

Enrolled
House Bill 3516

Sponsored by Representative NATHANSON, Senator DEMBROW; Representatives HUFFMAN, JOHNSON, MCKEOWN, READ, WHISNANT, Senators BURDICK, GIROD, HASS, KNOPP, RILEY, ROBLAN, ROSENBAUM, SHIELDS, STEINER HAYWARD

CHAPTER

AN ACT

Relating to oversight of programs offering academic degrees; creating new provisions; amending ORS 348.612; and declaring an emergency.

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

SECTION 1. Section 2 of this 2015 Act is added to and made a part of ORS 348.594 to 348.615.

SECTION 2. (1) A school approved by the Higher Education Coordinating Commission to confer any academic degree under ORS 348.606 shall annually obtain a bond or letter of credit demonstrating that the school is financially sound and capable of fulfilling its commitments to students. A bond or letter of credit must be purchased and maintained by the school for the entire period that the school operates in this state.

(2)(a) A bond obtained pursuant to this section must be with a corporate surety licensed to do business in this state.

(b) A letter of credit obtained under this section must be an irrevocable letter of credit issued by an insured institution as defined in ORS 706.008.

(3) The corporate surety for a bond obtained pursuant to this section, or the insured institution for a letter of credit obtained pursuant to this section, must notify the commission if the bond or letter of credit is canceled for any reason. Except as provided in subsection (6) of this section, the surety or institution is liable under the bond or letter of credit until the latest of the following dates:

(a) The date specified in the notice to the commission that the bond or letter of credit is canceled;

(b) The 30th business day after the date the surety or institution mails the notice to the commission that the bond or letter of credit is canceled; or

(c) The date on which the commission receives the notice from the surety or institution that the bond or letter of credit is canceled.

(4) A bond or letter of credit obtained pursuant to this section shall:

(a) Be filed with, and stored by, the commission;

(b) Be executed to the State of Oregon;

(c) Be in an amount, equal to or less than the rolling annual average of prepaid tuition held by the school at any time, calculated by the commission to reimburse students enrolled at the school for tuition paid by the student to the school if the school ceases to provide instruction;

- (d) Be in a form approved by the Attorney General; and
- (e) Contain as a condition of the bond or letter of credit that the school that is approved by the commission must provide educational services without fraud or fraudulent representation and in compliance with ORS chapter 348 and any applicable rules adopted by the commission.

(5)(a) In addition to any other remedies provided by law, a student enrolled in a school that is subject to this section shall have a personal right of action against the school, against the surety on the school's bond and against the letter of credit if the student suffers monetary loss as a result of the school's failure to provide instruction for which the student has paid tuition.

(b) A student who brings a claim under this subsection may not recover more than the amount of the student's monetary loss.

(6) The sureties on a bond obtained pursuant to this section, and the issuer of a letter of credit obtained pursuant to this section, are not liable for any action that occurs after the date on which the commission revokes the approval of a school under ORS 348.612.

SECTION 3. ORS 348.612 is amended to read:

348.612. *[The Higher Education Coordinating Commission may revoke or suspend any approval given to a school under ORS 348.606 for proper cause after a hearing. Such hearing shall be held only after the school has been given 20 days' notice in writing of the time and place of such hearing. Hearings shall be held in accordance with the rules of the commission adopted under ORS 348.530.]*

(1) The Higher Education Coordinating Commission may place a school, or a program within a school, on probation, or suspend or revoke any approval given to a school under ORS 348.606, for proper cause after a hearing.

(2) The commission shall by rule establish criteria for placing a school or program on probation or for suspending or revoking approval given to a school under ORS 348.606.

(3)(a) If the commission places a school or program on probation, the commission shall establish conditions that the school or program must meet to continue to operate in this state. These conditions may include requiring a school to increase or alter the amount of the bond or letter of credit required under section 2 of this 2015 Act.

(b) If the commission determines that a school has failed to satisfy the conditions of probation established by the commission under this subsection, the commission may suspend or revoke any approval given to the school under ORS 348.606.

(c) If the commission determines that a school has failed to comply with the requirements of approval given to a school under ORS 348.606 or otherwise failed to maintain a bond or letter of credit as required under section 2 of this 2015 Act, the commission may suspend or revoke any approval given to a school under ORS 348.606.

(4) At least 20 days before holding a hearing under this section, the school must have received written notice of the place, time and reason for the hearing. Hearings shall be held in accordance with rules adopted by the commission.

SECTION 4. The requirements set forth in section 2 of this 2015 Act and the amendments to ORS 348.612 by section 3 of this 2015 Act apply to any approval granted, or disciplinary action taken by, the Higher Education Coordinating Commission after the effective date of this 2015 Act.

SECTION 5. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect on its passage.

Passed by House April 21, 2015

Repassed by House June 1, 2015

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate May 28, 2015

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Peter Courtney, President of Senate

Received by Governor:

.....M,....., 2015

Approved:

.....M,....., 2015

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M,....., 2015

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Jeanne P. Atkins, Secretary of State