

**Joint Committee on
Ways and Means**

900 Court St. NE, Rm. H-178
Salem, OR 97301
503-986-1828



**Subcommittee on
Education**

Sen. Rod Monroe, Co-Chair
Rep. Betty Komp, Co-Chair
Sen. Chris Edwards
Sen. Fred Girod
Rep. Lew Frederick
Rep. Sherrie Sprenger

Doug Wilson, Subcommittee Scheduler, 503-986-1837
Eric Sorenson, Subcommittee Assistant, 503-986-1823
WaysandMeans.EducationSub@state.or.us

TO: Education Subcommittee Members
FROM: Doug Wilson, LFO
DATE: April 11, 2013
RE: Private Career School Bills – HB 2185 and HB 2188

The Private Career Schools program has two bills relating to fee increases and use of civil penalties. Each is scheduled for a public hearing today, and each is described briefly below. Also attached is the Staff Measure Summary of each from the Policy Committee.

HB 2185 – Fee Bill for Private Career Schools

HB 2185 provides for fee increases for both instate and out-of-state private career schools. Fees have not been increased for 14 years. The amount of the fee depends on the estimated tuition income and differs between instate and out-of-state schools. The bill authorizes the fee increases in the bill (see table below) until July 1, 2015. After that date, the Higher Education Coordinating Commission is granted the authority to set fees on its own. The estimate revenue increase from these fee increases is \$150,000 for the 2013-15 biennium.

	Existing Fee	Proposed Fee	% Increase
<i>Instate Schools Tuition Income Range</i>			
\$0-15,000	\$ 450	\$ 600	33%
\$15,01-50,000	\$ 600	\$ 800	33%
\$50,001-125,000	\$ 750	\$ 1,000	33%
\$125,001-250,000	\$ 1,050	\$ 1,425	36%
\$250,001-500,000	\$ 1,350	\$ 1,850	37%
\$500,001-750,000	\$ 1,650	\$ 2,275	38%
\$750,001-1,000,000	\$ 1,950	\$ 2,700	38%
Over \$1,000,001	\$ 2,250	\$ 3,125	39%
<i>Out-of-State Schools Tuition Income Range</i>			
\$0-50,000	\$ 1,350	\$ 1,850	37%
\$50,001-250,000	\$ 1,650	\$ 2,275	38%
\$250,001-500,000	\$ 1,950	\$ 2,700	38%
\$500,001-750,000	\$ 2,250	\$ 3,125	39%
\$750,001-1,000,000	\$ 2,550	\$ 3,550	39%
Over \$1,000,001	\$ 2,850	\$ 3,975	39%

There are similar sections in the bill since the program is under the Oregon Department of Education presently and transfers to the Higher Education Coordinating Commission beginning in July 2013.

HB 2188 – Private Career Schools Civil Penalties

HB 2188 allows the Private Career Schools program to retain a portion of civil penalties (not including those due the Tuition Protection Fund) collected equal to the reasonable costs related to the investigation and assessment of the penalty. Currently, all civil penalties are deposited in the General Fund. It is estimated that civil penalties are between \$20,000 and \$28,000 annually.

As with HB 2185, there are almost duplicate sections of the bill since the program is under the Oregon Department of Education presently, and transfers to the Higher Education Coordinating Commission beginning in July 2013.

77th OREGON LEGISLATIVE ASSEMBLY – 2013 Regular Session
STAFF MEASURE SUMMARY
House Committee on Higher Education & Workforce Development

MEASURE: HB 2185
CARRIER:

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action: Do Pass and Be Referred to the Committee on Ways and Means by prior reference

Vote: 6 - 3 - 0

Yeas: Gallegos, Gorsek, Greenlick, Harker, Huffman, Dembrow

Nays: Gilliam, Johnson, Whisnant

Exc.: 0

Prepared By: Victoria Cox, Administrator

Meeting Dates: 2/11, 2/27

WHAT THE MEASURE DOES: Authorizes the State Board of Education to collect nonrefundable licensing fees for administration of licensing program for career schools. Declares emergency, effective July 1, 2013.

ISSUES DISCUSSED:

- Career school oversight
- Career school support for fee increase
- Legislative role in establishing fees

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: According to the Department of Education (ODE), the licensing fees for Oregon's private career schools have not been raised in 14 years. Currently, the regulation of career schools is funded through fees and not general fund allocation. Recent investigations into private career schools have been conducted at considerable cost to ODE, necessitating increases in the investigative fee to cover these costs.

House Bill 2185 raises the fee schedule to support the program, and allows the State Board of Education to determine future fee changes by rule.

2/27/2013 4:32:00 PM

This summary has not been adopted or officially endorsed by action of the committee.

Committee Services Form – 2013 Regular Session