

# House Bill 2117

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor John A. Kitzhaber 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 **as introduced**.

Transfers functions of Office of Degree Authorization from Oregon Student Assistance Commission to Department of Education. Changes name of Office of Degree Authorization Account to Degree Authorization Account. Creates list of regionally accredited schools exempt from degree authorization process.

## A BILL FOR AN ACT

1  
2 Relating to higher education degrees; creating new provisions; amending ORS 326.075, 344.557,  
3 345.015, 345.017, 348.250, 348.570, 348.597, 348.601, 348.603, 348.604, 348.605, 348.606, 348.607,  
4 348.608, 348.609, 348.612, 348.615, 351.203, 659A.318, 684.040 and 685.060; repealing ORS 348.599;  
5 and appropriating money.

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

7 **SECTION 1. The duties, functions and powers of the Office of Degree Authorization**  
8 **within the Oregon Student Assistance Commission are imposed upon, transferred to and**  
9 **vested in the Department of Education.**

10 **SECTION 2. (1) The Oregon Student Assistance Commission shall:**

11 **(a) Deliver to the Department of Education all records and property within the jurisdic-**  
12 **tion of the commission that relate to the duties, functions and powers transferred by section**  
13 **1 of this 2011 Act; and**

14 **(b) Transfer to the Department of Education those employees engaged primarily in the**  
15 **exercise of the duties, functions and powers transferred by section 1 of this 2011 Act.**

16 **(2) The Superintendent of Public Instruction shall take possession of the records and**  
17 **property, and shall take charge of the employees and employ them in the exercise of the**  
18 **duties, functions and powers transferred by section 1 of this 2011 Act, without reduction of**  
19 **compensation but subject to change or termination of employment or compensation as pro-**  
20 **vided by law.**

21 **(3) The Governor shall resolve any dispute between the Oregon Student Assistance**  
22 **Commission and the Department of Education relating to transfers of records, property and**  
23 **employees under this section, and the Governor's decision is final.**

24 **SECTION 3. (1) The unexpended balances of amounts authorized to be expended by the**  
25 **Oregon Student Assistance Commission for the biennium beginning July 1, 2011, from re-**  
26 **venues dedicated, continuously appropriated, appropriated or otherwise made available for**  
27 **the purpose of administering and enforcing the duties, functions and powers transferred by**  
28 **section 1 of this 2011 Act are transferred to and are available for expenditure by the De-**  
29 **partment of Education for the biennium beginning July 1, 2011, for the purpose of adminis-**  
30 **tering and enforcing the duties, functions and powers transferred by section 1 of this 2011**

**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 **Act.**

2 (2) **The expenditure classifications, if any, established by Acts authorizing or limiting**  
 3 **expenditures by the Oregon Student Assistance Commission remain applicable to expen-**  
 4 **ditures by the Department of Education under this section.**

5 **SECTION 4. The transfer of duties, functions and powers to the Department of Education**  
 6 **by section 1 of this 2011 Act does not affect any action, proceeding or prosecution involving**  
 7 **or with respect to such duties, functions and powers begun before and pending at the time**  
 8 **of the transfer, except that the Department of Education is substituted for the Oregon Stu-**  
 9 **dent Assistance Commission in the action, proceeding or prosecution.**

10 **SECTION 5. (1) Nothing in sections 1 to 7 of this 2011 Act relieves a person of a liability,**  
 11 **duty or obligation accruing under or with respect to the duties, functions and powers**  
 12 **transferred by section 1 of this 2011 Act. The Department of Education may undertake the**  
 13 **collection or enforcement of any such liability, duty or obligation.**

14 (2) **The rights and obligations of the Oregon Student Assistance Commission legally in-**  
 15 **curring under contracts, leases and business transactions executed, entered into or begun**  
 16 **before the operative date of section 1 of this 2011 Act accruing under or with respect to the**  
 17 **duties, functions and powers transferred by section 1 of this 2011 Act are transferred to the**  
 18 **Department of Education. For the purpose of succession to these rights and obligations, the**  
 19 **Department of Education is a continuation of the Oregon Student Assistance Commission**  
 20 **and not a new authority.**

21 **SECTION 6. Notwithstanding the transfer of duties, functions and powers by section 1**  
 22 **of this 2011 Act, the rules of the Oregon Student Assistance Commission with respect to**  
 23 **such duties, functions or powers that are in effect on the operative date of section 1 of this**  
 24 **2011 Act continue in effect until superseded or repealed by rules of the Department of Edu-**  
 25 **cation. References in such rules of the Oregon Student Assistance Commission to the com-**  
 26 **mission or an officer or employee of the commission are considered to be references to the**  
 27 **Department of Education or an officer or employee of the department.**

28 **SECTION 7. Whenever, in any uncodified law or resolution of the Legislative Assembly**  
 29 **or in any rule, document, record or proceeding authorized by the Legislative Assembly, in**  
 30 **the context of the duties, functions and powers transferred by section 1 of this 2011 Act,**  
 31 **reference is made to the Oregon Student Assistance Commission, or an officer or employee**  
 32 **of the commission, whose duties, functions or powers are transferred by section 1 of this**  
 33 **2011 Act, the reference is considered to be a reference to the Department of Education or**  
 34 **an officer or employee of the department who by this 2011 Act is charged with carrying out**  
 35 **such duties, functions and powers.**

36 **SECTION 8. ORS 348.597 is amended to read:**

37 348.597. (1) Except as provided in subsection (2) of this section, ORS 348.594 to 348.615 apply to  
 38 all schools that operate in this state.

39 (2) ORS 348.594 to 348.615 do not apply to:

- 40 (a) An Oregon community college;
- 41 (b) A state institution of higher education within the Oregon University System;
- 42 (c) The Oregon Health and Science University;

43 *[(d) A school, or a separately accredited campus of a school, if the school:]*

44 *[(A) Is a nonprofit school that is exempt from federal income tax under section 501(c)(3) of the*  
 45 *Internal Revenue Code;]*

1       [(B) *Conferred degrees in this state under the same control for at least five consecutive years;*  
2 *and*]

3       [(C) *Is accredited by a regional accrediting association or its national successor;*]

4       **(d) The following nonprofit, regionally accredited schools authorized to issue degrees in**  
5 **this state:**

- 6       **(A) Concordia University (Oregon);**
- 7       **(B) Corban University;**
- 8       **(C) Embry-Riddle Aeronautical University;**
- 9       **(D) Emporia State University;**
- 10       **(E) George Fox University;**
- 11       **(F) Lesley University;**
- 12       **(G) Lewis and Clark College;**
- 13       **(H) Linfield College;**
- 14       **(I) Loyola University (Maryland);**
- 15       **(J) Marylhurst University;**
- 16       **(K) Mount Angel Seminary;**
- 17       **(L) Multnomah University and Biblical Seminary;**
- 18       **(M) National College of Natural Medicine;**
- 19       **(N) Northwest Christian University;**
- 20       **(O) Oregon College of Oriental Medicine;**
- 21       **(P) Pacific Northwest College of Art;**
- 22       **(Q) Pacific University;**
- 23       **(R) Reed College;**
- 24       **(S) Salem Bible College of Northwest University;**
- 25       **(T) University of Portland;**
- 26       **(U) University of the Pacific;**
- 27       **(V) Walla Walla University;**
- 28       **(W) Warner Pacific College;**
- 29       **(X) Western Seminary;**
- 30       **(Y) Western States Chiropractic College; and**
- 31       **(Z) Willamette University;**

32       (e) A school that, on *[the date preceding July 15, 2005, was a school described in ORS 348.594*  
33 *(2)(d)]* **July 14, 2005, was a school that met the criteria and followed procedures to obtain a**  
34 **religious exemption adopted by rule by the Oregon Student Assistance Commission and that**  
35 **offered only degrees with approved titles in theology or religious occupations; or**

36       (f) A school that is exempt from ORS 348.594 to 348.615 under ORS 348.604.

37       **SECTION 9.** Sections 10 and 11 of this 2011 Act are added to and made a part of ORS  
38 **348.594 to 348.615.**

39       **SECTION 10.** Notwithstanding ORS 348.597 (2)(d), the Department of Education may in-  
40 **vestigate, and recommend a solution to any complaint filed with the department regarding,**  
41 **reports of activities in this state or directly affecting a student residing in this state alleging**  
42 **that a school exempted from ORS 348.594 to 348.615 by ORS 348.597 (2)(d) and (e) does not**  
43 **comply with the standards for exemption in ORS 348.604 and 348.605.**

44       **SECTION 11.** (1) The Department of Education shall recommend to the Legislative As-  
45 **sembly in January of each odd-numbered year schools that should be added or removed from**

1 the list of schools exempted from ORS 348.594 to 348.615 by ORS 348.597 (2)(d).

2 (2) A school may be recommended for addition to the list in ORS 348.597 (2)(d) if it is a  
3 regionally accredited nonprofit institution that has operated in this state with approval from  
4 the Department of Education for at least five years.

5 (3) A school may be recommended for deletion from the list in ORS 348.597 (2)(d) if:

6 (a) It is no longer operating in this state; or

7 (b) It has demonstrated substandard performance or has generated a pattern of merito-  
8 rious complaints inconsistent with the standards set forth in ORS 348.604 and 348.605 for  
9 exemption from ORS 348.594 to ORS 348.615.

10 (4) A school deleted from the list of exempted schools in ORS 348.597 (2)(d) is eligible to  
11 apply for reauthorization by the Department of Education at any time, but may operate in  
12 this state for no more than one year past the date of its deletion while seeking such ap-  
13 proval.

14 **SECTION 12. ORS 348.599 is repealed.**

15 **SECTION 13.** ORS 348.601 is amended to read:

16 348.601. The [*Office of*] Degree Authorization Account is established separate and distinct from  
17 the General Fund. All moneys received by the [*office*] **Department of Education for the purpose**  
18 **of carrying out the requirements of ORS 348.594 to 348.615**, other than appropriations from the  
19 General Fund, shall be deposited into the account and are continuously appropriated to the [*Oregon*  
20 *Student Assistance Commission*] **department** to carry out the duties, functions and powers of the  
21 [*office*] **department described in ORS 348.594 to 348.615.**

22 **SECTION 14.** ORS 348.603 is amended to read:

23 348.603. (1) The [*Oregon Student Assistance Commission, through the Office of Degree Authori-*  
24 *zation,*] **Department of Education** shall:

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

26 (b) Authorize approved degree-granting schools to offer nondegree programs leading to a certif-  
27 icate or diploma;

28 (c) Validate claims of degree possession;

29 (d) Terminate substandard or fraudulent degree activities;

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

31 (f) Except as provided in subsection (4) of this section, terminate the operation in or from  
32 Oregon of post-secondary accrediting bodies that are not recognized by the United States Depart-  
33 ment of Education or by the [*commission*] **Department of Education**; and

34 (g) Review proposed new publicly funded post-secondary programs and locations.

35 (2)(a) Following review of a proposed new publicly funded post-secondary program or location  
36 that is not a career pathways certificate of completion program described in ORS 348.611, the  
37 [*commission*] **Department of Education** shall recommend resolution to the appropriate governing  
38 boards and mediate between the boards to seek a negotiated resolution if:

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

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

42 (b) If the boards do not resolve the issue raised under paragraph (a) of this subsection within  
43 90 days of the date when the issue was recommended to the boards for mediation, the **Oregon**  
44 **Student Assistance Commission** shall have final authority for approval or disapproval of the pro-  
45 gram or location. [*If the boards do not resolve the issue,*] The commission shall approve or disapprove

1 the program or location within [180] **60** days of the date when the [review began] **case was referred**  
 2 **to the commission for decision by the Department of Education.**

3 (c) If the boards do not resolve the issue, the **Oregon Student Assistance** Commission shall  
 4 approve the program or location if the commission finds that the program or location meets an un-  
 5 met workforce need in the state.

6 (d) The [commission] **Department of Education** shall establish by rule a fair and neutral  
 7 decision-making process in consultation with representatives designated by [*the State Board of Ed-*  
 8 *ucation,*] **the Oregon Student Assistance Commission**, the State Board of Higher Education, as-  
 9 sociations representing Oregon independent colleges, associations representing Oregon career  
 10 colleges[,] and the governing boards of otherwise unrepresented post-secondary schools.

11 (3) The [commission] **Department of Education**, by rule, may impose a fee on any school or  
 12 person requesting information from the [commission] **department. The department may set the**  
 13 **fee** [*The amount of the fee shall be established*] to recover designated expenses incurred by the  
 14 [commission] **department** in carrying out the administration of ORS 348.594 to 348.615. Any fees  
 15 collected under this subsection shall be deposited in the [*Office of*] Degree Authorization Account  
 16 established under ORS 348.601.

17 (4) Subsection (1)(f) of this section does not apply to a body the role of which is to accredit  
 18 schools that offer only associate, bachelor's or master's degrees with titles in theology or religious  
 19 occupations or, if the schools also offer doctoral degrees, offer doctoral degrees only in theology or  
 20 religious occupations that have been approved by a federally recognized accrediting organization.

21 **SECTION 15.** ORS 348.604 is amended to read:

22 348.604. Upon application from a school, as defined in ORS 348.594, the [*Oregon Student Assist-*  
 23 *ance Commission, through the Office of Degree Authorization,*] **Department of Education** shall grant  
 24 an exemption from ORS 348.594 to 348.615 to the school if the school:

25 (1) Is, or is operated by, a nonprofit corporation;

26 (2) Offers only associate, bachelor's or master's degrees with titles in theology or religious oc-  
 27 cupations, or, if the school also offers doctoral degrees, offers doctoral degrees in theology or reli-  
 28 gious occupations that have been approved by a federally recognized accrediting organization;

29 (3) Teaches students with faculty members who:

30 (a) Hold degrees:

31 (A) From a school that, at the time of the conferral of the degrees, was accredited by a federally  
 32 recognized accrediting organization, held an exemption under this section, or was a school [*described*  
 33 *in ORS 348.594 (2)(d) on the date preceding July 15, 2005*] **that, on July 14, 2005, met the criteria**  
 34 **and followed procedures to obtain a religious exemption adopted by rule by the Oregon Stu-**  
 35 **dent Assistance Commission and that offered only degrees with approved titles in theology**  
 36 **or religious occupations;**

37 (B) That are at least one level above the degree level of the program in which the faculty  
 38 members teach or that are the terminal degrees in the field in which the faculty members teach; and

39 (C) That are not honorary degrees; or

40 (b) Possess sufficient compensatory qualifications to substitute for academic degrees in the fields  
 41 in which the faculty members teach;

42 (4) Offers a curriculum:

43 (a) Of a duration and level that is comparable to the curriculums offered by schools that are  
 44 not exempt under this section; and

45 (b) That, with higher degrees, increases the difficulty of the work expected of students;

- 1 (5) Requires students to complete academic assignments and to demonstrate learning appropriate  
 2 to the curriculum;
- 3 (6) Awards credit toward degrees proportionate to the work done by students;
- 4 (7) Offers admission:
- 5 (a) To a student:
- 6 (A) With a high school diploma or an equivalent credential; or
- 7 (B) Who completed the equivalent of a high school education through home study; and
- 8 (b) Based on evidence that the student can reasonably expect to complete a degree and benefit  
 9 from the education offered;
- 10 (8) Provides or arranges for faculty members and students to have access to information that  
 11 supports instruction and stimulates research or independent study in all areas of the curriculum;
- 12 (9) Provides accurate and appropriate credit transcripts to students of the school and accurate  
 13 and appropriate diplomas to graduates of the school;
- 14 (10) Charges tuition by the credit hour or other fixed rate for instruction during an academic  
 15 term and does not charge tuition or fees for the award of a degree or charge a single fee for an  
 16 entire degree program;
- 17 (11) Provides the oversight required by the *[commission through the office]* **Department of Ed-**  
 18 **ucation** over a faculty member or administrator who has:
- 19 (a) Been convicted of a felony; or
- 20 (b) Violated a state or federal law related to the operation of a school;
- 21 (12) Provides facilities that permit private communication between faculty members and stu-  
 22 dents;
- 23 (13) Provides a number of faculty members that is adequate for the number of students enrolled;
- 24 (14) Provides clear and accurate information to students about the school's expectations of stu-  
 25 dents in the school's courses;
- 26 (15) Ensures that a student who is pursuing a degree is making continuous progress toward the  
 27 degree;
- 28 (16) Before a student enrolls in the school, informs the student that a school to which the stu-  
 29 dent might transfer retains the discretion whether to accept the transfer of credits earned at the  
 30 school;
- 31 (17) Provides official transcripts of faculty members to the *[office]* **Department of Education;**  
 32 and
- 33 (18) Pays the fee imposed by ORS 348.607.
- 34 **SECTION 16.** ORS 348.605 is amended to read:
- 35 348.605. (1) A school that obtains an exemption under ORS 348.604 or that, *[on the date preceding*  
 36 *July 15, 2005, was a school described in ORS 348.594 (2)(d)]* **on July 14, 2005, met the criteria and**  
 37 **followed procedures to obtain a religious exemption adopted by rule by the Oregon Student**  
 38 **Assistance Commission and that offered only degrees with approved titles in theology or re-**  
 39 **ligious occupations** may not:
- 40 (a) Award more than 25 percent of the credit toward a degree for noninstructional activities,  
 41 such as challenge examinations and professional or life experiences;
- 42 (b) Represent that the school is:
- 43 (A) Approved by the State of Oregon; or
- 44 (B) Accredited by an organization unless the organization is recognized as an accreditor by the  
 45 United States Department of Education; or

1 (c) Pay a faculty member a commission or otherwise base a faculty member's compensation on  
 2 the faculty member's recruitment of students to the school.

3 (2) A school that obtains an exemption under ORS 348.604 or that, [*on the date preceding July*  
 4 *15, 2005, was a school described in ORS 348.594 (2)(d)*] **on July 14, 2005, met the criteria and**  
 5 **followed procedures to obtain a religious exemption adopted by rule by the Oregon Student**  
 6 **Assistance Commission and that offered only degrees with approved titles in theology or re-**  
 7 **ligious occupations** shall:

8 (a) Preserve official transcripts for all faculty members and students;

9 (b) Notify the [*Office of Degree Authorization*] **Department of Education** if a faculty member  
 10 or administrator at the school has:

11 (A) Been convicted of a felony; or

12 (B) Violated a state or federal law related to the operation of a school;

13 (c) Place in any course catalog that is available to students or to the public a notice that states:  
 14 "(Name of school) has been granted exempt status by the State of Oregon to offer theological and/or  
 15 religious occupations degrees.";

16 (d) If the school closes, return to students tuition payments for the current term on a prorated  
 17 basis;

18 (e) If the school provides placement services to a student, describe the placement services  
 19 clearly and accurately to the student and avoid giving unrealistic expectations of placement to the  
 20 student; and

21 (f) If an administrator claims to possess an academic degree:

22 (A) Ensure that the administrator possesses the academic degree that the administrator claims  
 23 to possess; and

24 (B) Require that the degree is from a school that, at the time of the conferral of the degree,  
 25 was accredited by a federally recognized accrediting organization, held an exemption under this  
 26 section, or was a school [*described in ORS 348.594 (2)(d) on the date preceding July 15, 2005*] **that,**  
 27 **on July 14, 2005, met the criteria and followed procedures to obtain a religious exemption**  
 28 **adopted by rule by the Oregon Student Assistance Commission and offered only degrees with**  
 29 **approved titles in theology or religious occupations.**

30 **SECTION 17.** ORS 348.606 is amended to read:

31 348.606. (1) A school may not confer or offer to confer any academic degree upon a person, or  
 32 provide services purporting to lead to a degree in whole or in part, without first obtaining approval  
 33 from the [*Oregon Student Assistance Commission through the Office of Degree Authorization*] **De-**  
 34 **partment of Education.** The [*commission*] **department** shall adopt by rule standards and proce-  
 35 dures for the approval of schools.

36 (2)(a) The [*commission*] **Department of Education,** by rule, may impose a fee on any school  
 37 applying for approval to confer or offer to confer a degree upon a person or to provide academic  
 38 credit applicable to a degree. The fee is nonrefundable.

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

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

- 1 (B) For a master’s degree, \$4,150.
- 2 (C) For a bachelor’s degree, \$4,150.
- 3 (D) For an associate degree, \$2,750.
- 4 (E) For a certificate or for any partial degree program, \$1,000.

5 (c) In addition to the base fee described in paragraph (b) of this subsection, the [commission]  
 6 **department** may assess the actual costs related to the use of experts to evaluate programs leading  
 7 to professional licensure by the state, if such costs exceed 10 percent of the base fee.

8 (d) Any fees collected under this subsection shall be deposited in the [Office of] Degree Author-  
 9 ization Account established under ORS 348.601.

10 **SECTION 18.** ORS 348.607 is amended to read:

11 348.607. (1) The [Oregon Student Assistance Commission] **Department of Education** may, by  
 12 rule, impose a fee on a school that applies for an exemption under ORS 348.604. The amount of the  
 13 fee may not exceed the lesser of:

14 (a) The actual cost to the [commission] **department** of determining the school’s compliance with  
 15 the requirements for an exemption under ORS 348.604; or

16 (b) Fifty percent of the fee that the [commission] **department** would impose on the school under  
 17 ORS 348.606 (2) if the school were applying for approval to offer a bachelor’s degree.

18 (2) Except as provided in ORS 348.604 or 348.608 or section 6, chapter 546, Oregon Laws 2005,  
 19 the [commission] **Department of Education** may not impose requirements for a religious exemption  
 20 from ORS 348.594 to 348.615.

21 **SECTION 19.** ORS 348.608 is amended to read:

22 348.608. (1) Each year, on a date prescribed by the [Office of Degree Authorization] **Department**  
 23 **of Education**, a school that obtains an exemption under ORS 348.604 or a school that, on [the date  
 24 preceding July 15, 2005, was a school described in ORS 348.594 (2)(d)] **July 14, 2005, met the cri-**  
 25 **teria and followed procedures to obtain a religious exemption adopted by rule by the Oregon**  
 26 **Student Assistance Commission and that offered only degrees with approved titles in theol-**  
 27 **ogy or religious occupations**, shall submit to the [office] **department** a statement that reads:  
 28 “(Name of School) hereby certifies that the school remains in compliance with all conditions for a  
 29 religious exemption from ORS 348.594 to 348.615.”

30 (2) A school that obtains an exemption under ORS 348.604 or a school that, on [the date pre-  
 31 ceding July 15, 2005, was a school described in ORS 348.594 (2)(d)] **July 14, 2005, met the criteria**  
 32 **and followed procedures to obtain a religious exemption adopted by rule by the Oregon Stu-**  
 33 **dent Assistance Commission and that offered only degrees with approved titles in theology**  
 34 **or religious occupations** remains exempt unless the [office] **Department of Education** suspends  
 35 or revokes the exemption.

36 (3) The [office] **Department of Education** may suspend or revoke an exemption if:

37 (a) After the notice and opportunity to cure provided in subsection (4) of this section, a school  
 38 fails to provide the statement required by subsection (1) of this section;

39 (b) The [office] **department** has received a complaint from a student or former student of the  
 40 school that the school is failing to comply with a condition for exemption under ORS 348.604, the  
 41 [office] **department** determines that the complaint is valid, the school has been provided with notice  
 42 and opportunity to cure as required by subsection (4) of this section and the school fails to comply  
 43 with the condition listed in the notice; or

44 (c) After the notice and opportunity to cure provided in subsection (4) of this section, a school  
 45 is in violation of ORS 348.605.



1 (4) The [*Oregon Student Assistance Commission, through the office,*] **Department of Education**  
2 shall provide notice of and 90 days to cure a school's:

3 (a) Failure to provide the statement required by subsection (1) of this section;

4 (b) Failure to maintain compliance with a condition for exemption under ORS 348.604 if the  
5 [*office*] **department** has received a complaint from a student or former student of the school that  
6 the school is failing to comply with a condition for exemption under ORS 348.604 and the [*office*]  
7 **department** has determined the complaint is valid; or

8 (c) Violation of ORS 348.605.

9 (5) A school may appeal the denial, suspension or revocation of an exemption to the  
10 [*commission*] **State Board of Education**.

11 (6) A school may appeal to the [*commission the office's*] **State Board of Education the De-**  
12 **partment of Education's** decision that a faculty member does not possess sufficient compensatory  
13 qualifications to substitute for an academic degree in the field in which the faculty member teaches.

14 (7) The [*commission*] **State Board of Education** shall conduct an appeal under this section as  
15 a contested case under ORS chapter 183.

16 (8)(a) If a school appeals the denial, suspension or revocation of an exemption and the [*commis-*  
17 *sion*] **State Board of Education** upholds the denial, suspension or revocation, the [*commission*]  
18 **board** shall provide the school 90 days to cure the grounds for the denial, suspension or revocation.  
19 If the school does not cure the grounds for the denial, suspension or revocation within 90 days after  
20 the [*commission*] **board** upholds the denial, suspension or revocation, then the denial, suspension or  
21 revocation becomes effective 90 days after the issuance of the decision on the appeal by the [*com-*  
22 *mission*] **board**.

23 (b) If a school does not appeal the denial, suspension or revocation of an exemption to the  
24 [*commission*] **board** and the school does not cure the grounds for the denial, suspension or revoca-  
25 tion within the period of time to appeal the decision to the [*commission*] **board**, then the denial,  
26 suspension or revocation becomes effective upon the expiration of the period of time to appeal.

27 **SECTION 20.** ORS 348.609 is amended to read:

28 348.609. (1) A person may not claim or represent that the person possesses any academic degree  
29 unless the degree has been awarded to or conferred upon the person by a school that:

30 (a) Has accreditation recognized by the United States Department of Education or the foreign  
31 equivalent of such accreditation;

32 (b) Has been approved by the [*Oregon Student Assistance Commission through the Office of De-*  
33 *gree Authorization*] **Department of Education** to offer and confer degrees in Oregon;

34 (c) Is described in ORS 348.597; or

35 (d) Is located in the United States and has been found by the [*commission*] **Department of Ed-**  
36 **ucation** to meet standards of academic quality comparable to those of an institution located in the  
37 United States that has accreditation, recognized by the United States Department of Education, to  
38 offer degrees of the type and level claimed by the person.

39 (2)(a) A person who has been awarded a degree from a school other than a school described in  
40 subsection (1) of this section may claim or represent that the person possesses an academic degree  
41 if:

42 (A) The person has been awarded a degree from a school that has the legal authority to issue  
43 degrees in the jurisdiction where the degree is issued; and

44 (B) The claim or representation is accompanied by a disclaimer that states: "(Name of school)  
45 does not have accreditation recognized by the United States Department of Education and has not

1 been approved by the [*Office of Degree Authorization*] **Department of Education.**”

2 (b) A disclaimer allowed under this subsection shall be made in any resume, letterhead, business  
3 card, announcement or advertisement in which the person is claiming or representing to have an  
4 academic degree from a school that does not meet the requirements of subsection (1) of this section.

5 (c) A person may not use a disclaimer described in this subsection for a degree received from  
6 a diploma mill.

7 (d) This subsection does not alter any requirement for obtaining a license, admission into a  
8 school, teaching or employment or for other areas in which a degree from an accredited school is  
9 required.

10 (e) **Disclaimers in use prior to January 1, 2012, referring to lack of approval by the Office  
11 of Degree Authorization are in compliance with the standard set forth in paragraph (a)(B)  
12 of this subsection.**

13 (3) The [*Oregon Student Assistance Commission*] **Department of Education** shall adopt, by rule,  
14 standards and procedures for responding to complaints about degree claims and for validation of  
15 degree claims. Failure of a person to provide documentation of a claimed degree shall be prima facie  
16 evidence that the claim of such person to such degree is a violation of this section.

17 (4) The [*Oregon Student Assistance Commission*] **Department of Education**, by rule, may impose  
18 a fee on any school or person requesting validation of degree claims. The amount of the fee shall  
19 be established to recover designated expenses incurred by the [*commission*] **department** in carrying  
20 out the administration of ORS 348.594 to 348.615. Any fees collected under this subsection shall be  
21 deposited in the [*Office of*] Degree Authorization Account established under ORS 348.601.

22 (5)(a) The [*Oregon Student Assistance Commission, through the Office of Degree Authorization,*]  
23 **Department of Education** may cause a civil suit to be instituted in the circuit court for legal or  
24 equitable remedies, including injunctive relief, to ensure compliance with this section. The [*com-*  
25 *mission*] **department** may recover attorney fees and court costs for any such action.

26 (b) The [*commission*] **department** shall adopt a schedule of civil penalties for violations of this  
27 section. A civil penalty shall not exceed \$1,000 per violation.

28 (c) In addition to any action or penalty provided by law, any person who violates this section  
29 shall incur a civil penalty in an amount prescribed by the schedule adopted by the [*commission*]  
30 **department**. Any civil penalty imposed under this subsection shall be imposed in the manner pro-  
31 vided in ORS 183.745. All penalties recovered under this subsection shall be paid into the State  
32 Treasury and credited to the General Fund.

33 (6) The provisions of this section do not apply to a person who is a graduate of a veterinary  
34 college, or a veterinary department of a university or college, of good standing and repute, as de-  
35 termined by the Oregon State Veterinary Medical Examining Board.

36 **SECTION 21.** ORS 348.612 is amended to read:

37 348.612. The [*Oregon Student Assistance Commission*] **Department of Education** may revoke  
38 or suspend any approval given to a school under ORS 348.606 for proper cause after a hearing. Such  
39 hearing shall be held only after the school has been given 20 days’ notice in writing of the time and  
40 place of such hearing. Hearings shall be held in accordance with the rules [*of the commission*  
41 *adopted under ORS 348.530*] **established by the State Board of Education.**

42 **SECTION 22.** ORS 348.615 is amended to read:

43 348.615. If the [*Oregon Student Assistance Commission refuses*] **Department of Education, the  
44 Oregon Student Assistance Commission or the State Board of Higher Education** refuses to  
45 grant approval to a school to confer degrees or revokes the approval to confer degrees, the refusal

1 or revocation shall be subject to the right of review by an action brought in the circuit court of the  
 2 county in which the school is located. Such review shall be tried as an action not triable by right  
 3 to a jury.

4 **SECTION 23.** ORS 344.557 is amended to read:

5 344.557. (1) The Department of Human Services may refer a person for vocational training only  
 6 to the following schools or programs:

7 (a) A school that has accreditation recognized by the United States Department of Education.

8 (b) A school that has been approved by the [*Oregon Student Assistance Commission through the*  
 9 *Office of Degree Authorization*] **Department of Education** to offer and confer degrees in Oregon.

10 (c) A community college.

11 (d) A state institution of higher education within the Oregon University System.

12 (e) The Oregon Health and Science University.

13 (f) A career school licensed under ORS 345.010 to 345.450.

14 (g) An apprenticeship program that is registered with the State Apprenticeship and Training  
 15 Council.

16 (2) This section does not apply to vocational rehabilitation training.

17 **SECTION 24.** ORS 345.015 is amended to read:

18 345.015. ORS 345.010 to 345.450 do not apply to:

19 (1) Instruction or training solely avocational or recreational in nature or to institutions offering  
 20 such education exclusively.

21 (2) Instruction or training sponsored or offered by a bona fide trade, business, professional or  
 22 fraternal organization or by a business solely for the organization's membership or the business's  
 23 employees.

24 (3) Instruction or training sponsored, offered or contracted by organizations, institutions or  
 25 agencies, if the instruction or training is advertised or promoted to be in the nature of professional  
 26 self-improvement or personal self-improvement and the instruction or training is not:

27 (a) Advertised or promoted as leading to or fulfilling the requirements for licensing, certif-  
 28 ication, accreditation or education credentials; or

29 (b) Leading to an occupation, employment or other activity for which a person may reasonably  
 30 expect financial compensation.

31 (4) Courses offered in hospitals that meet standards prescribed by the American Medical Asso-  
 32 ciation or national accrediting associations for nursing.

33 (5) Courses, instruction or training offered for a limited number of hours, as defined by rule of  
 34 the State Board of Education.

35 (6) Schools offering only courses of an advanced training or continuing educational nature when  
 36 offered solely to licensed practitioners and people previously qualified or employed in the profession  
 37 for which a course is being offered.

38 (7) Schools that the Superintendent of Public Instruction determines are adequately regulated  
 39 by other means that guarantee the school meets the standards of ORS 345.325.

40 (8) Schools offering only review instruction to prepare a student to take an examination to enter  
 41 a profession, where the student has completed prior training related to the profession.

42 (9) Schools described in ORS 348.597 and, except as provided in ORS 345.017, schools approved  
 43 by the [*Oregon Student Assistance Commission*] **Department of Education** to confer or offer to  
 44 confer academic degrees under ORS 348.606.

45 (10) Any parochial or denominational institution providing instruction or training relating solely

1 to religion and that does not grant degrees.

2 **SECTION 25.** ORS 345.017 is amended to read:

3 345.017. When a school that is licensed under ORS 345.010 to 345.450 is approved by the [*Oregon*  
4 *Student Assistance Commission through the Office of Degree Authorization*] **Department of Educa-**  
5 **tion** to confer or offer to confer an academic degree under ORS 348.606 and the school continues  
6 to offer a course or program that does not lead to an academic degree:

7 (1) The school must continue to be licensed as a career school and meet the requirements of  
8 ORS 345.010 to 345.450 until:

9 (a) All courses or programs offered by the school are approved by the [*commission*]  
10 **department**; and

11 (b) All students who were first enrolled in the school when the school was licensed as a career  
12 school have:

13 (A) Completed the course or program for which the student contracted with the career school;  
14 or

15 (B) Terminated enrollment in the career school for any reason.

16 (2) A student who is enrolled in a course or program for which a school must be licensed under  
17 ORS 345.010 to 345.450 is eligible for moneys from the Tuition Protection Fund established under  
18 ORS 345.110 if the student:

19 (a) Qualifies for moneys under rules adopted by the State Board of Education under ORS  
20 345.110; and

21 (b) Was first admitted to the school when the school was licensed as a career school under ORS  
22 345.010 to 345.450.

23 (3) When a course or program that did not lead to an academic degree is approved by the  
24 [*commission*] **department** to lead to an academic degree, the regulatory authority for that course  
25 or program transfers to the [*commission*] **department** upon the approval.

26 **SECTION 26.** ORS 348.570 is amended to read:

27 348.570. (1) There is established in the State Treasury a fund, separate and distinct from the  
28 General Fund, to be known as the Oregon Student Assistance Fund for investment as provided by  
29 ORS 293.701 to 293.820 and for the payment of the expenses of the Oregon Student Assistance  
30 Commission in carrying out the purposes of ORS 348.210 to 348.250, 348.505 to [*348.615*] **348.592**,  
31 348.696 and 348.992. Interest earned by the fund shall be credited to the fund.

32 (2) There is established in the State Treasury a fund, separate and distinct from the General  
33 Fund, to be known as the Alternative Student Loan Program Fund for investment as provided by  
34 ORS 293.701 to 293.820 and for the payment of expenses of the commission in carrying out the pur-  
35 poses of ORS 348.625 to 348.695. This fund, including the interest earnings on the fund, if any, is  
36 continuously appropriated to the commission for those purposes for which such funds were provided  
37 to, received or collected by the commission.

38 (3)(a) There is established in the General Fund an account to be known as the Nursing Services  
39 Account. Funds in the account shall be used for the payment of expenses of the Nursing Services  
40 Program created in ORS 442.540.

41 (b) The account shall consist of:

42 (A) Funds appropriated to the Oregon Student Assistance Commission for deposit into the ac-  
43 count;

44 (B) Collections and penalties received by the commission under ORS 442.545; and

45 (C) Any donations or grants received by the commission for purposes of the Nursing Services

1 Program.

2 (c) Any funds in the account that are not expended in any biennium shall be retained in the  
3 account and may be expended in subsequent biennia.

4 (4) There is established in the State Treasury a fund, separate and distinct from the General  
5 Fund, to be known as the Former Foster Youth Scholarship Fund. Moneys received from appropri-  
6 ations, donations and grants shall be credited to the fund. Moneys in the fund are continuously ap-  
7 propriated to the Oregon Student Assistance Commission for the purposes of investment, as provided  
8 by ORS 293.701 to 293.820, and for carrying out the provisions of ORS 348.270 (1)(b). Interest earned  
9 by the fund shall be credited to the fund.

10 (5) There is established in the State Treasury a fund, separate and distinct from the General  
11 Fund, to be known as the ASPIRE Program Fund. Moneys received from donations and grants shall  
12 be credited to the ASPIRE Program Fund. Moneys in the fund are continuously appropriated to the  
13 Oregon Student Assistance Commission for the purposes of investment, as provided by ORS 293.701  
14 to 293.820, and for carrying out the provisions of ORS 348.500. Interest earned by the fund shall be  
15 credited to the fund.

16 (6)(a) There is established in the State Treasury the Nursing Faculty Loan Repayment Fund,  
17 separate and distinct from the General Fund. Interest earned on the Nursing Faculty Loan Repay-  
18 ment Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the  
19 Oregon Student Assistance Commission for carrying out ORS 348.440 to 348.448. The Nursing Fac-  
20 ulty Loan Repayment Fund consists of:

21 (A) Moneys appropriated to the commission for the Nursing Faculty Loan Repayment Program  
22 created in ORS 348.444; and

23 (B) Grants, gifts or donations received by the commission for the program.

24 (b) Any unexpended funds in the fund at the end of a biennium shall be retained in the fund and  
25 may be expended in subsequent biennia.

26 **SECTION 27.** ORS 684.040 is amended to read:

27 684.040. (1) Any person applying for a license to practice chiropractic in this state shall make  
28 application to the State Board of Chiropractic Examiners, upon such form and in such manner as  
29 may be provided by the board. The application must be accompanied by nonrefundable fees of:

30 (a) \$150; and

31 (b) The amount established by the board by rule under ORS 181.534.

32 (2) Each applicant shall furnish to the board:

33 (a) Evidence satisfactory to the board of the applicant's good moral character.

34 (b) A certificate of proficiency in the fundamental sciences (Part I, taken subsequent to January  
35 1, 1971) issued to the applicant by the National Board of Chiropractic Examiners.

36 (c) Evidence of successful completion of at least two years of liberal arts and sciences study, in  
37 any college or university accredited by either the Northwest Association of Schools and Colleges  
38 or a like regional association or in any college or university in Oregon approved for granting de-  
39 grees by the [*Oregon Student Assistance Commission*] **Department of Education**.

40 (d) A diploma and transcript, certified by the registrar, or other documents satisfactory to the  
41 board evidencing graduation from a chiropractic school or college approved by the board under the  
42 board's academic standards, or from a school accredited by the Council on Chiropractic Education  
43 or its successor agency, under standards that are accepted and adopted biennially by the board in  
44 the version applied to that school by the accrediting agency.

45 (e) A statement of any other health care provider license in this state held by the applicant,

1 with identifying information required by the board.

2 (3) The board may waive the requirements of subsection (2)(c) of this section for any applicant  
 3 for a license to practice chiropractic if the applicant is licensed in another state and practiced  
 4 chiropractic in that state, but the applicant must pass the examination authorized by ORS 684.050  
 5 or by ORS 684.052.

6 **SECTION 28.** ORS 685.060 is amended to read:

7 685.060. (1) The minimum educational requirements for a license under the provisions of this  
 8 chapter are:

9 (a) At least two years' satisfactory liberal arts and sciences study, or either, in a college or  
 10 university accredited by either the Northwest Association of Schools and Colleges or a like regional  
 11 association or in a college or university in Oregon approved for granting degrees by the [*Oregon*  
 12 *Student Assistance Commission*] **Department of Education** as evidenced by certificate or transcript  
 13 of credits from the college or university; and

14 (b) Graduation from an accredited naturopathic school or college.

15 (2)(a) The areas of study required of an applicant for a license to practice naturopathic medicine  
 16 in this state include basic sciences, clinical sciences and any naturopathic subjects specified by the  
 17 Oregon Board of Naturopathic Medicine by rule.

18 (b) The board may not include major surgery as a required area of study under paragraph (a)  
 19 of this subsection.

20 **SECTION 29.** ORS 326.075 is amended to read:

21 326.075. (1) The State Board of Education shall cooperate with the Education and Workforce  
 22 Policy Advisor in the development of a state comprehensive education plan including elementary,  
 23 secondary and community college education and in review of the board's programs and budget. The  
 24 board shall submit in timely fashion to the advisor such data as is appropriate in a form prescribed  
 25 by the advisor.

26 (2) The board shall cooperate with the mediation process administered by the [*Oregon Student*  
 27 *Assistance Commission*] **Department of Education** pursuant to ORS 348.603 and, if a negotiated  
 28 resolution cannot be reached by mediation, comply with the decisions of the commission regarding  
 29 proposed new post-secondary programs and proposed new post-secondary locations.

30 **SECTION 30.** ORS 351.203 is amended to read:

31 351.203. (1) The State Board of Higher Education shall cooperate with the Education and  
 32 Workforce Policy Advisor in the development of a state comprehensive education plan including  
 33 post-secondary education and in review of the board's programs and budget. The board shall submit  
 34 in timely fashion to the advisor such data as is appropriate in a form prescribed by the advisor.

35 (2) The board shall cooperate with the mediation process administered by the [*Oregon Student*  
 36 *Assistance Commission*] **Department of Education** pursuant to ORS 348.603 and, if a negotiated  
 37 resolution cannot be reached by mediation, comply with the decisions of the commission regarding  
 38 proposed new post-secondary programs and proposed new post-secondary locations, including those  
 39 proposed by Oregon Health and Science University in cooperation with the board under ORS  
 40 353.440.

41 **SECTION 31.** ORS 348.250, as amended by section 1, chapter 20, Oregon Laws 2010, is amended  
 42 to read:

43 348.250. (1) Grants established under ORS 348.230 and 348.260 shall be awarded by the Oregon  
 44 Student Assistance Commission in the manner provided in this section.

45 (2) Persons interested in obtaining a grant established under ORS 348.230 and 348.260 may apply

1 to the commission for a grant.

2 (3) The commission shall screen or cause to be screened the applications and shall determine for  
 3 each available grant the person best qualified to receive that grant. A qualified applicant is eligible  
 4 to receive a grant established under ORS 348.230 and 348.260 if:

5 (a) The applicant's financial need is such that in the opinion of the commission financial aid is  
 6 warranted; and

7 (b) The applicant plans to be a student at the eligible post-secondary institution where the grant  
 8 is to be used.

9 (4) The commission shall not discriminate for or against any applicant for a grant.

10 (5) Nothing in ORS 348.210 to 348.260, 348.505 to [348.615] **348.592**, 348.696 and 348.992 shall be  
 11 construed to require any institution to admit a grant recipient or to attempt to control or influence  
 12 the policies of the institution.

13 (6) Whenever funds are not available to award grants to all qualified students, the commission  
 14 may give priority to applicants who are or plan to be full-time students at the eligible post-secondary  
 15 institution where the grant is to be used. A student shall be considered to be a full-time student if  
 16 the combination of credit hours at more than one eligible post-secondary institution equals full-time  
 17 attendance, according to the institution disbursing the grant funds.

18 (7) As used in this section, "discriminate" has the meaning given "discrimination" in ORS  
 19 659.850.

20 **SECTION 32.** ORS 659A.318 is amended to read:

21 659A.318. (1) If an employer requires an applicant or employee to have an academic degree from  
 22 a post-secondary institution to qualify for a position, but does not require a degree with a specific  
 23 title, it is an unlawful employment practice for the employer to refuse to hire or promote or in any  
 24 manner discriminate or retaliate against the applicant or employee only because the applicant or  
 25 employee meets the educational requirements for the position by having a degree with a title in  
 26 theology or religious occupations from a school that, when the degree was issued, was a school  
 27 [described in ORS 348.594 (2)(d) on the date preceding July 15, 2005, or was a school]:

28 (a) **That, on July 14, 2005, met the criteria and followed procedures to obtain a religious**  
 29 **exemption adopted by rule by the Oregon Student Assistance Commission and that offered**  
 30 **only degrees with approved titles in theology or religious occupations; or**

31 (b) Exempt from ORS 348.594 to 348.615 under ORS 348.604.

32 (2) If an employer other than a public body, as defined in ORS 192.410, offers employees benefits  
 33 of tuition reimbursement, educational debt reduction, educational incentive or educational contri-  
 34 bution or gift match for educational services provided by a post-secondary institution and the em-  
 35 ployer does not restrict the program to specific institutions or degrees with specific titles, it is an  
 36 unlawful employment practice for the employer to refuse to offer the benefit to or in any manner  
 37 discriminate or retaliate against an employee because the employee attends or seeks to attend a  
 38 school that is:

39 (a) A school that [was, on the date before July 15, 2005, described in ORS 348.594 (2)(d)], **on July**  
 40 **14, 2005, met the criteria and followed procedures to obtain a religious exemption adopted**  
 41 **by rule by the Oregon Student Assistance Commission and that offered only degrees with**  
 42 **approved titles in theology or religious occupations; or**

43 (b) Exempt from ORS 348.594 to 348.615 under ORS 348.604.

44 **SECTION 33.** (1) **Notwithstanding any other provision of law, ORS 348.594 to 348.615 shall**  
 45 **not be considered to have been added to or made a part of ORS 348.500 to 348.695 for the**

1 **purpose of statutory compilation or for the application of definitions, penalties or adminis-**  
2 **trative provisions applicable to statute sections in that series.**

3 **(2) Notwithstanding any other provision of law, ORS 348.594 to 348.615 shall not be con-**  
4 **sidered to have been added to or made a part of ORS 348.505 to 348.615 for the purpose of**  
5 **statutory compilation or for the application of definitions, penalties or administrative pro-**  
6 **visions applicable to statute sections in that series.**

7 **(3) Notwithstanding any other provision of law, ORS 348.594 to 348.615 shall not be con-**  
8 **sidered to have been added to or made a part of ORS chapter 348 for the purpose of statutory**  
9 **compilation or for the application of definitions, penalties or administrative provisions ap-**  
10 **plicable to statute sections in that chapter.**

11 **SECTION 37. ORS 348.594, 348.596, 348.597, 348.599, 348.601, 348.603, 348.604, 348.605,**  
12 **348.606, 348.607, 348.608, 348.609, 348.611, 348.612 and 348.615 are added to and made a part of**  
13 **ORS 348.594 to 348.615.**

14