

House Bill 2190

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Education)

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**.

Requires State Board of Education to adopt minimum standards related to financial soundness of owner of career school. Allows board to consider financial condition of owner of career school when establishing payment schedule for Tuition Protection Fund.

Declares emergency, effective July 1, 2013.

A BILL FOR AN ACT

1
2 Relating to finances of career schools; amending ORS 345.110 and 345.325; and declaring an emer-
3 gency.

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

5 **SECTION 1.** ORS 345.325 is amended to read:

6 345.325. The State Board of Education shall adopt by rule minimum standards for the licensing
7 of career schools under ORS 345.010 to 345.450 that are reasonably calculated to ensure that:

8 (1) The quality and content of each course or program of instruction can achieve its stated ob-
9 jective;

10 (2) The facilities, instructional equipment and materials are sufficient to enable students to
11 achieve the program goals and are adequate for the purposes of the program;

12 (3) The directors, administrators and instructors are properly qualified;

13 (4) Prior to an applicant signing an enrollment agreement, the **career** school provides the ap-
14 plicant with a catalog or brochure that includes an accurate description of the program for which
15 the applicant is enrolling, total costs of tuition and fees and other information specified by rule;

16 (5) Upon satisfactory completion of instruction and training, the student is given appropriate
17 educational credentials;

18 (6) Adequate records and standard transcripts are maintained;

19 (7) The career school is maintained and operated in compliance with all applicable ordinances
20 and laws;

21 (8) The career school, **or the owner of the career school**, is financially sound and capable of
22 fulfilling *[its]* **the school's** commitments to students;

23 (9) Neither the career school nor its agents engage in advertising, sales, collection, credit or
24 other practices of any type *[which]* **that** are unlawful under ORS 646.608;

25 (10) The directors, administrators, supervisors and instructors of the **career** school are of good
26 reputation and character, except that a school shall not be placed on probation or a license shall
27 not be denied, suspended or revoked because a faculty member has been convicted of a crime except
28 as authorized under ORS 670.280;

29 (11) Any student housing owned, maintained or approved by the career school is appropriate,
30 safe and adequate;

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 (12) The **career** school has a written placement assistance plan; and

2 (13) A license application from a new school or an application for approval of a new program
3 from an existing school shall include labor market information that identifies the need for the new
4 school or program.

5 **SECTION 2.** ORS 345.325, as amended by section 33, chapter 104, Oregon Laws 2012, is
6 amended to read:

7 345.325. The Higher Education Coordinating Commission shall adopt by rule minimum standards
8 for the licensing of career schools under ORS 345.010 to 345.450 that are reasonably calculated to
9 ensure that:

10 (1) The quality and content of each course or program of instruction can achieve its stated ob-
11 jective;

12 (2) The facilities, instructional equipment and materials are sufficient to enable students to
13 achieve the program goals and are adequate for the purposes of the program;

14 (3) The directors, administrators and instructors are properly qualified;

15 (4) Prior to an applicant signing an enrollment agreement, the **career** school provides the ap-
16 plicant with a catalog or brochure that includes an accurate description of the program for which
17 the applicant is enrolling, total costs of tuition and fees and other information specified by rule;

18 (5) Upon satisfactory completion of instruction and training, the student is given appropriate
19 educational credentials;

20 (6) Adequate records and standard transcripts are maintained;

21 (7) The career school is maintained and operated in compliance with all applicable ordinances
22 and laws;

23 (8) The career school, **or the owner of the career school**, is financially sound and capable of
24 fulfilling [*its*] **the school's** commitments to students;

25 (9) Neither the career school nor its agents engage in advertising, sales, collection, credit or
26 other practices of any type [*which*] **that** are unlawful under ORS 646.608;

27 (10) The directors, administrators, supervisors and instructors of the **career** school are of good
28 reputation and character, except that a school shall not be placed on probation or a license shall
29 not be denied, suspended or revoked because a faculty member has been convicted of a crime except
30 as authorized under ORS 670.280;

31 (11) Any student housing owned, maintained or approved by the career school is appropriate,
32 safe and adequate;

33 (12) The **career** school has a written placement assistance plan; and

34 (13) A license application from a new school or an application for approval of a new program
35 from an existing school shall include labor market information that identifies the need for the new
36 school or program.

37 **SECTION 3.** ORS 345.110 is amended to read:

38 345.110. (1) The Tuition Protection Fund is established separate and distinct from the General
39 Fund. Interest earned by the fund shall be credited to the fund. Proceeds of the fund are contin-
40 uously appropriated to the Department of Education to protect students when a career school ceases
41 to provide educational services and for administrative expenses incurred under subsection (5) of this
42 section.

43 (2) The Superintendent of Public Instruction shall maintain and administer the fund, and the
44 State Board of Education shall adopt by rule procedures governing the administration and mainte-
45 nance of the fund, including requirements relating to contributions to and claims against the fund.

1 (3)(a) Each career school shall pay to the Tuition Protection Fund an initial capitalization de-
 2 posit in amounts and within time limits established by rule of the board. Thereafter, each school
 3 shall make installment payments based on a matrix adopted by rule of the board.

4 (b) In establishing the amount and frequency of payments, the board may consider:

5 (A) The enrollment and financial condition of each school; *[and]*

6 (B) **The financial condition of the owner of each school; and**

7 (C) Such other factors as the board considers appropriate.

8 (c) The superintendent may deny, suspend or revoke the license of a school *[which]* **that** fails
 9 to make payments or fails to conform to other requirements of this section or rules adopted by the
 10 board under this section.

11 (4) The superintendent shall deposit moneys received under this section with the State Treasurer
 12 in the Tuition Protection Fund.

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

16 (6) The superintendent may enter into contracts to carry out the purposes of the fund. The
 17 provisions of ORS 279.835 to 279.855 and ORS chapters 279A and 279B do not apply to contracts
 18 entered into under this subsection.

19 **SECTION 4.** ORS 345.110, as amended by section 29, chapter 104, Oregon Laws 2012, is
 20 amended to read:

21 345.110. (1) The Tuition Protection Fund is established separate and distinct from the General
 22 Fund. Interest earned by the fund shall be credited to the fund. Proceeds of the fund are contin-
 23 uously appropriated to the Higher Education Coordinating Commission to protect students when a
 24 career school ceases to provide educational services and for administrative expenses incurred under
 25 subsection (5) of this section.

26 (2) The commission shall maintain and administer the fund and shall adopt by rule procedures
 27 governing the administration and maintenance of the fund, including requirements relating to con-
 28 tributions to and claims against the fund.

29 (3)(a) Each career school shall pay to the Tuition Protection Fund an initial capitalization de-
 30 posit in amounts and within time limits established by rule of the commission. Thereafter, each
 31 school shall make installment payments based on a matrix adopted by rule of the commission.

32 (b) In establishing the amount and frequency of payments, the commission may consider:

33 (A) The enrollment and financial condition of each school; *[and]*

34 (B) **The financial condition of the owner of each school; and**

35 (C) Such other factors as the commission considers appropriate.

36 (c) The commission may deny, suspend or revoke the license of a school *[which]* **that** fails to
 37 make payments or fails to conform to other requirements of this section or rules adopted by the
 38 commission under this section.

39 (4) The commission shall deposit moneys received under this section with the State Treasurer
 40 in the Tuition Protection Fund.

41 (5) The commission may disburse moneys from the fund by checks or orders drawn upon the
 42 State Treasurer in conformance with rules of the commission and only for tuition protection pur-
 43 poses, including the commission's costs in administering and maintaining the fund.

44 (6) The commission may enter into contracts to carry out the purposes of the fund. The pro-
 45 visions of ORS 279.835 to 279.855 and ORS chapters 279A and 279B do not apply to contracts en-

1 tered into under this subsection.

2 **SECTION 5. This 2013 Act being necessary for the immediate preservation of the public**
3 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**
4 **July 1, 2013.**

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