

House Bill 3392

Sponsored by Representative HUFFMAN; Representative SPRENGER, Senator ROBLAN (at the request of Northwest Career Colleges Federation)

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**.

Changes name of Tuition Protection Fund to Tuition Protection Trust Fund. Establishes fund as trust fund.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to a fund for tuition protection; creating new provisions; amending ORS 345.017 and
3 345.110; and declaring an emergency.

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

5 **SECTION 1.** ORS 345.110 is amended to read:

6 345.110. (1) The Tuition Protection **Trust** Fund is established separate and distinct from the
7 General Fund. Interest earned by the **trust** fund shall be credited to the **trust** fund. Proceeds of the
8 **trust** fund are continuously appropriated to the Department of Education to protect students when
9 a career school ceases to provide educational services and for administrative expenses incurred
10 under subsection [(5)] (6) of this section.

11 **(2) The Tuition Protection Trust Fund is a trust fund established exclusively for the uses**
12 **and purposes declared in this section. The State of Oregon declares that this state has no**
13 **proprietary interest in the Tuition Protection Trust Fund and disclaims any right to claim**
14 **contributions made to the trust fund from sources other than the General Fund. The Legis-**
15 **lative Assembly unambiguously expresses an intention to create a contractual obligation of**
16 **this state to subscribe to use the moneys in the trust fund only for the purposes declared**
17 **in this section and commits to not transfer the moneys in the trust fund to any other fund**
18 **or account to be used for other purposes. This subsection does not impair the force or effect**
19 **of any law of this state specifically authorizing the investment of moneys from the trust**
20 **fund.**

21 [(2)] (3) The Superintendent of Public Instruction shall maintain and administer the **Tuition**
22 **Protection Trust** Fund, and the State Board of Education shall adopt by rule procedures governing
23 the administration and maintenance of the **trust** fund, including requirements relating to contribu-
24 tions to and claims against the **trust** fund.

25 [(3)] (4) Each career school shall pay to the Tuition Protection **Trust** Fund an initial capital-
26 ization deposit in amounts and within time limits established by rule of the board. Thereafter, each
27 school shall make installment payments based on a matrix adopted by rule of the board. In estab-
28 lishing the amount and frequency of payments, the board may consider the enrollment and financial
29 condition of each school and such other factors as the board considers appropriate. The super-
30 intendent may deny, suspend or revoke the license of a school [*which*] **that** fails to make payments

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 or fails to conform to other requirements of this section or rules adopted by the board under this
 2 section.

3 [(4)] (5) The superintendent shall deposit moneys received under this section with the State
 4 Treasurer in the Tuition Protection **Trust Fund**.

5 [(5)] (6) The superintendent may disburse moneys from the **Tuition Protection Trust Fund** by
 6 checks or orders drawn upon the State Treasurer in conformance with rules of the board and only
 7 for tuition protection purposes, including the superintendent's costs in administering and maintain-
 8 ing the **trust fund**.

9 [(6)] (7) The superintendent may enter into contracts to carry out the purposes of the **Tuition**
 10 **Protection Trust Fund**. The provisions of ORS 279.835 to 279.855 and ORS chapters 279A and 279B
 11 do not apply to contracts entered into under this subsection.

12 **SECTION 2.** ORS 345.110, as amended by section 29, chapter 104, Oregon Laws 2012, is
 13 amended to read:

14 345.110. (1) The Tuition Protection **Trust Fund** is established separate and distinct from the
 15 General Fund. Interest earned by the **trust fund** shall be credited to the **trust fund**. Proceeds of the
 16 **trust fund** are continuously appropriated to the Higher Education Coordinating Commission to
 17 protect students when a career school ceases to provide educational services and for administrative
 18 expenses incurred under subsection [(5)] (6) of this section.

19 **(2) The Tuition Protection Trust Fund is a trust fund established exclusively for the uses**
 20 **and purposes declared in this section. The State of Oregon declares that this state has no**
 21 **proprietary interest in the Tuition Protection Trust Fund and disclaims any right to claim**
 22 **contributions made to the trust fund from sources other than the General Fund. The Legis-**
 23 **lative Assembly unambiguously expresses an intention to create a contractual obligation of**
 24 **this state to subscribe to use the moneys in the trust fund only for the purposes declared**
 25 **in this section and commits to not transfer the moneys in the trust fund to any other fund**
 26 **or account to be used for other purposes. This subsection does not impair the force or effect**
 27 **of any law of this state specifically authorizing the investment of moneys from the trust**
 28 **fund.**

29 [(2)] (3) The commission shall maintain and administer the **Tuition Protection Trust Fund** and
 30 shall adopt by rule procedures governing the administration and maintenance of the **trust fund**, in-
 31 cluding requirements relating to contributions to and claims against the **trust fund**.

32 [(3)] (4) Each career school shall pay to the Tuition Protection **Trust Fund** an initial capital-
 33 ization deposit in amounts and within time limits established by rule of the commission. Thereafter,
 34 each school shall make installment payments based on a matrix adopted by rule of the commission.
 35 In establishing the amount and frequency of payments, the commission may consider the enrollment
 36 and financial condition of each school and such other factors as the commission considers appro-
 37 priate. The commission may deny, suspend or revoke the license of a school [*which*] **that** fails to
 38 make payments or fails to conform to other requirements of this section or rules adopted by the
 39 commission under this section.

40 [(4)] (5) The commission shall deposit moneys received under this section with the State Treas-
 41 urer in the Tuition Protection **Trust Fund**.

42 [(5)] (6) The commission may disburse moneys from the **Tuition Protection Trust Fund** by
 43 checks or orders drawn upon the State Treasurer in conformance with rules of the commission and
 44 only for tuition protection purposes, including the commission's costs in administering and main-
 45 taining the **trust fund**.

1 [(6)] (7) The commission may enter into contracts to carry out the purposes of the **Tuition**
 2 **Protection Trust Fund**. The provisions of ORS 279.835 to 279.855 and ORS chapters 279A and 279B
 3 do not apply to contracts entered into under this subsection.

4 **SECTION 3. The amendments to ORS 345.110 by sections 1 and 2 of this 2013 Act apply**
 5 **to moneys deposited in the Tuition Protection Trust Fund on or after the effective date of**
 6 **this 2013 Act.**

7 **SECTION 4.** ORS 345.017 is amended to read:

8 345.017. When a school that is licensed under ORS 345.010 to 345.450 is approved by the Higher
 9 Education Coordinating Commission to confer or offer to confer an academic degree under ORS
 10 348.606 and the school continues to offer a course or program that does not lead to an academic
 11 degree:

12 (1) The school must continue to be licensed as a career school and meet the requirements of
 13 ORS 345.010 to 345.450 until:

14 (a) All courses or programs offered by the school are approved by the commission; and

15 (b) All students who were first enrolled in the school when the school was licensed as a career
 16 school have:

17 (A) Completed the course or program for which the student contracted with the career school;

18 or

19 (B) Terminated enrollment in the career school for any reason.

20 (2) A student who is enrolled in a course or program for which a school must be licensed under
 21 ORS 345.010 to 345.450 is eligible for moneys from the Tuition Protection **Trust** Fund established
 22 under ORS 345.110 if the student:

23 (a) Qualifies for moneys under rules adopted by the State Board of Education under ORS
 24 345.110; and

25 (b) Was first admitted to the school when the school was licensed as a career school under ORS
 26 345.010 to 345.450.

27 (3) When a course or program that did not lead to an academic degree is approved by the Higher
 28 Education Coordinating Commission to lead to an academic degree, the regulatory authority for that
 29 course or program transfers to the commission upon the approval.

30 **SECTION 5.** ORS 345.017, as amended by section 22, chapter 104, Oregon Laws 2012, is
 31 amended to read:

32 345.017. When a school that is licensed under ORS 345.010 to 345.450 is approved by the Higher
 33 Education Coordinating Commission to confer or offer to confer an academic degree under ORS
 34 348.606 and the school continues to offer a course or program that does not lead to an academic
 35 degree:

36 (1) The school must continue to be licensed as a career school and meet the requirements of
 37 ORS 345.010 to 345.450 until:

38 (a) All courses or programs offered by the school are approved by the commission; and

39 (b) All students who were first enrolled in the school when the school was licensed as a career
 40 school have:

41 (A) Completed the course or program for which the student contracted with the career school;

42 or

43 (B) Terminated enrollment in the career school for any reason.

44 (2) A student who is enrolled in a course or program for which a school must be licensed under
 45 ORS 345.010 to 345.450 is eligible for moneys from the Tuition Protection **Trust** Fund established

1 under ORS 345.110 if the student:

2 (a) Qualifies for moneys under rules adopted by the Higher Education Coordinating Commission
3 under ORS 345.110; and

4 (b) Was first admitted to the school when the school was licensed as a career school under ORS
5 345.010 to 345.450.

6 (3) When a course or program that did not lead to an academic degree is approved by the Higher
7 Education Coordinating Commission to lead to an academic degree, the regulatory authority for that
8 course or program transfers to the commission upon the approval.

9 **SECTION 6. This 2013 Act being necessary for the immediate preservation of the public**
10 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**
11 **on its passage.**

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