

HB 2559 STAFF MEASURE SUMMARY

House Committee On Higher Education and Workforce Development

Prepared By: Laura Kentnesse, LPRO Analyst

Meeting Dates: 3/16

WHAT THE MEASURE DOES:

Prohibits Higher Education Coordinating Commission from placing school or school program on probation, or suspending or revoking approval, unless a hearing has occurred prior to sanctioning, and the sanction is authorized by hearing officer. Authorizes hearing officer, rather than Higher Education Coordinating Commission, to establish conditions the school or program must meet to continue to operate in Oregon. Specifies conditions may include prohibiting school or program that is on probation from engaging in new enrollment, advertising, recruitment or student enrollment activities during probation period, and notifying enrolled students, employees and prospective students in writing that the school or program has been placed on probation.

REVENUE: May have revenue impact, but no statement yet issued.

FISCAL: May have fiscal impact, but no statement yet issued.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

BACKGROUND:

The Higher Education Coordinating Commission (HECC) is responsible for approving all degree-granting, private post-secondary institutions that offer academic programs in Oregon, or to Oregon students from outside the state. The HECC Office of Degree Authorization performs these approval and oversight functions. Current law (ORS 348.612) authorizes the HECC to place a school or program on probation, or suspend or revoke approval given to a school following a hearing. If a school or program is placed on probation, the HECC must establish and communicate conditions that the school or program must meet to continue to operate in the state. The conditions may include requiring a school to increase or alter the amount of the bond or letter of credit required under ORS 348.613. If the HECC determines that a school has failed to satisfy the conditions of probation, or otherwise has failed to maintain a bond or letter of credit as required by law, it may suspend or revoke approval.

Current law regarding probation, as described above, was passed as House Bill 3516 during the 2015 regular legislative session. The legislation also contained provisions requiring each school to annually obtain bond or letter of credit demonstrating that the school is financially sound and capable of fulfilling commitments to students. To date, no HECC-ODA approved schools have been placed on probation, or have had approval suspended or revoked. Proponents of House Bill 2559 are reportedly concerned by HECC rulemaking (OAR 583-030-0045) that permits probation to occur before a hearing, the likelihood for probation to be damaging to student enrollment and the financial viability of the school, and the lack of recourse for schools or programs placed on probation. Proponents report that some insurance companies are concerned by probation sanctions occurring prior to an administrative hearing, and report that at least one school has been rejected in the process of trying to access a surety bond.