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Deputy Superintendent of Public Instruction

**Career Schools: Background**  
**Senate Education and Workforce Development Committee**  
**March 21, 2013**

**What are career schools?**

Career schools are privately owned, non-degree granting, postsecondary institutions offering entry level vocational training in a wide variety of careers, such as healthcare, real estate, commercial truck driving, and cosmetology. About 54 career schools in Oregon prepare students for a career in tax preparation, 40 prepare students for careers in cosmetology, 17 prepare students for careers as tattoo and permanent make-up artists, and 14 prepare students for a career as real estate brokers. In total, there are about 225 licensed career schools operating in Oregon at this time.

Career schools are an important part of Oregon's postsecondary education landscape. They enroll about 30,000 students and produce almost 18,000 workforce-ready graduates each year. Their graduates contribute to the middle 40% of Oregon's "40-40-20" goal. As of 2009, career schools and for-profit degree granting schools awarded over 65% of the certificates earned in Oregon. (Complete College America (2009). *State Certificate Completion Metrics & National Comparisons: Oregon*.) Certificate programs benefit students not just academically and occupationally, but also economically. Nationally, certificate holders earn an average of 20% more than workers with just a high school diploma. (Carneval, Anthony P., Rose, Stephan J., & Hanson, Andrew R (June 2012). *Certificates: Gateway to Gainful Employment and College Degrees*. Georgetown University Center on Education and the Workforce.)

Oregon's career schools also benefit their communities. They employ about 3,500 instructors and 900 other staff. They purchase supplies, rent offices, and pay income and property taxes. And they're preparing students for necessary jobs in growing fields like healthcare.

**How does Oregon regulate its career schools?**

The Legislative Assembly has, in ORS 345.325, charged the Department with establishing minimum standards for educational quality, ethical and business practices, and health, safety, and fiscal responsibility for career schools operating in Oregon. The Department is also responsible for protecting students from substandard, unethical, deceptive, or fraudulent practices committed by unscrupulous career schools.

The Department meets that charge through investigating, monitoring, and remediating student complaints, providing significant technical assistance to career schools, and licensing career schools. Through its licensing program, the Department licenses individuals to operate career schools and approves the programs offered by those schools. The Department has also adopted

an instructional model for our licensees to use, a model designed specifically for schools offering career training.

As part of its consumer protection efforts, the Department maintains and administers the state's Tuition Protection Fund. The Fund provides tuition refunds for students attending a school that suddenly or unexpectedly goes out of business, or covers the costs incurred by a student to complete his or her instructional program at another career school.

The Department's licensing process walks new applicants through each step necessary to open a successful career school. Licenses are renewed on an annual basis and, as part of the renewal process, licensees must provide information about their students, graduates, finances, instructional staff, and school policies. The licensing process is very detailed and intensive, for the benefit of schools and students alike.

### **How does the Department fund its oversight of career schools?**

The Department's private career schools program was intended to be funded through the collection of fees from licensed schools. Each applicant for a new license pays an initial licensing fee (\$1,050.00 for in-state applicants, \$2,250.00 for out-of-state applicants). Existing licensees pay an annual renewal fee that corresponds with the school's annual gross tuition income, as provided in the fee schedule found at ORS 345.080(1). The Department also collects fees for processing cosmetology teacher registrations (\$50.00 for an initial registration, \$25.00 to renew) and providing copies of student transcripts (\$10.00).

### **What about the SAA?**

The State Approving Agency (SAA) is appointed by the Governor pursuant to a contract between the State of Oregon and the U.S. Department of Veterans Affairs (VA). Each state is requested to create or designate a SAA to (1) approve accredited degree and certificate programs offered by private, for-profit institutions for participation in VA educational benefit programs and (2) oversee approved schools for compliance with applicable laws administered by the VA. The SAA is funded through federal dollars earned under the state's contract with the VA.

In Oregon, the SAA is housed within the Department. Although not part of the Department's private career schools licensing unit, both programs are overseen by the same director for reasons of administrative efficiency.



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**Public Hearing on House Bill 2187-A  
Relating to regulation of career schools  
Senate Education and Workforce Development Committee  
March 21, 2013**

Chair Hass, members of the committee, I am Matthew Barber, a Compliance Specialist with, and lead worker of, the Private Career Schools Licensing Unit at the Oregon Department of Education. With me today is Cindy Hunt, the Department's Government and Legal Affairs Manager. We are here today to testify in support of the A engrossed version of HB 2187, which does two things. First, the bill would exempt certified nursing assistant (CNA) and certified medication aide (CMA) training programs from Oregon's private career school laws, if those programs satisfy standards established by the Oregon State Board of Nursing. Second, the bill makes two technical changes to ORS 345.015.

**Background & Issue**

The Department and the Board had discussions regarding the oversight of CNA and CMA training programs in 2010 and 2011. At that time, the Board wanted greater oversight of CNA and CMA training programs. The two agencies reached an agreement under which the Department would exempt CNA and CMA training programs from career school licensing requirements under ORS 345.015 if the Board adopted minimum standards for those training programs that were (1) similar to the minimum standards applicable to Oregon's career schools and (2) ensured adequate protection of students enrolled in the CNA and CMA programs. The Board adopted such standards and protections in 2011 at OAR chapter 851, division 61.

In the initial version of HB 2187, the Department had proposed a statutory process through which another state agency, such as the Board, could assume oversight of a career school that provided training in an area regulated by that agency. Additionally, that initial proposal also created a process for the receiving state agency to return oversight of a career school to the Department.

Subsequent conversations with the Board and the Oregon Health Care Association revealed that the Board's preference was to exempt CNA and CMA training programs from Oregon's private career school laws, rather than establish a process for transferring oversight between agencies. The Department agreed because (1) CNA and CMA training programs must comply with the Board's minimum standards, which are based on those adopted by the Department and applicable to career schools, and (2) students enrolled in CNA and CMA training programs offered by residential living



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facilities or nursing homes have their tuition costs covered by Medicare if the student is hired by a residential living facility or nursing home within a year of receiving his or her training.

### **Legislation**

The A-engrossed version of HB 2187 amends ORS 345.015 by adding CNA and CMA programs that comply with standards established by the Board to the list of programs or schools that are exempt from Oregon's private career school laws.

The A-engrossed version of HB 2187 also makes two technical changes to ORS 345.015. The first change would make instruction or training offered by professional or business organizations exempt from the career school laws if the training is offered primarily, rather than solely, for the organizations' members. This change in wording recognizes that professional and business organizations will provide continuing education programs that are primarily for the benefit of their members, but also allow students, retirees, or even out of state professionals to attend.

The second change clarifies the process for granting an exemption to a career school that is adequately regulated by other means, such as by another Oregon state agency or a federal agency. Under current statutory language, such schools can be exempt from Oregon's career school laws if the Superintendent of Public Instruction determines that the career school is adequately regulated. What's missing is a description of what happens after the Superintendent makes that determination. HB 2187-A fills in that missing step by clarifying that the Superintendent must first make a determination that the career school is adequately regulated by other means and then grant the school's request for exemption before the school can be considered exempt.

### **Support**

The A-engrossed version of HB 2187 is supported by the Department, the Oregon Health Care Association, and the Northwest Career Colleges Federation.

### **Conclusion**

The Department asks that the committee vote in favor of the A-engrossed version of HB 2187 and pass it with a 'do pass' recommendation.



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**Public Hearing on House Bill 2189  
Relating to career schools  
Senate Education and Workforce Development Committee  
March 21, 2013**

Chair Hass, members of the committee, I am Matthew Barber, a Compliance Specialist with, and lead worker of, the Private Career Schools Licensing Unit at the Oregon Department of Education. With me today is Cindy Hunt, the Department's Government and Legal Affairs Manager. We are here today to testify in support of HB 2189, which would allow the State Board of Education to adopt administrative rules, pursuant to ORS chapter 183, for the general governance and operation of career schools, as well as adopt profession-specific rules. The bill also contains a housekeeping provision.

**Background**

This clarification of the Board's authority is necessary because the Department regulates career schools that provide training in non-traditional careers and fields in which there is a lack of standardization or oversight. For example, the Department has licensed several phlebotomy schools but no state agency regulates phlebotomists. There are two or three national, private organizations that certify phlebotomists, but they only set standards for the certifications they award and not for the industry as a whole. Other schools, such as those that provide instruction in modeling and acting, don't have a standard curriculum and don't prepare students for a traditional career.

As regards the housekeeping provision, the legislature has directed the Department to adopt rules for cosmetology schools, including those offering programs based on a student's demonstration of proficiency. Such programs are described in ORS 345.400 as being "competency-based." Three years ago the Department adopted a curriculum model, a system of instructional design, for use by Oregon's career schools. One of the elements in this system is that schools must identify the competencies in their instructional programs. The differing uses of "competency" has unintentionally caused a small degree of confusion. This amendment is intended to resolve that confusion.

**Issue**

Having clear authority to adopt rules that specifically address the unique situations presented by such career schools, such as recognizing the American Red Cross's phlebotomy curriculum as a standard, or adopting governance requirements for modeling schools, would allow the licensing unit's staff to better serve the interests of those schools and their students.



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Improving clarity and reducing potential for confusion benefits licensees.

### **Legislation**

HB 2189 amends ORS 345.020 to clarify that, in administering Oregon's private career school statutes, ORS 345.010 to 345.450 and 3345.992 to 345.997, the Board may adopt administrative rules regarding the general governance and operation of a career school, as well as adopt rules that are specific to a particular type of career school.

Turning to the housekeeping provision, HB 2189 would amend ORS 345.400 to change "competency-based training" to "proficiency-based training." This is intended to provide clarity to licensees and reduce the potential for confusion.

### **Support**

The Private Career Schools State Advisory Committee has approved the amendments within HB 2189 and is supportive of them.

### **Conclusion**

We ask that the committee vote in favor of HB 2189 and pass it with a 'do pass' recommendation.



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**Public Hearing on House Bill 2191-A  
Relating to agents of career schools  
Senate Education and Workforce Development Committee  
March 21, 2013**

Chair Hass, members of the committee, I am Matthew Barber, a Compliance Specialist with, and lead worker of, the Private Career Schools Licensing Unit at the Oregon Department of Education. With me today is Cindy Hunt, the Department's Government and Legal Affairs Manager. We are here today to testify in support of the A engrossed version of HB 2191, a housekeeping measure which would amend the definition of a career school agent in ORS 345.010 to include, in addition to school employees, people or businesses who have contracted with a career school for the purpose of actively procuring students for that school.

**Background & Issue**

Presently, only an employee of a career school is considered to be an agent for purposes of ORS 345.010. Meaning that if a career school were to retain the services of an independent contractor to fulfill the role of an agent, then the Department would not have authority to act should that contractor violate the standards governing agents found in OAR 581-045-0060.

**Legislation**

HB 2191-A would update the definition of the term 'agent' in ORS 345.010 to include contractors. The bill would also clarify that only those employees or contractors who are actively procuring students for a career school are career school agents for purposes of Oregon's career school laws.

**Support**

The A engrossed version of HB 2191 is supported by the Department, the Oregon Health Care Association, and the Northwest Career Colleges Federation.

**Conclusion**

We ask that the committee vote in favor of the A engrossed version of HB 2191 and pass it with a 'do pass' recommendation.

