

HOUSE BILL REPORT

HB 2228

As Passed House:
February 11, 2014

Title: An act relating to providing parity of consumer protection procedures for all students attending licensed private vocational schools.

Brief Description: Providing parity of consumer protection procedures for all students attending licensed private vocational schools.

Sponsors: Representatives Smith, Wylie, Seaquist, Ormsby, Haler, Moscoso, Johnson, Ryu and Pollet; by request of Workforce Training and Education Coordinating Board.

Brief History:

Committee Activity:

Higher Education: 1/24/14, 1/28/14 [DP].

Floor Activity:

Passed House: 2/11/14, 98-0.

Brief Summary of Bill

- Permits current or former private vocational school students affected by an unfair business practice to file complaints.
- Provides authority for agencies or businesses that pay for tuition and fees on behalf of students to be reimbursed, and clarifies that only students who are Washington residents are eligible for reimbursements.
- Permits students, or agencies or businesses that provided tuition on behalf of students, to be reimbursed the full value of tuition and fees when a school closes and a student provides evidence that they cannot continue their program of study at another institution.
- Makes clarifications to various provisions regulating private vocational schools and a technical correction.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 19 members: Representatives Seaquist, Chair; Pollet, Vice Chair; Haler, Ranking Minority Member; Zeiger, Assistant Ranking Minority

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Member; Gregerson, Hansen, Hargrove, Johnson, Magendanz, Muri, Reykdal, Sawyer, Scott, Sells, Smith, Tarleton, Walkinshaw, Walsh and Wylie.

Staff: Megan Wargacki (786-7194).

Background:

The Workforce Training & Education Coordinating Board (Workforce Board) is the agency responsible for licensing and regulating private vocational schools. The Workforce Board protects consumers against unfair business practices by:

- issuing licenses to schools meeting minimum standards;
- investigating schools involved in student complaints; and
- providing tuition reimbursement to students when schools close unexpectedly.

If a licensed private vocational school engages in a substantial number of unfair business practices or a significant unfair business practice, the Workforce Board may deny, revoke, or suspend their license. The Workforce Board will hear and investigate complaints by a person claiming loss of tuition or fees as a result of unfair business practices.

The Tuition Recovery Trust Fund (Trust Fund) was created for the benefit and protection of students of licensed, private vocational schools for the purpose of settling claims related to school closure or unfair business practice claims. Currently, claims of agencies or businesses that pay tuition and fees on behalf of a Washington student may not be settled using the Trust Fund. The Trust Fund can be used to pay unearned prepaid tuition only.

Currently, students enrolled under a training contract are not eligible to make a claim against the Trust Fund.

When a school is closed, the Workforce Board must notify potential claimants. If a claim is not filed within 30 days, the agency must be relieved of further duty or action.

Summary of Bill:

Current or former students of licensed, private vocational schools affected by an unfair business practice are permitted to file complaints with the Workforce Board.

Agencies or businesses that pay tuition and fees on behalf of private, vocational school students may be reimbursed from the Trust Fund beginning January 1, 2016. A clarification is made to specify that only students who are Washington residents are eligible for reimbursements from the Trust Fund. A provision is added to provide the Workforce Board discretion in allowing students with unusual circumstances to make a claim against the Trust Fund after the 30-day requirement.

A provision is added that permits students, or agencies or businesses that provided tuition on behalf of students to be reimbursed the full value of tuition and fees from the Trust Fund when a school closes and a student provides evidence that they cannot continue their program of study at another institution. A provision is added to allow the Workforce Board to use the

Trust Fund to pay for prior learning assessments for students who choose to attend another institution.

An additional component is added to the enrollment contracts between students and licensed, private vocational schools providing that the contracts must include a brief statement that students may bring concerns or complaints to the licensing agency, the Workforce Board.

Falsely representing the number of faculty is added to the list of unfair business practices that are not permitted.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This is a consumer protection bill. It was prompted by a news report on a student who was in an unfortunate situation. Currently, the Workforce Board cannot help students whose vocational school has closed if the students are not self-pay. Consumer protection should not apply only to students that self-pay. The Workforce Board has taken internal steps to improve its process and is performing its job more effectively. However, every student should be able to bring a complaint to the Workforce Board, so these complaints can be acted upon. This bill addresses a matter of fairness, and an ability to offer consumer protections to all. It closes a loophole in the process. Vocational schools offer a necessary and valuable service because they offer short-term options for students of all educational levels. If this bill passes, all students will be able to be reimbursed in 2016. The fiscal note says that costs to the Workforce Board are indeterminate, but this change will likely require additional staff and resources.

(Opposed) None.

Persons Testifying: Representative Smith, prime sponsor; Nova Gattman, Work Force Training and Education Board.

Persons Signed In To Testify But Not Testifying: None.