

SB 1544 (90-10 Loophole closure):

1. Who does this law apply to?
  - a. *It only applies to a subset of for-profit schools - those who are qualified to accept veterans benefits , those who are approved by the US Dept of Education to accept federal loans and grants, and those are relatively inexpensive (average tuition collected less than the maximum amount that a student could qualify under Pell Grant - 6K).*
2. Why doesn't this apply to all schools?
  - a. *For-profit higher education institutions are unique in that their administration and board have a fiduciary duty to increase profits and lack many of the oversight protections built into public and nonprofit colleges. For example, a public school cannot set their own budget. The profit motive at for-profit schools and the pressure from shareholders to increase enrollment each quarter has led to unscrupulous and intentionally misleading recruiting tactics and advertising. In January of 2019, 48 states plus the District of Columbia sued Career Education Corporation and won a \$500 million settlement. The claim was that CEC used "emotionally charged language emphasizing the pain in prospective students' lives to pressure them into enrolling," misrepresented how school credits could be transferred to other schools and told admissions counselors to withhold important information about tuition costs. Just this past December the University of Phoenix agreed to pay a record \$191 million to settle a complaint filed by the Federal Trade Commission accusing the for-profit university of using deceptive ads. With this legislation, Oregon is leading the national effort to protect taxpayers and ensure that private for-profit colleges and career schools are not prioritizing profits over their quality of education by exploiting the 90/10 loophole.*
3. Are we allowed to tell a school how much federal funds it can take?
  - a. *States have the authority to authorize (or not authorize) schools to enroll our residents, and States have the authority to define those rules as they see fit. A 90% threshold on tuition revenue derived from a taxpayer-funded source is more than reasonable, and well within the right of the state to regulate.*
4. Will this bill have any unintended negative consequences on schools that aren't exploiting the 90/10 loophole?
  - a. *No, SB 1544 only impacts schools that are exploiting the 90/10 loophole; schools that are more than 90% reliant on taxpayer dollars to operate and fail to offer enough quality to attract employer support or private paying students. Furthermore, the bill includes exclusionary clauses to ensure that the only institutions subject to the new regulation are ones that have the ability to exploit the 90/10 loophole.*

5. Have any other states done this and what has been the result?
  - a. *Oregon will be among the first states to pass 90-10 loophole closure legislation. Maryland is the only other state that has introduced a bill to close the 90-10 loophole. That bill has bipartisan support and is expected to pass this year.*
  
6. Will this cause schools to pass on costs to their students, making it more expensive for students?
  - a. *No, because that would contradict the very reason they are seeking other options to make up the 10%. If students were willing to take on a portion of the cost, then that means the school can convince students to pay a portion of tuition out of pocket, in which case there would be no need to exploit the 90/10 loophole. Schools that are already exploiting the 90/10 loophole would not be able to pass on any cost because students would naturally either 1) go somewhere where they don't have to pay out of pockets, or 2) go somewhere that they feel the out of pocket expense is worth it.*
  
7. Will this make schools want to avoid enrolling veterans, thereby giving veterans less choices in where they can go?
  - a. *No, SB 1544 has no effect on a school's authorization to enroll veterans or their ability to receive GI Bill benefits through the U.S. Department of Veteran Affairs. Our bill only ensures parity in how veteran benefits are counted against enrollment versus non-veterans, to ensure veterans are not singled out for deceptive and aggressive recruitment. For every GI Bill student a for-profit school enrolls, they can enroll nine non-veterans who receive more money in federal financial aid. This loophole creates an incentive that puts a recruiting target on the back of every veteran while our bill seeks to close it.*
  
8. Haven't all "bad actors" closed?
  - a. *The legislative intent of SB 1544 is to end unfair and fraudulent practices by bad actors that continue today. Schools like Brightwood College, and their subsequent closing, are preventable. Sadly, there are still institutions exploiting the 90-10 loophole in for-profit higher education. In just the last few years, nearly every state has investigated and sued for-profit colleges for abusing students, especially veterans. A loophole in federal regulation currently provides a legal path to increased profits and incentivizes for-profit organizations to prey on veterans and their federal benefits. This same path leads to established schools that create unsustainable models around recruiting veterans and exploiting the 90/10 loophole, rather than creating sustainable models around educational delivery. This type of business model inevitably leads to poor outcomes. SB 1544 prevents further closures by incentivizing good practices that lead to longevity, financial solvency for shareholders, and positive student outcomes.*