
ENGROSSED HOUSE BILL 1279

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.

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

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

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

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

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

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

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

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

34 (1) The council:

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

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

3 (i) Be accredited;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 **(b) By December 31, 2026, the student achievement council shall**
2 **report, in compliance with RCW 43.01.036, to the appropriate**
3 **committees of the legislature on whether the governing council of**
4 **state authorization reciprocity agreements has amended its bylaws and**
5 **policies, or is likely to amend its bylaws and policies, by July 1,**
6 **2028.**

7 **(c) If the student achievement council determines that the bylaws**
8 **and policies of state authorization reciprocity agreements do not**
9 **provide for such equivalent student consumer protections, then the**
10 **student achievement council shall establish a process for**
11 **administering interstate reciprocity agreements for distance**
12 **education outside of state authorization reciprocity agreements and**
13 **for facilitating a smooth transition of the administration by July 1,**
14 **2028.**

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

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

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

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

35 (3) Each bond shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (2) The council shall investigate any complaint under this
27 section and may attempt to bring about a settlement. The council may
28 hold a hearing pursuant to the Administrative Procedure Act, chapter
29 34.05 RCW, in order to determine whether a violation has occurred. If
30 the council prevails, the degree-granting institution shall pay the
31 costs of the administrative hearing.

32 (3) If, after the hearing, the council finds that the institution
33 or its agent engaged in or is engaging in any unfair business
34 practice, the council shall issue and cause to be served upon the
35 violator an order requiring the violator to cease and desist from the
36 act or practice and may impose the penalties under RCW 28B.85.095 and
37 28B.85.100. If the council finds that the complainant has suffered
38 loss as a result of the act or practice, the council may order full
39 or partial restitution for the loss. The complainant is not bound by

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

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

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

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

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

28 (2) It is a violation of this chapter for a degree-granting
29 institution authorized to operate under this chapter or an agent
30 employed by such a degree-granting institution to:

31 (a) Provide prospective students with any testimonial,
32 endorsement, or other information that a reasonable person would find
33 was likely to mislead or deceive prospective students or the public
34 regarding current practices of the school, current conditions for
35 employment opportunities, postgraduation employment by industry, or
36 probable earnings in the occupation for which the education was
37 designed, the likelihood of obtaining financial aid or low-interest
38 loans for tuition, or the ability of graduates to repay loans;

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

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

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

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

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

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

--- END ---