



OREGON DEPARTMENT OF EDUCATION
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**HB 2820 – Private Career Schools
-1 Amendments
House Rules Committee
May 9, 2011**

Co-chairs Barnhart and Berger, members of the committee, for the record, my name is Cindy Hunt, the Government and Legal Affairs Manager at the Oregon Department of Education and with me today is Teresa Greene, the Director at the Oregon Department of Education, charged with oversight of the Private Career School Licensing program. We are here today to testify in support of the proposed -1 amendment to HB 2820. The -1 amendment guts the introduced version of HB 2820 and replaces the contents with provisions relating to private career school fees.

Private career schools are privately owned, non-degree granting post-secondary institutions offering entry level vocational training in a wide variety of career areas such as cosmetology, truck driving, pet grooming, welding, tattooing, tax preparation, and the list goes on. Currently there are approximately 257 schools licensed with the Department of Education, with over 30,000 students enrolling each year, and nearly 18,000 students graduating and entering the work force every year.

The Department is charged in statute (ORS chapter 345) with ensuring a set of minimum quality standards in the schools through the licensing and license renewal processes. Schools submit a wide range of information to the Department for evaluation to ensure, first and foremost, the value and protection of each student's educational investment. In addition to a host of regulatory activities involved with licensing, monitoring, and remediating student complaints, we also provide a wealth of technical assistance to support the schools in remaining viable educational entities, and in offering industry-relevant, quality programs that target market needs. We also maintain and administer the Tuition Protection Fund as part of our consumer protection activities.

Each school pays an initial licensing fee, and then every year thereafter, a renewal fee that corresponds with the school's annual gross tuition income, according to a fee schedule set forth in statute. These fees are the only source of revenue for this program. The program receives no General Fund dollars in support of the work required by statute.

Because private career school fees are set forth in statute, they are not subject to indexed increases to account for economic trends such as inflation. The fee schedule has not been revised or recommended for an increase for at least 10 years. Over the past decade, a number of factors have contributed to the increasing complexity of regulating private career schools, including changes in educational methodologies, advances in technology, changes in state rules regulating certain licensed professions, and most recently, changes in federal requirements for schools approved to receive Title IV funding (federal student aid). Technical assistance that is more narrowly focused on quality systems and accountability is needed to help school owners increase the quality of their programs and operations in order to meet



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various new law requirements (*e.g. new licensing and exam requirements for cosmetology students*), provide support for Oregon students, and to safeguard students' educational investments.

The proposed -1 amendment to HB 2820 would raise licensing fees for the coming biennium, and transfer the fee schedule from statute to rule for the following biennium. Currently this program operates with approximately 1.5 FTE supported by the current fee schedule. The revenues raised from the fee increase will be used to support a 1.0 FTE Limited Duration position that will expand our capacity to meet the needs of our schools for additional technical assistance. This will result in fewer student complaints and school investigations, fewer claims against the Tuition Protection Fund, and more workshops and trainings for school owners and personnel.

We have worked for over a year with our stakeholders and Private Career School Advisory Committee on this proposal and all parties are in favor of this fee increase. Our stakeholders see the need for more targeted technical assistance and look to the Department to provide this valuable resource for them. You have in front of you a letter from one of our stakeholders, the NW Career Colleges Federation, which is a membership organization for private post-secondary education institutions, expressing support for this bill.

The House Higher Education Sub-Committee unanimously supported the contents of these amendments in another bill this session with a referral to Ways and Means, and we are asking that you approve this amendment with the same referral.