CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6371

Chapter 38, Laws of 1994

53rd Legislature
1994 Regular Session

DEGREE-GRANTING PRIVATE VOCATIONAL SCHOOLS--TUITION RECOVERY

EFFECTIVE DATE: 6/9/94

Passed by the Senate February 14, 1994
YEAS 46 NAYS 0

JOEL PRITCHARD
President of the Senate

Passed by the House March 2, 1994
YEAS 96 NAYS 0

BRIAN EBERSOLE
Speaker of the House of Representatives

Approved March 21, 1994

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is SUBSTITUTE SENATE BILL 6371 as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN
Secretary

MIKE LOWRY
Governor of the State of Washington

FILED

March 21, 1994 - 11:40 a.m.

Secretary of State
State of Washington
AN ACT Relating to degree-granting authority; amending RCW 28B.85.020, 28B.85.040, and 28C.10.040; and adding new sections to chapter 28B.85 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 28B.85.020 and 1986 c 136 s 2 are each amended to read as follows:

The board:

(1) Shall adopt by rule minimum standards for degree-granting institutions concerning granting of degrees, quality of education, unfair business practices, financial stability, and other necessary measures to protect citizens of this state against substandard, fraudulent, or deceptive practices. The board shall adopt the rules in accordance with chapter 34.05 RCW;

(2) May investigate any entity the board reasonably believes to be subject to the jurisdiction of this chapter. In connection with the investigation, the board may administer oaths and affirmations, issue subpoenas and compel attendance, take evidence, and require the production of any books, papers, correspondence, memorandums, or other records which the board deems relevant or material to the
investigation. The board, including its staff and any other authorized persons, may conduct site inspections and examine records of all institutions subject to this chapter;

(3) Shall develop an interagency agreement with the (commission for vocational education or its successor agency) work force training and education coordinating board to regulate degree-granting private vocational schools with respect to degree and nondegree programs.

Sec. 2. RCW 28B.85.040 and 1986 c 136 s 4 are each amended to read as follows:

(1) An institution or person shall not advertise, offer, sell, or award a degree or any other type of educational credential unless the student has enrolled in and successfully completed a prescribed program of study, as outlined in the institution’s publications. This prohibition shall not apply to honorary credentials clearly designated as such on the front side of the diploma or certificate and awarded by institutions offering other educational credentials in compliance with state law.

(2) Except as provided in subsection (1) of this section, this chapter shall not apply to:

(a) Any public college, university, (or other entity) community college, technical college, or institute operating as part of the public higher educational system of this state.

(b) Institutions that have been accredited by an accrediting association recognized by the agency for the purposes of this chapter, provided that an institution, branch, extension, or facility operating within the state of Washington which is affiliated with an institution operating in another state must be a separately accredited member institution of any such accrediting association to qualify for this exemption.

(c) Institutions of a religious character, but only as to those education programs devoted exclusively to religious or theological objectives if the programs are represented in an accurate manner in institutional catalogs and other official publications.

(d) Institutions not otherwise exempt which offer only workshops or seminars lasting no longer than three calendar days and for which academic credit is not awarded.

SSB 6371.SL p. 2
NEW SECTION. Sec. 3. A new section is added to chapter 28B.85 RCW to read as follows:

The board shall deposit all moneys received under section 4 of this act into a separate account in the tuition recovery trust fund established under RCW 43.84.092. Moneys deposited in the fund by the board shall be spent only for the purposes under section 4 of this act. Claims against the fund made by students in degree programs shall be limited to the assets in the board’s separate account in the tuition recovery trust fund. Claims against the fund made by students in nondegree programs shall be limited to assets deposited by the workforce training and education coordinating board in the tuition recovery trust fund. Disbursements from its account in the fund shall be made on authorization of the board.

NEW SECTION. Sec. 4. A new section is added to chapter 28B.85 RCW to read as follows:

(1) The board shall maintain and administer a separate account for degree-granting private vocational schools in the tuition recovery trust fund established under RCW 43.84.092. The board shall require any degree-granting private vocational school subject to this chapter to make cash deposits into the board’s account in the tuition recovery trust fund in an amount determined by the board.

(2) All funds collected for the board’s account in the tuition recovery trust fund are payable to the state for the benefit and protection of any student or enrollee of a degree-granting private vocational school’s degree programs authorized under this chapter, or in the case of a minor, his or her parent or guardian for purposes including but not limited to the settlement of claims related to school closures and complaints filed under RCW 28B.85.090(1). The board’s account shall be liable for settlement of claims and costs of administration, but shall not be liable to pay out or recover penalties assessed under RCW 28B.85.100 or 28B.85.110. No liability accrues to the state of Washington from claims made against the fund.

(3) The board shall establish by rule a minimum operating balance that is required to be on deposit in its account in the fund by a specified date and maintained thereafter. If disbursements reduce the account below the minimum amount, each participating degree-granting private vocational school shall be assessed a pro rata share of the deficiency created, based on the incremental scale of each school’s
liability specified in subsection (5) of this section. The board shall adopt by rule schedules of times and amounts for effecting payments of assessments.

(4) To be and remain authorized under this chapter each degree-granting private vocational school shall, in addition to other requirements under this chapter, make cash deposits into the board’s account in the tuition recovery trust fund as a means to assure payment of claims brought under this chapter.

(5) The amount of liability that can be satisfied by this account on behalf of each individual degree-granting private vocational school authorized under this chapter shall be established by the board, based on an incremental scale that recognizes the average amount of unearned prepaid tuition paid for degree programs that is in possession of the degree-granting private vocational school.

(6) The account’s liability with respect to each participating degree-granting private vocational school commences on the date of its initial deposit into the fund and ceases one year from the date it is no longer authorized under this chapter.

(7) The board shall adopt by rule a matrix for calculating the deposits into the account required of each degree-granting private vocational school.

(8) No vested right or interest in deposited funds is created or implied for the depositor, either at any time during the operation of the fund or at any such future time that the board’s account in the fund may be dissolved. All funds deposited are payable to the state for the purposes described under this section. No deposits made into the fund by any degree-granting private vocational school are transferable. If the majority ownership interest in a school is conveyed through sale or other means to different ownership, all contributions made to the date of conveyance accrue to the fund. The new owner commences contributions under provisions applying to new applicants. The board shall maintain its account in the fund, serve appropriate notices to affected entities when scheduled deposits are due, collect deposits, and make disbursements to settle claims against its account.

(9) To settle claims adjudicated under RCW 28B.85.090(1) and claims resulting when a degree-granting private vocational school ceases to provide educational services, the board may make disbursements from its account following the procedure in this subsection.
(a) The board shall attempt to notify all potential claimants. The unavailability of records and other circumstances surrounding a school closure may make it impossible or unreasonable for the board to ascertain the names and locations of each potential claimant but the board shall make reasonable inquiries to secure that information from all likely sources. The board shall then proceed to settle the claims on the basis of information in its possession. The board is not responsible or liable for claims or for handling claims that may subsequently appear or be discovered.

(b) Thirty days after identified potential claimants have been notified, if a claimant refuses or neglects to file a claim verification as requested in such notice, the board shall be relieved of further duty or action on behalf of the claimant under this chapter.

(c) After verification and review, the board may disburse funds from its account in the tuition recovery trust fund to settle or compromise the claims. However, the liability of its account for claims against the closed degree-granting private vocational school shall not exceed the maximum amount of liability assigned to that degree-granting private vocational school under subsection (5) of this section.

(d) In the instance of claims against a closed school, the board shall seek to recover such disbursed funds from the assets of the defaulted degree-granting private vocational school, including but not limited to asserting claims as a creditor in bankruptcy proceedings.

(10) If funds are disbursed to settle claims against a currently authorized degree-granting private vocational school, the board shall make demand upon the authorized school for recovery. The board shall adopt by rule schedules of times and amounts for effecting recoveries. A degree-granting private vocational school’s failure to perform subjects its authorization to suspension or revocation under RCW 28B.85.080 in addition to any other remedies available to the board.

Sec. 5. RCW 28C.10.040 and 1986 c 299 s 4 are each amended to read as follows:

The agency:

(1) Shall maintain a list of private vocational schools licensed under this chapter;

(2) Shall adopt rules in accordance with chapter 34.05 RCW to carry out this chapter;
(3) May investigate any entity the agency reasonably believes to be subject to the jurisdiction of this chapter. In connection with the investigation, the agency may administer oaths and affirmations, issue subpoenas and compel attendance, take evidence, and require the production of any books, papers, correspondence, memorandums, or other records which the agency deems relevant or material to the investigation. The agency, including its staff and any other authorized persons, may conduct site inspections and examine records of all schools subject to this chapter;

(4) Shall develop an interagency agreement with the higher education coordinating board to regulate degree-granting private vocational schools with respect to degree and nondegree programs.

Passed the Senate February 14, 1994.
Passed the House March 2, 1994.
Approved by the Governor March 21, 1994.
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