~~ (i) Any public university, college, community college, or
2 technical college operated by the state of Washington or any
3 political subdivision thereof; or

4 ~~((b))~~ (ii) Any other university, college, school, or institute
5 in the state of Washington offering instruction beyond the high
6 school level that is a member institution of an accrediting
7 association recognized by rule of the council for the purposes of
8 this section and that agrees to and complies with program rules
9 adopted pursuant to RCW 28B.92.150. However, any institution, branch,
10 extension or facility operating within the state of Washington that
11 is affiliated with an institution operating in another state must be:

12 ~~((i))~~ (A) A separately accredited member institution of any
13 such accrediting association;

14 ~~((ii))~~ (B) A branch of a member institution of an accrediting
15 association recognized by rule of the council for purposes of this
16 section, that is eligible for federal student financial aid
17 assistance and has operated as a nonprofit college or university
18 delivering on-site classroom instruction for a minimum of twenty
19 consecutive years within the state of Washington, and has an annual
20 enrollment of at least seven hundred full-time equivalent students;
21 or

22 ~~((iii))~~ (C) A nonprofit institution recognized by the state of
23 Washington as provided in RCW 28B.77.240.

24 (b) An institution that is operated on a for-profit basis must
25 receive less than ninety percent of its revenue from state or federal
26 financial aid. Washington state financial aid may not be considered
27 part of the revenue calculation, defined in 20 U.S.C. Sec. 1094, for
28 an institution that receives more than ten percent of its revenue
29 from sources other than federal or state aid.

30 (5) "Needy student" means a posthigh school student of an
31 institution of higher education who demonstrates to the office the
32 financial inability, either through the student's parents, family
33 and/or personally, to meet the total cost of board, room, books, and
34 tuition and incidental fees for any semester or quarter. "Needy
35 student" also means an opportunity internship graduate as defined by
36 RCW 28C.18.162 who enrolls in a postsecondary program of study as
37 defined in RCW 28C.18.162 within one year of high school graduation.

38 (6) "Office" means the office of student financial assistance.

39 (7) "Placebound student" means a student who (a) is unable to
40 complete a college program because of family or employment

1 commitments, health concerns, monetary inability, or other similar
2 factors; and (b) may be influenced by the receipt of an enhanced
3 student financial aid award to complete a baccalaureate degree at an
4 eligible institution.

5 **Sec. 12.** RCW 28C.10.050 and 2014 c 11 s 2 are each amended to
6 read as follows:

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

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

14 (a) Disclose to the agency information about its ownership and
15 financial position and ~~((to))~~ demonstrate to the agency that the
16 school is financially viable and responsible and that it has
17 sufficient financial resources to fulfill its commitments to
18 students. ~~((Financial disclosures provided to the agency shall not
19 be))~~ Trade secrets and commercial or financial information submitted
20 to the agency as privileged or confidential proprietary data, that
21 are not subject to disclosure by federal regulators pursuant to 5
22 U.S.C. Sec. 552 (b)(4) as existing on the effective date of this
23 section, and that are not relevant to the agency's analyses of
24 financial soundness, amount of surety, soundness of the tuition
25 recovery trust fund, or practices or relationships regulated by under
26 this chapter, are not subject to public disclosure under chapter
27 42.56 RCW;

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

30 (c) Disclose through use of a school catalog, brochure, or other
31 written material, necessary information to students so that students
32 may make informed enrollment decisions. The agency shall specify what
33 information is required;

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

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

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

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

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

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

35 (j) Provide job placement services and report to the agency
36 regarding three-month, six-month, and one-year job placement and
37 earnings outcomes; and

38 (k) Comply with the requirements related to qualifications of
39 administrators and instructors.

1 (3) A private vocational school may not engage in any practice
2 that benefits any person or entity that has an ownership in the
3 institution or in any practice from which the institution benefits
4 financially regarding the sale or enrollment of students in loan
5 products to fund education.

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

9 ~~((4))~~ (5) The agency may determine that a licensed private
10 vocational school or a particular program of a private vocational
11 school is at risk of closure or termination if:

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

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

17 ~~((5))~~ (6) If the agency determines that a private vocational
18 school or a particular program is at risk of closure or termination,
19 the agency shall require the school to take corrective action.

20 (7)(a) The agency shall review and approve any sale or closure of
21 a private vocational school to ensure that the rights of students
22 under state law and federal law are protected. As part of the
23 agency's review, the agency must ensure that:

24 (i) The purchaser of the institution assumes liability for all
25 tuition and fees paid by students who may not receive the promised
26 educational benefit, career counseling, and placement services. The
27 purchaser's obligation under this section may not be met by a
28 state-operated restitution fund or surety; and

29 (ii) Students have the opportunity to choose to enroll in an
30 alternate program.

31 (b) As it deems necessary, the agency may require that corporate
32 contracts or sales agreements contain provisions that ensure that
33 students have the opportunity to enroll in an alternate program.

34 (8) If a private vocational school is sold, closed, or reduces
35 programs or other services, the institution, or any approved
36 purchaser or successor, must continue to provide job placement
37 services and report to the agency as required under subsection (2)(j)
38 of this section.

1 **Sec. 13.** RCW 28C.10.110 and 2014 c 11 s 6 are each amended to
2 read as follows:

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

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

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

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

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

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

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

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

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

1 (h) Provide prospective students with any testimonial,
2 endorsement, or other information which has the tendency to mislead
3 or deceive prospective students or the public, including those
4 regarding current practices of the school((τ)); current conditions
5 for employment opportunities((τ)); postgraduation career placement
6 rates or probable earnings in the occupation for which the education
7 was designed; total cost to obtain a degree or certificate; the
8 acceptance of a degree or certificate by employers as a qualification
9 for employment; the acceptance of courses, a degree, or certificate
10 by higher education institutions; the likelihood of obtaining
11 financial aid or low-interest loans for tuition; and the ability of
12 graduates to repay loans;

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

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

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

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

32 (m) Engage in any practice that benefits any person or entity
33 that has an ownership interest in the institution or in any practice
34 from which the institution benefits financially regarding the sale
35 of, or enrollment of students in, loan products to fund education;

36 (n) Fail to continue job placement services in the event the
37 institution is sold, closed, or reduces any programs or services, as
38 required by section 10 of this act;

39 (o) Place a current student or exiter of a program in a
40 short-term job:

1 (i) That is not relevant to the student's training in order to
2 meet reporting requirements under state or federal law; or

3 (ii) Where the placement is done for the purpose of reporting the
4 current student or an exiter of a program as employed, in order to
5 meet reporting requirements under state or federal law; or

6 (p) Use any official United States military logos in advertising
7 or promotional materials.

8 **Sec. 14.** RCW 28C.10.120 and 2014 c 11 s 7 are each amended to
9 read as follows:

10 (1) Complaints may be filed with the agency under this chapter
11 ~~((only))~~ by or on behalf of a current student or exiter of a program
12 or training affected by an unfair business practice. The complaint
13 shall set forth the alleged violation and shall contain information
14 required by the agency on forms provided for that purpose. A
15 complaint may also be filed with the agency by an authorized staff
16 member of the agency or by the attorney general.

17 (2)(a) The agency shall investigate any complaint under this
18 section and shall first attempt to bring about a negotiated
19 settlement. The agency director or the director's designee may
20 conduct an informal hearing with the affected parties in order to
21 determine whether a violation has occurred.

22 (b) The attorney general may investigate complaints and take
23 independent action on behalf of an individual or a group of similarly
24 situated persons claiming loss of tuition, fees, or other financial
25 loss, including incurring debts to pay for tuition, if there is
26 evidence that students lost the ability to pursue a program in which
27 they were enrolled or paid tuition, and that they may no longer
28 complete due to action of the institution. The actions taken by the
29 attorney general may include seeking to enjoin unfair practices,
30 equitable remedies, and the imposition of penalties pursuant to RCW
31 19.86.020 of the consumer protection act.

32 (c) The agency and the attorney general may subpoena witnesses,
33 compel their attendance, and require the production of documents in
34 the course of their investigation of complaints.

35 (3) If the agency finds that the private vocational school or its
36 agent engaged in or is engaging in any unfair business practice, the
37 agency shall issue and cause to be served upon the violator an order
38 requiring the violator to cease and desist from the act or practice
39 and may impose the penalties provided under RCW 28C.10.130. If the

1 agency finds that the complainant has suffered loss as a result of
2 the act or practice, the agency may order the violator to pay full or
3 partial restitution of any amounts lost. The loss may include any
4 money paid for tuition, required or recommended course materials, and
5 any reasonable living expenses incurred by the complainant during the
6 time the complainant was enrolled at the school.

7 (4) The complainant is not bound by the agency's determination of
8 restitution. The complainant may reject that determination and may
9 pursue any other legal remedy.

10 (5) The violator may, within twenty days of being served any
11 order described under subsection (3) of this section, file an appeal
12 under the administrative procedure act, chapter 34.05 RCW. Timely
13 filing stays the agency's order during the pendency of the appeal. If
14 the agency prevails, the appellant shall pay the costs of the
15 administrative hearing.

16 (6) If a private vocational school closes without providing
17 adequate notice to its enrolled students, the agency shall provide
18 transition assistance to the school's students including, but not
19 limited to, information regarding: (a) Transfer options available to
20 students; (b) financial aid discharge eligibility and procedures; (c)
21 the labor market, job search strategies, and placement assistance
22 services; and (d) other support services available to students.

23 **Sec. 15.** RCW 28C.10.130 and 1986 c 299 s 13 are each amended to
24 read as follows:

25 (1) Any private vocational school or agent violating RCW
26 28C.10.060, 28C.10.090, or 28C.10.110 or the applicable agency rules
27 is subject to a civil penalty of not more than one hundred dollars
28 for each separate violation. Each day on which a violation occurs,
29 and each student injured by an unfair business practice, constitutes
30 a separate violation. Multiple violations on a single day may be
31 considered separate violations. The fine may be imposed by the agency
32 under RCW 28C.10.120, or in any court of competent jurisdiction.

33 (2) In addition to the penalties authorized pursuant to
34 subsection (1) of this section, any violation of any provision of
35 this chapter is also a violation of RCW 19.86.020 of the consumer
36 protection act, pursuant to RCW 28C.10.210. The penalties authorized
37 under subsection (1) of this section do not preclude remedies
38 available under the provisions of the consumer protection act.

1 NEW SECTION. **Sec. 16.** A new section is added to chapter 28C.10
2 RCW to read as follows:

3 (1) Private vocational schools shall provide notices regarding
4 students' rights under this chapter, any applicable federal law, and
5 the complaint procedures in RCW 28B.85.090:

6 (a) In writing to current students and exiters of a program;

7 (b) On the web site of the institution; and

8 (c) In all communications regarding the sale or the closing of a
9 program, facility, or site.

10 (2) The agency must provide the form and content of the notice
11 required in this section. The notice must inform students that claims
12 may be pursued by filing a complaint with the agency, by filing a
13 complaint pursuant to RCW 19.86.020, or by providing information to
14 the attorney general.

15 (3) The agency may direct institutions to post the notices in a
16 conspicuous location within the institution and send the notices by
17 mail to students.

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