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Deputy Superintendent of Public Instruction

**Public Hearing on House Bill 2190  
Relating to finances of career schools  
House Higher Education and Workforce Development Committee  
February 11, 2013**

Chair Dembrow, 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 2190, which would the Department to consider the financial condition of a career school's owner and allow the State Board of Education to consider the financial condition of a career school's owner when establishing the amount and frequency of payments to the Tuition Protection Fund.

**Background**

Many times, licensing unit staff will receive financial reports from a license applicant or existing licensee which show that the school is severely undercapitalized, has no assets or equipment, and would not be able to provide refunds to students if required. When staff contacts the applicant or licensee, they are typically informed that the school is being supported by the licensee's existing business. Alternatively, some schools are not just supported by another business but are part of it. In these situations, it is the business that is supporting or owns the school that is providing the necessary capital and equipment, and would be responsible for making any refunds.

For example, many of the tax preparer schools licensed by the Department are operated by individuals who own tax preparation businesses. They run the schools out of their offices, use their business's furniture and equipment, and pay the school's bills out of the office's account. But the schools as independent entities own no assets and may not even have a separate bank account.

The owners or businesses supporting these schools have found it very difficult to report the school's financial condition without also reporting the owner's or business's financial condition. It's also a problem for the licensing unit because the Department does not have clear authority to request documents other than those related to the school's financial condition.

**Issue**

Some of our stakeholders have asked staff whether they could simply send in their corporate tax information rather than trying to separate out the financial information for