

SB 1544 A STAFF MEASURE SUMMARY

Senate Committee On Education

Action Date: 02/13/20

Action: Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)

Vote: 4-0-1-0

Yeas: 4 - Gelser, Hass, Thomsen, Wagner

Exc: 1 - Heard

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 2/6, 2/13

WHAT THE MEASURE DOES:

Requires the Higher Education Coordinating Commission (HECC) to adopt rules establishing minimum standards for for-profit private colleges and career schools that ensure that at least 10 percent of the annual tuition revenue received by licensed career schools comes from sources other than institutional loans or federal funds. Establishes penalties for violating rules enacted by HECC.

ISSUES DISCUSSED:

- Veterans' educational needs
- For-profit schools

EFFECT OF AMENDMENT:

Changes definition of annual revenue to include only revenue from tuition. Makes technical language changes.

BACKGROUND:

In 1992, Congress enacted the 85/15 rule to combat abuse of federal financial aid programs for higher education. The 85/15 rule limited the share of revenues that for-profit higher education institutions could receive from federal aid to 85 percent. The rule was intended to ensure quality by ensuring that funders other than the federal government were supporting these schools. In 1998, the rule was changed to 90/10. Currently, veterans' benefits do not count as federal aid subject to the 90 percent limit at the federal level. Senate Bill 1544-A applies the 90/10 rule to for-profit colleges and career schools in Oregon.