

Legislative Fiscal Office

Oregon State Capitol
900 Court Street NE, H-178
Salem, OR 97301
503-986-1828

Ken Rocco, Legislative Fiscal Officer
Paul Siebert, Deputy Legislative Fiscal Officer



Joint Committee on Ways and Means

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Rep. Greg Smith, House Co-Vice Chair

To: Education Subcommittee

From: Doug Wilson, Legislative Fiscal Office

Date: June 4, 2019

Subject: HB 5025 – Relating to Higher Education Coordinating Commission; Fee Ratification Bill

Private Career Schools (PCSs) provide specialized training and certificates for students across a broad spectrum of professions. As of the end of 2018, there were 182 licensed private career schools of which 34 were cosmetology schools with the remaining 148 schools representing several vocations including those related to tax, tattoos, insurance, truck driving, health care and real estate. The Higher Education Coordinating Commission's (HECC) Private Career Schools program licenses these schools as well as responds to complaints and provides assistance to students of schools that have terminated their operations. The Private Career School Advisory Committee, whose membership includes representatives of the schools, provides advice to HECC with respect to quality and character of these schools.

HB 5025 provides authorization to HECC to continue the fees increased for the Private Career Schools (PCS) program in 2017 and 2019. Without this approval, these PCS fees would need to return to the levels prior to the 2017 increase. Fees were increased by 30% in 2017 and by another 30% in 2019. The fee increases are expected to raise \$117,703 annually in 2019-21. The Advisory Committee recommended these fee increases.

These fees support four FTE in the PCS office as well as the Department of Justice costs associated with the program. Total expenditures for the program are estimated at \$857,412 for 2017-19. The program is currently entirely dependent on fee revenues. The program received General Fund support as recently as 2015-17, but the Legislature decided to fund the program with Other Funds and discontinue the General Fund support. Prior to the transfer of the program when HECC was created, the Oregon Department of Education subsidized a portion of the costs of the program with General Fund.

Without these fee increases; the program will need to be significantly scaled back or General Fund will be required to maintain current program operations. HECC believes that

with this fee increase and a \$200,000 transfer from the Tuition Protection Fund, there should be sufficient revenue for the foreseeable future.

Final Subcommittee Action

**MOTION: I move HB 5025 to the Full Committee with a do pass recommendation.
(VOTE)**

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____