

1-1 By: Shapiro S.B. No. 1534
1-2 (In the Senate - Filed March 10, 2011; March 22, 2011, read
1-3 first time and referred to Committee on Economic Development;
1-4 April 26, 2011, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 5, Nays 0; April 26, 2011,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1534 By: Harris

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the operation and certification of career schools or
1-11 colleges.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subdivisions (1) and (4), Section 132.001,
1-14 Education Code, are amended to read as follows:

1-15 (1) "Career school or college":

1-16 (A) means any business enterprise operated for a
1-17 profit or on a nonprofit basis that maintains a physical place of
1-18 business within this state or solicits business within this state,
1-19 that is not specifically exempted by this chapter, and:

1-20 (i) ~~[(A)]~~ that offers or maintains a course
1-21 or courses of instruction or study; or

1-22 (ii) ~~[(B)]~~ at which place of business such
1-23 a course or courses of instruction or study are available through
1-24 classroom instruction or by distance education, or both, to a
1-25 person for the purpose of training or preparing the person for a
1-26 field of endeavor in a business, trade, technical, or industrial
1-27 occupation, or for avocational or personal improvement; and

1-28 (B) does not include a school or educational
1-29 institution that:

1-30 (i) is physically located in another state;

1-31 (ii) is legally authorized by the state of
1-32 its physical location to offer postsecondary education and award
1-33 degrees;

1-34 (iii) is accredited by a national
1-35 accrediting organization recognized by the United States secretary
1-36 of education under the Higher Education Act of 1965 (20 U.S.C.
1-37 Section 1001 et seq.); and

1-38 (iv) offers in this state only
1-39 postsecondary distance or correspondence programs of instruction.

1-40 (4) "Representative" means a person employed by a
1-41 career school or college ~~[, whether the school or college is located~~
1-42 ~~within or without this state,]~~ to act as an agent, solicitor,
1-43 broker, or independent contractor to directly procure students for
1-44 the school or college by solicitation within ~~[or without]~~ this
1-45 state at any place.

1-46 SECTION 2. Sections 132.052 and 132.151, Education Code,
1-47 are amended to read as follows:

1-48 Sec. 132.052. APPLICATION FOR CERTIFICATE OF APPROVAL.
1-49 Every career school or college desiring to operate in this state ~~[or~~
1-50 ~~do business in this state]~~ shall make written application to the
1-51 commission for a certificate of approval. Such application shall
1-52 be verified, be in such form as may be prescribed by the commission,
1-53 and shall furnish the commission such information as the commission
1-54 may require.

1-55 Sec. 132.151. PROHIBITIONS. A person may not:

1-56 (1) operate a career school or college without a
1-57 certificate of approval issued by the commission;

1-58 (2) solicit prospective students for or on behalf of a
1-59 career school or college without being registered as a
1-60 representative of the career school or college as required by this
1-61 chapter;

1-62 (3) accept contracts or enrollment applications for or
1-63 on behalf of a career school or college from a representative who is

2-1 not bonded as required by this chapter;
 2-2 (4) utilize advertising designed to mislead or deceive
 2-3 prospective students;
 2-4 (5) fail to notify the commission of the closure
 2-5 [~~discontinuance of the operation~~] of any career school or college
 2-6 within 72 hours of cessation of classes and make available accurate
 2-7 records as required by this chapter;
 2-8 (6) negotiate any promissory instrument received as
 2-9 payment of tuition or other charge by a career school or college
 2-10 prior to completion of 75 percent of the applicable program,
 2-11 provided that prior to such time, the instrument may be transferred
 2-12 by assignment to a purchaser who shall be subject to all the
 2-13 defenses available against the career school or college named as
 2-14 payee; or

2-15 (7) violate any provision of this chapter.

2-16 SECTION 3. Subchapter G, Chapter 132, Education Code, is
 2-17 amended by adding Section 132.202 to read as follows:

2-18 Sec. 132.202. REGISTRATION FEES FOR CERTAIN SCHOOLS OR
 2-19 EDUCATIONAL INSTITUTIONS NOT OPERATING IN THIS STATE. (a) A
 2-20 school or educational institution described by Section
 2-21 132.001(1)(B) shall register with the commission before enrolling
 2-22 any student who, at the time of enrollment, is a resident of this
 2-23 state for purposes of Subchapter B, Chapter 54.

2-24 (b) The school or educational institution must pay to the
 2-25 commission an annual registration fee in an amount to be determined
 2-26 by the commission.

2-27 (c) The commission may adopt rules to implement this
 2-28 section.

2-29 SECTION 4. Subsection (d), Section 132.059, Education Code,
 2-30 is repealed.

2-31 SECTION 5. The changes in law made by this Act apply only to
 2-32 a certificate of approval issued, an action filed, or other
 2-33 proceeding commenced under Chapter 132, Education Code, on or after
 2-34 the effective date of this Act. A certificate of approval issued,
 2-35 an action filed, or other proceeding commenced before the effective
 2-36 date of this Act is covered by the law in effect at the time the
 2-37 certificate of approval was issued, the action was filed, or other
 2-38 proceeding was commenced, and the former law is continued in effect
 2-39 for that purpose.

2-40 SECTION 6. This Act takes effect September 1, 2011.

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