

# Enrolled House Bill 4019

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Higher Education, Innovation, and Workforce Development for Higher Education Coordinating Commission)

CHAPTER .....

AN ACT

Relating to higher education; creating new provisions; and amending ORS 348.511, 348.582, 348.594, 348.597, 348.608, 350.075, 350.290 and 458.685.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 348.511 is amended to read:

348.511. (1) The Office of Student Access and Completion is established and shall operate under the direction and control of the Higher Education Coordinating Commission.

(2) The executive director of the Higher Education Coordinating Commission shall appoint the Executive Director of the Office of Student Access and Completion.

(3) The Executive Director **of the Office of Student Access and Completion** shall:

(a) Be responsible for the performance of the duties, functions and powers of the Office of Student Access and Completion[.];

[(4)] (b) [*The executive director shall*] Be paid a salary as provided by law or, if not so provided, as prescribed by the commission[.]; **and**

[(5)] (c) Subject to any applicable provisions of ORS chapter 240, [*the executive director shall*] appoint all subordinate officers and employees of the office, prescribe their duties and fix their compensation.

**SECTION 2.** ORS 348.594 is amended to read:

348.594. As used in ORS 348.594 to 348.615:

(1)(a) "Diploma mill" means:

(A) A school against which a court or public body, as defined in ORS 174.109, has issued a ruling or finding, after due process procedures, that the school has engaged in dishonest, fraudulent or deceptive practices related to the award of degrees, academic standards or student learning requirements; or

(B) An entity without legal authority as a school to issue degrees valid as credentials in the jurisdiction that authorizes issuance of degrees.

(b) "Diploma mill" does not include:

(A) A school operating legally under ORS 348.604; or

(B) A school that is actively seeking and able to show evidence of reasonable progress toward regional accreditation with one of the regional post-secondary accrediting bodies recognized by the United States Department of Education.

(2)(a) “School” means a person, organization, school or institution of learning that confers or offers to confer an academic degree upon a person or to provide academic credit applicable to a degree.

(b) “School” does not include:

(A) An Oregon community college;

(B) A public university listed in ORS 352.002; or

(C) The Oregon Health and Science University.

**SECTION 3.** ORS 348.597 is amended to read:

348.597. (1) Except as provided in subsection (2) of this section, ORS 348.594 to 348.615 apply to all schools that operate in this state.

(2) ORS 348.594 to 348.615 do not apply to:

[(a) An Oregon community college;]

[(b) A public university listed in ORS 352.002;]

[(c) The Oregon Health and Science University;]

[(d)] (a) A school, or a separately accredited campus of a school, if the school:

(A) Is a nonprofit school that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code;

(B) Conferred degrees in this state under the same control for at least [five] 10 consecutive years; and

(C) Is accredited by a regional accrediting association or its national successor;

[(e)] (b) A school that, on July 14, 2005, was a school that met the criteria and followed procedures to obtain a religious exemption adopted by rule by the Oregon Student Access Commission and that offered only degrees with approved titles in theology or religious occupations; or

[(f)] (c) A school that is exempt from ORS 348.594 to 348.615 under ORS 348.604.

(3) The Higher Education Coordinating Commission shall issue a separate license to issue degrees to each school that meets the requirements for exemption from evaluation by the office set forth in subsection [(2)(d)] (2)(a) of this section. The license shall remain in effect if the school continues to meet the requirements of subsection [(2)(d)] (2)(a) of this section.

**SECTION 4.** ORS 348.582 is amended to read:

348.582. As used in ORS 348.584 and 348.586, “institution of higher education” means:

(1) A public university listed in ORS 352.002;

(2) A community college as defined in ORS 341.005;

(3) The Oregon Health and Science University;

(4) A career school as defined in ORS 345.010;

(5) A private post-secondary institution authorized to confer academic degrees under ORS 348.594 to 348.615; and

(6) A private post-secondary institution that meets the criteria set forth in ORS 348.597 [(2)(d)] (2)(a).

**SECTION 5.** ORS 350.075 is amended to read:

350.075. (1) As used in this section, “student access programs” means scholarship, loan, grant and access programs described in ORS chapter 348.

(2) The Higher Education Coordinating Commission shall be guided by the legislative findings in ORS 341.009, 350.001 and 350.005 and the goals and mission of post-secondary education set forth in ORS 350.009 and 350.014.

(3) The Higher Education Coordinating Commission shall:

(a) Develop state goals for the state post-secondary education system, including community colleges and public universities listed in ORS 352.002, and for student access programs.

(b) Determine strategic investments in the state’s community colleges, public universities and student access programs necessary to achieve state post-secondary education goals.

(c) Coordinate the post-secondary elements of data collection and structure, with the advice and recommendation of the state’s independent institutions, community colleges and public universities, as appropriate, in order to construct a state longitudinal data system.

(d) Adopt a strategic plan for achieving state post-secondary education goals, taking into consideration the contributions of this state's independent institutions, philanthropic organizations and other organizations dedicated to helping Oregonians reach state goals. State post-secondary education goals as described in this section should include, but need not be limited to:

- (A) Increasing the educational attainment of the population;
- (B) Increasing this state's global economic competitiveness and the quality of life of its residents;
- (C) Ensuring affordable access for qualified Oregon students at each college or public university;
- (D) Removing barriers to on-time completion; and
- (E) Tracking progress toward meeting the state's post-secondary education goals established in the strategic plan described in this paragraph.

(e)(A) Each biennium, after receiving funding requests from the state's community colleges and public universities as authorized by law, recommend to the Governor a consolidated higher education budget request aligned with the strategic plan described in paragraph (d) of this subsection, including appropriations for:

- (i) Student access programs;
- (ii) Public universities listed in ORS 352.002, including but not limited to education and general operations, statewide public services and state-funded debt service;
- (iii) Community colleges, including but not limited to education and general operations and state-funded debt service;
- (iv) New facilities or programs;
- (v) Capital improvements and deferred maintenance; and
- (vi) Special initiatives and investments.

(B) In the development of the consolidated higher education budget request:

- (i) Determine the costs necessary to provide quality post-secondary education;
- (ii) Solicit input from educators, education policy experts, appropriate legislative committees, students and other persons interested in the development of the funding model; and
- (iii) Solicit public input regarding educational priorities.

(f) Adopt rules governing the distribution of appropriations from the Legislative Assembly to community colleges, public universities listed in ORS 352.002 and student access programs. These rules must be based on allocation formulas developed in consultation with the state's community colleges and public universities, as appropriate.

(g) Approve or disapprove any significant change to the academic program of a community college or a public university listed in ORS 352.002. In reaching a decision under this paragraph, the commission shall consider the recommendation from the community college or public university seeking to make the change to an academic program that is issued pursuant to the obligation of the governing board of a community college or public university to review and approve academic programs. The commission shall ensure that approved programs:

- (A) Are consistent with the mission statement of the community college or public university;
  - (B) Do not unnecessarily duplicate academic programs offered by Oregon's other community colleges or public universities;
  - (C) Are not located in a geographic area that will cause undue hardship to Oregon's other community colleges or public universities; and
  - (D) Are allocated among Oregon's community colleges and public universities to maximize the achievement of statewide needs and requirements.
- (h) For public universities listed in ORS 352.002:
- (A) Approve the mission statement adopted by a governing board of a public university.
  - (B) Review and determine whether a proposed annual increase of resident undergraduate enrollment fees of greater than five percent is appropriate.
  - (C) Advise the Governor and the Legislative Assembly on issues of university governance.
  - (D) Approve and authorize degrees.
  - (E) Perform the evaluation and certification required by ORS 350.095.

(i) Authorize degrees to be offered by independent post-secondary institutions in this state under ORS 348.594 to 348.615.

(j) Oversee the licensing of career schools under ORS 345.010 to 345.450.

(k) Have the authority to enter into and administer interstate agreements regarding the provision of post-secondary distance education. The participation by an educational institution that is not based in this state in distance learning courses or programs that are part of an interstate agreement entered into and administered under this paragraph does not constitute operating in this state for purposes of ORS 348.594 to 348.615. The commission, by rule, may impose a fee on any educational institution that seeks to operate under or participate in such interstate agreements. The fee amount shall be established to recover designated expenses incurred by the commission in participating in such agreements.

(L) Coordinate and collaborate with the Chief Education Office as provided by section 1, chapter 519, Oregon Laws 2011.

(4)(a) The Higher Education Coordinating Commission shall implement a process to resolve student complaints against any school operating in this state. As part of the process implemented under this subsection, the commission may:

(A) Receive student complaints from students regarding a school;

(B) Specify the type of information that must be included in a student complaint;

(C) Investigate any student complaint filed against a school;

(D) Establish a process to review and resolve student complaints against a school, including but not limited to reviewing school records, holding administrative hearings and issuing final orders;

(E) Assess a fee to cover the costs of any proceeding brought under this subsection, including but not limited to the costs of an investigation or administrative hearing;

(F) Require a school to make full or partial restitution to a student or to cease an act or practice that is challenged in a student complaint;

(G) Adopt rules to implement the provisions of this subsection; and

(H) Enter into agreements to implement the provisions of this subsection.

(b) Any hearing held under this subsection is subject to the provisions of ORS chapter 183.

(c) As used in this subsection:

(A) "School" means a school that meets the requirements of ORS 348.597 [(2)(d)] **(2)(a)**; and

(B) "Student" means a person who is enrolled or accepted for enrollment at a school for the purpose of obtaining a degree, certificate or other recognized educational credential offered by that school.

(5) In addition to the duties described in subsections (2) to (4) of this section, the Higher Education Coordinating Commission shall advise the Legislative Assembly, the Governor, community colleges, public universities and other state boards and commissions on policies in order to:

(a) Ensure or improve access to higher education by diverse and underserved populations.

(b) Encourage student success and completion initiatives.

(c) Improve the coordination of the provision of educational services, including:

(A) Transfers and coenrollment throughout the higher education system;

(B) Accelerated college credit programs for high school students;

(C) Applied baccalaureate and other transfer degrees;

(D) Programs and grants that span multiple institutions; and

(E) Reciprocity agreements with other states.

(d) In coordination with the State Board of Education, enhance the use and quality of dual credit, career and technical pathways and efforts to create a culture of college attendance in this state.

(e) In coordination with the State Workforce Investment Board, local workforce investment boards, the Oregon Health and Science University and independent institutions, ensure that the state's colleges and universities offer programs in high-demand occupations that meet Oregon's workforce needs.

(f) Improve economies of scale by encouraging and facilitating the use of the shared services among post-secondary institutions in this state.

(6) The Higher Education Coordinating Commission, in a manner consistent with ORS chapter 183, may adopt administrative rules.

(7) With the exception of the rulemaking authority granted in subsection (6) of this section, the Higher Education Coordinating Commission may delegate any of its powers, duties or functions to a committee of the commission or to the executive director of the commission.

(8) The Higher Education Coordinating Commission may establish technical or advisory committees to assist the commission in exercising its powers, duties and functions.

(9) The Higher Education Coordinating Commission may exercise only powers, duties and functions expressly granted by the Legislative Assembly. Except as otherwise expressly provided by law, all other authorities reside at the institutional level with the respective boards of the post-secondary institutions.

**SECTION 6.** ORS 350.075, as amended by section 61, chapter 774, Oregon Laws 2015, is amended to read:

350.075. (1) As used in this section, “student access programs” means scholarship, loan, grant and access programs described in ORS chapter 348.

(2) The Higher Education Coordinating Commission shall be guided by the legislative findings in ORS 341.009, 350.001 and 350.005 and the goals and mission of post-secondary education set forth in ORS 350.009 and 350.014.

(3) The Higher Education Coordinating Commission shall:

(a) Develop state goals for the state post-secondary education system, including community colleges and public universities listed in ORS 352.002, and for student access programs.

(b) Determine strategic investments in the state’s community colleges, public universities and student access programs necessary to achieve state post-secondary education goals.

(c) Coordinate the post-secondary elements of data collection and structure, with the advice and recommendation of the state’s independent institutions, community colleges and public universities, as appropriate, in order to construct a state longitudinal data system.

(d) Adopt a strategic plan for achieving state post-secondary education goals, taking into consideration the contributions of this state’s independent institutions, philanthropic organizations and other organizations dedicated to helping Oregonians reach state goals. State post-secondary education goals as described in this section should include, but need not be limited to:

(A) Increasing the educational attainment of the population;

(B) Increasing this state’s global economic competitiveness and the quality of life of its residents;

(C) Ensuring affordable access for qualified Oregon students at each college or public university;

(D) Removing barriers to on-time completion; and

(E) Tracking progress toward meeting the state’s post-secondary education goals established in the strategic plan described in this paragraph.

(e)(A) Each biennium, after receiving funding requests from the state’s community colleges and public universities as authorized by law, recommend to the Governor a consolidated higher education budget request aligned with the strategic plan described in paragraph (d) of this subsection, including appropriations for:

(i) Student access programs;

(ii) Public universities listed in ORS 352.002, including but not limited to education and general operations, statewide public services and state-funded debt service;

(iii) Community colleges, including but not limited to education and general operations and state-funded debt service;

(iv) New facilities or programs;

(v) Capital improvements and deferred maintenance; and

(vi) Special initiatives and investments.

(B) In the development of the consolidated higher education budget request:

- (i) Determine the costs necessary to provide quality post-secondary education;
  - (ii) Solicit input from educators, education policy experts, appropriate legislative committees, students and other persons interested in the development of the funding model; and
  - (iii) Solicit public input regarding educational priorities.
- (f) Adopt rules governing the distribution of appropriations from the Legislative Assembly to community colleges, public universities listed in ORS 352.002 and student access programs. These rules must be based on allocation formulas developed in consultation with the state's community colleges and public universities, as appropriate.
- (g) Approve or disapprove any significant change to the academic program of a community college or a public university listed in ORS 352.002. In reaching a decision under this paragraph, the commission shall consider the recommendation from the community college or public university seeking to make the change to an academic program that is issued pursuant to the obligation of the governing board of a community college or public university to review and approve academic programs. The commission shall ensure that approved programs:
- (A) Are consistent with the mission statement of the community college or public university;
  - (B) Do not unnecessarily duplicate academic programs offered by Oregon's other community colleges or public universities;
  - (C) Are not located in a geographic area that will cause undue hardship to Oregon's other community colleges or public universities; and
  - (D) Are allocated among Oregon's community colleges and public universities to maximize the achievement of statewide needs and requirements.
- (h) For public universities listed in ORS 352.002:
- (A) Approve the mission statement adopted by a governing board of a public university.
  - (B) Review and determine whether a proposed annual increase of resident undergraduate enrollment fees of greater than five percent is appropriate.
  - (C) Advise the Governor and the Legislative Assembly on issues of university governance.
  - (D) Approve and authorize degrees.
  - (E) Perform the evaluation and certification required by ORS 350.095.
- (i) Authorize degrees to be offered by independent post-secondary institutions in this state under ORS 348.594 to 348.615.
- (j) Oversee the licensing of career schools under ORS 345.010 to 345.450.
- (k) Have the authority to enter into and administer interstate agreements regarding the provision of post-secondary distance education. The participation by an educational institution that is not based in this state in distance learning courses or programs that are part of an interstate agreement entered into and administered under this paragraph does not constitute operating in this state for purposes of ORS 348.594 to 348.615. The commission, by rule, may impose a fee on any educational institution that seeks to operate under or participate in such interstate agreements. The fee amount shall be established to recover designated expenses incurred by the commission in participating in such agreements.
- (4)(a) The Higher Education Coordinating Commission shall implement a process to resolve student complaints against any school operating in this state. As part of the process implemented under this subsection, the commission may:
- (A) Receive student complaints from students regarding a school;
  - (B) Specify the type of information that must be included in a student complaint;
  - (C) Investigate any student complaint filed against a school;
  - (D) Establish a process to review and resolve student complaints against a school, including but not limited to reviewing school records, holding administrative hearings and issuing final orders;
  - (E) Assess a fee to cover the costs of any proceeding brought under this subsection, including but not limited to the costs of an investigation or administrative hearing;
  - (F) Require a school to make full or partial restitution to a student or to cease an act or practice that is challenged in a student complaint;
  - (G) Adopt rules to implement the provisions of this subsection; and

- (H) Enter into agreements to implement the provisions of this subsection.
- (b) Any hearing held under this subsection is subject to the provisions of ORS chapter 183.
- (c) As used in this subsection:
  - (A) "School" means a school that meets the requirements of ORS 348.597 [(2)(d)] **(2)(a)**; and
  - (B) "Student" means a person who is enrolled or accepted for enrollment at a school for the purpose of obtaining a degree, certificate or other recognized educational credential offered by that school.

(5) In addition to the duties described in subsections (2) to (4) of this section, the Higher Education Coordinating Commission shall advise the Legislative Assembly, the Governor, community colleges, public universities and other state boards and commissions on policies in order to:

- (a) Ensure or improve access to higher education by diverse and underserved populations.
- (b) Encourage student success and completion initiatives.
- (c) Improve the coordination of the provision of educational services, including:
  - (A) Transfers and coenrollment throughout the higher education system;
  - (B) Accelerated college credit programs for high school students;
  - (C) Applied baccalaureate and other transfer degrees;
  - (D) Programs and grants that span multiple institutions; and
  - (E) Reciprocity agreements with other states.
- (d) In coordination with the State Board of Education, enhance the use and quality of dual credit, career and technical pathways and efforts to create a culture of college attendance in this state.
- (e) In coordination with the State Workforce Investment Board, local workforce investment boards, the Oregon Health and Science University and independent institutions, ensure that the state's colleges and universities offer programs in high-demand occupations that meet Oregon's workforce needs.

(f) Improve economies of scale by encouraging and facilitating the use of the shared services among post-secondary institutions in this state.

(6) The Higher Education Coordinating Commission, in a manner consistent with ORS chapter 183, may adopt administrative rules.

(7) With the exception of the rulemaking authority granted in subsection (6) of this section, the Higher Education Coordinating Commission may delegate any of its powers, duties or functions to a committee of the commission or to the executive director of the commission.

(8) The Higher Education Coordinating Commission may establish technical or advisory committees to assist the commission in exercising its powers, duties and functions.

(9) The Higher Education Coordinating Commission may exercise only powers, duties and functions expressly granted by the Legislative Assembly. Except as otherwise expressly provided by law, all other authorities reside at the institutional level with the respective boards of the post-secondary institutions.

**SECTION 7.** ORS 350.290 is amended to read:

350.290. (1) A public university listed in ORS 352.002 or a community college shall charge an enrolled student who is not a resident of this state and who is attending classes as an undergraduate or graduate student on a public university or community college campus in this state tuition and fees no greater than the resident rate if the student:

- (a)(A) Served in the Armed Forces of the United States;
- (B) Was relieved or discharged from that service with either an honorable discharge or a general discharge under honorable conditions; and
- (C) Provides proof that the student has established a physical presence in Oregon within 12 months of being enrolled at the public university or community college;
- (b) Was, **or is the dependent of**, a resident of Oregon who left the state within the previous five years in order to serve, and who subsequently served, in the Armed Forces of the United States or in an international position with the state, **the** federal government or a humanitarian aid organization; or

(c)(A) Was, **or is the dependent of**, a resident of Oregon who left the state more than five years ago in order to serve, and who subsequently served, in the Armed Forces of the United States or in an international position with the state, **the** federal government or a humanitarian aid organization; and

(B) Since leaving the state in the manner provided in subparagraph (A) of this paragraph, has never established residence in another state.

(2) A person who served in the Armed Forces of the United States or in an international position with the state, **the** federal government or a humanitarian aid organization and who receives federal tuition benefits in excess of the tuition and fees the person is charged under subsection (1) of this section at a public university listed in ORS 352.002 or a community college where the person is enrolled shall pay tuition and fees equal to the federal tuition benefits received.

(3) Distance education and self-support courses as identified by each public university listed in ORS 352.002 and community college are exempt from the tuition reduction provisions of this section.

(4) If a nonresident student otherwise eligible for tuition benefits under this section is receiving federal vocational rehabilitation education benefits, that student shall pay full nonresident tuition and fees charged by a public university listed in ORS 352.002 or a community college.

**SECTION 8.** ORS 458.685 is amended to read:

458.685. (1) A person may establish an individual development account only for a purpose approved by a fiduciary organization. Purposes that the fiduciary organization may approve are:

(a) The acquisition of post-secondary education or job training.

(b) If the account holder has established the account for the benefit of a household member who is under the age of 18 years, the payment of extracurricular nontuition expenses designed to prepare the member for post-secondary education or job training.

(c) If the account holder has established a savings network account for higher education under ORS 178.300 to 178.355 on behalf of a designated beneficiary, the *[establishment of an additional]* **funding of qualified higher education expenses as defined in ORS 178.300 by one or more deposits into a** savings network account for higher education on behalf of the same designated beneficiary.

(d) The purchase of a primary residence. In addition to payment on the purchase price of the residence, account moneys may be used to pay any usual or reasonable settlement, financing or other closing costs. The account holder must not have owned or held any interest in a residence during the three years prior to making the purchase. However, this three-year period shall not apply to displaced homemakers, individuals who have lost home ownership as a result of divorce or owners of manufactured homes.

(e) The rental of a primary residence when housing stability is essential to achieve state policy goals. Account moneys may be used for security deposits, first and last months' rent, application fees and other expenses necessary to move into the primary residence, as specified in the account holder's personal development plan for increasing the independence of the person.

(f) The capitalization of a small business. Account moneys may be used for capital, plant, equipment and inventory expenses and to hire employees upon capitalization of the small business, or for working capital pursuant to a business plan. The business plan must have been developed by a financial institution, nonprofit microenterprise program or other qualified agent demonstrating business expertise and have been approved by the fiduciary organization. The business plan must include a description of the services or goods to be sold, a marketing plan and projected financial statements.

(g) Improvements, repairs or modifications necessary to make or keep the account holder's primary dwelling habitable, accessible or visitable for the account holder or a household member. This paragraph does not apply to improvements, repairs or modifications made to a rented primary dwelling to achieve or maintain a habitable condition for which ORS 90.320 (1) places responsibility on the landlord. As used in this paragraph, "accessible" and "visitable" have the meanings given those terms in ORS 456.508.



(h) The purchase of equipment, technology or specialized training required to become competitive in obtaining or maintaining employment or to start or maintain a business, as specified in the account holder's personal development plan for increasing the independence of the person.

(i) The purchase or repair of a vehicle, as specified in the account holder's personal development plan for increasing the independence of the person.

(j) The saving of funds for retirement, as specified in the account holder's personal development plan for increasing the independence of the person.

(k) The payment of debts owed for educational or medical purposes when the account holder is saving for another allowable purpose, as specified in the account holder's personal development plan for increasing the independence of the person.

(L) The creation or improvement of a credit score by obtaining a secured loan or a financial product that is designed to improve credit, as specified in the account holder's personal development plan for increasing the independence of the person.

(m) The replacement of a primary residence when replacement offers significant opportunity to improve habitability or energy efficiency.

(2)(a) If an emergency occurs, an account holder may withdraw all or part of the account holder's deposits to an individual development account for a purpose not described in subsection (1) of this section. As used in this paragraph, "emergency" includes making payments for necessary medical expenses, to avoid eviction of the account holder from the account holder's residence and for necessary living expenses following a loss of employment.

(b) The account holder must reimburse the account for the amount withdrawn under this subsection within 12 months after the date of the withdrawal. Failure of an account holder to make a timely reimbursement to the account is grounds for removing the account holder from the individual development account program. Until the reimbursement has been made in full, an account holder may not withdraw any matching deposits or accrued interest on matching deposits from the account.

(3) If an account holder withdraws moneys from an individual development account for other than an approved purpose, the fiduciary organization may remove the account holder from the program.

(4)(a) If the account holder of an account established for the purpose set forth in subsection (1)(c) or (j) of this section has achieved the account's approved purpose in accordance with the personal development plan developed by the account holder under ORS 458.680, the account holder may withdraw, or authorize the withdrawal of, the remaining amount of all deposits, including matching deposits, and interest in the account as follows:

(A) For an account established for the purpose set forth in subsection (1)(c) of this section, by rolling over the entire withdrawal amount, not to exceed the limit established pursuant to ORS 178.335, into one or more of the savings network accounts for higher education under ORS 178.300 to 178.355, the establishment of which is the purpose of the individual development account; or

(B) For an account established for the purpose set forth in subsection (1)(j) of this section, by rolling over the entire withdrawal amount into an individual retirement account, a retirement plan or a similar account or plan established under the Internal Revenue Code.

(b) Upon withdrawal of all moneys in the individual development account as provided in paragraph (a) of this subsection, the account relationship shall terminate.

(c) The rollover of moneys into a savings network account for higher education under this subsection may not cause the amount in the savings network account for higher education to exceed the limit on total contributions established pursuant to ORS 178.335.

(d) Any amount of the rollover that has been subtracted on the taxpayer's federal return pursuant to section 219 of the Internal Revenue Code shall be added back in the determination of taxable income.

(5) If an account holder moves from the area where the program is conducted or is otherwise unable to continue in the program, the fiduciary organization may remove the account holder from the program.

(6) If an account holder is removed from the program under subsection (2), (3) or (5) of this section, all matching deposits in the account and all interest earned on matching deposits shall revert to the fiduciary organization. The fiduciary organization shall use the reverted funds as a source of matching deposits for other accounts.

**SECTION 9.** ORS 348.608 is amended to read:

348.608. (1) Each year, on a date prescribed by the Higher Education Coordinating Commission, a school that obtains an exemption under ORS 348.604 or a school that, on July 14, 2005, met the criteria and followed procedures to obtain a religious exemption adopted by rule by the Oregon Student Access Commission and that offered only degrees with approved titles in theology or religious occupations, shall submit to the [*Executive Director of the Office of Student Access and Completion*] **Higher Education Coordinating Commission** a statement that reads: "(Name of School) hereby certifies that the school remains in compliance with all conditions for a religious exemption from ORS 348.594 to 348.615."

(2) A school that obtains an exemption under ORS 348.604 or a school that, on July 14, 2005, met the criteria and followed procedures to obtain a religious exemption adopted by rule by the Oregon Student Access Commission and that offered only degrees with approved titles in theology or religious occupations remains exempt unless the [*executive director*] **Higher Education Coordinating Commission** suspends or revokes the exemption.

(3) The [*executive director*] **Higher Education Coordinating Commission** may suspend or revoke an exemption if:

(a) After the notice and opportunity to cure provided in subsection (4) of this section, a school fails to provide the statement required by subsection (1) of this section;

(b) The [*executive director*] **commission** has received a complaint from a student or former student of the school that the school is failing to comply with a condition for exemption under ORS 348.604, the [*executive director*] **commission** determines that the complaint is valid, the school has been provided with notice and opportunity to cure as required by subsection (4) of this section and the school fails to comply with the condition listed in the notice; or

(c) After the notice and opportunity to cure provided in subsection (4) of this section, a school is in violation of ORS 348.605.

(4) The [*executive director*] **Higher Education Coordinating Commission** shall provide notice of and 90 days to cure a school's:

(a) Failure to provide the statement required by subsection (1) of this section;

(b) Failure to maintain compliance with a condition for exemption under ORS 348.604 if the [*executive director*] **commission** has received a complaint from a student or former student of the school that the school is failing to comply with a condition for exemption under ORS 348.604 and the [*executive director*] **commission** has determined the complaint is valid; or

(c) Violation of ORS 348.605.

(5) A school may appeal the denial, suspension or revocation of an exemption to the [*executive director*] **Higher Education Coordinating Commission**.

(6) A school may appeal the [*executive director's*] **Higher Education Coordinating Commission's** decision that a faculty member does not possess sufficient compensatory qualifications to substitute for an academic degree in the field in which the faculty member teaches.

(7) The [*executive director*] **Higher Education Coordinating Commission** shall conduct an appeal under this section as a contested case under ORS chapter 183.

(8)(a) If a school appeals the denial, suspension or revocation of an exemption and the [*executive director*] **Higher Education Coordinating Commission** upholds the denial, suspension or revocation, the [*executive director*] **commission** shall provide the school 90 days to cure the grounds for the denial, suspension or revocation. If the school does not cure the grounds for the denial, suspension or revocation within 90 days after the [*executive director*] **commission** upholds the denial, suspension or revocation, then the denial, suspension or revocation becomes effective 90 days after the issuance of the decision on the appeal by the [*executive director*] **commission**.

(b) If a school does not appeal the denial, suspension or revocation of an exemption to the [executive director] **commission** and the school does not cure the grounds for the denial, suspension or revocation within the period of time to appeal the decision to the [executive director] **commission**, then the denial, suspension or revocation becomes effective upon the expiration of the period of time to appeal.

**SECTION 10. The requirement set forth in ORS 348.597 (2)(a)(B), as amended by section 3 of this 2016 Act, applies only to determinations as to whether ORS 348.594 to 348.615 apply to a school that are made on or after the effective date of this 2016 Act. If ORS 348.594 to 348.615 do not apply to a school on the effective date of this 2016 Act, ORS 348.594 to 348.615 continue to not apply to the school even if the school has not conferred degrees in this state under the same control for at least 10 consecutive years.**

**Passed by House February 17, 2016**

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

**Passed by Senate February 25, 2016**

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Peter Courtney, President of Senate

**Received by Governor:**

.....M,....., 2016

**Approved:**

.....M,....., 2016

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Kate Brown, Governor

**Filed in Office of Secretary of State:**

.....M,....., 2016

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Jeanne P. Atkins, Secretary of State