
HOUSE BILL 1321

State of Washington

54th Legislature

1995 Regular Session

By Representatives Mulliken, Mason, Goldsmith and Carlson; by request of Higher Education Coordinating Board

Read first time 01/20/95. Referred to Committee on Higher Education.

1 AN ACT Relating to the tuition recovery trust fund; amending RCW
2 28B.85.200 and 28B.85.210; and declaring an emergency.

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

4 **Sec. 1.** RCW 28B.85.200 and 1994 c 38 s 3 are each amended to read
5 as follows:

6 The board shall deposit all moneys received under RCW 28B.85.210
7 into a separate account in the tuition recovery trust fund established
8 under RCW (~~(43-84-092)~~) 28C.10.082. Moneys deposited in the fund by
9 the board shall be spent only for the purposes under RCW 28B.85.210.
10 Claims against the fund made by students in degree programs shall be
11 limited to the assets in the board's separate account in the tuition
12 recovery trust fund. Claims against the fund made by students in
13 nondegree programs shall be limited to assets deposited by the work
14 force training and education coordinating board in the tuition recovery
15 trust fund. Disbursements from its account in the fund shall be made
16 on authorization of the board.

17 **Sec. 2.** RCW 28B.85.210 and 1994 c 38 s 4 are each amended to read
18 as follows:

1 (1) The board shall maintain and administer a separate account for
2 degree-granting private vocational schools in the tuition recovery
3 trust fund established under RCW (~~(43.84.092)~~) 28C.10.082. The board
4 shall require any degree-granting private vocational school subject to
5 this chapter to make cash deposits into the board's account in the
6 tuition recovery trust fund in an amount determined by the board.

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

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

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

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

38 (6) The account's liability with respect to each participating
39 degree-granting private vocational school commences on the date of its

1 initial deposit into the fund and ceases one year from the date it is
2 no longer authorized under this chapter.

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

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

20 (9) To settle claims adjudicated under RCW 28B.85.090(1) and claims
21 resulting when a degree-granting private vocational school ceases to
22 provide educational services, the board may make disbursements from its
23 account following the procedure in this subsection.

24 (a) The board shall attempt to notify all potential claimants. The
25 unavailability of records and other circumstances surrounding a school
26 closure may make it impossible or unreasonable for the board to
27 ascertain the names and locations of each potential claimant but the
28 board shall make reasonable inquiries to secure that information from
29 all likely sources. The board shall then proceed to settle the claims
30 on the basis of information in its possession. The board is not
31 responsible or liable for claims or for handling claims that may
32 subsequently appear or be discovered.

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

37 (c) After verification and review, the board may disburse funds
38 from its account in the tuition recovery trust fund to settle or
39 compromise the claims. However, the liability of its account for

1 claims against the closed degree-granting private vocational school
2 shall not exceed the maximum amount of liability assigned to that
3 degree-granting private vocational school under subsection (5) of this
4 section.

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

9 (10) If funds are disbursed to settle claims against a currently
10 authorized degree-granting private vocational school, the board shall
11 make demand upon the authorized school for recovery. The board shall
12 adopt by rule schedules of times and amounts for effecting recoveries.
13 A degree-granting private vocational school's failure to perform
14 subjects its authorization to suspension or revocation under RCW
15 28B.85.080 in addition to any other remedies available to the board.

16 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
17 preservation of the public peace, health, or safety, or support of the
18 state government and its existing public institutions, and shall take
19 effect immediately.

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