

House Bill 3079

Sponsored by Representatives GORSEK, VEGA PEDERSON, DEMBROW, MCKEOWN; Representatives BAILEY, BUCKLEY, DOHERTY, GALLEGOS, KENY-GUYER, NATHANSON, READ, REARDON, TOMEI, UNGER, WILLIAMSON, WITT, Senators EDWARDS, HASS, ROBLAN

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 for-profit institutions of higher education to provide students with certain fact sheets regarding costs of education, loans, job placement rates and related data prior to enrollment. Requires annual report to Higher Education Coordinating Commission.

Specifies standards for data and rates provided.

Prohibits institutions with certain loan default rates from operating in this state.

Regulates advertising and solicitation of students by for-profit institutions of higher education.

Authorizes Attorney General to impose civil penalty not to exceed \$5,000 for each violation of Act.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to higher education; and declaring an emergency.

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

4 **SECTION 1. Sections 2 to 8 of this 2013 Act are added to and made a part of ORS chapter**
5 **348.**

6 **SECTION 2. (1) A for-profit institution of higher education that operates in this state**
7 **shall, prior to enrollment, provide a prospective student the educational value, school per-**
8 **formance and financial cost fact sheets described in sections 3, 4 and 5 of this 2013 Act.**

9 **(2) The institution shall annually report to the Higher Education Coordinating Commis-**
10 **sion all information required in each fact sheet. The commission shall ensure that the in-**
11 **formation reported:**

12 **(a) Is useful to students;**

13 **(b) Is useful to policymakers;**

14 **(c) Is based upon the most credible and verifiable data available; and**

15 **(d) Does not impose undue compliance burdens on an institution.**

16 **(3) Information used to substantiate the rates and information calculated under sections**
17 **3, 4 and 5 of this 2013 Act must be:**

18 **(a) Documented and maintained by the institution for five years from the date of the**
19 **publication of the rates and information.**

20 **(b) Retained in an electronic format and made available to the commission upon request.**

21 **(4) An institution shall provide a list of employment positions used to determine the**
22 **number of graduates employed in the field for purposes of calculating job placement rates.**

23 **(5) If an institution maintains an Internet website, the institution shall make publicly**
24 **available on the website:**

25 **(a) Each fact sheet;**

26 **(b) A link to the commission's website; and**

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 (c) The institution's most recent annual report submitted to the commission.

2 (6) The commission may prohibit an institution that fails to meet the requirements of
3 sections 3, 4 and 5 of this 2013 Act from operating in this state for a period of up to one
4 calendar year.

5 (7) The commission may adopt rules to implement sections 3, 4 and 5 of this 2013 Act and
6 may identify specific information that an institution is required to document and maintain
7 to substantiate the rates and information provided under sections 3, 4 and 5 of this 2013 Act.

8 **SECTION 3.** A for-profit institution of higher education shall provide a prospective stu-
9 dent with an educational value fact sheet with the following information regarding each ed-
10 ucational program or degree:

11 (1) If the program or degree leads to a profession or trade that requires a license, reg-
12 istration, certificate or other authorization to practice the profession or trade in this state:

13 (a) Notice that a license, registration, certificate or other authorization is required to
14 practice the profession or trade in this state;

15 (b) A list of all requirements for practicing the profession or trade in this state;

16 (c) Whether completion of the program or degree meets any of the requirements to
17 practice the profession or trade in this state; and

18 (d) A list of specific course or program requirements that are required to practice the
19 profession or trade in this state.

20 (2)(a) A statement specifying whether the institution, or any of its programs or degrees,
21 is accredited by the relevant accrediting agency.

22 (b) If the institution is not accredited and offers an associate, baccalaureate, master's
23 or doctoral degree, or is accredited and offers a program for an associate, baccalaureate,
24 master's or doctoral degree that is not accredited, the statement shall disclose the known
25 limitations of the degree program, including, but not limited to:

26 (A) Information regarding the transferability of credits and whether credits may be
27 transferred to other institutions of higher education in this state.

28 (B) If the institution provides job placement services, a description of the nature and
29 extent of the services.

30 **SECTION 4.** (1) A for-profit institution of higher education shall provide a prospective
31 student with a school performance fact sheet with the following information regarding each
32 educational program or degree:

33 (a) Completion rates for each program or degree.

34 (b) If the program or degree leads to a profession or trade that requires a license, reg-
35 istration, certificate or other authorization to practice the profession or trade in this state,
36 passage rates for the authorization required.

37 (c) For each program or degree that is designed or indicated to prepare students for a
38 specific profession or trade:

39 (A) Job placement rates for graduates of the program or degree.

40 (B) Average salary or wages earned upon completion of the program or degree.

41 (d) If the institution participates in federal financial aid programs:

42 (A) The most recent three-year default rate reported by the United States Department
43 of Education for the institution and for each program; and

44 (B) The percentage of enrolled students receiving federal student loans.

45 (2) If a program is too new to provide the information required by this section, the in-

stitution shall include on the fact sheet the following statement: “This program is new. Therefore, statistics regarding program completion, job placement and starting salary for students upon completion of the program are unknown at this time. Information regarding general salary and placement statistics may be available from government sources or from the institution, but is not equivalent to actual performance data.”

(3) Default loan, wage, placement and passage rates reported under this section shall be calculated using a methodology approved by the Higher Education Coordinating Commission.

SECTION 5. A for-profit institution of higher education shall provide a prospective student with a financial cost fact sheet with the following information:

(1) The name of the institution and the name of each educational program or degree, including the total number of credit hours, clock hours or other increment required to complete the program or degree.

(2) A schedule of total charges, with nonrefundable charges clearly identified.

(3) The total charges for each period of attendance.

(4) The estimated total charges for completion of the entire educational program or degree.

(5) The total charges the student is obligated to pay upon enrollment.

(6) A statement that the enrollment agreement is legally binding when signed by the student and accepted by the institution.

(7) A disclosure that clearly states:

(a) That the student has the right to cancel the enrollment agreement;

(b) Instructions for cancelling enrollment; and

(c) The institution’s refund policy.

(8) A statement that, if the student obtains a loan to pay for an educational program or degree, the student will have the responsibility to repay the full amount of the loan plus interest, less the amount of any refund.

(9) A statement that, if the student is eligible for a loan guaranteed by the federal or state government and the student defaults on the loan, both of the following may occur:

(a) The federal or state government or a loan guarantee agency may take action against the student, including applying any income tax refund to which the student is entitled to reduce the balance owed on the loan.

(b) The student may not be eligible for any other federal student financial aid at another institution of higher education or other government assistance until the loan is repaid.

(10) A statement that the student may not be eligible for federal financial aid programs if the institution is not accredited.

(11) Whether the institution participates in federal and state financial aid programs and, if so, all consumer information required to be disclosed under the applicable federal and state financial aid programs.

SECTION 6. A for-profit institution of higher education that operates in this state may not:

(1) Promise or guarantee employment, or overstate the availability of jobs, upon completion of an educational program or degree from the institution.

(2) Advertise inaccurately regarding length of time required to learn a trade or skill.

(3) Omit from an advertisement, or from promotional material, information indicating which educational programs are delivered by means of distance education.

1 (4) Advertise, or indicate in promotional material, that the institution is accredited, if the
2 institution is not accredited.

3 (5) Solicit students for enrollment by advertising material in "help wanted" or similar
4 columns in a magazine, newspaper or similar publication.

5 (6) Use advertising that does not identify the institution.

6 (7) Compensate or offer to compensate a student enrolled at the institution to act as an
7 agent of the institution to solicit, refer or recruit a person for enrollment in the institution.
8 This subsection does not prohibit an institution from, during a calendar year, awarding to-
9 kens or gifts with an aggregate value of \$100 or less to a student for referring a person to
10 the institution. A token or gift may not be in the form of money.

11 (8) Pay any consideration to a person to induce the person to sign an enrollment agree-
12 ment for an educational program.

13 (9) Imply or suggest that:

14 (a) The institution is affiliated with a government agency, public or private corporation,
15 agency or association, if it is not so affiliated.

16 (b) The institution is a public institution.

17 (c) The institution grants degrees, if the institution does not grant degrees.

18 (10) Use the phrase, "approved to operate," or similar words or phrases, without indi-
19 cating that "approved to operate" means compliance with standards set by law. If the Higher
20 Education Coordinating Commission has authorized an institution to offer an approved de-
21 gree program, the institution may indicate the approval but may not state or imply that:

22 (a) The institution or its educational programs are endorsed or recommended by the
23 State of Oregon or the commission.

24 (b) The approval to operate means the institution exceeds minimum standards set by law.

25 (11) Direct any individual to perform an act that violates this section to refrain from
26 reporting unlawful conduct to the Higher Education Coordinating Commission or any other
27 government agency or to persuade a student not to complain to the commission.

28 (12) Compensate an employee involved in recruitment, enrollment, admissions, attend-
29 ance or sales of educational materials to students on the basis of a commission, commission
30 draw, bonus, quota or similar method related to the recruitment, enrollment, admissions,
31 attendance or sales of educational materials to students.

32 (13) Require a prospective student to provide personal contact information in order to
33 obtain, from the institution's Internet website:

34 (a) Educational program information required to be in the school catalog; or

35 (b) Any information required to be disseminated under the consumer information pro-
36 visions of the Higher Education Act of 1965, as amended.

37 (14) Offer an associate, baccalaureate, master's or doctoral degree without disclosing to
38 prospective students prior to enrollment whether the institution or the degree program is
39 accredited and any known limitation of the degree, including, but not limited to:

40 (a) Whether completion of the educational program will meet license, registration, cer-
41 tificate or other authorization requirements to practice a profession or trade in this state.

42 (b) That a student enrolled in an institution that is not accredited is not eligible for fed-
43 eral financial aid programs.

44 **SECTION 7.** Until the Higher Education Coordinating Commission determines that a
45 for-profit institution of higher education has made sufficient changes to improve student

1 **outcomes:**

2 (1) An institution that maintains an institution-wide default rate at or above _____
3 percent for three consecutive years may not operate in this state.

4 (2) An institution that offers a program that maintains a three-year default rate at or
5 above _____ percent for three consecutive years may not offer the program in this state.

6 **SECTION 8.** (1) In addition to any other penalty provided by law, the Attorney General
7 may impose a civil penalty not to exceed \$5,000 for each violation of sections 2 to 6 of this
8 2013 Act.

9 (2) Civil penalties under this section shall be imposed as provided in ORS 183.745.

10 (3) The Department of Justice may adopt rules to implement the provisions of this sec-
11 tion.

12 **SECTION 9.** This 2013 Act being necessary for the immediate preservation of the public
13 peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect
14 on its passage.

15 _____