

# COMMITTEE REPORT

---

## MADAM PRESIDENT:

The Senate Committee on Education and Career Development, to which was referred House Bill No. 1270, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, delete lines 1 through 17.
- 2 Delete pages 2 through 4.
- 3 Page 5, delete lines 1 through 36.
- 4 Page 6, delete lines 20 through 39, begin a new paragraph and
- 5 insert:
- 6 "SECTION 2. IC 9-14-2-2, AS AMENDED BY P.L.145-2011,
- 7 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 8 JULY 1, 2012]: Sec. 2. (a) The bureau may adopt and enforce rules
- 9 under IC 4-22-2 that are necessary to carry out this title.
- 10 (b) The rules adopted under IC 4-22-2 by the Indiana commission
- 11 on proprietary education established by IC 21-17-2-1 (**before its**
- 12 **repeal**) concerning truck driver training schools are considered, after
- 13 December 31, 2011, rules of the bureau.
- 14 (c) The rules adopted under IC 4-22-2 by the Indiana criminal
- 15 justice institute established by IC 5-2-6-3 concerning commercial
- 16 driver training schools are considered, after December 31, 2011, rules
- 17 of the bureau.
- 18 (d) The rules adopted under IC 4-22-2 by the department of state
- 19 revenue established by IC 6-8.1-2-1 concerning a student of a truck
- 20 driver training school and a truck driver training school are considered,
- 21 after December 31, 2011, rules of the bureau.

1 (e) The rules adopted under IC 4-22-2 by the Indiana state board of  
2 education established by IC 20-19-2-2 concerning driver education are  
3 considered, after December 31, 2011, rules of the bureau."

4 Page 8, line 19, strike "and".

5 Page 8, between lines 19 and 20, begin a new line block indented  
6 and insert:

7 **"(7) the commission on postsecondary proprietary education;  
8 and"**.

9 Page 8, line 20, strike "(7)" and insert "(8)".

10 Page 9, between lines 21 and 22, begin a new line double block  
11 indented and insert:

12 **"(H) The commission on postsecondary proprietary  
13 education."**

14 Page 12, line 17, after ""Postsecondary" insert "credit bearing".

15 Page 12, line 18, delete "credit bearing".

16 Page 25, line 40, strike "costs in consultation with the commission."  
17 and insert "costs."

18 Page 29, line 15, delete "commission for" and insert "**commission  
19 on"**.

20 Page 30, line 9, delete "IC 21-16" and insert "**IC 21-17"**.

21 Page 32, line 42, delete "commission for higher education" and  
22 insert "**commission on postsecondary proprietary education"**.

23 Page 33, line 14, after "commission" insert "**on postsecondary  
24 proprietary education"**.

25 Page 33, lines 31, after "commission" insert "**on postsecondary  
26 proprietary education"**.

27 Page 33, lines 36, delete "commission." and insert "**commission on  
28 postsecondary proprietary education."**

29 Page 34, line 26, delete "for higher" and insert "**on postsecondary  
30 proprietary"**.

31 Page 38, delete lines 30 through 32, begin a new paragraph and  
32 insert:

33 **"Sec. 11. The commission may cooperate in developing training  
34 programs concerning grant program requirements with the:**

35 **(1) commission on postsecondary proprietary education; or**

36 **(2) state workforce innovation council."**

37 Page 38, delete lines 37 through 42, begin a new paragraph and  
38 insert:

39 **"Sec. 2. (a) The commission on postsecondary proprietary  
40 education consists of the following seven (7) members:**

41 **(1) The state superintendent or the superintendent's designee.**

42 **(2) The executive officer of the commission for higher**

- 1 education or the executive officer's designee.
- 2 (3) Five (5) members appointed by the governor.
- 3 (b) The members appointed by the governor under subsection
- 4 (a) serve for a term of four (4) years.
- 5 (c) Not more than three (3) of the members appointed by the
- 6 governor may be members of one (1) political party.
- 7 (d) Of the five (5) members appointed by the governor:
- 8 (1) one (1) must have been engaged for a period of at least five
- 9 (5) years immediately preceding appointment in an executive
- 10 or a managerial position in a postsecondary proprietary
- 11 educational institution subject to IC 21-18.5-6;
- 12 (2) one (1) must have been engaged in administering or
- 13 managing an industrial employee training program for a
- 14 period of at least five (5) years immediately preceding
- 15 appointment; and
- 16 (3) three (3) must be representatives of the public at large who
- 17 are not representatives of the types of postsecondary credit
- 18 bearing proprietary educational institutions to be accredited.
- 19 For purposes of subdivision (3), an elected or appointed state or
- 20 local official or a member of a private or public school may not be
- 21 appointed as a representative of the public at large.
- 22 (e) An appointment to fill a vacancy occurring on the
- 23 commission on postsecondary proprietary education is for the
- 24 unexpired term."
- 25 Page 39, delete lines 1 through 13.
- 26 Page 39, line 14, after "3." insert "(a)".
- 27 Page 39, line 15, after "education" insert "who is not a state
- 28 employee".
- 29 Page 39, between lines 21 and 22, begin a new paragraph and insert:
- 30 "(b) Each member of the commission on postsecondary
- 31 proprietary education who is a state employee is entitled to
- 32 reimbursement for traveling expenses as provided under
- 33 IC 4-13-1-4 and other expenses actually incurred in connection
- 34 with the member's duties as provided in the state policies and
- 35 procedures established by the Indiana department of
- 36 administration and approved by the budget agency."
- 37 Page 39, line 33, delete "5." and insert "6."
- 38 Page 40, line 30, delete "paid." and insert "paid, including a
- 39 statement concerning the existence of the career college student
- 40 assurance fund established under section 6 of this chapter."
- 41 Page 41, between lines 1 and 2, begin a new paragraph and insert:
- 42 "Sec. 6. (a) The career college student assurance fund is

1 established to provide indemnification to a student or an enrollee  
2 of a postsecondary credit bearing proprietary educational  
3 institution who suffers loss or damage as a result of:

4 (1) the failure or neglect of the postsecondary credit bearing  
5 proprietary educational institution to faithfully perform all  
6 agreements, express or otherwise, with the student, enrollee,  
7 one (1) or both of the parents of the student or enrollee, or a  
8 guardian of the student or enrollee as represented by the  
9 application for the institution's accreditation and the  
10 materials submitted in support of that application;

11 (2) the failure or neglect of the postsecondary credit bearing  
12 proprietary educational institution to maintain and operate a  
13 course or courses of instruction or study in compliance with  
14 the standards of this chapter; or

15 (3) an agent's misrepresentation in procuring the student's  
16 enrollment.

17 (b) The commission on postsecondary proprietary education  
18 shall administer the fund.

19 (c) The expenses of administering the fund shall be paid from  
20 money in the fund.

21 (d) The treasurer of state shall invest the money in the fund not  
22 currently needed to meet the obligations of the fund in the same  
23 manner as other public funds may be invested.

24 (e) Money in the fund at the end of a state fiscal year does not  
25 revert to the state general fund but remains available to be used for  
26 providing money for reimbursements allowed under this chapter.

27 (f) Upon the fund acquiring fifty thousand dollars (\$50,000), the  
28 balance in the fund must not become less than fifty thousand  
29 dollars (\$50,000). If:

30 (1) a claim against the fund is filed that would, if paid in full,  
31 require the balance of the fund to become less than fifty  
32 thousand dollars (\$50,000); and

33 (2) the commission on postsecondary proprietary education  
34 determines that the student is eligible for a reimbursement  
35 under the fund;

36 the commission on postsecondary proprietary education shall  
37 prorate the amount of the reimbursement to ensure that the  
38 balance of the fund does not become less than fifty thousand  
39 dollars (\$50,000), and the student is entitled to receive that balance  
40 of the student's claim from the fund as money becomes available in  
41 the fund from contributions to the fund required under this  
42 chapter.

1           **(g) The commission on postsecondary proprietary education**  
2 **shall ensure that all outstanding claim amounts described in**  
3 **subsection (f) are paid as money in the fund becomes available in**  
4 **the chronological order of the outstanding claims.**

5           **(h) A claim against the fund may not be construed to be a debt**  
6 **of the state.**

7           **Sec. 7. (a) Except as otherwise provided in this section, each**  
8 **postsecondary credit bearing proprietary educational institution**  
9 **shall make quarterly contributions to the fund. The quarters begin**  
10 **January 1, April 1, July 1, and October 1.**

11           **(b) For each quarter, each postsecondary credit bearing**  
12 **proprietary educational institution shall make a contribution equal**  
13 **to the STEP THREE amount derived under the following formula:**

14           **STEP ONE: Determine the total amount of tuition and fees**  
15 **earned during the quarter.**

16           **STEP TWO: Multiply the STEP ONE amount by one-tenth of**  
17 **one percent (0.1%).**

18           **STEP THREE: Add the STEP TWO amount and sixty dollars**  
19 **(\$60).**

20           **(c) After June 30, 2012, upon the career college student**  
21 **assurance fund achieving at least an initial balance of one million**  
22 **dollars (\$1,000,000), a postsecondary credit bearing proprietary**  
23 **educational institution that contributes to the career college**  
24 **student assurance fund when the initial quarterly contribution is**  
25 **required under this chapter after the fund's establishment is not**  
26 **required to make contributions to the fund.**

27           **(d) The commission on postsecondary proprietary education**  
28 **shall determine the number of quarterly contributions required for**  
29 **the career college student assurance fund to initially accumulate**  
30 **one million dollars (\$1,000,000).**

31           **(e) Except as provided in subsections (a), (b), and (f), a**  
32 **postsecondary credit bearing proprietary educational institution**  
33 **that begins making contributions to the career college student**  
34 **assurance fund after the initial quarterly contribution as required**  
35 **under this section shall make contributions to the fund for the same**  
36 **number of quarters as determined by the commission on**  
37 **proprietary education under subsection (d).**

38           **(f) If, after a career college student assurance fund acquires one**  
39 **million dollars (\$1,000,000), the balance in the fund becomes less**  
40 **than five hundred thousand dollars (\$500,000), all postsecondary**  
41 **credit bearing proprietary educational institutions not required to**  
42 **make contributions to the career college student assurance fund as**

1 described in subsection (c) or (e) shall make contributions to the  
 2 career college student assurance fund for the number of quarters  
 3 necessary for the fund to accumulate one million dollars  
 4 (\$1,000,000).".

5 Page 41, line 2, delete "6." and insert "8."

6 Page 41, line 13, delete "7." and insert "9."

7 Page 41, line 20, delete "8." and insert "10."

8 Page 41, line 37, delete "on postsecondary".

9 Page 41, line 38, delete "proprietary education".

10 Page 41, line 40, delete "9." and insert "11."

11 Page 43, line 9, delete "10." and insert "12."

12 Page 44, delete lines 3 through 6, begin a new paragraph and insert:

13 **"Sec. 13. Accreditation may be revoked by the commission on**  
 14 **postsecondary proprietary education:**

15 **(1) for cause upon notice and an opportunity for a hearing**  
 16 **before the commission on postsecondary proprietary**  
 17 **education; and**

18 **(2) for the accredited postsecondary credit bearing**  
 19 **proprietary educational institution failing to make the**  
 20 **appropriate quarterly contributions to the career college**  
 21 **student assurance fund not later than forty-five (45) days**  
 22 **after the end of a quarter."**

23 Page 44, line 7, delete "12." and insert "14."

24 Page 44, line 28, delete "13." and insert "15."

25 Page 44, line 33, delete "14." and insert "16."

26 Page 45, line 10, delete "15." and insert "17."

27 Page 45, line 36, delete "16." and insert "18."

28 Page 46, between lines 10 and 11, begin a new paragraph and insert:

29 **"Sec. 19. The fact that the career college student assurance fund**  
 30 **exists does not limit or impair a right of recovery and the amount**  
 31 **of damages or other relief to which a plaintiff may be entitled.**

32 **Sec. 20. (a) This section applies to claims against the balance of**  
 33 **the career college student assurance fund.**

34 **(b) A student or an enrollee of a postsecondary credit bearing**  
 35 **proprietary educational institution who believes that the student or**  
 36 **enrollee has suffered loss or damage resulting from any of the**  
 37 **occurrences described in section 6(a) of this chapter may request**  
 38 **the commission on postsecondary proprietary education to file a**  
 39 **claim with the commission on postsecondary proprietary education**  
 40 **against the balance of the fund.**

41 **(c) A claim under this section is limited to a refund of the**  
 42 **claimant's applicable tuition and fees.**

1           **(d) All claims must be filed not later than five (5) years after the**  
 2 **occurrence resulting in the loss or damage to the claimant occurs.**

3           **(e) Upon the filing of a claim under this section, the commission**  
 4 **on postsecondary proprietary education shall review the records**  
 5 **submitted by the appropriate postsecondary credit bearing**  
 6 **proprietary educational institution described under section 12 of**  
 7 **this chapter and shall investigate the claim.**

8           **(f) Upon a determination by the commission on postsecondary**  
 9 **proprietary education that a claimant shall be reimbursed under**  
 10 **the career college student assurance fund, the commission on**  
 11 **postsecondary proprietary education shall prioritize the**  
 12 **reimbursements under the following guidelines:**

13           **(1) A student's educational loan balances.**

14           **(2) Federal grant repayment obligations of the student.**

15           **(3) Other expenses paid directly by the student."**

16           Page 46, line 11, delete "17." and insert "21."

17           Page 46, line 15, delete "18." and insert "22."

18           Page 46, line 19, delete "19." and insert "23."

19           Page 46, line 24, delete "20." and insert "24."

20           Page 46, line 28, delete "21." and insert "25."

21           Page 46, line 34, delete "22." and insert "26."

22           Page 47, line 6, delete "23." and insert "27."

23           Page 49, line 1, delete "career".

24           Page 49, line 2, delete "college".

25           Page 52, line 39, delete "career college".

26           Page 60, delete lines 30 through 31, begin a new paragraph and  
 27 insert:

28           **"Sec. 39. (a) The proprietary educational institution**  
 29 **accreditation fund is established.**

30           **(b) The proprietary educational institution accreditation fund**  
 31 **shall be administered by the council.**

32           **(c) Money in the proprietary educational institution**  
 33 **accreditation fund at the end of a state fiscal year does not revert**  
 34 **to the general fund.**

35           **(d) All fees collected by the council under this chapter shall be**  
 36 **deposited in the proprietary educational institution accreditation**  
 37 **fund.**

38           **(e) Money in the proprietary educational institution**  
 39 **accreditation fund shall be used by the council to administer this**  
 40 **chapter."**

41           Page 61, line 35, delete "IC 21-18.5-6-21" and insert "**IC**  
 42 **21-18.5-6-25"**.

1 Page 61, delete lines 37 through 38, begin a new paragraph and  
2 insert:

3 "SECTION 65. IC 35-51-22-1, AS ADDED BY P.L.70-2011,  
4 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2012]: Sec. 1. The following statutes define crimes in IC 22:

6 IC 22-1-1-22 (Concerning the department of labor).

7 IC 22-2-2-11 (Concerning wages, hours, and benefits).

8 IC 22-2-7-7 (Concerning wages, hours, and benefits).

9 IC 22-3-1-5 (Concerning worker's compensation system).

10 IC 22-4-11.5-10 (Concerning unemployment compensation  
11 system).

12 IC 22-4-19-6 (Concerning unemployment compensation system).

13 IC 22-4-29-14 (Concerning unemployment compensation system).

14 IC 22-4-34-3 (Concerning unemployment compensation system).

15 IC 22-4-34-4 (Concerning unemployment compensation system).

16 IC 22-4-34-5 (Concerning unemployment compensation system).

17 IC 22-4.1-4-4 (Concerning department of workforce  
18 development).

19 **IC 22-4.1-21-38 (Concerning postsecondary proprietary  
20 educational institution accreditation).**

21 IC 22-5-1-1 (Concerning unlawful labor practices).

22 IC 22-6-2-13 (Concerning labor relations).

23 IC 22-7-1-3 (Concerning labor organizations).

24 IC 22-8-1.1-24.2 (Concerning occupational health and safety).

25 IC 22-8-1.1-49 (Concerning occupational health and safety).

26 IC 22-9.5-10-1 (Concerning Indiana fair housing).

27 IC 22-11-14-3 (Concerning building and safety regulations).

28 IC 22-11-14-6 (Concerning building and safety regulations).

29 IC 22-11-14.5-9 (Concerning building and safety regulations).

30 IC 22-11-14.5-10 (Concerning building and safety regulations).

31 IC 22-11-14.5-11 (Concerning building and safety regulations).

32 IC 22-11-14.5-12 (Concerning building and safety regulations).

33 IC 22-11-15-6 (Concerning building and safety regulations).

34 IC 22-11-17-3 (Concerning building and safety regulations).

35 IC 22-11-17-4 (Concerning building and safety regulations).

36 IC 22-11-18-5 (Concerning building and safety regulations).

37 IC 22-11-20-6 (Concerning building and safety regulations).

38 IC 22-15-4-7 (Concerning building and equipment laws).

39 IC 22-15-7-9 (Concerning building and equipment laws)."

40 Page 62, delete lines 2 though 24, begin a new paragraph and insert:

41 "SECTION 67. [EFFECTIVE JULY 1, 2012] **(a) The commission**  
42 **on postsecondary proprietary education established under**

1 IC 21-18.5-5-1, as added by this act, may adopt temporary rules in  
 2 the manner provided for the adoption of emergency rules under  
 3 IC 4-22-2-37.1 to implement IC 22-4.1-21, as added by this act.

4 (b) Notwithstanding IC 4-22-2-37.1(g), a temporary rule  
 5 adopted under this SECTION expires on the occurrence of the  
 6 earlier of:

7 (1) the date the commission on postsecondary proprietary  
 8 education adopts rules under IC 4-22-2; or

9 (2) July 1, 2013.

10 (c) This SECTION expires January 1, 2014."

11 Page 62, between lines 33 and 34, begin a new paragraph and insert:

12 "SECTION 69. [EFFECTIVE JULY 1, 2012] (a) Not later than  
 13 July 5, 2012, the auditor of state shall transfer the balance that  
 14 remains on June 30, 2012, in the career college student assurance  
 15 fund established under IC 21-17-3-8, as repealed by this act, as  
 16 follows:

17 (1) Three hundred thousand dollars (\$300,000) to the career  
 18 college student assurance fund established by IC 21-18.5-6-6,  
 19 as added by this act.

20 (2) The remainder of the money not transferred under  
 21 subdivision (1) to the student assurance fund established by  
 22 IC 22-4.1-21-18, as added by this act.

23 (b) This SECTION expires January 1, 2013.

24 SECTION 70. [EFFECTIVE UPON PASSAGE] (a) As used in this  
 25 SECTION, "committee" refers to an interim study committee to  
 26 which the legislative council assigns the topics of study described  
 27 in subsection (b).

28 (b) The general assembly urges the legislative council to assign  
 29 the following topics pertaining to the implementation of this act to  
 30 an appropriate committee:

31 (1) Study whether additional legislative changes are necessary  
 32 to assist with the transfer of responsibilities from the Indiana  
 33 commission on proprietary education established under  
 34 IC 21-17-2-1, as repealed by this act, to the:

35 (A) state workforce innovation council under IC 22-4.1-21,  
 36 as added by this act; and

37 (B) commission on postsecondary proprietary education  
 38 under IC 21-18.5-6, as added by this act.

39 (2) Study whether a postsecondary credit bearing proprietary  
 40 institution, as defined in IC 21-18.5-2-12, as added by this act,  
 41 should be required to provide a surety bond to the  
 42 commission on postsecondary proprietary education as

- 1           **established by IC 21-18.5-5-1, as added by this act.**
- 2           **(3) Study issues relating to the career college student**
- 3           **assurance fund established in IC 21-18.5-6-6, as added by this**
- 4           **act.**
- 5           **(4) Study any other issue pertaining to the accreditation of a**
- 6           **postsecondary credit bearing proprietary educational**
- 7           **institution, as defined in IC 21-18.5-2-12, as added by this act,**
- 8           **or a postsecondary proprietary educational institution, as**
- 9           **defined in IC 22-4.1-21-9, as added by this act, that the**
- 10          **legislative council determines is appropriate.**
- 11          **(c) If the topics described in subsection (b) are assigned to a**
- 12          **committee under subsection (b), the committee shall, not later than**
- 13          **November 1, 2012, issue a final report to the legislative council**
- 14          **concerning the findings and recommendations of the committee**
- 15          **concerning the topics described in subsection (b).**
- 16          **(d) This SECTION expires December 31, 2012."**
- 17          Renumber all SECTIONS consecutively.  
             (Reference is to HB 1270 as reprinted January 31, 2012.)

**and when so amended that said bill do pass and be reassigned to the Senate Committee on Appropriations.**

Committee Vote: Yeas 6, Nays 3.

---

**Senator Kruse, Chairperson**