

**B-Engrossed**  
**Senate Bill 198**

Ordered by the House May 15  
Including Senate Amendments dated March 23 and House Amendments  
dated May 15

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Theodore R. Kulongoski for Oregon Student Assistance Commission)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Allows Oregon Student Assistance Commission, through Office of Degree Authorization, to terminate activities of diploma mills and operation of post-secondary accrediting bodies not recognized by United States Department of Education. Defines "diploma mill."

**Removes authority of commission to substitute private accreditation standards for standards adopted by commission under certain circumstances.**

Provides that fee amounts commission may charge schools applying for approval to confer degrees or provide academic credits may be adjusted for inflation annually. Allows commission to assess actual costs related to expert evaluation of certain programs.

**Exempts certain schools from statutes relating to authorization of degrees.**

Declares emergency, effective July 1, 2007.

**A BILL FOR AN ACT**

1  
2 Relating to academic degrees; amending ORS 348.594, 348.597, 348.603, 348.606 and 348.607; and de-  
3 claring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 348.594 is amended to read:

6 348.594. As used in ORS 348.594 to 348.615[.]:

7 (1)(a) **"Diploma mill" means:**

8 (A) **A school against which a court or public body, as defined in ORS 174.109, has issued**  
9 **a ruling or finding, after due process procedures, that the school has engaged in dishonest,**  
10 **fraudulent or deceptive practices related to the award of degrees, academic standards or**  
11 **student learning requirements; or**

12 (B) **An entity without legal authority as a school to issue degrees valid as credentials in**  
13 **the jurisdiction that authorizes issuance of degrees.**

14 (b) **"Diploma mill" does not include:**

15 (A) **A school operating legally under ORS 348.604; or**

16 (B) **A school that is actively seeking and able to show evidence of reasonable progress**  
17 **toward regional accreditation with one of the regional post-secondary accrediting bodies re-**  
18 **cognized by the United States Department of Education.**

19 (2) **"School" means a person, organization, school or institution of learning that confers or offers**  
20 **to confer an academic degree upon a person or to provide academic credit applicable to a degree.**

21 **SECTION 2.** ORS 348.603 is amended to read:

22 348.603. (1) The Oregon Student Assistance Commission, through the Office of Degree Authori-

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 zation, shall:

2 (a) Authorize approved schools to offer academic degree programs;

3 (b) Authorize approved degree-granting schools to offer nondegree programs leading to a certifi-  
4 cate or diploma;

5 (c) Validate claims of degree possession;

6 (d) Terminate substandard or fraudulent degree activities; *[and]*

7 **(e) Terminate activities of diploma mills operating in or from Oregon;**

8 **(f) Except as provided in subsection (4) of this section, terminate the operation in or from**  
9 **Oregon of post-secondary accrediting bodies that are not recognized by the United States**  
10 **Department of Education or by the commission; and**

11 *[(e)]* **(g)** Review proposed new publicly funded post-secondary programs and locations.

12 (2)(a) Following review of a proposed new publicly funded post-secondary program or location,  
13 the commission shall recommend resolution to the appropriate governing boards and mediate be-  
14 tween the boards to seek a negotiated resolution if:

15 (A) There is a detrimental duplication of programs; or

16 (B) The program or location would have a significantly adverse impact on one or more other  
17 segments of education.

18 (b) If the boards do not resolve the issue raised under paragraph (a) of this subsection within  
19 90 days of the date when the issue was recommended to the boards for mediation, the commission  
20 shall have final authority for approval or disapproval of the program or location. If the boards do  
21 not resolve the issue, the commission shall approve or disapprove the program or location within  
22 180 days of the date when the review began.

23 (c) If the boards do not resolve the issue, the commission shall approve the program or location  
24 if the commission finds that the program or location meets an unmet workforce need in the state.

25 (d) The commission shall establish by rule a fair and neutral decision-making process in con-  
26 sultation with representatives designated by the State Board of Education, the State Board of  
27 Higher Education, associations representing Oregon independent colleges, associations representing  
28 Oregon career colleges, and the governing boards of otherwise unrepresented post-secondary  
29 schools.

30 (3) The commission, by rule, may impose a fee on any school or person requesting information  
31 from the commission. The amount of the fee shall be established to recover designated expenses in-  
32 curred by the commission in carrying out the administration of ORS 348.594 to 348.615. Any fees  
33 collected under this subsection shall be deposited in the Office of Degree Authorization Account  
34 established under ORS 348.601.

35 **(4) Subsection (1)(f) of this section does not apply to a body the role of which is to ac-**  
36 **credit schools that offer only associate, bachelor's or master's degrees with titles in theology**  
37 **or religious occupations or, if the schools also offer doctoral degrees, offer doctoral degrees**  
38 **only in theology or religious occupations that have been approved by a federally recognized**  
39 **accrediting organization.**

40 **SECTION 3.** ORS 348.606 is amended to read:

41 348.606. (1) A school may not confer or offer to confer any academic degree upon a person, or  
42 provide services purporting to lead to a degree in whole or in part, without first obtaining approval  
43 from the Oregon Student Assistance Commission through the Office of Degree Authorization. The  
44 commission shall adopt by rule standards and procedures for the approval of schools.

45 *[(2) The commission shall substitute the standards adopted under subsection (1) of this section with*

1 *private accreditation standards for a school that has conferred degrees under the same control for five*  
2 *years in Oregon from at least one operationally separate unit accredited as a separate institution by a*  
3 *regional accrediting association or its national successor, provided the school submits for arbitration*  
4 *by the commission any unresolved dispute in which a person alleges detrimental violation of a standard*  
5 *guaranteed by the accrediting association but which the association has declined to arbitrate.]*

6 [(3)(a)] (2)(a) The commission, by rule, may impose a fee on any school applying for approval to  
7 confer or offer to confer a degree upon a person or to provide academic credit applicable to a de-  
8 gree. The fee is nonrefundable.

9 (b) The amount of the fee shall be established to recover designated expenses incurred by the  
10 commission in carrying out the administration of ORS 348.594 to 348.615, and may not exceed **the**  
11 **following amounts adjusted for inflation annually, beginning on July 1, 2007, pursuant to the**  
12 **increase, if any, from the preceding year in the U.S. City Average Consumer Price Index for**  
13 **All Urban Consumers (All Items) as published by the Bureau of Labor Statistics of the**  
14 **United States Department of Labor:**

15 (A) For a doctoral degree, \$5,500.

16 (B) For a master's degree, \$4,150.

17 (C) For a bachelor's degree, \$4,150.

18 (D) For an associate degree, \$2,750.

19 (E) For a certificate or for any partial degree program, \$1,000.

20 (c) **In addition to the base fee described in paragraph (b) of this subsection, the com-**  
21 **mission may assess the actual costs related to the use of experts to evaluate programs**  
22 **leading to professional licensure by the state, if such costs exceed 10 percent of the base fee.**

23 [(c)] (d) Any fees collected under this subsection shall be deposited in the Office of Degree Au-  
24 thorization Account established under ORS 348.601.

25 **SECTION 4.** ORS 348.597 is amended to read:

26 348.597. ORS 348.594 to 348.615 do not apply to:

27 (1) An Oregon community college;

28 (2) A state institution of higher education within the Oregon University System;

29 (3) The Oregon Health and Science University;

30 (4) **A school that has conferred degrees under the same control for five years in Oregon**  
31 **from at least one operationally separate unit accredited as a separate institution by a re-**  
32 **gional accrediting association or its national successor;**

33 [(4)] (5) A school that, on the date preceding July 15, 2005, was a school described in ORS  
34 348.594 (2)(d); or

35 [(5)] (6) A school that is exempt from ORS 348.594 to 348.615 under ORS 348.604.

36 **SECTION 5.** ORS 348.607 is amended to read:

37 348.607. (1) The Oregon Student Assistance Commission may, by rule, impose a fee on a school  
38 that applies for an exemption under ORS 348.604. The amount of the fee may not exceed the lesser  
39 of:

40 (a) The actual cost to the commission of determining the school's compliance with the require-  
41 ments for an exemption under ORS 348.604; or

42 (b) Fifty percent of the fee that the commission would impose on the school under ORS 348.606  
43 [(3)] (2) if the school were applying for approval to offer a bachelor's degree.

44 (2) Except as provided in ORS 348.604 or 348.608 or section 6, chapter 546, Oregon Laws 2005,  
45 the commission may not impose requirements for a religious exemption from ORS 348.594 to 348.615.

1        **SECTION 6. This 2007 Act being necessary for the immediate preservation of the public**  
2        **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**  
3        **July 1, 2007.**

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