

House Bill 3123

Sponsored by Representative HUFFMAN; Representatives DEMBROW, ESQUIVEL, KOMP, SPRENGER, THATCHER

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**.

Changes name of Tuition Protection Fund to Tuition Protection Trust Fund. Establishes fund as trust fund.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to a fund for tuition protection; creating new provisions; amending ORS 345.017 and
3 345.110; and declaring an emergency.

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

5 **SECTION 1.** ORS 345.110 is amended to read:

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

11 **(2) The Tuition Protection Trust Fund is a trust fund established exclusively for the uses**
12 **and purposes declared in this section. The State of Oregon declares that this state has no**
13 **proprietary interest in the Tuition Protection Trust Fund and disclaims any right to claim**
14 **contributions made to the trust fund from sources other than the General Fund. The Legis-**
15 **lative Assembly unambiguously expresses an intention to create a contractual obligation of**
16 **this state to subscribers to use the moneys in the trust fund only for the purposes declared**
17 **in this section and commits to not transfer the moneys in the trust fund to any other fund**
18 **or account to be used for other purposes. This subsection does not impair the force or effect**
19 **of any law of this state specifically authorizing the investment of moneys from the trust**
20 **fund.**

21 [(2)] (3) The Superintendent of Public Instruction shall maintain and administer the **trust** fund,
22 and the State Board of Education shall adopt by rule procedures governing the administration and
23 maintenance of the **trust** fund, including requirements relating to contributions to and claims
24 against the **trust** fund.

25 [(3)] (4) Each career school shall pay to the Tuition Protection **Trust** Fund an initial capital-
26 ization deposit in amounts and within time limits established by rule of the board. Thereafter, each
27 school shall make installment payments based on a matrix adopted by rule of the board. In estab-
28 lishing the amount and frequency of payments, the board may consider the enrollment and financial
29 condition of each school and such other factors as the board considers appropriate. The super-
30 intendent may deny, suspend or revoke the license of a school [*which*] **that** fails to make payments

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 or fails to conform to other requirements of this section or rules adopted by the board under this
2 section.

3 [(4)] (5) The superintendent shall deposit moneys received under this section with the State
4 Treasurer in the Tuition Protection **Trust Fund**.

5 [(5)] (6) The superintendent may disburse moneys from the **trust** fund by checks or orders drawn
6 upon the State Treasurer in conformance with rules of the board and only for tuition protection
7 purposes, including the superintendent's costs in administering and maintaining the **trust** fund.

8 [(6)] (7) The superintendent may enter into contracts to carry out the purposes of the **trust**
9 fund. The provisions of ORS 279.835 to 279.855 and ORS chapters 279A and 279B do not apply to
10 contracts entered into under this subsection.

11 **SECTION 2. The amendments to ORS 345.110 by section 1 of this 2011 Act apply to mon-**
12 **eys deposited in the Tuition Protection Trust Fund on or after the effective date of this 2011**
13 **Act.**

14 **SECTION 3.** ORS 345.017 is amended to read:

15 345.017. When a school that is licensed under ORS 345.010 to 345.450 is approved by the Oregon
16 Student Assistance Commission through the Office of Degree Authorization to confer or offer to
17 confer an academic degree under ORS 348.606 and the school continues to offer a course or program
18 that does not lead to an academic degree:

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

21 (a) All courses or programs offered by the school are approved by the commission; and

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

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

25 or

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

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

30 (a) Qualifies for moneys under rules adopted by the State Board of Education under ORS
31 345.110; and

32 (b) Was first admitted to the school when the school was licensed as a career school under ORS
33 345.010 to 345.450.

34 (3) When a course or program that did not lead to an academic degree is approved by the
35 commission to lead to an academic degree, the regulatory authority for that course or program
36 transfers to the commission upon the approval.

37 **SECTION 4. This 2011 Act being necessary for the immediate preservation of the public**
38 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**
39 **on its passage.**

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