

# House Bill 2708

Sponsored by Representative HASS; Representative BERGER, Senator SHIELDS

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Changes name of Oregon Student Assistance Commission to Oregon Student Scholarship Commission. Changes name of Oregon Student Assistance Fund to Oregon Student Scholarship Fund.

## A BILL FOR AN ACT

1  
2 Relating to Oregon Student Assistance Commission; creating new provisions; and amending ORS  
3 293.701, 315.237, 326.075, 329.757, 329.765, 329.775, 329.780, 345.015, 348.040, 348.050, 348.070,  
4 348.095, 348.115, 348.117, 348.180, 348.186, 348.210, 348.230, 348.250, 348.260, 348.265, 348.270,  
5 348.280, 348.290, 348.310, 348.320, 348.330, 348.340, 348.350, 348.360, 348.370, 348.390, 348.393,  
6 348.395, 348.397, 348.399, 348.405, 348.410, 348.415, 348.420, 348.425, 348.427, 348.429, 348.436,  
7 348.505, 348.510, 348.520, 348.530, 348.540, 348.550, 348.560, 348.570, 348.575, 348.580, 348.590,  
8 348.592, 348.594, 348.599, 348.601, 348.603, 348.606, 348.609, 348.612, 348.615, 348.616, 348.618,  
9 348.621, 348.625, 348.630, 348.635, 348.640, 348.645, 348.650, 348.655, 348.660, 348.665, 348.670,  
10 348.675, 348.685, 348.690, 348.696, 351.203, 352.720, 352.730, 352.740, 352.750, 399.245, 399.255,  
11 399.265, 399.275, 411.894, 418.658, 442.535, 442.540, 442.545, 442.550, 442.555, 442.560, 442.570,  
12 461.543, 657.665, 660.312, 680.515, 684.040, 685.060 and 733.650.

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

13 **SECTION 1.** ORS 348.510 is amended to read:

14 348.510. (1) There is created an Oregon Student [*Assistance*] **Scholarship** Commission consisting  
15 of seven members, appointed by the Governor.  
16

17 (2) The term of office of a member of the commission is four years, except that the term for a  
18 student member shall be two years, and, after confirmation of the appointment by the Senate, the  
19 member shall serve at the pleasure of the Governor. Before the expiration of the term of a member,  
20 the Governor shall appoint a successor to succeed the member whose term is expiring. A successor  
21 appointed for a full term shall assume commission member duties on July 1 following the appoint-  
22 ment. A member is eligible for reappointment. A student member is limited to reappointment to one  
23 two-year term. In case of a vacancy on the commission for any cause, except where the vacancy is  
24 caused by the normal expiration of a member's term, the Governor shall make an appointment to  
25 become immediately effective for the unexpired term.

26 (3) The appointment of a member of the commission is subject to confirmation by the Senate in  
27 the manner provided in ORS 171.562 and 171.565.

28 (4) Two members of the commission shall be students at institutions of higher education or  
29 community colleges in Oregon at the time of appointment, with the duly organized and recognized  
30 entities of student government at each institution of higher education or community college sub-  
31 mitting the name of one student to the Governor to assist the Governor in making the appointments.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 Other members of the commission shall be citizens of the state chosen for their knowledge of and  
 2 interest in education, but these other members shall not be persons employed by any institution of  
 3 higher education or community college located in the state.

4 **SECTION 2.** ORS 348.570 is amended to read:

5 348.570. (1) There is established in the State Treasury a fund, separate and distinct from the  
 6 General Fund, to be known as the Oregon Student [*Assistance*] **Scholarship** Fund for investment as  
 7 provided by ORS 293.701 to 293.820 and for the payment of the expenses of the Oregon Student  
 8 [*Assistance*] **Scholarship** Commission in carrying out the purposes of ORS 348.210 to 348.250, 348.505  
 9 to 348.615, 348.696 and 348.992. Interest earned by the **Oregon Student Scholarship** Fund shall be  
 10 credited to the **Oregon Student Scholarship** Fund.

11 (2) There is established in the State Treasury a fund, separate and distinct from the General  
 12 Fund, to be known as the Student Loan Guarantee Fund, which may be invested in the same manner  
 13 as the Oregon Student [*Assistance*] **Scholarship** Fund. [*This*] **The Student Loan Guarantee** Fund  
 14 shall receive funds from federal, state or private sources for the purpose of [*guarantying*] **guaran-**  
 15 **teeing** payment of loans made by eligible lending institutions to students who are enrolled or ac-  
 16 cepted for enrollment at any eligible institution and parents of those students, under the provisions  
 17 of the Higher Education Act of 1965 as amended and for administrative expenses of [*guarantying*]  
 18 **guaranteeing** loans. [*This*] **The Student Loan Guarantee** Fund, including the interest earnings on  
 19 the **Student Loan Guarantee** Fund, if any, is continuously appropriated to the commission for those  
 20 purposes for which such funds were provided to, received or collected by the commission.

21 (3) There is established in the State Treasury a fund, separate and distinct from the General  
 22 Fund, to be known as the Alternative Student Loan Program Fund for investment as provided by  
 23 ORS 293.701 to 293.820 and for the payment of expenses of the commission in carrying out the pur-  
 24 poses of ORS 348.625 to 348.695. [*This*] **The Alternative Student Loan Program** Fund, including  
 25 the interest earnings on the **Alternative Student Loan Program** Fund, if any, is continuously ap-  
 26 propriated to the commission for those purposes for which such funds were provided to, received  
 27 or collected by the commission.

28 (4)(a) There is established in the General Fund an account to be known as the Nursing Services  
 29 Account. Funds in the account shall be used for the payment of expenses of the Nursing Services  
 30 Program created in ORS 442.540.

31 (b) The account shall consist of:

32 (A) Funds appropriated to the [*Oregon Student Assistance*] commission for deposit into the ac-  
 33 count;

34 (B) Collections and penalties received by the commission under ORS 442.545; and

35 (C) Any donations or grants received by the commission for purposes of the Nursing Services  
 36 Program.

37 (c) Any funds in the account that are not expended in any biennium shall be retained in the  
 38 account and may be expended in the next biennium.

39 (5) There is established in the State Treasury a fund, separate and distinct from the General  
 40 Fund, to be known as the Former Foster Youth Scholarship Fund. Moneys received from appropri-  
 41 ations, donations and grants shall be credited to the **Former Foster Youth Scholarship** Fund.  
 42 Moneys in the **Former Foster Youth Scholarship** Fund are continuously appropriated to the  
 43 [*Oregon Student Assistance*] commission for the purposes of investment, as provided by ORS 293.701  
 44 to 293.820, and for carrying out the provisions of ORS 348.270 (1)(b). Interest earned by the **Former**  
 45 **Foster Youth Scholarship** Fund shall be credited to the **Former Foster Youth Scholarship** Fund.

1       **SECTION 3.** ORS 348.570, as amended by section 5, chapter 360, Oregon Laws 2003, is amended  
2 to read:

3       348.570. (1) There is established in the State Treasury a fund, separate and distinct from the  
4 General Fund, to be known as the Oregon Student [Assistance] **Scholarship** Fund for investment as  
5 provided by ORS 293.701 to 293.820 and for the payment of the expenses of the Oregon Student  
6 [Assistance] **Scholarship** Commission in carrying out the purposes of ORS 348.210 to 348.250, 348.505  
7 to 348.615, 348.696 and 348.992. Interest earned by the **Oregon Student Scholarship** Fund shall be  
8 credited to the **Oregon Student Scholarship** Fund.

9       (2) There is established in the State Treasury a fund, separate and distinct from the General  
10 Fund, to be known as the Student Loan Guarantee Fund, which may be invested in the same manner  
11 as the Oregon Student [Assistance] **Scholarship** Fund. [This] **The Student Loan Guarantee** Fund  
12 shall receive funds from federal, state or private sources for the purpose of [guarantying] **guaran-**  
13 **teeing** payment of loans made by eligible lending institutions to student residents of the State of  
14 Oregon who are enrolled or accepted for enrollment at any eligible institution, nonresident students  
15 enrolled or accepted for enrollment in an institution of higher education or community college in  
16 Oregon, and parents of those students, under the provisions of the Higher Education Act of 1965 as  
17 amended and for administrative expenses of [guarantying] **guaranteeing** loans. [This] **The Student**  
18 **Loan Guarantee** Fund, including the interest earnings on the **Student Loan Guarantee** Fund, if  
19 any, is continuously appropriated to the commission for those purposes for which such funds were  
20 provided to, received or collected by the commission.

21       (3) There is established in the State Treasury a fund, separate and distinct from the General  
22 Fund, to be known as the Alternative Student Loan Program Fund for investment as provided by  
23 ORS 293.701 to 293.820 and for the payment of expenses of the commission in carrying out the pur-  
24 poses of ORS 348.625 to 348.695. [This] **The Alternative Student Loan Program** Fund, including  
25 the interest earnings on the **Alternative Student Loan Program** Fund, if any, is continuously ap-  
26 propriated to the commission for those purposes for which such funds were provided to, received  
27 or collected by the commission.

28       (4)(a) There is established in the General Fund an account to be known as the Nursing Services  
29 Account. Funds in the account shall be used for the payment of expenses of the Nursing Services  
30 Program created in ORS 442.540.

31       (b) The account shall consist of:

32       (A) Funds appropriated to the [Oregon Student Assistance] commission for deposit into the ac-  
33 count;

34       (B) Collections and penalties received by the commission under ORS 442.545; and

35       (C) Any donations or grants received by the commission for purposes of the Nursing Services  
36 Program.

37       (c) Any funds in the account that are not expended in any biennium shall be retained in the  
38 account and may be expended in the next biennium.

39       (5) There is established in the State Treasury a fund, separate and distinct from the General  
40 Fund, to be known as the Former Foster Youth Scholarship Fund. Moneys received from appropri-  
41 ations, donations and grants shall be credited to the **Former Foster Youth Scholarship** Fund.  
42 Moneys in the **Former Foster Youth Scholarship** Fund are continuously appropriated to the  
43 [Oregon Student Assistance] commission for the purposes of investment, as provided by ORS 293.701  
44 to 293.820, and for carrying out the provisions of ORS 348.270 (1)(b). Interest earned by the **Former**  
45 **Foster Youth Scholarship** Fund shall be credited to the **Former Foster Youth Scholarship** Fund.

1       **SECTION 4.** ORS 293.701 is amended to read:

2       293.701. As used in ORS 293.701 to 293.820, unless the context requires otherwise:

3       (1) “Council” means the Oregon Investment Council.

4       (2) “Investment funds” means:

5       (a) Public Employees Retirement Fund referred to in ORS 238.660;

6       (b) Industrial Accident Fund referred to in ORS 656.632;

7       (c) Consumer and Business Services Fund referred to in ORS 705.145;

8       (d) Employment Department Special Administrative Fund referred to in ORS 657.822;

9       (e) Insurance Fund referred to in ORS 278.425;

10       (f) Funds under the control and administration of the Department of State Lands;

11       (g) Oregon Student [*Assistance*] **Scholarship** Fund referred to in ORS 348.570;

12       (h) Moneys made available to the Commission for the Blind under ORS 346.270 and 346.540 or  
13 rules adopted thereunder;

14       (i) Forest rehabilitation bonds sinking fund referred to in ORS 530.280;

15       (j) Oregon War Veterans’ Fund referred to in ORS 407.495;

16       (k) Oregon War Veterans’ Bond Sinking Account referred to in ORS 407.515;

17       (l) World War II Veterans’ Compensation Fund;

18       (m) World War II Veterans’ Bond Sinking Fund;

19       (n) Savings and loan association funds in the hands of the Director of the Department of Con-  
20 sumer and Business Services;

21       (o) Funds in the hands of the State Treasurer that are not required to meet current demands;

22       (p) State funds that are not subject to the control and administration of officers or bodies spe-  
23 cifically designated by law;

24       (q) Funds derived from the sale of state bonds;

25       (r) Social Security Revolving Account referred to in ORS 237.490;

26       (s) Investment funds of the State Board of Higher Education lawfully available for investment  
27 or reinvestment;

28       (t) Local Government Employer Benefit Trust Fund referred to in ORS 657.513;

29       (u) Elderly and Disabled Special Transportation Fund established by ORS 391.800;

30       (v) Education Stability Fund established by ORS 348.696;

31       (w) Deferred Compensation Fund established under ORS 243.411; and

32       (x) Trust for Cultural Development Account established under ORS 359.405.

33       (3) “Investment officer” means the State Treasurer in the capacity as investment officer for the  
34 council.

35       **SECTION 5.** ORS 315.237 is amended to read:

36       315.237. (1) As used in this section, “qualified scholarship” means a scholarship that meets the  
37 criteria set forth or incorporated into the letter of employee and dependent scholarship program  
38 certification issued by the Oregon Student [*Assistance*] **Scholarship** Commission under ORS 348.618.

39       (2) A credit against the taxes otherwise due under ORS chapter 316 is allowed to a resident  
40 employer (or, if the taxpayer is a corporation that is an employer, under ORS chapter 317 or 318)  
41 that has received:

42       (a) Program certification from the [*Oregon Student Assistance*] commission under ORS 348.618;  
43 and

44       (b) Tax credit certification under ORS 348.621 for the calendar year in which the tax year of the  
45 taxpayer begins.

1 (3) The amount of the credit allowed to a taxpayer under this section shall equal 50 percent of  
2 the amount of qualified scholarship funds actually paid to or on behalf of qualified scholarship re-  
3 cipients during the tax year.

4 (4) The credit allowed under this section may not exceed the tax liability of the taxpayer for the  
5 tax year.

6 (5) The credit allowed to a taxpayer for a tax year under this section may not exceed \$50,000.

7 (6) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a  
8 particular year may be carried forward and offset against the taxpayer's tax liability for the next  
9 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried  
10 forward and used in the second succeeding tax year, and likewise any credit not used in that second  
11 succeeding tax year may be carried forward and used in the third succeeding tax year, and any  
12 credit not used in that third succeeding tax year may be carried forward and used in the fourth  
13 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried  
14 forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year  
15 thereafter.

16 (7) In the case of a credit allowed under this section for purposes of ORS chapter 316:

17 (a) A nonresident shall be allowed the credit under this section in the proportion provided in  
18 ORS 316.117.

19 (b) If a change in the status of a taxpayer from resident to nonresident or from nonresident to  
20 resident occurs, the credit allowed by this section shall be determined in a manner consistent with  
21 ORS 316.117.

22 (c) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the  
23 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-  
24 lowed under this section shall be prorated or computed in a manner consistent with ORS 314.085.

25 (8) The credit shall be claimed on the form and in the time and manner in which the department  
26 shall prescribe. If the taxpayer is required to do so by the department, the taxpayer shall file a copy  
27 of the letter of tax credit certification issued by the commission with the taxpayer's return for the  
28 tax year in which a credit under this section is claimed.

29 **SECTION 6.** ORS 326.075 is amended to read:

30 326.075. (1) The State Board of Education shall cooperate with the Education and Workforce  
31 Policy Advisor in the development of a state comprehensive education plan including elementary,  
32 secondary and community college education and in review of the board's programs and budget. The  
33 board shall submit in timely fashion to the advisor such data as is appropriate in a form prescribed  
34 by the advisor.

35 (2) The board shall cooperate with the mediation process administered by the Oregon Student  
36 [Assistance] **Scholarship** Commission pursuant to ORS 348.603 and, if a negotiated resolution cannot  
37 be reached by mediation, comply with the decisions of the commission regarding proposed new  
38 post-secondary programs and proposed new post-secondary locations.

39 **SECTION 7.** ORS 329.757 is amended to read:

40 329.757. (1) There is [hereby] created an Oregon Teacher Corps program within the Oregon  
41 Student [Assistance] **Scholarship** Commission to encourage the entry of certain qualified persons  
42 into the teaching profession through the use of forgivable student loans for those who complete  
43 three years of successful teaching in a public school in this state.

44 (2) All programs in ORS 329.757 to 329.780 are subject to the availability of funds appropriated  
45 therefor.

1       **SECTION 8.** ORS 329.765 is amended to read:

2       329.765. (1) The Oregon Student [*Assistance*] **Scholarship** Commission shall administer the  
3 Oregon Teacher Corps program insofar as practicable in the same manner as the loan program un-  
4 der ORS 348.050 is administered and make rules for the selection of qualified applicants.

5       (2) Eligibility for the Oregon Teacher Corps is limited to those prospective teachers whom the  
6 Oregon Student [*Assistance*] **Scholarship** Commission determines to have graduated, or currently  
7 rank, in the top 20 percent of their high school or college class. The **Oregon Student Scholarship**  
8 Commission shall assess each applicant's potential for teaching through such means as essays writ-  
9 ten by the applicant, letters of recommendations from teachers and others, descriptions of relevant  
10 teaching experiences, and other appropriate measures. Allowance shall be given for those applicants  
11 whom the **Oregon Student Scholarship** Commission determines to be in at least one of the fol-  
12 lowing categories:

13       (a) Minority individuals as defined in ORS 200.005;

14       (b) Prospective teachers in scarce indorsement areas, as defined by the Teacher Standards and  
15 Practices Commission; or

16       (c) Prospective teachers who agree to teach in remote and difficult to serve school districts in  
17 this state.

18       (3) Recipients of loans under ORS 329.757 to 329.780 shall be enrolled at least half-time in an  
19 approved teacher education program at an Oregon institution of higher education.

20       **SECTION 9.** ORS 329.775 is amended to read:

21       329.775. (1) Upon approval of the loan application of an eligible student by the Oregon Student  
22 [*Assistance*] **Scholarship** Commission, the commission may lend an amount from the Oregon Teacher  
23 Corps Account to the student in compliance with this section. The loan shall be evidenced by a  
24 written obligation but no additional security shall be required. Notwithstanding any provision in this  
25 section, the commission may require cosigners on the loans.

26       (2) Loans granted under this section to eligible students by the commission shall:

27       (a) Not exceed \$2,000 in a single academic year to an undergraduate student enrolled in a  
28 teacher education program leading to a basic or initial license.

29       (b) Not exceed \$4,000 in a single academic year to a graduate student enrolled in a teacher ed-  
30 ucation program leading to a basic or initial license.

31       (c) Not exceed \$8,000 for all loans made to a student under this section.

32       (3) Borrowers are required to pay at least seven percent interest per annum on the unpaid bal-  
33 ance from the date of the loan as provided in subsection (4) of this section.

34       (4)(a) Repayment of the principal and accruing and deferred interest on loans shall be com-  
35 menced not later than 12 months after the student's completion of the teacher education program  
36 or other termination of the student's education. Repayment of loans under ORS 329.765 shall be de-  
37 layed for the period of time the student is teaching at least half-time in a public school in this state  
38 but becomes payable under the usual terms if the student ceases teaching before completing three  
39 full years. Repayment of loans shall be delayed up to three years upon application of the borrower  
40 showing inability to locate suitable employment.

41       (b) Repayment shall be completed in a maximum of 120 months from the time repayment is  
42 commenced. However, nothing in this section is intended to prevent repayment without penalty at  
43 an earlier date than provided in this section or to prohibit the commission from extending the re-  
44 payment period to a date other than permitted by this subsection.

45       (5)(a) An eligible student who receives a loan under this section, preparing to be an elementary

1 or secondary school teacher in this state, is not required to repay a loan made under this section  
 2 if the student completes:

3 (A) At least three years of equivalent full-time teaching in a public elementary or secondary  
 4 school within the five-year period following completion of the teacher education program in this  
 5 state; or

6 (B) At least three years of teaching under a full-time contract working at least three-fourths  
 7 time in classroom teaching and no more than one-fourth time not in classroom teaching duties dur-  
 8 ing regular school hours in a public elementary or secondary school within the five-year period  
 9 following completion of the teacher education program in this state, as approved by the [*Oregon*  
 10 *Student Assistance*] commission upon written request of the borrower.

11 (b) Repayment of remaining principal and interest shall be waived upon the death or total and  
 12 permanent disability of the borrower.

13 **SECTION 10.** ORS 329.780 is amended to read:

14 329.780. (1) There is established in the State Treasury separate from the General Fund an ac-  
 15 count to be known as the Oregon Teacher Corps Account into which shall be deposited all repay-  
 16 ments of loans with interest to the Oregon Student [*Assistance*] **Scholarship** Commission pursuant  
 17 to ORS 329.775. Any interest accruing to the account shall be credited thereto.

18 (2) Amounts in the account established under subsection (1) of this section are continuously  
 19 appropriated to the [*Oregon Student Assistance*] commission for the purposes of ORS 329.757 to  
 20 329.780 and the Oregon Opportunity Grant program under ORS 348.260.

21 **SECTION 11.** ORS 345.015 is amended to read:

22 345.015. ORS 345.010 to 345.450 do not apply to:

23 (1) Instruction or training solely avocational or recreational in nature or to institutions offering  
 24 such education exclusively.

25 (2) Schools that the Superintendent of Public Instruction determines are adequately regulated  
 26 by other means, including but not limited to accreditation by the Northwest Association of Schools  
 27 and Colleges.

28 (3) Instruction or training sponsored or offered by a bona fide trade, business, professional or  
 29 fraternal organization or by a business solely for the organization's membership or the business's  
 30 employees.

31 (4) Instruction or training sponsored, offered or contracted by organizations, institutions or  
 32 agencies, if the instruction or training is advertised or promoted to be in the nature of professional  
 33 self-improvement but is not advertised or promoted as leading to or fulfilling the requirements for  
 34 licensing, certification, accreditation or education credentials.

35 (5) Any school approved by the Oregon Student [*Assistance*] **Scholarship** Commission to confer  
 36 or offer to confer academic degrees under ORS 348.606 or any school described in ORS 348.594 (2).

37 (6) Schools offering only review instruction to prepare a student to take an examination to enter  
 38 a profession, where the student has completed prior training related to that profession.

39 (7) Courses offered in hospitals which meet standards prescribed by the American Medical As-  
 40 sociation or national accrediting associations for nursing.

41 (8) Schools offering only courses of an advanced training or continuing educational nature when  
 42 offered solely to licensed practitioners and people previously qualified or employed in a related  
 43 profession.

44 (9) Any parochial or denominational institution providing instruction or training relating solely  
 45 to religion and which does not grant degrees.

1       **SECTION 12.** ORS 348.040 is amended to read:

2       348.040. As used in ORS 348.040 to 348.070, unless the context requires otherwise:

3       [(1) “*Commission*” means the Oregon Student Assistance Commission.]

4       [(2)] (1) “Eligible student” means a person who is a resident of this state, as determined by the  
5 Oregon Student [Assistance] **Scholarship** Commission, at the time of application for a loan under  
6 ORS 348.040 to 348.070:

7       (a) Who is enrolled in or has applied for enrollment in a qualified school;

8       (b) Who has demonstrated a satisfactory level of achievement in the high school or other school  
9 on the record of which the application for enrollment is based or in which the applicant is enrolled;  
10 and

11       (c) Who can show the necessity for financial assistance in order to continue the applicant’s ed-  
12 ucation.

13       [(3)] (2) “Qualified school” means a school within this state which is a:

14       (a) Four-year, nonprofit, generally accredited institution of higher education;

15       (b) Accredited public or private community college or education center, or one recognized by a  
16 state educational agency;

17       (c) Career school that is approved by the Superintendent of Public Instruction;

18       (d) Medical or dental program offered by the Oregon Health and Science University;

19       (e) Veterinary program offered by Oregon State University; or

20       (f) Institution [*which*] **that** is, in the opinion of the commission, comparable to such institutions,  
21 colleges, centers or schools.

22       [(4)] (3) When the commission certifies that the course is not available within this state, a  
23 qualified school may include an institution, college, center or school not located in this state.

24       **SECTION 13.** ORS 348.050 is amended to read:

25       348.050. (1) Upon approval of the loan application of an eligible student by the Oregon Student  
26 [Assistance] **Scholarship** Commission, the Department of State Lands may loan an amount from the  
27 Common School Fund to the student in compliance with ORS 348.040 to 348.070. The loan shall be  
28 evidenced by a written obligation but no additional security shall be required. Notwithstanding any  
29 provision in this section, the department may require cosigners on the loans.

30       (2) Loans granted under ORS 348.040 to 348.070 to eligible students by the department shall:

31       (a) Not exceed \$1,000 in a single academic year to an undergraduate student.

32       (b) Not exceed \$4,000 in a single academic year to a graduate or professional student.

33       (c) Not exceed \$16,000 for all loans made to a student under ORS 348.040 to 348.070.

34       (3) Payment of interest shall be as follows:

35       (a) Medical and dental student borrowers at the Oregon Health and Science University and  
36 veterinary student borrowers at Oregon State University shall be assessed at least six percent in-  
37 terest per annum on the unpaid balance from the date of the note. Interest payments by these  
38 borrowers shall be deferred until they cease to be enrolled. During the interest deferment period,  
39 the [Oregon Student Assistance] commission shall pay the department the negotiated rate of interest  
40 on an annual basis. The borrower shall reimburse the [Oregon Student Assistance] commission for  
41 these interest payments as provided in subsection (4) of this section. These borrowers shall com-  
42 mence direct payment of accruing interest to the department at the time they cease to be enrolled.

43       (b) All other borrowers are required to pay at least seven percent interest per annum on the  
44 unpaid balance from the date of the loan as provided in subsection (4) of this section.

45       (c) The [Oregon Student Assistance] commission shall pay annually to the department a maximum



1 of three percent per annum on the unpaid balance of all medical, dental and veterinary student  
 2 borrower loans. The rate of this special payment may vary annually and will be negotiated by the  
 3 [*Oregon Student Assistance*] commission and the department.

4 (d) The interest rates to be charged the borrower for the school year as stated in paragraphs  
 5 (a) and (b) of this subsection shall be negotiated by the department and the [*Oregon Student Assist-*  
 6 *ance*] commission.

7 (4)(a) Repayment of the principal and accruing and deferred interest on loans shall be com-  
 8 menced not later than 12 months after the student's graduation or other termination of the student's  
 9 education.

10 (b) Notwithstanding any other provision of this section, medical, dental and veterinary student  
 11 borrowers who enter approved post-graduate study programs shall commence repayment of the  
 12 principal and the accruing and deferred interest on loans no later than 12 months following the  
 13 completion of the post-graduate study program or 60 months, whichever is sooner.

14 (c) Repayment shall be completed in a maximum of 120 months from the time repayment is  
 15 commenced. However, nothing in this section is intended to prevent repayment without penalty at  
 16 an earlier date than provided in this section or to prohibit the department, with the consent of the  
 17 [*Oregon Student Assistance*] commission, from extending the repayment period to a date other than  
 18 permitted by this subsection.

19 (5) Notwithstanding any other provision of this section, the department may loan an amount  
 20 from the Common School Fund to a student under guaranteed programs authorized by the Higher  
 21 Education Act of 1965, as amended, commonly known as the Guaranteed Student Loan Program and  
 22 the Parent's Loans for Undergraduate Students Program. Neither the limitations on amounts set  
 23 forth in subsection (2) of this section nor the subsidies authorized by subsection (3) of this section  
 24 apply to such loans. ORS 327.484 does not apply to such loans.

25 **SECTION 14.** ORS 348.070 is amended to read:

26 348.070. To assist the Oregon Student [*Assistance*] **Scholarship** Commission and the Department  
 27 of State Lands in determining the qualification of schools, the Superintendent of Public Instruction  
 28 shall maintain a listing of career schools offering professional and technical training that meets the  
 29 occupational needs of the student.

30 **SECTION 15.** ORS 348.095 is amended to read:

31 348.095. From funds available therefor, the Oregon Student [*Assistance*] **Scholarship** Commission  
 32 shall reimburse the Department of State Lands for any loss resulting from default of a student loan  
 33 under ORS 348.040 to 348.070. Funds appropriated under ORS 348.050 to pay interest to the depart-  
 34 ment on loans to medical, dental and veterinary students shall also be available to reimburse the  
 35 department for any loss resulting from default of a student loan under ORS 348.040 to 348.070.

36 **SECTION 16.** ORS 348.115 is amended to read:

37 348.115. (1) In addition to any other financial aid provided by law, the Oregon Student [*Assist-*  
 38 *ance*] **Scholarship** Commission, pursuant to rule, may award loans to a qualified resident of this  
 39 state upon the resident's acceptance and entry into a baccalaureate or associate degree nursing  
 40 program at a post-secondary institution in Oregon. The loans may be forgiven upon fulfillment of the  
 41 requirements of subsection (4) of this section.

42 (2) The loans authorized by subsection (1) of this section:

43 (a) Shall be made based on achievement, ability, need and motivation;

44 (b) Shall be made on an annual basis subject to renewal upon satisfactory performance for the  
 45 duration of the nursing program; and

1 (c) Shall be made in annual amounts not to exceed 50 percent of the sum of tuition, fees and  
 2 room and board for each participating student.

3 (3) Priority in awarding loans shall be given to:

4 (a) A resident employed in the health care field at the time of application; and

5 (b) A resident who agrees to practice in an area where there is a critical shortage of nurses,  
 6 as determined annually by the Oregon State Board of Nursing in consultation with the Office of  
 7 Rural Health.

8 (4) The resident receiving a loan under this section must agree to practice nursing at least  
 9 half-time in an area described in subsection (3)(b) of this section or in an area of specialty that is  
 10 underserved for one calendar year for each academic year for which the loan is received. If the  
 11 resident does not fulfill the practice requirement within five years of graduation, the amount re-  
 12 ceived shall be considered a loan, repayable as provided in ORS 348.117, for each year for which the  
 13 practice requirement is not met.

14 **SECTION 17.** ORS 348.117 is amended to read:

15 348.117. (1) Student borrowers under ORS 348.115 shall be required to pay at least seven percent  
 16 interest per annum on the unpaid balance from the date of the loan as provided in subsection (5)  
 17 of this section.

18 (2) Repayment of the principal and accruing and deferred interest on loans shall be commenced  
 19 not later than 12 months after the student's completion of the nursing program or other termination  
 20 of the student's education.

21 (3) Repayment of loans shall be deferred upon application therefor for up to three years during  
 22 which:

23 (a) The student borrower is enrolled as at least a half-time student in a subsequent nursing  
 24 program leading to a nursing degree higher than that attained in the initial program; or

25 (b) The student borrower shows inability to locate suitable employment.

26 (4) Repayment commences under the usual terms if the student borrower ceases to be employed  
 27 as a nurse in this state before completing the practice requirements set forth in ORS 348.115 (4).

28 (5) Repayment shall be completed in a maximum of 120 months from the time repayment is  
 29 commenced. However, nothing in this subsection is intended to prevent repayment without penalty  
 30 at an earlier date than provided in this subsection or to prohibit the Oregon Student [Assistance]  
 31 **Scholarship** Commission from extending the repayment period to a date other than specified by this  
 32 subsection.

33 (6) A student who borrows under ORS 348.115 shall have 100 percent of principal and accrued  
 34 interest on loans under this section, ORS 348.115, 353.450, 442.470, 442.520, 442.550 to 442.570 and  
 35 656.256 canceled if it can be documented that, within five years of graduation:

36 (a) The student has completed one calendar year of full-time employment as a nurse in the State  
 37 of Oregon for each academic year in which a loan was received; or

38 (b) The student has completed two calendar years of half-time employment as a nurse in the  
 39 State of Oregon for each academic year in which a loan was received.

40 (7) A student who borrows under this section, ORS 348.115, 353.450, 442.470, 442.520, 442.550 to  
 41 442.570 and 656.256 and completes at least one calendar year of the practice obligation described in  
 42 subsection (6) of this section shall have the amount of principal and accrued interest on loans under  
 43 this section, ORS 348.115, 353.450, 442.470 442.520, 442.550 to 442.570 and 656.256 canceled for each  
 44 calendar year of qualifying practice that is:

45 (a) For full-time practice, equal to the principal and accrued interest on the loan borrowed for

1 the comparable academic year of award; or

2 (b) For half-time practice, equal to half of the principal and accrued interest on the loan bor-  
 3 rowed for the comparable academic year of the award.

4 (8) Repayment of any remaining principal and interest shall be waived upon the death or total  
 5 and permanent disability of the student borrower.

6 **SECTION 18.** ORS 348.180 is amended to read:

7 348.180. As used in this section and ORS 348.183, 348.186, 348.230, 348.250 and 348.260:

8 (1) "Cost of education" includes but is not limited to, tuition, fees and living expenses.

9 (2) "Eligible post-secondary institution" means:

10 (a) A state institution under the direction of the State Board of Higher Education;

11 (b) A community college operated under ORS chapter 341;

12 (c) The Oregon Health and Science University; or

13 (d) An Oregon-based, generally accredited, not-for-profit institution of higher education.

14 (3) "Financial need" means that the financial capacity of both the student and the student's  
 15 family to contribute to the cost of the student's education is not adequate to meet the total cost of  
 16 education for any term, according to a system of need analysis approved by the Oregon Student  
 17 [Assistance] **Scholarship** Commission.

18 (4) "Qualified student" means any resident student who plans to attend an eligible post-  
 19 secondary institution and who:

20 (a) Has not achieved a baccalaureate or higher degree from any post-secondary institution;

21 (b) Is enrolled in an eligible program as defined by rule of the [Oregon Student Assistance]  
 22 commission; and

23 (c) Is making satisfactory academic progress as defined by rule of the [Oregon Student  
 24 Assistance] commission.

25 **SECTION 19.** ORS 348.186 is amended to read:

26 348.186. (1) In addition to any other form of student financial aid authorized by law, the Oregon  
 27 Student [Assistance] **Scholarship** Commission shall award, to the extent funds are made available,  
 28 an Oregon Achievement Grant to any qualified student who:

29 (a) Commences at least half-time study toward a degree at the eligible post-secondary institution  
 30 within three years of high school graduation; and

31 (b) Has received a Certificate of Initial Mastery or, while a resident of Oregon, has scored at  
 32 or above a level on a nationally recognized college admissions test as determined by the [Oregon  
 33 Student Assistance] commission.

34 (2) Any qualified student receiving an Oregon Achievement Grant under subsection (1) of this  
 35 section must use the grant for the purpose of study in an eligible program, as defined by rule of the  
 36 [Oregon Student Assistance] commission, at an eligible post-secondary institution.

37 (3) The [Oregon Student Assistance] commission may not award an Oregon Achievement Grant  
 38 to a qualified student who is enrolled in a course of study required for and leading to a degree in  
 39 theology, divinity or religious education.

40 (4) Each Oregon Achievement Grant shall be renewed yearly provided that the recipient has  
 41 maintained satisfactory progress toward a first associate or baccalaureate degree as determined by  
 42 the [Oregon Student Assistance] commission.

43 (5) Notwithstanding subsection (4) of this section, no Oregon Achievement Grant shall be re-  
 44 newed after a qualified student has reached the number of credit hours required to graduate with  
 45 a baccalaureate degree at the institution the student is attending.

1       **SECTION 20.** ORS 348.210 is amended to read:

2       348.210. (1) In addition to any other scholarships provided by law, the Oregon Student [*Assist-*  
3 *ance*] **Scholarship** Commission may award scholarships at Eastern Oregon University, not to exceed  
4 two and one-half percent of the enrollment therein, to resident undergraduate students applying for  
5 enrollment in the university or who are pursuing courses therein. The scholarships shall be awarded  
6 upon the basis of a record of high intellectual standing and deportment in the school or institution  
7 where the applicant has received or is receiving preparatory training, the necessity for financial  
8 assistance and other qualifications of such nature that the awarding of scholarships will operate not  
9 only to the advantage of the applicant but to the people of Oregon. No scholarships so awarded shall  
10 exceed in value the amount of the tuition and other fees, including the fees which are levied against  
11 the recipient of the scholarship by the State Board of Higher Education at the university.

12       (2) The commission may award tuition and fee-exempting scholarships not exceeding the amount  
13 of tuition and all fees to students from foreign nations who are enrolled in state institutions of  
14 higher education.

15       (3) The value of scholarships awarded each year under subsection (2) of this section shall not  
16 exceed in aggregate an amount equal to 10 percent of the amount of tuition and fees paid in the  
17 preceding year to the Department of Higher Education by students enrolled therein who were not  
18 Oregon residents.

19       **SECTION 21.** ORS 348.230 is amended to read:

20       348.230. (1) In addition to any other financial aid provided by law, the Oregon Student [*Assist-*  
21 *ance*] **Scholarship** Commission may award to qualified residents of this state scholastic grants in  
22 any eligible post-secondary institution.

23       (2) A qualified applicant is one who has an achievement of high intellectual standing and  
24 deportment in the school or institution on the records of which the application is based, and who  
25 demonstrates, to the satisfaction of the commission, that the applicant has superior capacity to  
26 profit by post-high-school education.

27       (3) If the recipient of a grant under this section meets the standards for renewal of that grant,  
28 the grant may be renewed, upon application of the recipient, until the recipient has received a total  
29 of four undergraduate years under this section or until the recipient has completed an undergradu-  
30 ate course of study, whichever is less.

31       (4) Nothing in subsection (3) of this section shall be construed to mean that the commission may  
32 not increase or reduce the amount of the grant upon application for renewal.

33       (5) No grant shall be made to any student enrolled in a course of study required for and leading  
34 to a degree in theology, divinity or religious education.

35       **SECTION 22.** ORS 348.250 is amended to read:

36       348.250. (1) Grants established under ORS 348.230 and 348.260 shall be awarded by the Oregon  
37 Student [*Assistance*] **Scholarship** Commission in the manner provided in this section.

38       (2) Persons interested in obtaining a grant established under ORS 348.230 and 348.260 may apply  
39 to the commission for a grant.

40       (3) The commission shall screen or cause to be screened the applications and shall determine for  
41 each available grant the person best qualified to receive that grant. A qualified applicant is eligible  
42 to receive a grant established under ORS 348.230 and 348.260 if:

43       (a) The applicant's financial need is such that in the opinion of the commission financial aid is  
44 warranted; and

45       (b) The applicant plans to be a student at the eligible post-secondary institution where the grant

1 is to be used.

2 (4) The commission shall not discriminate for or against any applicant for a grant.

3 (5) Nothing in ORS 348.210 to 348.260, 348.505 to 348.615, 348.696 and 348.992 shall be construed  
4 to require any institution to admit a grant recipient or to attempt to control or influence the poli-  
5 cies of the institution.

6 (6) Whenever funds are not available to award grants to all qualified students, the commission  
7 shall give priority to applicants who are or plan to be full-time students at the eligible post-  
8 secondary institution where the grant is to be used. A student shall be considered to be a full-time  
9 student if the combination of credit hours at more than one eligible post-secondary institution equals  
10 full-time attendance, according to the institution disbursing the grant funds.

11 (7) As used in this section, “discriminate” has the meaning given “discrimination” in ORS  
12 659.850.

13 **SECTION 23.** ORS 348.260 is amended to read:

14 348.260. (1)(a) In addition to any other form of student financial aid authorized by law, the  
15 Oregon Student [Assistance] **Scholarship** Commission may award Oregon Opportunity Grants, to the  
16 extent funds are made available, to qualified students who have financial need.

17 (b) Eligibility, financial need and the amount of an Oregon Opportunity Grant shall be deter-  
18 mined annually by the [*Oregon Student Assistance*] commission in consultation with representatives  
19 from the educational sectors. In determining these factors, the [*Oregon Student Assistance*] commis-  
20 sion shall take into consideration available state funds, available federal funds, the cost of education  
21 at the eligible post-secondary institutions and the family’s ability to contribute.

22 (c) Grant funds necessary to meet matching requirements for federal funds under the Leveraging  
23 Educational Assistance Partnership Program and Special Leveraging Educational Assistance Part-  
24 nership Program of the United States Department of Education may also be used to award grants  
25 to qualified students in any eligible post-secondary institution approved by the [*Oregon Student As-*  
26 *istance*] commission.

27 (2) Oregon Opportunity Grants may be awarded under this section to qualified students enrolled  
28 for any term, including summer term.

29 (3) If a qualified student receiving an Oregon Opportunity Grant under this section meets the  
30 standards for renewal of the grant, the grant may be renewed upon application until the qualified  
31 student has received the total of four undergraduate years of study in an eligible program as defined  
32 by the [*Oregon Student Assistance*] commission.

33 (4) A qualified student who receives an Oregon Opportunity Grant under this section must at-  
34 tend the institution, college or school upon which the grant application is based unless the [*Oregon*  
35 *Student Assistance*] commission authorizes the grant to be used at a different institution, college or  
36 school. A qualified student who receives a grant under this section may attend more than one in-  
37 stitution, college or school if the grant application was based on the qualified student attending  
38 more than one institution, college or school.

39 (5) No Oregon Opportunity Grant shall be made to any qualified student enrolled in a course  
40 of study required for and leading to a degree in theology, divinity or religious education.

41 (6) No Oregon Opportunity Grant awarded under this section shall exceed 50 percent of the  
42 qualified student’s financial need as determined by the [*Oregon Student Assistance*] commission.

43 **SECTION 24.** ORS 348.265 is amended to read:

44 348.265. (1) In addition to any other form of student financial aid authorized by law, the Oregon  
45 Student [Assistance] **Scholarship** Commission may award grants to qualified residents of this state

1 who are enrolled in the professional medical, nursing or dental programs at the Oregon Health and  
 2 Science University.

3 (2) A qualified applicant for a grant under this section is one who plans to attend the Oregon  
 4 Health and Science University but whose financial capacity and that of the applicant's family to  
 5 contribute to the educational costs are not adequate to meet such costs, as determined by the  
 6 [*Oregon Student Assistance*] commission.

7 (3) Grants may be received by a student each year of attendance depending on the continuing  
 8 need of the student for such grant.

9 (4) No grant awarded under this section shall exceed the amount of the difference between the  
 10 award year tuition and fees assessed and the tuition and fees assessed for that program in the aca-  
 11 demic year 1976-1977.

12 **SECTION 25.** ORS 348.270 is amended to read:

13 348.270. (1) In addition to any other scholarships provided by law, the Oregon Student [*Assist-*  
 14 *ance*] **Scholarship** Commission shall award scholarships in any state institution under the State  
 15 Board of Higher Education, in the Oregon Health and Science University, in any community college  
 16 operated under ORS chapter 341, or in any Oregon-based regionally accredited independent institu-  
 17 tion, to any student applying for enrollment or who is enrolled therein, who is:

18 (a) The natural, adopted or stepchild of any public safety officer who, in line of duty, was killed  
 19 or so disabled, as determined by the [*Oregon Student Assistance*] commission, that the income of the  
 20 disabled public safety officer is less than that earned by public safety officers performing duties  
 21 comparable to those performed at the highest rank or grade attained by the disabled parent; or

22 (b) A former foster child who enrolls in an institution of higher education as an undergraduate  
 23 student not later than three years from the date the student was removed from the care of the De-  
 24 partment of Human Services, the date the student graduated from high school or the date the stu-  
 25 dent received the equivalent of a high school diploma, whichever date is earliest.

26 (2) Scholarships awarded under this section to students who are dependents of public safety of-  
 27 ficers or who are former foster children shall equal the amount of tuition and all fees levied by the  
 28 institution against the recipient of the scholarship. However, scholarships awarded to students who  
 29 attend independent institutions shall not exceed the amount of tuition and all fees levied by the  
 30 University of Oregon.

31 (3) If the student who is the dependent of a deceased public safety officer continues to remain  
 32 enrolled in a state institution of higher education or a community college or an independent insti-  
 33 tution within the State of Oregon, the student shall be entitled to renewal of the scholarship until  
 34 the student has received the equivalent of four years of undergraduate education and four years of  
 35 post-graduate education.

36 (4) If the student who is the dependent of a disabled public safety officer or who is a former  
 37 foster child continues to remain enrolled in a state institution of higher education or a community  
 38 college or an independent institution within the State of Oregon, the student shall be entitled to  
 39 renewal of the scholarship until the student has received the equivalent of four years of under-  
 40 graduate education.

41 (5) The [*Oregon Student Assistance*] commission may require proof of the student's relationship  
 42 to a deceased or disabled public safety officer described in subsection (1) of this section or proof that  
 43 the student is a former foster child.

44 (6) As used in this section:

45 (a) "Former foster child" means an individual who, for a total of 12 or more months while be-

1 tween the ages of 16 and 21, was a ward of the court pursuant to ORS 419B.100 (1)(b) to (e) and in  
 2 the legal custody of the Department of Human Services for out-of-home placement.

3 (b) "Public safety officer" means:

4 (A) A firefighter or police officer as those terms are defined in ORS 237.610.

5 (B) A member of the Oregon State Police.

6 **SECTION 26.** ORS 348.280 is amended to read:

7 348.280. The Oregon Student [*Assistance*] **Scholarship** Commission shall:

8 (1) Determine which students are eligible beneficiaries.

9 (2) Grant the appropriate scholarships under ORS 348.270.

10 (3) Make necessary rules for application and distribution of the benefits available under ORS  
 11 348.270 and this section.

12 (4) Establish rules and procedures necessary to carry out the provisions of ORS 348.270 and this  
 13 section, including but not limited to the usual and customary rules for analyzing financial need.

14 (5) In awarding scholarships pursuant to its authority under ORS 348.520, the [*Oregon Student*  
 15 *Assistance*] commission shall give priority to students who are eligible for scholarships under ORS  
 16 348.270.

17 **SECTION 27.** ORS 348.290 is amended to read:

18 348.290. The Oregon Student [*Assistance*] **Scholarship** Commission shall apply the interest on  
 19 the amount transferred to the Oregon Student [*Assistance*] **Scholarship** Fund under section 4,  
 20 chapter 377, Oregon Laws 1985, to provide financial aid, as defined in ORS 348.505, to students to  
 21 study barbering, hairdressing, manicure and facial technology at eligible post-secondary schools.

22 **SECTION 28.** ORS 348.310 is amended to read:

23 348.310. (1) The Oregon Student [*Assistance*] **Scholarship** Commission is authorized to make  
 24 loans to all qualified applicants, from the **Rural Medical Education Loan Fund** [*created in*] **estab-**  
 25 **lished under** ORS 348.390 (1), to assist in financing the cost of a program of study leading to the  
 26 degree of Doctor of Medicine or to the degree of Doctor of Osteopathic Medicine.

27 (2) The [*Oregon Student Assistance*] commission shall:

28 (a) Develop criteria for the preparation of applications and procedures for the submission,  
 29 evaluation, priority selection and award of loans provided for in ORS 348.310 to 348.390;

30 (b) Determine the number and amount of loans and loan renewals; and

31 (c) Adopt such rules as may be necessary to implement ORS 348.310 to 348.390.

32 **SECTION 29.** ORS 348.320 is amended to read:

33 348.320. (1) A person shall be eligible for a loan under ORS 348.310 to 348.390 if the person is:

34 (a) A bona fide resident of this state;

35 (b) Accepted for enrollment, or is a student in good standing in the professional medical program  
 36 at an accredited medical school located in the United States or in an accredited school of  
 37 osteopathic medicine;

38 (c) As a result of personal financial resources, unable to pursue a program of study in the ab-  
 39 sence of a loan or would be unable to do so without great hardship; and

40 (d) Desirous of practicing medicine in a rural community in this state, and in an area which  
 41 meets the qualifications of a medical shortage area.

42 (2) The person desiring consideration for a loan under ORS 348.310 to 348.390 shall apply to the  
 43 Oregon Student [*Assistance*] **Scholarship** Commission.

44 (3) The person desiring consideration for a loan under ORS 348.310 to 348.390 shall agree in  
 45 writing to practice medicine in a medical shortage area as defined by the Director of Human Ser-

1 vices, for a period equal to the period covered by the loan, but no less than two years.

2 **SECTION 30.** ORS 348.330 is amended to read:

3 348.330. In addition to any other financial aid provided by law, the Oregon Student  
4 [Assistance] **Scholarship** Commission may grant loans in the following amounts:

5 (1) Persons in their first or second year of study, or the equivalent thereof, are eligible for an  
6 amount not to exceed \$5,000 per academic year.

7 (2) Persons in their third or fourth year of study, or the equivalent thereof, are eligible for an  
8 amount not to exceed \$7,500 per academic year.

9 **SECTION 31.** ORS 348.340 is amended to read:

10 348.340. (1) The Oregon Student [Assistance] **Scholarship** Commission is further authorized to  
11 establish and administer cost-sharing loan fund programs [which] **that** provide for assistance, in  
12 conjunction with community agencies or organizations, selected and approved by the commission in  
13 a rural community in the state having a population of fewer than 7,500 persons. Participation in  
14 such a program shall be on a matching funds basis between the Rural Medical Education Loan Fund  
15 and the approved community agency and shall fund the educational costs, fees and charges of a  
16 specific, eligible student, who shall be approved by the participating community and the [Oregon  
17 Student Assistance] commission.

18 (2) Funds provided from the Rural Medical Education Loan Fund under subsection (1) of this  
19 section shall not exceed 75 percent of the total amount calculated to be necessary to fund one per-  
20 son for one year, in an approved school as determined by the [Oregon Student Assistance] commis-  
21 sion.

22 (3) The eligibility requirements for persons participating in the program established in sub-  
23 section (1) of this section shall be the same as the requirements for eligibility in the loan program  
24 under ORS 348.320.

25 (4) Upon completion of the program of study and training for licensure, the person receiving  
26 funds under this section shall not be required to repay such funds if the person practices medicine  
27 in the community providing the matching funds. The person shall practice medicine one year for  
28 each year that funds were provided, but in no event shall the person practice less than two years.

29 **SECTION 32.** ORS 348.350 is amended to read:

30 348.350. (1) The Oregon Student [Assistance] **Scholarship** Commission is authorized to establish  
31 and administer a cost-sharing program to train intern and residency physicians as may be arranged  
32 by contract with an accredited training hospital within this state. The cost sharing shall be limited  
33 to general practice internships and family practice residencies. The commission may pay up to  
34 \$18,000 to an institution for each intern or resident position which is reserved for training students  
35 who are planning to enter medical practice in rural areas.

36 (2) Funds for programs established under subsection (1) of this section shall be paid from the  
37 Rural Medical Education Loan Fund.

38 (3) No money appropriated under this section shall be used for any program at the Oregon  
39 Health and Science University. The center shall be required to give priority admissions to recipients  
40 under ORS 348.310 to 348.390 in its family practice residency programs.

41 **SECTION 33.** ORS 348.360 is amended to read:

42 348.360. Each loan granted under ORS 348.330 and 348.340 is renewable annually. The Oregon  
43 Student [Assistance] **Scholarship** Commission shall renew the loans upon application by the recipi-  
44 ent when the commission finds that the applicant has successfully completed the required work for  
45 the preceding academic year and is a student in good standing, is a resident of this state and is in



1 a financial condition that warrants the continuation of such aid.

2 **SECTION 34.** ORS 348.370 is amended to read:

3 348.370. (1) Persons receiving funds under ORS 348.310 to 348.390 shall not be required to repay  
4 the funds if the person practices medicine in a rural community in this state having a population  
5 of fewer than 7,500 persons and which meets the qualifications of a medical shortage area.

6 (2) The fund recipient shall practice medicine in the area designated under subsection (1) of this  
7 section at the rate of one year for each year the funds were provided to that recipient, but in no  
8 event shall any recipient practice medicine in an area less than two years.

9 (3) Any person receiving funds under ORS 348.310 to 348.390 who fails to complete the course  
10 of study, shall be required to repay the amount received to the Rural Medical Education Loan Fund.  
11 Ten percent interest shall be charged on the unpaid balance, accrued from the date the loan was  
12 granted.

13 (4) Any person receiving funds under ORS 348.310 to 348.390 who completes the course of study  
14 and requirements for licensure but fails to fulfill the obligations required by the loan, shall repay  
15 the amount received to the Rural Medical Education Loan Fund. Ten percent interest shall be  
16 charged on the unpaid balance, accrued from the date the loan was granted. Additionally, a penalty  
17 fee, equal to 25 percent of the total amount of funds received shall be assessed against the person.  
18 No interest shall accrue on the penalty.

19 (5) Any funds received by the Rural Medical Education Loan Fund under subsections (3) to (6)  
20 of this section shall be used by the Oregon Student [*Assistance*] **Scholarship** Commission for the  
21 purpose of carrying out the provisions of ORS 348.310 to 348.390.

22 (6) The [*Oregon Student Assistance*] commission may waive any interest or penalty assessed un-  
23 der subsections (3) to (6) of this section in case of undue hardship.

24 **SECTION 35.** ORS 348.390 is amended to read:

25 348.390. (1) There is established in the State Treasury a fund, separate and distinct from the  
26 General Fund, to be known as the Rural Medical Education Loan Fund, which may be invested in  
27 the same manner as the Oregon Student [*Assistance*] **Scholarship** Fund. [*This*] **The Rural Medical**  
28 **Education Loan** Fund may receive funds from state and private sources for the purpose of making  
29 loans to student residents of this state who are determined to be eligible to receive funds under ORS  
30 348.310 to 348.390. Interest earned by the **Rural Medical Education Loan** Fund shall be credited  
31 to the **Rural Medical Education Loan** Fund.

32 (2) All funds for and relating to loans received by the Oregon Student [*Assistance*] **Scholarship**  
33 Commission, including repayments, interest and penalties, for the Rural Medical Education Loan  
34 Fund, except moneys appropriated from the State Treasury for a specified period of time, are con-  
35 tinuously appropriated to the Rural Medical Education Loan Fund for the purposes for which the  
36 **Rural Medical Education Loan** Fund was created.

37 **SECTION 36.** ORS 348.393 is amended to read:

38 348.393. (1) The Oregon Student [*Assistance*] **Scholarship** Commission may declare that a person  
39 is in default in repayment on a student loan guaranteed or insured by the [*Oregon Student*  
40 *Assistance*] commission if the person is not paying in a satisfactory manner according to the repay-  
41 ment requirements of the United States Department of Education.

42 (2) The Oregon Student [*Assistance*] **Scholarship** Commission shall notify any state agency,  
43 board or commission, including the Oregon State Bar, that has the power to issue and renew any  
44 license, certification or registration necessary to practice any profession or engage in any trade or  
45 calling that a person is in default in repayment of a student loan as determined under subsection

1 (1) of this section if the **Oregon Student Scholarship** Commission has established a process for  
2 conducting database matches and notification procedures with the entity under ORS 348.395.

3 (3) Any entity notified under subsection (2) of this section shall not issue or renew or shall  
4 suspend a certificate or license or shall place the person on probation. Once so notified, no further  
5 administrative review or contested case proceeding within or by the issuing entity is required.

6 **SECTION 37.** ORS 348.395 is amended to read:

7 348.395. The Oregon Student [*Assistance*] **Scholarship** Commission shall identify which entities  
8 referred to in ORS 348.393 it is feasible to enter into an agreement with to design and implement  
9 a process for conducting database matches and notification procedures for the purpose of complying  
10 with ORS 348.393. Any entity so identified by the commission shall enter into an agreement with the  
11 commission.

12 **SECTION 38.** ORS 348.397 is amended to read:

13 348.397. (1) Upon purchase of a default claim loan from the lender, the Oregon Student [*Assist-*  
14 *ance*] **Scholarship** Commission shall notify the defaulted student loan borrower in writing that fail-  
15 ure to pay satisfactorily as determined under ORS 348.393 (1) may result in a refusal to issue or  
16 renew, a suspension or a placement on probation by any entity referred to in ORS 348.393. The  
17 notice shall provide the defaulted student loan borrower with an administrative process to challenge  
18 the default status of any loan and an opportunity to object to the collection of the debt according  
19 to the provisions of 34 C.F.R. 30.20 to 30.33 and 34 C.F.R. 682.410.

20 (2) If, after the initial notification, the borrower fails to enter into a repayment plan and repay  
21 satisfactorily, the [*Oregon Student Assistance*] commission shall inform the borrower in writing on  
22 a regular basis for no less than 180 days of the consequences of failing to repay a student loan. The  
23 final notification letter shall allow the borrower 30 additional days to perform by paying or curing  
24 the amount delinquent, paying the balance in full or submitting an acceptable repayment plan to the  
25 commission through a debt consolidating agency registered pursuant to ORS 697.602 to 697.842 to  
26 avoid being reported to any entity referred to in ORS 348.393. If the borrower has not performed  
27 by the end of the final 30-day period, the [*Oregon Student Assistance*] commission shall notify those  
28 entities with whom it has established a process for conducting database matches and notification  
29 procedures under ORS 348.395 that the person is in default in repayment and is not paying in a  
30 satisfactory manner as determined under ORS 348.393 (1).

31 **SECTION 39.** ORS 348.399 is amended to read:

32 348.399. The Oregon Student [*Assistance*] **Scholarship** Commission shall promptly notify any  
33 entity referred to in ORS 348.393 when a formerly reported student loan borrower is no longer in  
34 default status due to repayment in full, loan rehabilitation or some other action that discharges the  
35 borrower of responsibility for repayment or when the borrower achieves satisfactory repayment  
36 status as determined under ORS 348.397 (2). The issuing entity shall issue or reinstate the certifi-  
37 cate or license of the student loan borrower within 30 days contingent upon the requirements of  
38 the entity.

39 **SECTION 40.** ORS 348.405 is amended to read:

40 348.405. As used in ORS 348.405 to 348.425:

41 [(1) "*Commission*" means the Oregon Student Assistance Commission.]

42 [(2)] (1) "Eligible institution" means any educational institution in Oregon certified as an eligi-  
43 ble institution for student aid programs under Title IV, Part B, of the Higher Education Act of 1965  
44 as amended, but only for undergraduate programs.

45 [(3)] (2) "Eligible voucher recipient" means any Oregon resident who:

1 (a) Is 14 to 19 years of age, inclusive;

2 (b) Completes community service work in human interaction activities within a nonprofit social  
3 service agency whose nonprofit status is verified; and

4 (c) Is enrolled in or plans to enroll in an eligible institution.

5 [(4)] (3) "Human interaction activities" means activities of social service agencies similar to, but  
6 not limited to, the provision of literacy education, family or parenting counseling, peer arbitration,  
7 victim advocacy, emergency hotline services, tutoring and mentoring, and assistance in Head Start  
8 programs with emphasis on programs aimed at drug-free teenagers.

9 [(5)] (4) "VISTO" means Volunteers in Service to Oregon.

10 **SECTION 41.** ORS 348.410 is amended to read:

11 348.410. To encourage community service volunteerism among Oregon's youth 14 to 19 years of  
12 age inclusive, there is established a post-secondary education voucher program within the Oregon  
13 Student [Assistance] **Scholarship** Commission that shall be known as Volunteers in Service to  
14 Oregon.

15 **SECTION 42.** ORS 348.415 is amended to read:

16 348.415. (1) In addition to any other student assistance provided by law, the Oregon Student  
17 [Assistance] **Scholarship** Commission shall award vouchers to eligible students participating in the  
18 VISTO program.

19 (2) The total of all vouchers earned by a VISTO volunteer under this section in any calendar  
20 year shall not exceed the amount equal to the average tuition and all fees charged annually by in-  
21 stitutions under the State Board of Higher Education.

22 (3) Vouchers shall be provided in \$30 denominations and shall be awarded to a VISTO volunteer  
23 for each eight hours of eligible volunteer service.

24 (4) Any voucher awarded under the VISTO program shall expire on the 24th anniversary of the  
25 birthdate of the volunteer.

26 (5) The [Oregon Student Assistance] commission shall:

27 (a) Provide vouchers to eligible community service organizations.

28 (b) Determine which community service organization and service within the programs of such  
29 organization are eligible for participation in the VISTO program.

30 (c) Determine which volunteers are eligible.

31 (d) Provide payment for vouchers presented by VISTO volunteers at eligible institutions.

32 (e) Establish procedures necessary to carry out the provisions of ORS 348.405 to 348.425.

33 (f) Adopt necessary rules for the program established by ORS 348.405 to 348.425.

34 (6) The funds received in redemption of the vouchers granted pursuant to ORS 348.405 to 348.425  
35 shall not be considered personal income for the purposes of ORS 316.037.

36 (7) The vouchers authorized by ORS 348.405 to 348.425 shall first become available when funds  
37 are available therefor from sources other than the General Fund, as determined by the [Oregon  
38 Student Assistance] commission.

39 **SECTION 43.** ORS 348.420 is amended to read:

40 348.420. (1) There is established in the State Treasury, separate and distinct from the General  
41 Fund, a fund to be known as the VISTO Fund, which may be invested in the same manner as the  
42 Oregon Student [Assistance] **Scholarship** Fund. The **VISTO** Fund shall receive moneys from federal,  
43 state or private sources for the purpose of providing payments for redemption of VISTO vouchers,  
44 the administration of the VISTO program and grants made under ORS 348.260. The **VISTO** Fund,  
45 including the interest earning thereon, if any, is continuously appropriated to the Oregon Student

1 [Assistance] **Scholarship** Commission for those purposes for which such funds were provided to, re-  
2 ceived or collected by the commission.

3 (2) No more than five percent of the funds available under subsection (1) of this section shall  
4 be used by the state for the administrative expenditures of the program established by ORS 348.405  
5 to 348.425. Administrative expenditures do not include premiums paid for workers' compensation  
6 benefits.

7 (3) A county may use an amount not to exceed four percent of its allocation to meet its expenses  
8 in administering the program.

9 (4) The first priority of funds available under the program authorized by ORS 348.405 to 348.425  
10 shall be for redemption of VISTO vouchers and the administration of the VISTO program. After  
11 meeting the demands for expenditures and fund reserves, excess funds may be used to supplement  
12 grants made under ORS 348.260.

13 **SECTION 44.** ORS 348.425 is amended to read:

14 348.425. The Oregon Student [Assistance] **Scholarship** Commission shall report to the Legisla-  
15 tive Assembly biennially on the progress of the VISTO program by submitting a report to the  
16 President of the Senate and the Speaker of the House of Representatives who shall refer the report  
17 to the appropriate substantive interim or standing committee.

18 **SECTION 45.** ORS 348.427 is amended to read:

19 348.427. (1) To encourage community service participation among students in institutions of  
20 higher education, there is established a higher education community service voucher program within  
21 the Oregon Student [Assistance] **Scholarship** Commission. The commission shall allocate the amount  
22 available to it for the purposes under ORS 348.427 to 348.436 by awarding the institution's share of  
23 the amount to each institution of higher education in this state that is eligible for or whose students  
24 are eligible for financial aid under Title IV, Part B, of the Higher Education Act of 1965 as amended.  
25 The institution's share shall be based on the proportion of its enrollment of full-time students to the  
26 enrollment of full-time students in all institutions of higher education in this state.

27 (2) An institution of higher education in this state that receives an amount under subsection (1)  
28 of this section shall award amounts from the institution's share to various academic departments in  
29 the institution. Vouchers awarded to eligible voucher recipients shall be in \$35 denominations for  
30 each eight hours of eligible community service. Priority shall be given to otherwise eligible appli-  
31 cants who have applied previously but not been awarded a place in the voucher program.

32 (3) In order to be eligible, a voucher recipient must perform approved services for at least 20  
33 hours per week in one term for a state or local government entity or a nonprofit social service  
34 agency recognized as tax-exempt under section 501(c)(3) of the Internal Revenue Code of 1986.  
35 However, a voucher recipient shall not be assigned duties that are performed by a public employee  
36 if the assignment would displace the public employee. A voucher recipient may be assigned within  
37 the institution to assist in maintaining the program authorized by ORS 348.427 to 348.436.

38 (4) A voucher recipient is eligible for the voucher awards for only one term as an undergraduate  
39 student. In addition to the vouchers, the recipient shall receive graded academic credit to be de-  
40 termined by the institution. However, participation in the program does not replace any practicum  
41 or internship required for a degree.

42 **SECTION 46.** ORS 348.429 is amended to read:

43 348.429. (1) In addition to any other student assistance provided by the law, the Oregon Student  
44 [Assistance] **Scholarship** Commission shall award vouchers to eligible students participating in the  
45 program.

1 (2) The total of all vouchers earned by a student under this section in one term shall not exceed  
 2 an amount equal to the average tuition and associated fees charged annually to full-time resident  
 3 undergraduate students by institutions under the jurisdiction of the State Board of Higher Educa-  
 4 tion.

5 (3) Vouchers shall be provided in \$35 denominations for each eight hours of eligible community  
 6 service.

7 (4) The commission shall:

8 (a) Determine and approve which community service organizations and services within the pro-  
 9 grams of such organizations are eligible for participation in the program.

10 (b) Accept the students that the institutions consider eligible for vouchers under ORS 348.427  
 11 to 348.436.

12 (c) Provide payment for vouchers presented by the program students at eligible institutions.

13 (d) Establish procedures necessary to carry out the provisions of ORS 348.427 to 348.436, in-  
 14 cluding adopting necessary rules.

15 (5) Funds received in redemption of the vouchers granted pursuant to ORS 348.427 to 348.436  
 16 shall not be considered personal income for the purposes of ORS 316.037.

17 (6) The vouchers authorized by ORS 348.427 to 348.436 shall first become available when funds  
 18 are available therefor from sources other than the General Fund, as determined by the commission.

19 **SECTION 47.** ORS 348.436 is amended to read:

20 348.436. There is established in the State Treasury a fund, separate and distinct from the Gen-  
 21 eral Fund, to be known as the Community Service Voucher Fund, which may be invested in the same  
 22 manner as the Oregon Student [*Assistance*] **Scholarship** Fund. [*This*] **The Community Service**  
 23 **Voucher** Fund may receive moneys from federal, state or private sources for the purpose of pro-  
 24 viding payment for the redemption of vouchers authorized by ORS 348.427 to 348.436 and for the  
 25 administration of the community service voucher program. [*This*] **The Community Service**  
 26 **Voucher** Fund, including the interest earnings thereon, if any, is continuously appropriated to the  
 27 Oregon Student [*Assistance*] **Scholarship** Commission for those purposes for which such funds were  
 28 provided to or received or collected by the commission.

29 **SECTION 48.** ORS 348.505 is amended to read:

30 348.505. As used in ORS 348.393 to 348.399 and 348.505 to 348.695,[:]

31 [(1) "*Commission*" means the Oregon Student Assistance Commission.]

32 [(2)] "financial aid" includes loans, grants, scholarships, work opportunities and other forms of  
 33 financial aid to assist students in completing their post-high-school education.

34 **SECTION 49.** ORS 348.520 is amended to read:

35 348.520. The Oregon Student [*Assistance*] **Scholarship** Commission shall:

36 (1) Make available to qualified persons financial aid from financial sources available to the  
 37 commission.

38 (2) Determine qualifications of persons to receive financial aid.

39 (3) Maintain reports and records on persons applying for and receiving financial aid from the  
 40 commission.

41 (4) Withhold any financial aid if the recipient thereof fails to maintain the standards established  
 42 for receipt of that aid.

43 (5) Recommend to the Legislative Assembly not less than once every biennium matters relating  
 44 to the establishment, administration, modification, transfer, reduction or cancellation of financial  
 45 aid.

1 (6) Encourage the establishment of financial aid programs by private agencies.

2 (7) Collect and disseminate information pertaining to all types of available financial aid.

3 (8) Review the administrative practices and evaluate the effectiveness of all public and private  
4 post-secondary financial aid programs in Oregon.

5 (9) Disburse state appropriations for financial aid in such a manner as to maximize *[its]* **the**  
6 **commission's** role in cooperative coordination of financial aid programs.

7 **SECTION 50.** ORS 348.530 is amended to read:

8 348.530. The Oregon Student [*Assistance*] **Scholarship** Commission may:

9 (1) Negotiate for and contract with private and governmental agencies for the establishment of  
10 financial aid programs.

11 (2) Receive gifts of any type, including gifts of stock and real property, for the purpose of es-  
12 tablishing, continuing and increasing financial aid.

13 (3) Administer any form of financial aid submitted to and accepted for administration by the  
14 commission.

15 (4) Authorize payment from funds appropriated therefor, of costs, commissions, attorney fees and  
16 other reasonable expenses, including refund of overpayment of fees, which are related to and nec-  
17 essary for making and protecting guaranteed loans and recovering moneys and loans and manage-  
18 ment of property acquired in connection with such loans.

19 (5) Sue and be sued.

20 (6) Pursuant to ORS chapter 183, adopt such rules as may be necessary to carry out the pro-  
21 visions of ORS 348.040 to 348.280, 348.393 to 348.399, 348.505 to 348.695 and 348.992.

22 (7) Cooperatively coordinate all types of financial aid activities.

23 (8) Establish a State of Oregon scholar program to recognize students with outstanding aca-  
24 demic achievement and other demonstrated attributes. The students will not necessarily receive fi-  
25 nancial aid.

26 (9) Guarantee loans by eligible lending institutions to students who are enrolled or accepted for  
27 enrollment at any eligible institution and parents of those students, under the provisions of the  
28 Higher Education Act of 1965 as amended.

29 (10) Deny financial aid to any student owing a refund or in default on financial aid previously  
30 made available to that student.

31 (11) Establish and implement any program permitted under federal law to guaranty agencies,  
32 including administrative garnishment and wage withholding under Public Law 102-164, section 605.

33 **SECTION 51.** ORS 348.530, as amended by section 2, chapter 360, Oregon Laws 2003, is  
34 amended to read:

35 348.530. The Oregon Student [*Assistance*] **Scholarship** Commission may:

36 (1) Negotiate for and contract with private and governmental agencies for the establishment of  
37 financial aid programs.

38 (2) Receive gifts of any type, including gifts of stock and real property, for the purpose of es-  
39 tablishing, continuing and increasing financial aid.

40 (3) Administer any form of financial aid submitted to and accepted for administration by the  
41 commission.

42 (4) Authorize payment from funds appropriated therefor, of costs, commissions, attorney fees and  
43 other reasonable expenses, including refund of overpayment of fees, which are related to and nec-  
44 essary for making and protecting guaranteed loans and recovering moneys and loans and manage-  
45 ment of property acquired in connection with such loans.

1 (5) Sue and be sued.

2 (6) Pursuant to ORS chapter 183, adopt such rules as may be necessary to carry out the pro-  
 3 visions of ORS 348.040 to 348.280, 348.393 to 348.399, 348.505 to 348.695 and 348.992.

4 (7) Cooperatively coordinate all types of financial aid activities.

5 (8) Establish a State of Oregon scholar program to recognize students with outstanding aca-  
 6 demic achievement and other demonstrated attributes. The students will not necessarily receive fi-  
 7 nancial aid.

8 (9) Guarantee loans by eligible lending institutions to student residents of the State of Oregon  
 9 who are enrolled or accepted for enrollment at any eligible institution, nonresident students enrolled  
 10 or accepted for enrollment in an institution of higher education or community college in Oregon,  
 11 and parents of those students, under the provisions of the Higher Education Act of 1965 as amended.

12 (10) Deny financial aid to any student owing a refund or in default on financial aid previously  
 13 made available to that student.

14 (11) Establish and implement any program permitted under federal law to guaranty agencies,  
 15 including administrative garnishment and wage withholding under Public Law 102-164, section 605.

16 **SECTION 52.** ORS 348.540 is amended to read:

17 348.540. (1) The Oregon Student [*Assistance*] **Scholarship** Commission shall select one of its  
 18 members as chairperson, and another as vice chairperson, for such terms and with such powers and  
 19 duties necessary for the performance of the functions of such offices as the commission shall deter-  
 20 mine.

21 (2) A majority of the commission constitutes a quorum for the transaction of business.

22 (3) The commission shall meet at the call of the chairperson or of a majority of the members  
 23 of the commission.

24 **SECTION 53.** ORS 348.550 is amended to read:

25 348.550. A member of the Oregon Student [*Assistance*] **Scholarship** Commission is entitled to  
 26 compensation and expenses as provided in ORS 292.495.

27 **SECTION 54.** ORS 348.560 is amended to read:

28 348.560. Subject to any applicable provisions of the State Personnel Relations Law, the Oregon  
 29 Student [*Assistance*] **Scholarship** Commission may employ and fix the compensation of any employ-  
 30 ees it deems necessary for the effective conduct of the work under its charge. The commission may  
 31 also arrange with the Oregon University System for use of staff and office space under the juris-  
 32 diction of the Oregon University System.

33 **SECTION 55.** ORS 348.575 is amended to read:

34 348.575. The amount of any loan payments that are paid after the Oregon Student [*Assistance*]  
 35 **Scholarship** Commission has disbursed funds from any guaranty funds under its jurisdiction to re-  
 36 imburse a lending institution which the lendee has failed to repay on time shall be credited to the  
 37 guaranty funds or the Student Loan Guarantee Fund, from which the reimbursement was made.

38 **SECTION 56.** ORS 348.580 is amended to read:

39 348.580. (1) Subject to the terms of the governing instruments and applicable law, the Oregon  
 40 Student [*Assistance*] **Scholarship** Commission may enter into agreements with one or more commu-  
 41 nity foundations in Oregon to assume the management of the privately funded student aid programs  
 42 of the commission. The commission may transfer to the community foundation any or all gifts or  
 43 scholarship grants received by the commission from any private donor.

44 (2) All gifts or scholarship grant funds received by the commission that are not transferred to  
 45 community foundations pursuant to subsection (1) of this section shall be placed in the hands of the

1 State Treasurer, who is designated as the custodian thereof and who may hold, in the manner pro-  
 2 vided by law, the principal and interest on the gifts and grants. Funds may be withdrawn period-  
 3 ically by the commission to provide for administrative expenditures and make payments upon  
 4 scholarships awarded by the commission.

5 (3) As used in this section, “community foundation” means an organization that is:

6 (a) A community trust or foundation within the meaning of section 170 of the Internal Revenue  
 7 Code of 1986 and section 1.170A-9(e)(10) of the Treasury Regulations thereunder;

8 (b) Exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986;  
 9 and

10 (c) Not a private foundation within the meaning of section 509 of the Internal Revenue Code of  
 11 1986.

12 **SECTION 57.** ORS 348.590 is amended to read:

13 348.590. All funds for and relating to student aid programs received by the Oregon Student  
 14 [Assistance] **Scholarship** Commission pursuant to federal grant or from any other source, except  
 15 moneys appropriated from the State Treasury for a specified period of time, hereby are continuously  
 16 appropriated to the commission for the purposes for which such funds were provided and received  
 17 by the commission.

18 **SECTION 58.** ORS 348.592 is amended to read:

19 348.592. (1) The Oregon Student [Assistance] **Scholarship** Commission may obtain loan cancel-  
 20 lation insurance for any person holding a loan under this section and ORS 348.505 to 348.530 and  
 21 348.570.

22 (2) Such insurance shall insure the life of the student who borrows under this section and ORS  
 23 348.505 to 348.530 and 348.570 for the amount of the principal and interest due on the loan and the  
 24 State of Oregon shall be named as the beneficiary. If the borrower dies before repaying the loan, the  
 25 insurance shall be used to pay the balance of the loan and the commission shall issue a satisfaction  
 26 of the obligation.

27 (3) The Oregon Department of Administrative Services shall procure bids for the purchasing of  
 28 insurance in compliance with the laws governing the purchase and furnishing of services to state  
 29 agencies.

30 **SECTION 59.** ORS 348.594 is amended to read:

31 348.594. As used in ORS 348.594 to 348.615:

32 (1) “School” includes a person, organization, school or institution of learning that confers or  
 33 offers to confer an academic degree upon a person or to provide academic credit applicable to a  
 34 degree.

35 (2) “School” does not include:

36 (a) An Oregon community college;

37 (b) A state institution of higher education within the Oregon University System;

38 (c) The Oregon Health and Science University; or

39 (d) A school that meets the criteria and procedures to obtain a religious exemption adopted by  
 40 rule by the Oregon Student [Assistance] **Scholarship** Commission and offers only degrees with ap-  
 41 proved titles in theology or religious occupations.

42 **SECTION 60.** ORS 348.599 is amended to read:

43 348.599. The Office of Degree Authorization is created within the Oregon Student [Assistance]  
 44 **Scholarship** Commission. The commission shall appoint an administrator of the office.

45 **SECTION 61.** ORS 348.601 is amended to read:



1 348.601. The Office of Degree Authorization Account is established separate and distinct from  
2 the General Fund. All moneys received by the office, other than appropriations from the General  
3 Fund, shall be deposited into the account and are continuously appropriated to the Oregon Student  
4 [Assistance] **Scholarship** Commission to carry out the duties, functions and powers of the office.

5 **SECTION 62.** ORS 348.603 is amended to read:

6 348.603. (1) The Oregon Student [Assistance] **Scholarship** Commission, through the Office of  
7 Degree Authorization, shall:

8 (a) Authorize approved schools to offer academic degree programs;

9 (b) Authorize approved degree-granting schools to offer nondegree programs leading to a certifi-  
10 cate or diploma;

11 (c) Validate claims of degree possession;

12 (d) Terminate substandard or fraudulent degree activities; and

13 (e) Review proposed new publicly funded post-secondary programs and locations.

14 (2)(a) Following review of a proposed new publicly funded post-secondary program or location,  
15 the commission shall recommend resolution to the appropriate governing boards and mediate be-  
16 tween the boards to seek a negotiated resolution if:

17 (A) There is a detrimental duplication of programs; or

18 (B) The program or location would have a significantly adverse impact on one or more other  
19 segments of education.

20 (b) If the boards do not resolve the issue raised under paragraph (a) of this subsection within  
21 90 days of the date when the issue was recommended to the boards for mediation, the commission  
22 shall have final authority for approval or disapproval of the program or location. If the boards do  
23 not resolve the issue, the commission shall approve or disapprove the program or location within  
24 180 days of the date when the review began.

25 (c) If the boards do not resolve the issue, the commission shall approve the program or location  
26 if the commission finds that the program or location meets an unmet workforce need in the state.

27 (d) The commission shall establish by rule a fair and neutral decision-making process in con-  
28 sultation with representatives designated by the State Board of Education, the State Board of  
29 Higher Education, associations representing Oregon independent colleges, associations representing  
30 Oregon career colleges, and the governing boards of otherwise unrepresented post-secondary  
31 schools.

32 (3) The commission, by rule, may impose a fee on any school or person requesting information  
33 from the commission. The amount of the fee shall be established to recover designated expenses in-  
34 curred by the commission in carrying out the administration of ORS 348.594 to 348.615. Any fees  
35 collected under this subsection shall be deposited in the Office of Degree Authorization Account  
36 established under ORS 348.601.

37 **SECTION 63.** ORS 348.606 is amended to read:

38 348.606. (1) A school may not confer or offer to confer any academic degree upon a person, or  
39 provide services purporting to lead to a degree in whole or in part, without first obtaining approval  
40 from the Oregon Student [Assistance] **Scholarship** Commission through the Office of Degree Au-  
41 thorization. The commission shall adopt by rule standards and procedures for the approval of  
42 schools.

43 (2) The commission shall substitute the standards adopted under subsection (1) of this section  
44 with private accreditation standards for a school that has conferred degrees under the same control  
45 for five years in Oregon from at least one operationally separate unit accredited as a separate in-

1 stitution by a regional accrediting association or its national successor, provided the school submits  
 2 for arbitration by the commission any unresolved dispute in which a person alleges detrimental vi-  
 3 olation of a standard guaranteed by the accrediting association but which the association has de-  
 4 clined to arbitrate.

5 (3) The commission, by rule, may impose a fee on any school applying for approval to confer or  
 6 offer to confer a degree upon a person or to provide academic credit applicable to a degree. The fee  
 7 is nonrefundable. The amount of the fee shall be established to recover designated expenses incurred  
 8 by the commission in carrying out the administration of ORS 348.594 to 348.615. Any fees collected  
 9 under this subsection shall be deposited in the Office of Degree Authorization Account established  
 10 under ORS 348.601.

11 **SECTION 64.** ORS 348.609 is amended to read:

12 348.609. (1) No person who has been warned by the Oregon Student [*Assistance*] **Scholarship**  
 13 Commission, through the Office of Degree Authorization, to cease and desist shall claim or represent  
 14 that the person possesses any academic degree unless the degree has been awarded to or conferred  
 15 upon the person by a school that:

16 (a) Has accreditation recognized by the United States Department of Education or the foreign  
 17 equivalent of such accreditation;

18 (b) Has been approved by the [*Oregon Student Assistance*] commission through the Office of  
 19 Degree Authorization to offer and confer degrees in Oregon;

20 (c) Is described in ORS 348.594 (2); or

21 (d) Is located in the United States and has been found by the commission to meet standards of  
 22 academic quality comparable to those of an institution located in the United States that has ac-  
 23 creditation, recognized by the United States Department of Education, to offer degrees of the type  
 24 and level claimed by the person.

25 (2) The [*Oregon Student Assistance*] commission shall adopt, by rule, standards and procedures  
 26 for responding to complaints about degree claims and for validation of degree claims. Failure of a  
 27 person to provide documentation of a claimed degree shall be prima facie evidence that the claim  
 28 of such person to such degree is a violation of this section.

29 (3) The [*Oregon Student Assistance*] commission, by rule, may impose a fee on any school or  
 30 person requesting validation of degree claims. The amount of the fee shall be established to recover  
 31 designated expenses incurred by the commission in carrying out the administration of ORS 348.594  
 32 to 348.615. Any fees collected under this subsection shall be deposited in the Office of Degree Au-  
 33 thorization Account established under ORS 348.601.

34 (4)(a) The [*Oregon Student Assistance*] commission, through the Office of Degree Authorization,  
 35 may cause a civil suit to be instituted in the circuit court for legal or equitable remedies, including  
 36 injunctive relief, to ensure compliance with this section. The commission may recover attorney fees  
 37 and court costs for any such action.

38 (b) The commission shall adopt a schedule of civil penalties for violations of this section. A civil  
 39 penalty shall not exceed \$1,000 per violation.

40 (c) In addition to any action or penalty provided by law, any person who violates this section  
 41 shall incur a civil penalty in an amount prescribed by the schedule adopted by the commission. Any  
 42 civil penalty imposed under this subsection shall be imposed in the manner provided in ORS 183.745.  
 43 All penalties recovered under this subsection shall be paid into the State Treasury and credited to  
 44 the General Fund.

45 **SECTION 65.** ORS 348.612 is amended to read:

1 348.612. The Oregon Student [*Assistance*] **Scholarship** Commission may revoke or suspend any  
2 approval given to a school under ORS 348.606 for proper cause after a hearing. Such hearing shall  
3 be held only after the school has been given 20 days' notice in writing of the time and place of such  
4 hearing. Hearings shall be held in accordance with the rules of the commission adopted under ORS  
5 348.530.

6 **SECTION 66.** ORS 348.615 is amended to read:

7 348.615. If the Oregon Student [*Assistance*] **Scholarship** Commission refuses to grant approval  
8 to a school to confer degrees or revokes the approval to confer degrees, the refusal or revocation  
9 shall be subject to the right of review by an action brought in the circuit court of the county in  
10 which the school is located. Such review shall be tried as an action not triable by right to a jury.

11 **SECTION 67.** ORS 348.616 is amended to read:

12 348.616. (1) The Oregon Student [*Assistance*] **Scholarship** Commission shall develop and adopt  
13 rules that provide the minimum criteria that an employer must meet in order for the employer's  
14 scholarship program for employees and dependents to be certified as eligible for the employee and  
15 dependent scholarship program tax credit provided under ORS 348.621. The commission shall adopt  
16 rules to determine:

17 (a) The types of educational programs, institutions and expenses related to the programs and  
18 institutions for which scholarships may be offered to employees and dependents, and scholarship  
19 moneys expended on their behalf;

20 (b) The types of employees and dependents to whom scholarships must be offered;

21 (c) The minimum and maximum annual dollar amounts of a scholarship that would be a qualified  
22 scholarship under ORS 315.237;

23 (d) The minimum annual number of hours of instruction that a scholarship beneficiary must  
24 commit to in order to be eligible for a scholarship; and

25 (e) Such other requirements as the commission may provide.

26 (2) An employer must employ at least four full-time equivalent employees but no more than 250  
27 employees in order to be certified as eligible for the employee and dependent scholarship program  
28 tax credit under ORS 348.621.

29 (3) An employer seeking to claim the tax credit provided under ORS 315.237 must apply to the  
30 [*Oregon Student Assistance*] commission for both employee and dependent scholarship program cer-  
31 tification under ORS 348.618 and tax credit certification under ORS 348.621.

32 **SECTION 68.** ORS 348.618 is amended to read:

33 348.618. (1) An application for employee and dependent scholarship program certification shall  
34 be filed by the employer establishing the program. The application shall be filed with the Oregon  
35 Student [*Assistance*] **Scholarship** Commission at least three months prior to the close of the first  
36 tax year for which a tax credit under ORS 315.237 will be claimed.

37 (2) The application shall be filed on a form prescribed by the commission and shall contain the  
38 information required by the commission, including:

39 (a) The date on which the proposed employee and dependent scholarship program will first be  
40 available to the employer's employees and their dependents;

41 (b) The total number of employees of the employer;

42 (c) The total number of employees who will be eligible, or whose dependents will be eligible, to  
43 participate in the program;

44 (d) The criteria to be used by the employer in determining the eligibility of an employee or an  
45 employee's dependent for a scholarship under the program; and

1 (e) The annual limit, if any, on the amount of funds to be used for scholarships under the pro-  
2 gram.

3 (3) The commission shall certify an application that describes an employee and dependent  
4 scholarship program that is in compliance with the rules adopted by the commission under ORS  
5 348.616 (1) and (2), if made by an employer that meets the employment requirements of ORS 348.616  
6 (1) and (2).

7 (4) The commission shall certify or reject an application within 60 days of receipt of the appli-  
8 cation and shall notify the employer of the commission's determination.

9 (5) An employer whose application has been rejected by the commission shall be afforded an  
10 opportunity to amend the application to address the commission's objections to the original appli-  
11 cation.

12 (6) In the case of an employer whose proposed employee and dependent scholarship program has  
13 been certified by the commission, the commission shall send a letter of program certification to the  
14 employer. The letter of program certification shall set forth or incorporate by reference the state-  
15 ments made in the application being certified.

16 (7) A letter of program certification issued under this section shall remain valid until the em-  
17 ployer changes the terms of eligibility for a scholarship under the program, changes the minimum  
18 or maximum amount of a scholarship under the program or ceases to be an employer.

19 **SECTION 69.** ORS 348.621 is amended to read:

20 348.621. (1) An application for tax credit certification shall be filed by an employer that has  
21 obtained program certification under ORS 348.618 or that has applied for program certification and  
22 is awaiting such certification by the Oregon Student [*Assistance*] **Scholarship** Commission.

23 (2) The application for tax credit certification shall be filed by the employer with the commis-  
24 sion. The application shall be filed at the time prescribed by the commission, but no later than Oc-  
25 tober 1 of the calendar year in which begins the tax year for which a credit under ORS 315.237 will  
26 be claimed.

27 (3) The application shall be filed on a form prescribed by the commission and shall contain the  
28 information required by the commission, including the amount of scholarship moneys the employer  
29 has provided or intends to provide to employees or dependents during the calendar year for which  
30 tax credit certification is being sought and the number of employees employed by the employer for  
31 the calendar year.

32 (4) The commission shall consider applications in the chronological order in which the applica-  
33 tions are received and shall approve applications to the extent the amount set forth in the applica-  
34 tion, when added to the total amount already certified by the commission for the calendar year  
35 under this section, does not exceed \$1 million.

36 (5) An employer may not receive tax credit certification:

37 (a) For an amount that is greater than \$1 million;

38 (b) If the employer employs fewer than four full-time equivalent employees for the calendar year;

39 or

40 (c) If the employer employs more than 250 employees for the calendar year.

41 (6) The commission shall send written notice of the amount of the tax credit certification, or  
42 written notice that no amount is being certified, to the employer and to the Department of Revenue  
43 within 60 days of the date an application is filed under this section.

44 (7) The employer shall keep the written certification in the employer's records for at least five  
45 years and shall furnish the certification to the Department of Revenue if requested.

**SECTION 70.** ORS 348.625 is amended to read:

348.625. As used in ORS 348.570 and 348.625 to 348.695:

(1) “Alternative student loan program” means a program established by the Oregon Student [Assistance] **Scholarship** Commission to fund loans to eligible students, or to qualifying parents of eligible students, to help meet expenses of eligible students of attending post-secondary educational institutions; provided, however, that alternative student loan program loans may be made only to students who have applied for student financial aid under Title IV, Part B of the Higher Education Act of 1965, as amended, and have received information on their eligibility for programs under that Act, or the parents of students who have made such application and received such information.

(2) “Eligible student” means a student enrolled in an eligible post-secondary educational institution located in Oregon or a student who is an Oregon resident and who is enrolled in an eligible post-secondary educational institution located outside of Oregon. The commission shall determine, among other things, what constitutes enrollment and which post-secondary educational institutions are eligible institutions under the alternative student loan program.

(3) “Lender” means an insured institution as defined in ORS 706.008 that is authorized to do business in Oregon and [which] **that** has entered into an agreement with the commission to originate, service and administer alternative student loans in the manner authorized by ORS 348.570 and 348.625 to 348.695.

**SECTION 71.** ORS 348.630 is amended to read:

348.630. (1) Loans may be made under the alternative student loan program to an eligible student or to a parent of an eligible student.

(2) Loans made under the alternative student loan program shall not exceed the eligible costs of education as determined by the Oregon Student [Assistance] **Scholarship** Commission, minus other financial aid received, or \$10,000, whichever is less, for any eligible student during a single calendar year. Total loans made for any eligible student under the alternative student loan program shall not exceed \$40,000.

(3) Under the alternative student loan program, borrowers shall undergo a credit check by the lender or by the commission and shall be creditworthy or provide a creditworthy cosigner.

**SECTION 72.** ORS 348.635 is amended to read:

348.635. In consultation with private sector lenders, the Oregon Student [Assistance] **Scholarship** Commission shall establish the terms and conditions, including but not limited to maturities and repayment provisions, of student loans for which the commission shall provide funding. The commission may also set standards of academic achievement which borrowers must maintain to receive loans.

**SECTION 73.** ORS 348.640 is amended to read:

348.640. (1) The Oregon Student [Assistance] **Scholarship** Commission shall provide funding to lenders pursuant to contracts which shall provide, among other things, the terms and conditions under which private sector lenders, using funding made available by the commission, shall originate, service and administer loans pursuant to the alternative student loan program. Lenders shall receive and process loan applications from borrowers, perform credit analysis, approve or deny loan requests, and for loans which are approved, originate, document, administer and service such loans. The commission shall make provision for payment to lenders of the reasonable costs of origination, servicing and administration of loans. Payment may be made directly by borrowers or by the commission, as the commission may determine.

(2) Loans shall be structured in such a manner that anticipated payments of principal and in-

1 terest shall permit timely repayment of the revenue bonds to be issued by the State of Oregon pur-  
 2 suant to ORS 348.570 and 348.625 to 348.695. As a condition of participation in the alternative  
 3 student loan program by private sector lenders, the commission shall procure from each such lender  
 4 a guarantee or letter of credit insuring that the commission shall receive full and timely repayment  
 5 of principal of and interest due on loans originated, serviced and administered by the lender. The  
 6 commission shall provide by contract for payment by the commission or by borrowers, as the com-  
 7 mission may determine, of the reasonable costs of such guarantees or letters of credit. It is the in-  
 8 tention of ORS 348.570 and 348.625 to 348.695 that participating private sector lenders, not the  
 9 commission, shall bear the entire risk of loss, nontimely repayment or nonpayment of alternative  
 10 student loan program loans.

11 **SECTION 74.** ORS 348.645 is amended to read:

12 348.645. (1) In carrying out its duties under ORS 348.570 and 348.625 to 348.695 as to [*insure*]  
 13 **ensure** funding availability, the Oregon Student [*Assistance*] **Scholarship** Commission may do the  
 14 following in the event private lenders withdraw from the program:

15 (a) Act as the lender under the alternative student loan program or loan programs provided for  
 16 by Title IV, Part B, of the Higher Education Act of 1965, as amended.

17 (b) Buy loans made privately under the alternative student loan program or loan programs pro-  
 18 vided for by Title IV, Part B, of the Higher Education Act of 1965, as amended.

19 (c) Contract with lenders or commercial loan servicers to collect loans which either the com-  
 20 mission or the lender initially made.

21 (2) The commission may adopt rules by which to determine the eligibility of lending institutions  
 22 to participate in the program and to fix the eligibility for loans under the program.

23 **SECTION 75.** ORS 348.650 is amended to read:

24 348.650. The Oregon Student [*Assistance*] **Scholarship** Commission shall be entitled to establish  
 25 or receive fees and charges sufficient to recover the ongoing costs of providing funding and admin-  
 26 istering the alternative student loan program.

27 **SECTION 76.** ORS 348.655 is amended to read:

28 348.655. In consultation with the Oregon Student [*Assistance*] **Scholarship** Commission, the  
 29 State Treasurer may issue revenue bonds in an amount not to exceed \$30 million annually, the  
 30 proceeds of which shall be used to provide funding for loans to be made pursuant to the alternative  
 31 student loan program. Interest on the bonds shall be exempt from personal income taxation by the  
 32 State of Oregon.

33 **SECTION 77.** ORS 348.660 is amended to read:

34 348.660. (1) If the State Treasurer, in consultation with the Oregon Student [*Assistance*] **Schol-**  
 35 **arship** Commission, determines that revenue bonds should be issued under ORS 348.570 and 348.625  
 36 to 348.695:

37 (a) The State Treasurer, in consultation with the commission, may authorize and issue in the  
 38 name of the State of Oregon revenue bonds secured by revenues from repayment of loans to finance  
 39 or refinance in whole or part the costs of the loan program. Refunding bonds may be issued to re-  
 40 finance such revenue bonds.

41 (b) The State Treasurer, in consultation with the commission, shall designate the underwriter,  
 42 trustee and bond counsel and enter into appropriate agreements with each to carry out the pro-  
 43 visions of ORS 348.570 and 348.625 to 348.695.

44 (2) Any trustee designated by the State Treasurer, in consultation with the commission, must  
 45 agree to furnish financial statements and audit reports for each bond issue.

1 (3) In determining whether to issue revenue bonds under ORS 348.570 and 348.625 to 348.695, the  
 2 State Treasurer, in consultation with the commission, shall consider:

3 (a) The bond market for the types of bonds proposed for issuance.

4 (b) The terms and conditions of the proposed issue.

5 (c) Such other relevant factors as the State Treasurer, in consultation with the commission,  
 6 considers necessary to protect the financial integrity of the state.

7 **SECTION 78.** ORS 348.665 is amended to read:

8 348.665. Bonds authorized under ORS 348.570 and 348.625 to 348.695 shall be issued in accord-  
 9 ance with the provisions of ORS 288.805 to 288.945, and the State Treasurer, in consultation with  
 10 the Oregon Student [Assistance] **Scholarship** Commission, shall have and shall exercise all the  
 11 powers of a public body, including, but not limited to, the power to establish special accounts or  
 12 subaccounts in the Alternative Student Loan Program Fund created by ORS 348.570 and the power  
 13 to pledge the assets or the revenues, or any portion thereof, of the alternative student loan program.

14 **SECTION 79.** ORS 348.670 is amended to read:

15 348.670. The administrative expenses of the State Treasurer and the Oregon Student  
 16 [Assistance] **Scholarship** Commission shall be charged against bond proceeds or repayment reven-  
 17 ues.

18 **SECTION 80.** ORS 348.675 is amended to read:

19 348.675. The State Treasurer, in consultation with the Oregon Student [Assistance] **Scholarship**  
 20 Commission, shall have the power, whenever refunding is considered expedient, to refund any bonds  
 21 by the issuance of new bonds, whether the bonds to be refunded have or have not matured. The  
 22 refunding bonds may be exchanged for bonds to be refunded and the proceeds applied to the pur-  
 23 chase, redemption or payment of such bonds.

24 **SECTION 81.** ORS 348.685 is amended to read:

25 348.685. The official action authorizing the issuance of bonds under ORS 348.570 and 348.625 to  
 26 348.695 may contain covenants, notwithstanding that such covenants may limit the exercises of  
 27 powers conferred by ORS 348.570 and 348.625 to 348.695 in the following respects and in such other  
 28 respects as the state, acting through the State Treasurer, in consultation with the Oregon Student  
 29 [Assistance] **Scholarship** Commission, or the designee thereof may decide:

30 (1) The use and disposition of the revenues from repayment;

31 (2) The creation and maintenance of special accounts or subaccounts in the Alternative Student  
 32 Loan Program Fund created by ORS 348.570 and the regulation, use and disposition thereof;

33 (3) The purpose or purposes to which the proceeds of sale of bonds may be applied and the use  
 34 and disposition of such proceeds;

35 (4) The events of default and the rights and liabilities arising thereon and the terms and condi-  
 36 tions upon which the holders of any bonds may bring any suit or action on such bonds or on any  
 37 coupons appurtenant thereto;

38 (5) The issuance of other or additional bonds or instruments payable from or constituting a  
 39 charge against the revenues from repayment;

40 (6) The keeping of books of account and the inspection and audit thereof;

41 (7) The terms and conditions upon which any or all of the bonds shall become or may be de-  
 42 clared due before maturity and the terms and conditions upon which such declaration and its con-  
 43 sequences may be waived;

44 (8) The rights, liabilities, powers and duties arising upon the breach of any covenants, conditions  
 45 or obligations;

1 (9) The appointing of and vesting in a trustee or trustees of the right to hold or dispose of any  
 2 funds, accounts, revenues or assets of the alternative student loan program, to receive or assign any  
 3 pledge thereof or to enforce any covenants made to secure or to pay the bonds, the powers and  
 4 duties of such trustee or trustees, and the limitation of the liabilities of the trustee or trustees;

5 (10) The terms and conditions upon which the holder or holders of the bonds, or the holders of  
 6 any proportion or percentage of them, may enforce any covenants made under ORS 348.570 and  
 7 348.625 to 348.695; and

8 (11) A procedure by which the terms of any official action authorizing bonds or of any other  
 9 contract with bondholders, including but not limited to an indenture of trust or similar instrument,  
 10 may be amended or abrogated, and the amount of bonds the holders of which may consent thereto,  
 11 and the manner in which such consent may be given.

12 **SECTION 82.** ORS 348.690 is amended to read:

13 348.690. (1) Revenue bonds issued under ORS 348.570 and 348.625 to 348.695:

14 (a) Shall not be payable from nor charged upon any funds other than the revenue pledged to the  
 15 payment thereof, except as provided in this section, nor shall the state be subject to any liability  
 16 thereon. No holder or holders of such bonds shall ever have the right to compel any exercise of the  
 17 taxing power of the state to pay any such bonds or the interest thereon, nor to enforce payment  
 18 thereof against any property of the state.

19 (b) Shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of  
 20 the state other than the Alternative Student Loan Program Fund created by ORS 348.570, any ac-  
 21 count or subaccount thereof or student loans, if any, owned or acquired by the Oregon Student  
 22 [Assistance] **Scholarship** Commission pursuant to the alternative student loan program.

23 (2) Each bond issued under ORS 348.570 and 348.625 to 348.695 shall recite in substance that the  
 24 bond, including interest thereon, is payable solely from the revenue pledged to the payment thereof.  
 25 No such bond shall constitute a debt of the state or a lending of the credit of the state within the  
 26 meaning of any constitutional or statutory limitation. However, nothing in ORS 348.570 and 348.625  
 27 to 348.695 is intended to impair the rights of holders of bonds to enforce covenants made for the  
 28 security thereof as provided in ORS 348.685.

29 **SECTION 83.** ORS 348.696 is amended to read:

30 348.696. Pursuant to section 4 (4)(d), Article XV of the Oregon Constitution, the Education Sta-  
 31 bility Fund is established separate and distinct from the General Fund. Except for earnings on  
 32 moneys in the school capital matching subaccount, moneys in the fund shall be invested as provided  
 33 in ORS 293.701 to 293.790. All declared earnings on moneys in the fund shall be transferred and  
 34 appropriated continuously as follows:

35 (1) All declared earnings from the Oregon Growth Account to the Higher Education Technology  
 36 Transfer Fund established in ORS 351.691;

37 (2) All declared earnings from the Higher Education Technology Transfer Account to the De-  
 38 partment of Higher Education;

39 (3) 75 percent of all declared earnings not described in subsection (1) or (2) of this section to  
 40 the Oregon Education Fund established by ORS 348.716; and

41 (4) 25 percent of all declared earnings not described in subsection (1) or (2) of this section to  
 42 the Oregon Student [Assistance] **Scholarship** Commission for the Oregon Opportunity Grant pro-  
 43 gram under ORS 348.260.

44 **SECTION 84.** ORS 348.696, as amended by section 28, chapter 922, Oregon Laws 2001, and  
 45 section 3, chapter 6, Oregon Laws 2002 (third special session), is amended to read:



1 348.696. Pursuant to section 4 (4)(d), Article XV of the Oregon Constitution, the Education Sta-  
2 bility Fund is established separate and distinct from the General Fund. Except for earnings on  
3 moneys in the school capital matching subaccount, moneys in the fund shall be invested as provided  
4 in ORS 293.701 to 293.790. All declared earnings on moneys in the fund shall be transferred and  
5 appropriated continuously as follows:

6 (1) All declared earnings from the Oregon Growth Account to the Higher Education Technology  
7 Transfer Fund established in ORS 351.691;

8 (2) 75 percent of all declared earnings not described in subsection (1) of this section to the  
9 Oregon Education Fund established in ORS 348.716; and

10 (3) 25 percent of all declared earnings not described in subsection (1) of this section to the  
11 Oregon Student [Assistance] **Scholarship** Commission for the Oregon Opportunity Grant program  
12 under ORS 348.260.

13 **SECTION 85.** ORS 351.203 is amended to read:

14 351.203. (1) The State Board of Higher Education shall cooperate with the Education and  
15 Workforce Policy Advisor in the development of a state comprehensive education plan including  
16 post-secondary education and in review of the board's programs and budget. The board shall submit  
17 in timely fashion to the advisor such data as is appropriate in a form prescribed by the advisor.

18 (2) The board shall cooperate with the mediation process administered by the Oregon Student  
19 [Assistance] **Scholarship** Commission pursuant to ORS 348.603 and, if a negotiated resolution cannot  
20 be reached by mediation, comply with the decisions of the commission regarding proposed new  
21 post-secondary programs and proposed new post-secondary locations, including those proposed by  
22 Oregon Health and Science University in cooperation with the board under ORS 353.440.

23 **SECTION 86.** ORS 352.720 is amended to read:

24 352.720. As used in ORS 352.710 to 352.760, unless the context requires otherwise:

25 [(1) "Commission" means the Oregon Student Assistance Commission.]

26 [(2)] (1) "Private and independent institutions of higher education" or "institution" means any  
27 nonpublic and nonprofit college or university in the State of Oregon accredited by the Northwest  
28 Association of Schools and Colleges and any chiropractic college located in this state and accredited  
29 by the Commission on Accreditation of the Council on Chiropractic Education, or its successor.

30 [(3)] (2) "Nonsectarian educational services" means the providing of instruction in secular sub-  
31 jects.

32 [(4)] (3) "Secular subjects" means any course which is presented in the curriculum of a private  
33 and independent institution of higher education which is not hobby or recreational in nature or  
34 which does not advocate the religious teachings or the morals or forms of worship of any sect.

35 **SECTION 87.** ORS 352.730 is amended to read:

36 352.730. (1) The Oregon Student [Assistance] **Scholarship** Commission may enter into contracts  
37 with private and independent institutions of higher education for the performance of nonsectarian  
38 educational services to assist the state in providing educational opportunities for Oregon students.

39 (2) The commission may accept grants, gifts, bequests, and devises of real and personal property  
40 to carry out the purposes of ORS 352.710 to 352.760.

41 (3) No funds disbursed pursuant to ORS 352.710 to 352.760 shall be used by any recipient for any  
42 religious purpose.

43 **SECTION 88.** ORS 352.740 is amended to read:

44 352.740. Payments to private and independent institutions of higher education under contracts  
45 entered into under ORS 352.730 shall be determined by the Oregon Student [Assistance] **Scholarship**

1 Commission on a uniform rate for every 45 quarter hours, or equivalent, of approved and registered  
 2 course work in nonsectarian subjects completed by undergraduate students enrolled in the insti-  
 3 tutions who are residents of Oregon, and shall not exceed the actual cost to the institution of pro-  
 4 viding such educational services. This uniform rate shall apply to the estimated 45-hour units for  
 5 each institution upon which the legislative appropriation is based for that year, or the actual  
 6 45-hour units for each institution, whichever is the lesser. Any remaining funds shall be distributed  
 7 among those institutions whose actual 45-hour units exceed the estimate. The distribution to each  
 8 institution shall be according to the uniform rate established for the 45-hour units or an amount  
 9 equal to the ratio that the excess units bear to 45. However, if insufficient funds are available for  
 10 such a distribution, then the distribution shall be according to the ratio that the total number of  
 11 45-hour units in excess of the estimate bears to the total amount of funds remaining undistributed,  
 12 multiplied by the number of excess 45-hour units, if any, at each institution.

13 **SECTION 89.** ORS 352.750 is amended to read:

14 352.750. In accordance with any applicable provisions of ORS chapter 183, the Oregon Student  
 15 [Assistance] **Scholarship** Commission may make such reasonable rules and regulations as are nec-  
 16 essary or proper to carry out ORS 352.710 to 352.760.

17 **SECTION 90.** ORS 399.245 is amended to read:

18 399.245. As used in ORS 399.245 to 399.265:

19 [(1) “Commission” means the Oregon Student Assistance Commission.]

20 [(2)] (1) “Qualified applicant” means an Oregon resident who:

21 (a) Is a member of the Oregon National Guard;

22 (b) Maintains minimum academic standards at the qualified institution of higher education;

23 (c) Meets participation standards in the Oregon National Guard as prescribed by the Oregon  
 24 Military Department;

25 (d) Is a full-time student; and

26 (e) Serves one year in the Oregon National Guard for each year a scholarship is granted.

27 [(3)] (2) “Qualified institution of higher education” means any two-year or four-year, nonprofit,  
 28 generally accredited institution of higher education located in this state, including community col-  
 29 leges and accredited schools of nursing located in this state.

30 [(4)] (3) “Scholarship” means a scholarship equal in value to \$800 to be used to pay the educa-  
 31 tional expenses of the applicant at a qualified institution of higher education during the period for  
 32 which the scholarship is granted, of which no more than 100 scholarships shall be awarded annually.

33 **SECTION 91.** ORS 399.255 is amended to read:

34 399.255. (1) Subject to the availability of funds, the Oregon Military Department shall contract  
 35 with the Oregon Student [Assistance] **Scholarship** Commission to disburse to qualified applicants,  
 36 awards made to the applicants on behalf of the Oregon National Guard Scholarship Program as de-  
 37 termined by the Oregon Military Department.

38 (2) If the qualified applicant who receives a scholarship under ORS 399.245 to 399.265 meets the  
 39 standards of the Oregon Military Department for renewal of the scholarship, the scholarship may  
 40 be renewed upon application until the applicant has received a scholarship for a total of four  
 41 undergraduate years.

42 (3) A qualified applicant who receives a scholarship under ORS 399.245 to 399.265 must attend  
 43 the qualified institution of higher education upon which the scholarship application was based unless  
 44 the commission authorizes the scholarship to be used at a different institution.

45 (4) No scholarship shall be made to any student enrolled in a course of study required for or

1 leading to a degree in theology, divinity or religious education.

2 **SECTION 92.** ORS 399.265 is amended to read:

3 399.265. A qualified applicant may be awarded a scholarship under ORS 399.245 to 399.265 before  
4 completing the national guard service requirement. However, if an applicant fails to fulfill the ser-  
5 vice requirement, the applicant shall pay to the Oregon Student [Assistance] **Scholarship** Commis-  
6 sion the amount of the scholarship received plus interest for each year for which a scholarship was  
7 awarded but for which the service requirement was not met.

8 **SECTION 93.** ORS 399.275 is amended to read:

9 399.275. (1) Subject to the availability of funds, the Oregon Military Department may contract  
10 with the Oregon Student [Assistance] **Scholarship** Commission to:

11 (a) Disburse to eligible post-secondary institutions, as defined in ORS 348.180, the dollar amount  
12 of tuition waivers authorized by this section and approved for payment by the department; and

13 (b) Provide to the department a compilation of the total dollar amount of the tuition waivers  
14 approved for each academic term included in the contract.

15 (2) The department shall regularly provide to the commission the names of members of the  
16 Oregon National Guard for whom tuition waivers may be approved.

17 (3) Any member of the Oregon National Guard who registers for classes at an eligible post-  
18 secondary institution may receive a tuition waiver of up to 90 percent of the resident tuition charges  
19 imposed by that institution, except that in the case of a not-for-profit independent institution, the  
20 tuition waiver may not exceed 90 percent of the resident tuition at Oregon State University. A  
21 member of the Oregon National Guard may receive the tuition waiver authorized by this section at  
22 any time if the member maintains satisfactory performance with the Oregon National Guard and  
23 pursues a course of study in the eligible post-secondary institution in a manner that satisfies the  
24 usual requirements of the institution. The member is responsible for payment of the balance of the  
25 tuition charges not provided for by the tuition waiver program.

26 (4) When determining to whom the tuition waivers shall be granted, priority shall be given to  
27 those members of the Oregon National Guard who have previously received tuition waivers while  
28 serving in the Oregon National Guard. The department shall apply qualifications and limitations to  
29 the tuition waiver program that are consistent with efficient and effective program management as  
30 determined by the Adjutant General.

31 **SECTION 94.** ORS 411.894 is amended to read:

32 411.894. (1) The Oregon JOBS Individual Education Account is established in order to improve  
33 the position of JOBS Plus participants in the workforce by increasing their access to continuing  
34 education. Employer contributions to the account under this section shall be used to pay for edu-  
35 cation expenses for the individual as provided in subsection (2) of this section.

36 (2)(a) After the participant has participated in the JOBS Plus Program for 30 days, the employer  
37 shall pay, in addition to the participant wage, one dollar for each participant hour worked into the  
38 participant's individual education account. Contributions to such an account shall be tax deferred  
39 or tax-exempt to the extent permitted by federal and state law.

40 (b) Any participant for whom an Oregon JOBS Individual Education Account contribution is  
41 made shall be eligible for access to education benefits from that participant's individual education  
42 account for up to five years after the participant has left the JOBS Plus Program and has held a  
43 full-time, unsubsidized job for at least 30 days.

44 (c) When any participant has qualified for use of that participant's individual education account,  
45 an amount equal to that participant's individual education account balance shall be transferred to

1 the Oregon Student [*Assistance*] **Scholarship** Commission for that participant's use. Only one indi-  
2 vidual education account shall be created for any participant. Each account shall be administered  
3 by the [*Oregon Student Assistance*] commission and shall be used for continuing education and  
4 training for the participant and the participant's immediate family.

5 (3) The [*Oregon Student Assistance*] commission may use any interest earned by the account for  
6 payment of expenses incurred by the commission in carrying out its duties under this section.

7 (4) Any unexpended or unobligated moneys remaining in an individual education account five  
8 years after the participant has left the JOBS Plus Program are appropriated and transferred to the  
9 Oregon Opportunity Grant Fund on that date.

10 **SECTION 95.** ORS 418.658 is amended to read:

11 418.658. (1) The program director of the Oregon Youth Conservation Corps shall establish a  
12 separate program known as the Oregon Community Stewardship Corps. In addition to the estab-  
13 lished purposes of the Oregon Youth Conservation Corps, the purpose of the Oregon Community  
14 Stewardship Corps is to promote community service activities throughout the state for a broad cross  
15 section of Oregon disadvantaged and at-risk youth through programs that also include appropriate  
16 educational and job training opportunities for participants.

17 (2) In addition to projects submitted under ORS 418.660 (1), projects of the Oregon Community  
18 Stewardship Corps may include, but shall not be limited to:

- 19 (a) Child care services.
- 20 (b) Elderly and disabled care services.
- 21 (c) Literacy education programs.
- 22 (d) Recycling and other waste reduction services.

23 (3) The Oregon Community Stewardship Corps shall offer employment and educational opportu-  
24 nities of at least three but not more than 12 months' duration for selected participants.

25 (4) Under rules adopted by the State Board of Education, participants who successfully complete  
26 any 12-month program under this section shall be eligible for \$1,500 in tuition vouchers that can be  
27 used at any career school or post-secondary educational institution that is qualified to receive as-  
28 sistance through the Oregon Student [*Assistance*] **Scholarship** Commission.

29 (5) All Oregonians who are at least 13 years of age and under 25 years of age are eligible to  
30 participate in the program. To ensure that Oregon Community Stewardship Corps participants rep-  
31 resent a broad cross section of Oregonians, special emphasis shall be given to recruiting school  
32 dropouts and other disadvantaged and at-risk youth, according to criteria established by the Oregon  
33 Youth Conservation Corps Advisory Committee.

34 (6) To the extent practicable, the program director shall enlist state and federal agencies, local  
35 government, nonprofit organizations and private businesses, and any combination of such entities,  
36 to act as sponsors for programs administered under this section. Selection of sponsors shall be based  
37 on criteria that include the following:

38 (a) The availability of other resources on a matching basis, including contributions from private  
39 sources, other federal, state and local agencies, and moneys available through the federal Workforce  
40 Investment Act of 1998 (29 U.S.C. 2801 et seq.);

41 (b) The provision of related educational and job training programs to participants, including but  
42 not limited to school and college coursework, General Educational Development (GED) tests equiv-  
43 alency training, project-related education and professional training;

44 (c) Assurances that proposed projects will not displace existing employees or duplicate existing  
45 private or government programs; and

1 (d) Assurances that proposed projects are devoted to the enhancement of the community and are  
 2 not based in maintenance activities and that these projects meet an identified need.

3 (7) In consultation with the advisory committee and the Commissioner for Community College  
 4 Services, the program director shall make grants for programs administered under this section.

5 **SECTION 96.** ORS 442.535 is amended to read:

6 442.535. As used in ORS 442.540 and 442.545:

7 (1) "Commission" means the Oregon Student [*Assistance*] **Scholarship** Commission.

8 (2) "Nurse" means any person who is licensed under ORS 678.010 to 678.410 as a registered  
 9 nurse.

10 (3) "Nursing critical shortage area" means a locality or practice specialty identified as such by  
 11 the Oregon State Board of Nursing, in consultation with the Office of Rural Health, under ORS  
 12 442.540.

13 (4) "Qualifying loan" means any loan made to a nursing student under:

14 (a) Programs under Title IV, parts B, D and E, of the Higher Education Act of 1965, as amended;

15 or

16 (b) The Nursing Student Loan and Health Education Assistance Loan programs administered by  
 17 the United States Department of Health and Human Services.

18 **SECTION 97.** ORS 442.540 is amended to read:

19 442.540. (1) There is created the Nursing Services Program, to be administered by the Oregon  
 20 Student [*Assistance*] **Scholarship** Commission pursuant to rules adopted by the commission. The  
 21 purpose of the program is to provide loan repayments on behalf of nurses who agree to practice in  
 22 nursing critical shortage areas.

23 (2) To be eligible to participate in the program, a nurse or prospective nurse shall submit a  
 24 letter of interest to the commission. Applicants who are selected for participation according to cri-  
 25 teria adopted by the commission under subsection (3) of this section shall sign a letter of agreement  
 26 stipulating that the applicant agrees to abide by the terms of the program described in ORS 442.545.

27 (3) The commission shall by rule adopt, in consultation with the Oregon State Board of Nursing  
 28 and the Office of Rural Health, criteria for participation in the program.

29 (4) The Oregon State Board of Nursing by rule shall annually identify, in consultation with the  
 30 Office of Rural Health, those areas that are considered nursing critical shortage areas.

31 (5) Amounts paid to the commission as penalties under ORS 442.545 shall be credited and de-  
 32 posited in the Nursing Services Account created under ORS 348.570. The commission, in consulta-  
 33 tion with the Oregon State Board of Nursing, by rule shall allow waiver of all or part of any fees  
 34 or penalties owed to the commission due to circumstances that prevent a nurse from fulfilling a  
 35 service obligation under ORS 442.545.

36 **SECTION 98.** ORS 442.545 is amended to read:

37 442.545. (1) A nurse or prospective nurse applicant who is a graduate of an accredited nursing  
 38 program with a baccalaureate or associate degree and who wishes to participate in the Nursing  
 39 Services Program established under ORS 442.540 shall agree that:

40 (a) For each year of nursing school, the applicant designates an agreed amount, not to exceed  
 41 \$8,800 or the amount determined under subsection (2) of this section, as a qualifying loan for the  
 42 program.

43 (b) In the four years following the execution of a Nursing Services Program agreement with the  
 44 Oregon Student [*Assistance*] **Scholarship** Commission, a nurse agrees to practice for at least two  
 45 full years in a nursing critical shortage area in Oregon.

1 (c) For not less than two nor more than four years that the nurse practices in a nursing critical  
2 shortage area, the commission shall annually pay:

3 (A) For full-time practice, an amount equal to 25 percent of the total of all qualifying loans made  
4 to the nurse.

5 (B) For half-time practice, an amount equal to 12.5 percent of the total of all qualifying loans  
6 made to the nurse.

7 (d) If the nurse does not complete the full service obligation set forth in paragraphs (b) and (c)  
8 of this subsection, the commission shall collect 100 percent of any payments made by the commission  
9 to the nurse under the Nursing Services Program. In addition, the commission shall assess against  
10 the nurse a penalty equal to 50 percent of the qualifying loans and interest paid by the commission.

11 (2)(a) On July 1 of each year, beginning in 2002 and ending in 2007, the [*Oregon Student As-*  
12 *istance*] commission shall adjust the maximum dollar amount allowed under subsection (1)(a) of this  
13 section as a qualifying loan by multiplying the amount by a cost-of-living adjustment as specified in  
14 this subsection.

15 (b) The cost-of-living adjustment applied on July 1 each year by the commission shall be equal  
16 to the ratio of the seasonally adjusted United States City Average Consumer Price Index for All  
17 Urban Consumers as published by the Bureau of Labor Statistics of the United States Department  
18 of Labor for April of the calendar year divided by the value of the same index for April 2001.

19 (c) Beginning on July 1, 2008, the commission shall use the cost-of-living adjustment calculated  
20 for July 1, 2007.

21 (d) If the value of the dollar amount determined under paragraph (a) of this subsection is not a  
22 multiple of \$100, the commission shall round the dollar amount to the next lower multiple of \$100.

23 **SECTION 99.** ORS 442.550 is amended to read:

24 442.550. As used in ORS 442.550 to 442.570:

25 [(1) "*Commission*" means the *Oregon Student Assistance Commission*.]

26 [(2)] (1) "Nurse practitioner" means any person who is licensed under ORS 678.375.

27 [(3)] (2) "Physician" means any person licensed to practice medicine under ORS chapter 677.

28 [(4)] (3) "Physician assistant" means any such person licensed under ORS 677.495 and 677.505  
29 to 677.525.

30 [(5)] (4) "Qualifying loan" means any loan made to a medical student, physician assistant student  
31 or nursing student under:

32 (a) Common School Fund loan program under ORS 348.040 to 348.090;

33 (b) Programs under Title IV parts B, D and E, of the Higher Education Act of 1965, as amended;  
34 and

35 (c) The Health Professions Student Loan, Nursing Student Loan, Health Education Assistance  
36 Loan and Primary Care Loan programs administered by the United States Department of Health and  
37 Human Services.

38 **SECTION 100.** ORS 442.555 is amended to read:

39 442.555. (1) There is created the Rural Health Services Program, to be administered by the  
40 Oregon Student [*Assistance*] **Scholarship** Commission, pursuant to rules adopted by the commission.  
41 The purpose of the program is to provide loan repayments on behalf of physicians, physician as-  
42 sistants and nurse practitioners who agree to practice in a medically underserved rural community  
43 in Oregon as determined in subsection (4) of this section.

44 (2) To be eligible to participate in the program, a prospective physician, physician assistant or  
45 nurse practitioner shall submit a letter of interest to the commission. Applicants who are selected

1 for participation according to criteria adopted by the commission in consultation with the Office of  
2 Rural Health shall sign a letter of agreement stipulating that the applicant agrees to abide by the  
3 terms stated in ORS 442.560.

4 (3) Subject to available resources, the commission may enter into agreements with not to exceed  
5 10 prospective physicians, 10 prospective physician assistants and 10 prospective nurse practitioners  
6 each year.

7 (4) The Office of Rural Health shall adopt criteria to be applied to determine medically under-  
8 served communities for purposes of ORS 316.143, 316.144, 316.146, 353.450, 442.470, 442.503, 442.550  
9 to 442.570 and for the purposes of compliance with federal Public Law 95-210, establishing rural  
10 health clinics.

11 **SECTION 101.** ORS 442.560 is amended to read:

12 442.560. Prospective physicians, physician assistants and nurse practitioners who wish to par-  
13 ticipate in the Rural Health Services Program shall agree that:

14 (1) For each year of medical, physician assistant or graduate school, the applicant designates  
15 an agreed amount, not to exceed \$25,000, as a qualifying loan subject to ORS 316.143, 316.144,  
16 316.146, 353.450, 442.470, 442.503 and 442.550 to 442.570.

17 (2) In the five years following the completion of all residency requirements or the five years  
18 following the execution of a Rural Health Services agreement with the **Oregon Student Scholar-**  
19 **ship** Commission, whichever comes later, a physician agrees to practice for at least three full years  
20 in a medically underserved rural community in Oregon.

21 (3) For not less than three nor more than five years that a physician serves in a medically  
22 underserved rural area, the [*Oregon Student Assistance*] commission shall annually pay an amount  
23 equal to 20 percent of the total of all qualifying loans made to the physician through the programs  
24 described in ORS 442.550.

25 (4) In the four years following the completion of physician assistant or graduate school or the  
26 four years following the execution of a Rural Health Services agreement with the commission,  
27 whichever comes later, a physician assistant or nurse practitioner agrees to practice for at least two  
28 years in a medically underserved rural community in Oregon.

29 (5) For not less than two nor more than four years that a physician assistant or nurse practi-  
30 tioner practices in a medically underserved rural area, the commission shall annually pay an amount  
31 equal to 25 percent of the total of all qualifying loans made to the physician assistant or nurse  
32 practitioner through the programs described in ORS 442.550.

33 (6) If the participant does not complete the full service obligation set forth in subsection (2) or  
34 (4) of this section, the commission shall collect 100 percent of any payments made by the commission  
35 to the participant under this program. In addition, a penalty equal to 50 percent of the qualifying  
36 loans and interest paid by the commission shall be assessed by the commission, to be credited to and  
37 deposited in the Rural Health Services Fund established under ORS 442.570.

38 (7) The [*Oregon Student Assistance*] commission, in consultation with the Office of Rural Health,  
39 shall establish rules to allow waiver of all or part of the fees and penalties owed to the commission  
40 due to circumstances that prevent the participant from fulfilling the service obligation.

41 **SECTION 102.** ORS 442.570 is amended to read:

42 442.570. (1) There is established in the State Treasury a fund, separate and distinct from the  
43 General Fund, to be known as the Rural Health Services Fund, for investments as provided by ORS  
44 293.701 to 293.820, for the payment of expenses of the Oregon Student [*Assistance*] **Scholarship**  
45 Commission in carrying out the purposes of ORS 316.143, 316.144, 316.146, 353.450, 442.470, 442.503

1 and 442.550 to 442.570. Interest earned by the account shall be credited to the account.

2 (2) The Office of Rural Health shall seek matching funds from communities that benefit from  
 3 placement of practitioners under ORS 442.550 to 442.570. The office shall establish a program to  
 4 enroll interested communities in this program and deposit money proceeds from this effort in the  
 5 Rural Health Services Fund. In addition, the office shall explore other funding sources including  
 6 federal grant programs.

7 **SECTION 103.** ORS 461.543 is amended to read:

8 461.543. (1) Except as otherwise specified in subsection (5) of this section, the Sports Lottery  
 9 Account is continuously appropriated to and shall be used by the State Board of Higher Education  
 10 to fund sports programs at state institutions of higher education. Seventy percent of the revenues  
 11 in the fund shall be used to fund nonrevenue producing sports and 30 percent shall be used for re-  
 12 venue producing sports. Of the total amount available in the fund, at least 50 percent shall be made  
 13 available for women’s athletics.

14 (2) The State Board of Higher Education shall allocate moneys in the Sports Lottery Account  
 15 among the institutions of higher education under its jurisdiction giving due consideration to:

16 (a) The athletic conference to which the institution belongs and the relative costs of competing  
 17 in that conference.

18 (b) The level of effort being made by the institution to generate funds and support from private  
 19 sources.

20 (3) As used in subsections (1) to (3) of this section, “revenue producing sport” is a sport that  
 21 produces net revenue over expenditures during a calendar year or if its season extends into two  
 22 calendar years, produces net revenue over expenditures during the season.

23 (4) An amount equal to the net proceeds of games provided for in ORS 461.213 (1) shall be al-  
 24 located from the Administrative Services Economic Development Fund to the Sports Lottery Ac-  
 25 count.

26 (5) The amounts received by the Sports Lottery Account shall be allocated as follows:

27 (a) Eighty-eight percent for the purposes specified in subsections (1) to (3) of this section, but  
 28 not to exceed \$8 million annually, adjusted annually pursuant to the Consumer Price Index, as de-  
 29 fined in ORS 327.006.

30 (b) Twelve percent for the purpose of scholarships, to be distributed equally between scholar-  
 31 ships based on academic merit and scholarships based on need, as determined by rule of the State  
 32 Board of Higher Education, but not to exceed \$1,090,909 annually.

33 (c) All additional money to the Oregon Student [Assistance] **Scholarship** Commission for the  
 34 Oregon Opportunity Grant program under ORS 348.260.

35 **SECTION 104.** ORS 657.665, as amended by section 311, chapter 794, Oregon Laws 2003, is  
 36 amended to read:

37 657.665. (1) Information secured from employing units, employees or other individuals pursuant  
 38 to this chapter:

39 (a) Shall be confidential and for the exclusive use and information of the Director of the Em-  
 40 ployment Department in the discharge of duties and shall not be open to the public (other than to  
 41 public employees in the performance of their public duties under state or federal laws for the pay-  
 42 ment of unemployment insurance benefits and to public employees in the performance of their public  
 43 duties under the recognized compensation and retirement, relief or welfare laws of this state), except  
 44 to the extent necessary for the presentation of a claim and except as required by the regulations  
 45 of the United States Secretary of Health and Human Services pursuant to section 3304(a) of the



1 Federal Unemployment Tax Act, as amended, and except as required by section 303 of the Social  
2 Security Act, as amended.

3 (b) Shall not be used in any court in any action or proceeding pending therein unless the di-  
4 rector or the state is a party to such action or proceedings or the proceedings concern the estab-  
5 lishment, enforcement or modification of a support obligation and support services are being  
6 provided by the Division of Child Support or the district attorney pursuant to ORS 25.080.

7 (2) However, any claimant or legal representative, at a hearing before an administrative law  
8 judge, shall be supplied with information from such records to the extent necessary for the proper  
9 presentation of a claim.

10 (3) Notwithstanding subsection (1) of this section, information secured from employing units  
11 pursuant to this chapter may be released:

12 (a) To agencies of this state, federal agencies and local government agencies to the extent nec-  
13 essary to properly carry out governmental planning, performance measurement, program analysis,  
14 socioeconomic analysis and policy analysis functions performed under applicable law. Information  
15 provided such agencies shall be confidential and shall not be released by such agencies in any  
16 manner that would be identifiable as to individuals, claimants, employees or employing units. Costs  
17 of furnishing information pursuant to this subsection not prepared for the use of the Employment  
18 Department shall be borne by the parties requesting the information; and

19 (b) In accordance with ORS 657.673.

20 (4) Nothing in this section shall prevent the Employment Department from providing names and  
21 addresses of employing units to the Bureau of Labor and Industries for the purpose of disseminating  
22 information to employing units. The names and addresses provided shall be confidential and shall  
23 not be used for any other purposes. Costs of furnishing information pursuant to this subsection not  
24 prepared for the use of the Employment Department shall be borne by the bureau.

25 (5) Nothing in this section shall prevent the Employment Department from providing to the  
26 Commissioner of the Bureau of Labor and Industries, for the purpose of performing duties under  
27 ORS 279C.800 to 279C.870, the names, addresses and industrial codes of employer units, the number  
28 of employees each unit employs during a given time period and the firm number assigned to em-  
29 ployer units by the Employment Department. Information so provided shall be confidential and shall  
30 not be released by the commissioner in any manner that would identify such employing units except  
31 to the extent necessary to carry out the purposes of this subsection and as provided in subsection  
32 (1)(b) of this section. Costs of furnishing information pursuant to this subsection not prepared for the  
33 use of the Employment Department shall be borne by the bureau.

34 (6) Nothing in this section shall prevent the Employment Department from providing information  
35 required under ORS 657.660 (3) and (4) to the Public Employees Retirement System for the purpose  
36 of determining the eligibility of members of the retirement system for disability retirement allow-  
37 ances under ORS chapter 238. The information provided shall be confidential and shall not be used  
38 for any other purposes. Costs of furnishing information pursuant to this subsection shall be borne  
39 by the Public Employees Retirement System.

40 (7) Nothing in this section shall prevent the Employment Department from providing to the  
41 Oregon Economic and Community Development Commission information required by the **Oregon**  
42 **Economic and Community Development** Commission in performing its duty under ORS 285A.050  
43 to verify changes in employment levels following direct employer participation in Economic and  
44 Community Development Department programs or indirect participation through municipalities un-  
45 der ORS 285B.410 to 285B.482 and regional boards and partnerships under ORS 285B.230 to

1 285B.269. Information provided to the **Oregon Economic and Community Development** Commis-  
2 sion may include an employer's employment level, total subject wages payroll and whole hours  
3 worked. The information may not be used for any other purpose and must be held confidential. The  
4 **Oregon Economic and Community Development** Commission may not release the information in  
5 any manner that would identify the employing unit or any employee except to the extent necessary  
6 to carry out its duties under ORS 285A.050. Costs of furnishing information under this subsection  
7 that is not prepared for the use of the Employment Department shall be borne by the **Oregon**  
8 **Economic and Community Development** Commission.

9 (8) Any officer or employee of the Director of the Employment Department, who, except with  
10 authority of the director or pursuant to regulations, or as otherwise required by law, shall disclose  
11 confidential information under this section, thereafter may be disqualified from holding any ap-  
12 pointment or employment by the director.

13 (9) Nothing in this section shall prevent the Employment Department from providing information  
14 to the Department of Revenue for the purpose of performing its duties under ORS 293.250, or the  
15 revenue and tax laws of this state. Information provided may include names and addresses of em-  
16 ployers and employees and payroll data of employers and employees. Information so provided shall  
17 be confidential and shall not be released by the Director of the Department of Revenue in any  
18 manner that would identify such employing unit or employee except to the extent necessary to carry  
19 out its duties under ORS 293.250 or in auditing or reviewing any report or return required or per-  
20 mitted to be filed under the revenue and tax laws administered by the department. However, the  
21 Director of the Department of Revenue shall not disclose any information received to any private  
22 collection agency or for any other purpose. Costs of furnishing information pursuant to this sub-  
23 section not prepared for the use of the Employment Department shall be borne by the Department  
24 of Revenue.

25 (10) Nothing in this section shall prevent the Employment Department from providing informa-  
26 tion to the Department of Consumer and Business Services for the purpose of performing its duties  
27 under ORS chapters 654 and 656. Information provided may include but is not limited to the name,  
28 address, number of employees and industrial classification code of an employer and payroll data of  
29 employers and employees. Information provided shall be confidential and may not be released by the  
30 Department of Consumer and Business Services in any manner that would identify an employing unit  
31 or employee except to the extent necessary to carry out the department's duties under ORS chapters  
32 654 and 656, including administrative hearings and court proceedings in which the Department of  
33 Consumer and Business Services is a party. Costs of furnishing information pursuant to this sub-  
34 section that is not prepared for the use of the Employment Department shall be borne by the De-  
35 partment of Consumer and Business Services.

36 (11) Nothing in this section shall prevent the Employment Department from providing informa-  
37 tion to the Construction Contractors Board for the purpose of performing its duties under ORS  
38 chapter 701. Information provided to the board may include names and addresses of employers and  
39 status of their compliance with this chapter.

40 (12) Nothing in this section shall prevent the Employment Department from providing informa-  
41 tion to the State Fire Marshal to assist the State Fire Marshal in carrying out duties, functions and  
42 powers under ORS 453.307 to 453.414. Information so provided shall be the employer or agent name,  
43 address, telephone number and standard industrial classification. Information so provided shall be  
44 confidential and shall not be released by the State Fire Marshal in any manner that would identify  
45 such employing units except to the extent necessary to carry out duties under ORS 453.307 to

1 453.414. Costs of furnishing information pursuant to this subsection not prepared for the use of the  
2 Employment Department shall be borne by the office of the State Fire Marshal.

3 (13) Nothing in this section shall prevent the Employment Department from providing informa-  
4 tion to the Oregon Student [Assistance] **Scholarship** Commission for the purposes of performing the  
5 [commission's] duties **of the Oregon Student Scholarship Commission** under ORS chapter 348 and  
6 Title IV of the Higher Education Act of 1965, as amended. Information provided may include names  
7 and addresses of employers and employees and payroll data of employers and employees. Information  
8 so provided shall be confidential and shall not be released by the Oregon Student [Assistance]  
9 **Scholarship** Commission in any manner that would identify such employing unit or employee except  
10 to the extent necessary to carry out duties under ORS chapter 348 or Title IV of the Higher Edu-  
11 cation Act of 1965, as amended. Costs of furnishing information pursuant to this subsection not  
12 prepared for the use of the Employment Department shall be borne by the Oregon Student [Assist-  
13 ance] **Scholarship** Commission.

14 (14) Any person or officer or employee of an entity to whom information is disclosed or given  
15 by the Employment Department pursuant to this section, who divulges or uses such information for  
16 any purpose other than that specified in the provision of law or agreement authorizing the use or  
17 disclosure, may be disqualified from holding any appointment or employment, or performing any  
18 service under contract, with the state agency employing that person or officer.

19 (15) Notwithstanding subsection (1) of this section, the industrial classification code assigned to  
20 an employing unit may be released to state agencies, federal agencies and local government agencies  
21 to the extent necessary to carry out governmental functions performed under applicable law. Except  
22 as provided in ORS 190.270, information provided to such agencies is confidential and may not be  
23 released by the agencies in any manner that would allow identification of an employing unit. Costs  
24 of furnishing information that is not prepared for the use of the Employment Department shall be  
25 paid by the party requesting the information under this subsection.

26 **SECTION 105.** ORS 660.312 is amended to read:

27 660.312. (1) The Governor shall be responsible for a coordinated and comprehensive response to  
28 education and workforce issues. The Governor shall appoint an Education and Workforce Policy  
29 Advisor, who serves at the pleasure of the Governor. The advisor shall, with the advice of such  
30 advisory committees as may be appointed or assigned, advise the Governor on policy, planning and  
31 coordination for education and workforce development in Oregon.

32 (2) The duties of the advisor shall include:

33 (a) Guiding the development of state-level policy related to education and workforce issues;

34 (b) Providing general direction and serving as a liaison between state and local efforts in edu-  
35 cation, training and workforce development;

36 (c) Ensuring, through collaboration with the leadership of local workforce investment boards  
37 and regional workforce committees, the alignment of statewide, local and regional strategic plans,  
38 and the periodic reporting of performance in the implementation of such plans; and

39 (d) Consulting with local workforce investment boards and regional workforce committees on the  
40 development and implementation of a workforce performance measurement system.

41 (3) In the performance of duties, the advisor shall collectively involve state agencies, including  
42 but not limited to:

43 (a) The Department of Education;

44 (b) The Oregon University System;

45 (c) The Economic and Community Development Department;

- 1 (d) The Department of Community Colleges and Workforce Development;
- 2 (e) The Employment Department;
- 3 (f) The Department of Human Services;
- 4 (g) The Bureau of Labor and Industries;
- 5 (h) The Department of Corrections;
- 6 (i) The Oregon Student [Assistance] **Scholarship** Commission; and
- 7 (j) The Teacher Standards and Practices Commission.

8 (4) The advisor shall seek input from key interested parties to help guide policy development,  
9 including but not limited to representatives of:

- 10 (a) Businesses and industry organizations;
- 11 (b) Labor and labor organizations;
- 12 (c) Local education providers;
- 13 (d) Local government;
- 14 (e) Student, teacher, parent and faculty organizations;
- 15 (f) Community-based organizations;
- 16 (g) Public-private partnership organizations;
- 17 (h) Independent nonprofit and proprietary post-secondary colleges and schools; and
- 18 (i) Regional workforce committees, local workforce investment boards and regional investment  
19 boards.

20 (5) The advisor shall meet, on a regularly scheduled basis, with the local workforce investment  
21 boards, regional workforce committees and such others as necessary to ensure that local interests  
22 are represented. The advisor shall seek input, advice and feedback on policy issues affecting state,  
23 regional and local education and workforce development from interested parties and other commit-  
24 tees formed under ORS 660.306, 660.312 and 660.315.

25 (6) Pursuant to ORS chapter 183, the advisor may adopt rules necessary to carry out the duties  
26 of the advisor.

27 **SECTION 106.** ORS 680.515 is amended to read:

28 680.515. (1) Upon application, and payment of required fees, the Health Licensing Office shall  
29 issue a license to practice denture technology to any applicant who:

30 (a) Furnishes satisfactory evidence that the applicant has successfully completed an associate  
31 degree program in denture technology, or the equivalent in formal, post-secondary education, ap-  
32 proved by the Health Licensing Office in consultation with the Oregon Student [Assistance] **Schol-**  
33 **arship** Commission and the Department of Education. The educational program shall include  
34 pertinent courses in anatomy, including histology, microbiology, physiology, pharmacology,  
35 pathology emphasizing periodontology, dental materials, medical emergencies, geriatrics, profes-  
36 sional ethics, clinical denture technology and denture laboratory technology;

37 (b) Furnishes satisfactory evidence that the applicant has successfully completed, during or after  
38 post-secondary study, a minimum of 1,000 hours in the practice of denture technology under direct  
39 supervision of an approved school or has completed the equivalent supervised experience, as deter-  
40 mined by the Health Licensing Office in consultation with the Oregon Student [Assistance] **Schol-**  
41 **arship** Commission and the Department of Education; and

42 (c) Performs to the satisfaction of the Health Licensing Office on a written and a practical ex-  
43 amination prescribed by the State Board of Denture Technology and given at least annually. An  
44 applicant who fails the practical examination must complete an additional 1,000 hours of clinical and  
45 laboratory training in an approved work experience program, as determined by the board, to qualify

1 for reexamination.

2 (2) Notwithstanding subsection (1)(a) of this section, the board may accept educational training  
 3 obtained in any other state or country if, upon review of satisfactory evidence, the Health Licensing  
 4 Office determines that the educational program in the other state or country meets the educational  
 5 standards prescribed under this section.

6 **SECTION 107.** ORS 684.040 is amended to read:

7 684.040. (1) Any person applying for a license to practice chiropractic in this state shall make  
 8 application to the State Board of Chiropractic Examiners, upon such form and in such manner as  
 9 may be provided by the board. The application must be accompanied by a nonrefundable fee of \$150.

10 (2) Each applicant shall furnish to the board:

11 (a) Evidence satisfactory to the board of the applicant's good moral character.

12 (b) A certificate of proficiency in the fundamental sciences (Part I, taken subsequent to January  
 13 1, 1971) issued to the applicant by the National Board of Chiropractic Examiners.

14 (c) Evidence of successful completion of at least two years of liberal arts and sciences study, in  
 15 any college or university accredited by either the Northwest Association of Schools and Colleges  
 16 or a like regional association or in any college or university in Oregon approved for granting de-  
 17 grees by the Oregon Student [Assistance] **Scholarship** Commission.

18 (d) A diploma and transcript, certified by the registrar, or other documents satisfactory to the  
 19 board evidencing graduation from a chiropractic school or college approved by the board under the  
 20 board's academic standards, or from a school accredited by the Council on Chiropractic Education  
 21 or its successor agency, under standards that are accepted and adopted biennially by the board in  
 22 the version applied to that school by the accrediting agency.

23 (e) A statement of any other health care provider license in this state held by the applicant,  
 24 with identifying information required by the board.

25 (3) The board may waive the requirements of subsection (2)(c) of this section for any applicant  
 26 for a license to practice chiropractic if the applicant is licensed in another state and practiced  
 27 chiropractic in that state, but the applicant must pass the examination authorized by ORS 684.050  
 28 or by ORS 684.052.

29 **SECTION 108.** ORS 685.060 is amended to read:

30 685.060. (1) The minimum educational requirements for license under the provisions of this  
 31 chapter shall be:

32 (a) At least two years' satisfactory liberal arts and sciences study, or either, in a college or  
 33 university accredited by either the Northwest Association of Schools and Colleges or a like regional  
 34 association or in a college or university in Oregon approved for granting degrees by the Oregon  
 35 Student [Assistance] **Scholarship** Commission as evidenced by certificate or transcript of credits  
 36 from the college or university; and

37 (b) Graduation from an accredited naturopathic school or college.

38 (2) The studies required of the applicant for a license to practice naturopathic medicine in this  
 39 state shall include anatomy, histology, embryology, physiology, chemistry, pathology, bacteriology,  
 40 public health and hygiene, toxicology, obstetrics and gynecology, diagnosis, theory, practice and  
 41 philosophy of naturopathic medicine, electrotherapy, hydrotherapy, physiotherapy, clinics, eye-ear-  
 42 nose-throat, minor surgery, first aid, herbology, proctology, dietetics, jurisprudence, and such other  
 43 naturopathic subjects as the Board of Naturopathic Examiners may require, except major surgery,  
 44 with a total of not less than 4,000 lecture or recitation hours.

45 **SECTION 109.** ORS 733.650 is amended to read:

1 733.650. Funds of an insurer may be invested in the following:

2 (1) Obligations secured by a mortgage or deed of trust payment of which is guaranteed by a  
3 policy of mortgage insurance.

4 (2) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and  
5 Development.

6 (3) Bank and bankers' acceptances and other bills of exchange of the kind and nature made el-  
7 igible by law for purchase in the open market by federal reserve banks.

8 (4) Deposits, certificates of deposits, accounts or savings or certificate shares or accounts of or  
9 in banks, trust companies, savings and loan associations or building and loan associations insured  
10 with the Federal Deposit Insurance Corporation or qualified to do business under the laws of this  
11 state.

12 (5) Obligations issued by trustees or receivers of a corporation created or existing under the  
13 laws of a sovereign which, or the assets of which, are being administered under the direction of a  
14 court having jurisdiction if the obligation is adequately secured as to principal and interest.

15 (6) Transportation equipment used wholly or in part within a sovereign, or adequately secured  
16 trust certificates of participation or similar obligations or contracts evidencing an interest in such  
17 transportation equipment, where the investor is entitled to receive a determined or determinable  
18 portion of rental, purchase or other obligatory payments for use or purchase of the equipment.

19 (7) Purchase contracts or lease-purchase agreements executed under the Federal Public  
20 Buildings Purchase Contract Act of 1954, or the Post Office Department Property Act of 1954.

21 (8) Stock of the Federal Home Loan Bank to the extent of the minimum required by the Federal  
22 Home Loan Bank Act. An insurer acquiring such stock may exercise all rights and powers given to  
23 members under such Act, including but not by way of limitation the right to obtain advances or  
24 borrow money from such bank and to pledge collateral as security therefor.

25 (9) Obligations issued, assumed or guaranteed by the Inter-American Development Bank.

26 (10) Loans guaranteed by the Oregon Student [Assistance] **Scholarship** Commission pursuant to  
27 ORS 348.393 to 348.399 and 348.505 to 348.695.

28 (11) Obligations issued, assumed or guaranteed by the Asian Development Bank.

29 (12) Obligations issued, assumed or guaranteed by the African Development Bank.

30 **SECTION 110.** (1) **The amendments to ORS 348.510 by section 1 of this 2005 Act are in-**  
31 **tended to change the name of the Oregon Student Assistance Commission to the Oregon**  
32 **Student Scholarship Commission.**

33 **(2) For the purpose of harmonizing and clarifying statute sections published in Oregon**  
34 **Revised Statutes, the Legislative Counsel may substitute for words designating the Oregon**  
35 **Student Assistance Commission wherever they occur in Oregon Revised Statutes, other**  
36 **words designating the Oregon Student Scholarship Commission.**

37 **SECTION 111.** (1) **The amendments to ORS 348.570 by sections 2 and 3 of this 2005 Act**  
38 **are intended to change the name of the Oregon Student Assistance Fund to the Oregon**  
39 **Student Scholarship Fund.**

40 **(2) For the purpose of harmonizing and clarifying statute sections published in Oregon**  
41 **Revised Statutes, the Legislative Counsel may substitute for words designating the Oregon**  
42 **Student Assistance Fund wherever they occur in Oregon Revised Statutes, other words des-**  
43 **ignating the Oregon Student Scholarship Fund.**