

STAFF MEASURE SUMMARY

House Committee On Higher Education, Innovation, and Workforce Development

Fiscal: Has minimal fiscal impact

Revenue: No Revenue Impact

Action Date: 04/15/15

Action: Do Pass As Amended And Be Printed Engrossed.

Meeting Dates: 04/10, 04/15

Vote:

Yeas: 9 - Gallegos, Hayden, Johnson, McKeown, Nearman, Read, Reardon, Whisnant, Williamson

Prepared By: Victoria Cox, Committee Administrator

WHAT THE MEASURE DOES:

Requires each school obtaining approval from Higher Education Coordinating Commission (HECC) to offer academic degree to obtain bond or letter of credit annually demonstrating school is financially sound and capable of fulfilling commitments to students. Establishes requirements for bonds and letters of credit. Specifies calculation formula for amount of bond or letter of credit. Grants students right to bring claim against school, bond or letter of credit if student suffers monetary loss due to school's failure to provide educational services. Establishes process for commission to place school or program on probation or to revoke approval for school to offer academic degrees.

ISSUES DISCUSSED:

- Recent closures of for-profit, postsecondary institutions
- Oversight authority of Office of Degree Authorization
- Requirement for career schools to pay into tuition protection fund
- Degree-granting schools exempt from above requirement
- Independent nonprofit institutions remain exempt under provisions of this measure

EFFECT OF COMMITTEE AMENDMENT:

Specifies calculation formula for amount of bond or letter of credit.

BACKGROUND:

According to its website, the Office of Degree Authorization (ODA) operates under the HECC "to assist Oregon students and their families in attaining a postsecondary education and to enhance the value, integrity, and diversity of Oregon's college programs." The ODA is required by statute "to provide for the protection of the citizens of Oregon and their postsecondary schools by ensuring the quality of higher education and preserving the integrity of an academic degree as a public credential." All degree-granting private postsecondary institutions offering academic programs in Oregon, or to Oregon students from outside the state, must be approved by the ODA.

House Bill 3516-A requires schools approved by the HECC to offer degrees to obtain a bond or letter of credit annually to ensure financial soundness. The measure also authorizes the HECC to place schools on probation or revoke their approval to offer degrees and creates a private right of action for students. These provisions do not apply to regionally accredited, private non-profit institutions.