

ENROLLED SENATE
BILL NO. 312

BY: STIPE, WILLIAMS (Penny),
ROBINSON and LONG (Lewis)
of the SENATE

and

HUDSON, CROCKER, NIEMI,
HAMILTON (Jeff) and TAYLOR
of the HOUSE

AN ACT RELATING TO SCHOOLS; AMENDING 70 O.S. 1991, SECTIONS 695.2, 695.9 AND 21-106, WHICH RELATE TO THE OKLAHOMA STUDENT LOAN AUTHORITY, OKLAHOMA STUDENT LOAN BONDS, AND LICENSES AND BONDING REQUIREMENTS FOR PRIVATE VOCATIONAL SCHOOLS; DEFINING TERMS; DELETING REQUIREMENT THAT INTEREST ON OKLAHOMA STUDENT LOAN BONDS BE PAYABLE AT CERTAIN TIMES; CREATING THE PRIVATE VOCATIONAL STUDENT TUITION RECOVERY REVOLVING FUND; STATING PURPOSE OF FUND; PROVIDING FOR INVESTMENT OF FUND; PROVIDING FOR DISBURSEMENTS FROM FUND; STATING CONDITIONS FOR DISBURSEMENTS FROM FUND; REQUIRING CERTAIN DEPOSITS INTO FUND; EXEMPTING FUND FROM CERTAIN REQUIREMENTS; SUBROGATING OKLAHOMA BOARD OF PRIVATE VOCATIONAL SCHOOLS TO CERTAIN CLAIMS; REQUIRING ATTORNEY GENERAL TO PROVIDE LEGAL ASSISTANCE; DIRECTING ASSESSMENTS FOR CONTRIBUTION TO FUND; REQUIRING CERTAIN SCHOOLS TO CONTRIBUTE TO FUND; MODIFYING CONDITIONS OF LICENSURE OF PRIVATE VOCATIONAL SCHOOLS; DELETING OBSOLETE LANGUAGE; DIRECTING PROMULGATION OF RULES; PROVIDING FOR CODIFICATION; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 70 O.S. 1991, Section 695.2, is amended to read as follows:

Section 695.2 As used in the Oklahoma Student Loan Act:

1. "Authority" means the Oklahoma Student Loan Authority;
2. "Participating institution" means any educational institution, public or private, including junior colleges and vocational-technical schools, which qualifies as an eligible institution for the federal insured loan program under the Federal Higher Education Act of 1965, as amended, and participating in student loan programs under the Oklahoma Student Loan Act; ~~and~~
3. "Qualified person" means a person who is eligible for a student loan insured by the United States; ~~and~~
4. "Bond" or "Bonds" means revenue bonds and notes issued by the Authority.

SECTION 2. AMENDATORY 70 O.S. 1991, Section 695.9, is amended to read as follows:

Section 695.9 Upon determination that a need exists under the Oklahoma Student Loan Act, Section 695.1 et seq. of this title, the Authority shall by resolution provide for the issuance of negotiable revenue bonds called the "Oklahoma Student Loan Bonds" or the issuance of notes called the "Oklahoma Student Loan Notes", or both. All bonds shall be on a parity and may be issued in one or several installments. The bonds of each issue shall be dated and bear interest, ~~payable annually or semiannually,~~ as prescribed by the Authority. The bonds shall mature serially or otherwise not later than thirty (30) years from their date and may be redeemable before maturity at the option of the Authority at prices and under terms and conditions fixed by the Authority in its resolution providing for the issuance of the bonds. The resolution shall also determine the form of the bonds, including the form of any interest coupon to be attached thereto, and shall fix the denominations of the bonds and the place of the payment of the principal and interest thereon. The bonds shall be executed on behalf of the Authority payable only from the funds specified in the Oklahoma Student Loan Act, and shall not be payable from funds received or to be received from taxation. The bonds shall be signed by the chairman and the secretary of the Authority in accordance with the Uniform Facsimile Signature of Public Officials Act, Section 601 et seq. of Title 62 of the Oklahoma Statutes. Interest coupons shall bear the facsimile signature of the secretary of the Authority. If any officer whose manual or facsimile signature appears on any bond or coupon ceases to be an officer before delivery of the bonds, the signature is valid as if he had remained in office until the delivery had been made. The resolution may provide for registration of the bonds as to ownership and for successive conversion and reconversion from registered to bearer bonds and vice versa. Before any bonds are delivered to the purchasers, the record pertaining thereto shall be examined by the Attorney General, and the record and bonds shall be approved by him. After approval, the bonds shall be registered with the Authority. After approval and delivery to the purchasers, the bonds shall constitute obligations of the Authority, and are negotiable instruments under the laws of the state. The bonds may be sold at public or private sale by the Authority at prices and in accordance with procedures and terms it determines to be advantageous and reasonably obtainable. The Authority may provide for replacement of any bond which may be mutilated or destroyed.

Neither the bonds issued under this act nor any loans made pursuant hereto shall be guaranteed by the State of Oklahoma, and the state shall not place the full faith and credit under obligation under the terms of this act.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 21-200 of Title 70, unless there is created a duplication in numbering, reads as follows:

For purposes of this act:

1. "Board" means the Oklahoma Board of Private Vocational Schools;

2. "Tuition Recovery Fund" means the "Private Vocational Student Tuition Recovery Revolving Fund" established pursuant to Section 4 of this act;

3. "Qualifying school" means a private school as defined in Section 21-101 of Title 70 of the Oklahoma Statutes that is licensed by the Board on the effective date of this act, has a campus in the State of Oklahoma, and meets the financial requirements and other conditions set by the Board, provided however, it shall not include

schools licensed by the Board to offer only seminars, workshops and short courses as defined by the rules and regulations of the Board;

4. "New school" means a private school licensed by the Board after the effective date of this act that otherwise meets the requirements to be a qualifying school;

5. "Member school" means a private school that is required to and has contributed to the Tuition Recovery Fund as provided in this act or by the rules and regulations of the Board;

6. "Not a member school" means a private school licensed by the Board to offer only seminars, workshops and short courses as defined by the rules and regulations of the Board and which is not required to contribute to the Tuition Recovery Fund; and

7. "Advance tuition" means tuition paid for training or education not provided by the school, the amount of which is determined by prorating the tuition over the contract hour length of the course or program for which the tuition was paid.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 21-201 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Board of Private Vocational Schools to be designated as the "Private Vocational Student Tuition Recovery Revolving Fund". The purpose of the Tuition Recovery Fund is to protect students of a member school from loss of advance tuition, whether due to business failure or any other reason for which the student is not legally responsible. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of contributions from member schools pursuant to Section 5 of this act. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Oklahoma Board of Private Vocational Schools for operating expenses of the fund and restitution of advance tuition as provided in this act. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment. The State Treasurer shall invest any portion of the Tuition Recovery Fund not immediately needed to satisfy claims against the Tuition Recovery Fund in the same manner as the investment of state funds. Any time the amount of money in the Tuition Recovery Fund is Five Hundred Thousand Dollars (\$500,000.00) or less, all investment earnings of the Tuition Recovery Fund shall be credited to the Tuition Recovery Fund, when the amount of money in the fund is more than Five Hundred Thousand Dollars (\$500,000.00) such investment earnings shall be paid into the General Revenue Fund. Funds collected to establish and maintain the Tuition Recovery Fund shall not be subject to the provisions of Section 211 of Title 62 of the Oklahoma Statutes.

B. The Tuition Recovery Fund shall be administered by the Board. Monies from the Tuition Recovery Fund shall be used for operating expenses of the Tuition Recovery Fund. Except as otherwise provided in this act, the Tuition Recovery Fund shall be used to provide full or partial restitution of advance tuition to each student who has suffered a loss when:

1. A member school closes, either voluntarily or involuntarily;
2. The student can no longer continue his or her education at the school as a result of such closing; and
3. No viable alternative for restitution is available, as determined by the Board.

C. The Board in cooperation with member schools may notify students of the availability of equivalent training at another member school. A student from a closed school may not be required

to attend another member school in lieu of receiving a refund of advance tuition. If, with the consent of the student who did not complete his or her training because of the school's closing, a member school accepts a student from a closed school under an agreement to complete the student's training at no cost to the student, such student shall not be entitled to a refund of advance tuition. If, with the consent of the student who did not complete his or her training because of the school's closing, a member school accepts a student from a closed school under an agreement to award reasonable credit for the prior training and to offer equivalent training for additional tuition, such student shall be entitled to a refund equal to the difference between the advance tuition and the dollar value of the credit awarded. A student electing not to continue training at a member school under either of the above circumstances shall be entitled to a refund of advance tuition.

D. The Board may pursue any lawful means of assuring that students of a member school do not suffer advance tuition loss as a result of a business failure or other default of a member school. The Board may bring lawsuits against the school or any individual who may be liable for losses resulting from the default. The Board shall be subrogated to the claims of students paid from the Tuition Recovery Fund. Any money recovered from the school, from any individual liable for losses resulting from the default, from the issuer of a certificate of deposit or the surety on a bond posted by a member school pursuant to Section 21-106 of Title 70 of the Oklahoma Statutes shall be deposited in the Tuition Recovery Fund. If a member school has such bond or certificate of deposit filed, such bond or certificate of deposit shall be primarily liable for payment of advance tuition. If under such circumstances a claim for advance tuition is not paid within four (4) months the Tuition Recovery Fund shall pay the claim, and the Tuition Recovery Fund may recover the payment from the surety on the bond or the issuer of the certificate of deposit, or other persons or entities legally responsible. Provided that monies held by the school in escrow accounts for tuition or fees for future terms or as uncommitted grants or loans shall not be paid into the Tuition Recovery Fund. The Attorney General shall advise and represent the Board.

E. If the Tuition Recovery Fund is not sufficient to pay students the full amount of their advance tuition, claims shall be paid on a pro rata basis. If a student entitled to a refund of advance tuition participated in any state or federal program for student assistance requiring that refunds to students be first repaid to the program, the refund will be made in a manner to comply with such requirement to the extent of the amount of the advance tuition.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 21-202 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Not later than August 31, 1992, each qualifying school shall contribute to the Tuition Recovery Fund the sum of Three Dollars (\$3.00) for each student attending on July 1, 1992. Thereafter, and until the Tuition Recovery Fund equals Two Hundred Fifty Thousand Dollars (\$250,000.00), qualifying schools shall contribute to the Tuition Recovery Fund the sum of One Dollar (\$1.00) each calendar quarter, beginning the calendar quarter ending September 30, 1992, for each student who attended any part of one day or more during that quarter. The contribution must be paid by the last day of the month following the calendar quarter.

B. Once the Tuition Recovery Fund has assets in excess of liabilities of approximately Two Hundred Fifty Thousand Dollars

(\$250,000.00), the Board may reduce or eliminate the annual contributions.

C. The Board may impose special assessments on member schools in amounts necessary to rebuild the Fund's assets to Two Hundred Fifty Thousand Dollars (\$250,000.00) in the event claims paid by the Tuition Recovery Fund reduce the Fund's assets to less than Two Hundred Fifty Thousand Dollars (\$250,000.00).

D. After January 1, 1993, a member school shall not be required to contribute more than Three Thousand Dollars (\$3,000.00) to the Tuition Recovery Fund during a calendar year.

E. Qualifying schools and new schools are required to become member schools and contribute to the Tuition Recovery Fund as required by this act or by the Board.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 21-203 of Title 70, unless there is created a duplication in numbering, reads as follows:

The Board shall promulgate rules to implement the provisions of this act.

SECTION 7. AMENDATORY 70 O.S. 1991, Section 21-106, is amended to read as follows:

Section 21-106. A. A license issued pursuant to the provisions of Section 21-103 of this title shall expire on June 30 following the date of issue. Said license may be renewed annually with the renewal application due not less than sixty (60) days prior to expiration, if the Board determines that such school remains in compliance with the standards or other requirements set by the Board. The license of any regionally or nationally accredited school within this state may be revoked if such school is found to be in violation of the Oklahoma Statutes.

B. A license of a school that is not a member school as defined in Section 3 of this act shall not be ~~valid or~~ effective unless the private school has filed with the Board a corporate surety bond or a certificate of deposit in such a manner and in such amount as is required by the Board. The license of a member school as defined in Section 3 of this act shall not be effective unless the private school has contributed to the Tuition Recovery Fund as defined in Section 3 of this act in an amount set by the Board or this act, and has filed a corporate surety bond or a certificate of deposit in such manner and in such penal amount as is required by the Board. The amount of such certificate of deposit or surety bond may be reduced as the Tuition Recovery Fund increases. No bond or certificate of deposit shall be required of a qualifying school as defined in Section 3 of this act after the Tuition Recovery Fund has assets required by this act. The license of a new school as defined in Section 3 of this act shall not be effective unless the school has contributed to the Tuition Recovery Fund in an amount set by the Board or this act and has filed a corporate surety bond or certificate of deposit in such manner and in such penal amount as is required of a school that is not a member school. A new school that has been licensed three (3) successive years shall have the same requirements for filing corporate surety bonds or certificates of deposits as a qualifying school.

C. Private schools shall pay the following base fee per license issued by the Board:

1. A fee of Seven Hundred Fifty Dollars (\$750.00) shall be paid to the Board for the issuance of a license pursuant to the provisions of Section 21-103 of this title, and a fee of Three Hundred Seventy-five Dollars (\$375.00) shall be paid to the Board for each renewal of a license; ~~and~~

2. During the first licensing period of a school, a fee of Two Hundred Dollars (\$200.00) shall be paid to the Board for the issuance of each solicitor's permit pursuant to the provisions of Section 21-104 of this title. For the second and consecutive licensing periods of the school a fee of One Hundred Dollars (\$100.00) shall be paid to the Board for the issuance of each permit and a fee of One Hundred Dollars (\$100.00) shall be paid to the Board for each renewal of a permit. In addition to the fees required by this section, each private school shall pay an additional fee of Two Hundred Fifty Dollars (\$250.00) for each in-state branch and a fee of Two Hundred Fifty Dollars (\$250.00) for each out-of-state branch. Each branch which is not located in the same state as its main school or which does not offer substantially the same curriculum as is offered at the main school shall be considered to be a separate private school-; and

3. A fee of Fifteen Dollars (\$15.00) shall be paid to the Board for the approval of a new catalog or changing to an approved catalog. A fee of Twenty-five Dollars (\$25.00) shall be paid to the Board whenever a private school or branch school changes location.

Upon application for a license or renewal of a license, each private school shall designate a main school location. ~~There is hereby created in the State Treasury a revolving fund to be designated the Private School Fund. All fees collected by the Board pursuant to the provisions of this section shall be transmitted to the State Treasurer for deposit in the Private School Fund. The fund shall be subject to legislative appropriation.~~

Beginning July 1, 1984, all fees, penalties and fines collected by the Board pursuant to the provisions of this section and Section 21-103 of this title shall be deposited with the State Treasurer for credit to the General Revenue Fund of the state. ~~On July 1, 1984, any unappropriated balance remaining in the Private School Fund shall be transferred to the credit of the General Revenue Fund of the state. Any unexpended funds remaining in the Private School Fund after November 15, 1984, shall be transferred to the credit of the General Revenue Fund of the state.~~

D. If the annual renewal fee is not paid on or before the first day of July, such fee shall become delinquent and the license shall not be renewed except upon payment of a delinquent annual renewal fee. The delinquent annual renewal fee may be assessed in an amount and manner prescribed by the Board, not to exceed Five Hundred Dollars (\$500.00).

SECTION 8. This act shall become effective July 1, 1992.

SECTION 9. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 22d day of May, 1992.

President of the Senate

Passed the House of Representatives the 22d day of May, 1992.

Speaker of the House of
Representatives