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**Public Hearing on House Bill 2185
Relating to career school fees
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 2185 which would increase the licensing fees paid by career schools.

Background

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. Currently there are about 223 career schools licensed by the Department and operating in Oregon. Collectively, these schools enroll about 30,000 students and produce almost 18,000 workforce-ready graduates each year.

The Legislative Assembly has charged the Department in ORS 345.325 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.

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 ceases to provide educational services, or covers the costs incurred by a student to complete his or her instructional program at another career school.

Applicants for a new school license must provide detailed information regarding their finances, curriculum, student contracts (commonly known as 'enrollment agreements'),



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and school policies, among other matters. The license application process walks 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.

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).

Issue

The Department's career school program receives no General Fund dollars; it is funded solely through collected fee revenue. The career school license fee schedule is in statute. That fee schedule is not subject to automatic adjustments for inflation or tied to any index that tracks changes in economic trends. It was last adjusted in 1999 – 14 years ago.

While the fee schedule has remained the same, the career school landscape has not. Educational methodologies, accreditation standards, and requirements applicable to schools seeking approval to participate in federal financial student aid programs have changed. Career schools require more technical assistance on providing quality educational programs, serving their students, and complying with state and federal requirements. Students expect more accountability from their schools and the Department's oversight helps ensure that students' investments of time and money are safeguarded.

Legislation

HB 2185 would raise the licensing fees for the 2013-15 biennium by between 33.3% and 38.9% for in-state schools and 37% to 39.5% for out-of-state schools. For example, the lowest fee collected by the Department would change from \$450.00 to \$600.00, an increase of \$150.00. Effective July 1, 2015, the fee schedule would be removed from statute. Because the career school licensing program will transfer from the Department to the Higher Education Coordinating Commission on July 1, 2013, the bill gives the Commission authority to adopt fees by administrative rule.



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New revenues from the fee increase will be used to support at least one additional FTE position. This new position will help reduce the licensing unit's backlog, but an additional three positions would be needed to eliminate it. Without a fee increase the Department will simply not be able to maintain the level of oversight or the amount of technical assistance it currently provides. This would be a disservice to Oregon's career schools and the students attending them.

Career schools are an important part of Oregon's postsecondary education landscape. 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.

Support

The Private Career Schools State Advisory Committee, and the seven school representatives who serve on it, supports this proposed fee increase, as do representatives of the career school industry and license applicants. Our stakeholders recognize that without additional staff, the licensing unit won't be able to perform its duties in a timely and responsive manner, or provide the technical assistance and services they have come to expect and rely upon.

Conclusion

We ask that the committee vote in favor of HB 2185 and pass it with a 'do pass' recommendation.