

MINUTES  
**HOUSE EDUCATION COMMITTEE**

- DATE:** Tuesday, March 12, 2013
- TIME:** 9:00 A.M.
- PLACE:** Room EW41
- MEMBERS:** Chairman DeMordaunt, Vice Chairman Nielsen, Representatives Shepherd, Wills, Bateman, Boyle, Agidius, Clow, Gestrin, Harris, Horman, Mendive, VanOrden, Pence, Kloc, Ward-Engelking
- ABSENT/  
EXCUSED:** Representative(s) Wills, Agidius, Gestrin
- GUESTS:** Harv Lyter and Marilyn Whitney, Idaho State Board of Education (ISBE); Barb DeHaan, Northwest Career Colleges Federation; Kris Ellis, Benton, Ellis and Associates
- Chairman DeMordaunt** called the meeting to order at 9:02 a.m.
- MOTION:** **Rep. Kloc** made a motion to approve the minutes of March 5, March 6, and March 7, 2013. **Motion carried by voice vote.**
- RS 22106:** **Rep. Kloc** presented **RS 22106**. He said the simple goal of the proposed legislation is to give prospective students at proprietary schools more transparency. He defined proprietary schools as an educational business or other entity, whether legally constituted or otherwise, which conducts, provides, offers or sells a course of study, but not degrees. He indicated the proposed legislation would insure these schools explain to the student "up front" what the outcomes will be in the form of job opportunity, and the necessity to pay back indebtedness. The proposed legislation would mandate these schools have student contracts that give complete disclosure.
- Rep. Gannon** presented the statistics on student loan defaults. He said the Federal Savings and Loan Insurance Corporation (FICO) labs, reported a 48 percent rise in student loan indebtedness from 2005 to 2012. Also, delinquency rates on existing student loans increased to 25.1 percent between October 2010 and October 2012, putting student load debt at over a trillion dollars. He reasoned that proprietary schools provide high-cost programs that have little chance of leading to high-paying careers, thus saddling the most vulnerable students with heavy debt.
- Rep. Gannon** explained students need to know bankruptcy will not dispose a student loan. They need to know that some occupations are unattainable, if a person has committed a misdemeanor. He said for nondisclosure, proprietary schools must refund the tuition costs. Students will have a 30 day period, from the time they sign the contract, to the time their contract is binding. During that period, they have time to think, attend a few classes and make a more informed decision.
- To a question from the committee regarding other universities and colleges tied to a contract, **Rep. Gannon** said he would like to bring other legislation to tie all higher education entities to a mechanism for full disclosure. To a question regarding the names of the proprietary schools in Idaho, **Rep. Kloc** distributed a list to the committee. (See attached.)
- To additional questions, **Rep. Gannon** said some of the proprietary schools are approved by the ISBE. He said the proposed legislation requires the schools to talk about job possibilities and job placement data prior to contract signing.
- MOTION:** **Rep. Bateman** made a motion to introduce **RS 22106**.

To a question regarding "right to privacy" for the students in surveying their financial records mentioned in Subsection E of **RS 22106**, **Rep. Gannon** said there is nothing in the subsection that is required, only a suggestion. To a question regarding the propensity for lawsuits, **Rep. Gannon** said the legislation is focused basically on good faith compliance; it is not a punitive bill. To further questions, he related Congress has not changed the federal laws regarding this subject; states have to act independently. He also said that schools doing a great job will not be affected negatively by the proposed legislation.

**Rep. Kloc** read from an article in the *Idaho Statesman*, July 17, 2011, regarding proprietary schools. It said, "Forty-six percent of all student loan defaults come from for-profit institutions, yet they account for only about 12 percent of college students." (See attached.) He urged lawmakers to print **RS 22106**.

**Rep. Kloc** responded to a question regarding the appropriateness of the state's role in private proprietary schools, by stating the financial aid debt brings the subject into the realm of the state. To a question regarding cosmetology schools, **Rep. Gannon** noted they are certificate-issuing institutions and are not considered proprietary.

**Rep. Pence** called for the question.

**VOTE ON  
MOTION:**

**Chairman DeMordaunt** called for a vote on the motion to introduce **RS 22106**.  
**Motion carried by voice vote.**

**RS 22241:**

**Jason Hancock** presented **RS 22241**. He explained the proposed legislation restores the ability of the State Department of Education to calculate support units to the nearest hundredth, rather than the nearest tenth. This ability was lost through the repeal of **S 1184**, and related laws through Proposition 3. He added, calculating to the nearest hundredth allows funding to more accurately follow each student.

**MOTION:**

**Rep. Shepherd** made a motion to introduce **RS 22241**. **Motion carried by voice vote.**

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 9:41 a.m.

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Representative DeMordaunt  
Chair

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Jean Vance  
Secretary