

House Bill 2026

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Superintendent of Public Instruction Susan Castillo for Department of Education)

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 **as introduced**.

Requires State Board of Education to adopt minimum standards related to financial soundness of owner of career school. Allows board to consider financial condition of owner of career school when establishing payment schedule for Tuition Protection Fund.

Declares emergency, effective July 1, 2011.

A BILL FOR AN ACT

1
2 Relating to finances of career schools; amending ORS 345.110 and 345.325; and declaring an emer-
3 gency.

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

5 **SECTION 1.** ORS 345.325 is amended to read:

6 345.325. The State Board of Education shall adopt by rule minimum standards for the licensing
7 of career schools under ORS 345.010 to 345.450 that are reasonably calculated to ensure that:

8 (1) The quality and content of each course or program of instruction can achieve its stated ob-
9 jective;

10 (2) The facilities, instructional equipment and materials are sufficient to enable students to
11 achieve the program goals and are adequate for the purposes of the program;

12 (3) The directors, administrators and instructors are properly qualified;

13 (4) Prior to an applicant signing an enrollment agreement, the **career** school provides the ap-
14 plicant with a catalog or brochure that includes an accurate description of the program for which
15 the applicant is enrolling, total costs of tuition and fees and other information specified by rule;

16 (5) Upon satisfactory completion of instruction and training, the student is given appropriate
17 educational credentials;

18 (6) Adequate records and standard transcripts are maintained;

19 (7) The career school is maintained and operated in compliance with all applicable ordinances
20 and laws;

21 (8) The career school, **or the owner of the career school**, is financially sound and capable of
22 fulfilling *[its]* **the school's** commitments to students;

23 (9) Neither the career school nor its agents engage in advertising, sales, collection, credit or
24 other practices of any type *[which]* **that** are unlawful under ORS 646.608;

25 (10) The directors, administrators, supervisors and instructors of the **career** school are of good
26 reputation and character, except that a school shall not be placed on probation or a license shall
27 not be denied, suspended or revoked because a faculty member has been convicted of a crime except
28 as authorized under ORS 670.280;

29 (11) Any student housing owned, maintained or approved by the career school is appropriate,
30 safe and adequate;

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 (12) The **career** school has a written placement assistance plan; and

2 (13) A license application from a new school or an application for approval of a new program
3 from an existing school shall include labor market information that identifies the need for the new
4 school or program.

5 **SECTION 2.** ORS 345.110 is amended to read:

6 345.110. (1) The Tuition Protection Fund is established separate and distinct from the General
7 Fund. Interest earned by the fund shall be credited to the fund. Proceeds of the fund are contin-
8 uously appropriated to the Department of Education to protect students when a career school ceases
9 to provide educational services and for administrative expenses incurred under subsection (5) of this
10 section.

11 (2) The Superintendent of Public Instruction shall maintain and administer the fund, and the
12 State Board of Education shall adopt by rule procedures governing the administration and mainte-
13 nance of the fund, including requirements relating to contributions to and claims against the fund.

14 (3)(a) Each career school shall pay to the Tuition Protection Fund an initial capitalization de-
15 posit in amounts and within time limits established by rule of the board. Thereafter, each school
16 shall make installment payments based on a matrix adopted by rule of the board.

17 (b) In establishing the amount and frequency of payments, the board may consider:

18 (A) The enrollment and financial condition of each school; *[and]*

19 (B) **The financial condition of the owner of each school; and**

20 (C) Such other factors as the board considers appropriate.

21 (c) The superintendent may deny, suspend or revoke the license of a school *[which]* **that** fails
22 to make payments or fails to conform to other requirements of this section or rules adopted by the
23 board under this section.

24 (4) The superintendent shall deposit moneys received under this section with the State Treasurer
25 in the Tuition Protection Fund.

26 (5) The superintendent may disburse moneys from the fund by checks or orders drawn upon the
27 State Treasurer in conformance with rules of the board and only for tuition protection purposes,
28 including the superintendent's costs in administering and maintaining the fund.

29 (6) The superintendent may enter into contracts to carry out the purposes of the fund. The
30 provisions of ORS 279.835 to 279.855 and ORS chapters 279A and 279B do not apply to contracts
31 entered into under this subsection.

32 **SECTION 3. This 2011 Act being necessary for the immediate preservation of the public**
33 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**
34 **July 1, 2011.**

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