



Testimony on House Bill 2976
House Committee on Education
March 20, 2019

Chair Doherty, Vice-Chairs Alonso-Leon, Helt, and members of the Committee. My name is Kyle Thomas, and I am the Director of Legislative and Policy Affairs for the Higher Education Coordinating Commission. Thank you for the opportunity to submit testimony on HB 2976.

HECC's Private Postsecondary Offices are responsible for regulating, authorizing, and licensing the state's private for-profit career schools and degree granting institutions. Our oversight responsibilities extend beyond mere compliance and paperwork; we take an active role in student and consumer protection that includes scrutiny of teacher and administrator qualifications, assessments of financial health, curricular review for the maintenance of state standards for education, and inspections of school facilities for the protection of health and safety of students. When appropriate, we investigate student complaints and mandate improvements, and impose penalties as necessary.

When institutions close, an issue that frequently arises in the private education sector, HECC works to facilitate teach out plans and smooth student transfer, and becomes the permanent repository for student records.

We are deeply involved in, and take an active interest in, improving the ability of our office to effectively serve private colleges and career schools and protect students.

HB 2976-1 would significantly change the financial reporting and data collection requirements both for private career schools and for private degree granting colleges in Oregon. Currently, HECC requires private career schools (PCS) to report their gross tuition revenue annually as the basis for license renewal. We do not collect that information for degree-granting institutions – their renewals are biennial and are a flat fee set in statute.

Overreliance on public funds for private institutions can be an indicator of either financial distress or fiscal irresponsibility, and this bill seeks to close a gap in federal regulations that allows institutions to use federal veterans education benefits as a mechanism to, on paper, reduce their reliance on federal Title IV grants.

HECC does not currently ask schools to disaggregate their tuition revenue by source, that is: cash tuition payments, loan receipts, and funding from the US Department of Education for student aid. At present there are about 108 schools that are eligible for any or all of these federal funds. HB 2976 would impose a higher standard of non-federal versus federal funds as a pre-condition for operation of a school in this state. While we agree that VA and GI Bill funds should count toward the "non-federal" minimum funds requirement, HECC's internal processes and its data systems are not currently ready to implement this new standard.

HECC faces potential challenges in implementing the additional requirements due to staffing and systems limitations. The Private Postsecondary unit is fee funded, and receives no general fund support to regulate the private education sector. As such, any additional requirements result in the potential for increased fees being levied on licensed schools. We have discussed this with Rep. Smith Warner, and look forward to the opportunity to further refine the bill to mitigate those impacts.

Thank you for your time today.