

## CHAPTER 188

[Substitute Senate Bill No. 5545]  
VOCATIONAL EDUCATION

AN ACT Relating to vocational education; amending RCW 28C.10.020, 28C.10.030, 28C.10.050, 28C.10.084, 28C.10.110, and 28C.10.120; creating new sections; providing an expiration date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

**NEW SECTION.** Sec. 1. As used in this chapter the following definitions shall apply:

(1) "Board" means the state board for vocational education.

(2) "Vocational education" means a planned series of learning experiences, the specific objective of which is to prepare persons to enter, continue in, or upgrade themselves in gainful employment in recognized occupations, and home and family life programs, which are not designated as professional or requiring a baccalaureate or higher degree.

**NEW SECTION.** Sec. 2. (1) The state board for vocational education is hereby created as a state agency and as the successor agency to the commission for vocational education. The board shall have authority to carry out any existing statutory duties formerly administered by the commission and other duties assigned by the governor. The board shall be composed of five members consisting of the governor, the superintendent of public instruction, the director of the state board for community college education, one representative of organized labor appointed by the governor, and one representative of business appointed by the governor. Each board member may appoint a designee to function in his or her place with the right to vote. The governor shall appoint an executive director of the board. The board may delegate, by resolution, to the executive director any of its duties or responsibilities. The board may also delegate by interagency agreement its responsibilities under the Washington award for vocational excellence program to any existing state agency, board, or council. The board may employ such other personnel as may be necessary to carry out the purposes of this chapter.

(2) All references to the commission for vocational education in the Revised Code of Washington shall be construed to mean the state board for vocational education.

**NEW SECTION.** Sec. 3. The board may adopt such rules as are necessary to comply with the intent of this chapter in accordance with chapter 34.05 RCW, the administrative procedure act, and adopt such bylaws as deemed necessary to the business of the board. Rules of the commission for vocational education shall remain in effect until the board acts to adopt or revoke those rules.

NEW SECTION. Sec. 4. Members of the board shall be compensated in accordance with RCW 43.03.240 and will receive travel expenses in accordance with RCW 43.03.050 and 43.03.060.

Sec. 5. Section 2, chapter 299, Laws of 1986 and RCW 28C.10.020 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Agency" means the ((commission)) state board for vocational education or its successor.

(2) "Agent" means a person owning an interest in, employed by, or representing for remuneration a private vocational school within or without this state, who enrolls or personally attempts to secure the enrollment in a private vocational school of a resident of this state, offers to award educational credentials for remuneration on behalf of a private vocational school, or holds himself or herself out to residents of this state as representing a private vocational school for any of these purposes.

(3) "Degree" means any designation, appellation, letters, or words including but not limited to "associate," "bachelor," "master," "doctor," or "fellow" which signify or purport to signify satisfactory completion of an academic program of study beyond the secondary school level.

(4) "Education" includes but is not limited to, any class, course, or program of training, instruction, or study.

(5) "Educational credentials" means degrees, diplomas, certificates, transcripts, reports, documents, or letters of designation, marks, appellations, series of letters, numbers, or words which signify or appear to signify enrollment, attendance, progress, or satisfactory completion of the requirements or prerequisites for any educational program.

(6) "Entity" includes, but is not limited to, a person, company, firm, society, association, partnership, corporation, or trust.

(7) "Private vocational school" means any location where an entity offering postsecondary education in any form or manner for the purpose of instructing, training, or preparing persons for any vocation or profession.

(8) "To grant" includes to award, issue, sell, confer, bestow, or give.

(9) "To offer" includes, in addition to its usual meanings, to advertise or publicize. "To offer" also means to solicit or encourage any person, directly or indirectly, to perform the act described.

(10) "To operate" means to establish, keep, or maintain any facility or location where, from, or through which education is offered or educational credentials are offered or granted to residents of this state, and includes contracting for the performance of any such act.

Sec. 6. Section 3, chapter 299, Laws of 1986 and RCW 28C.10.030 are each amended to read as follows:

This chapter does not apply to:

(1) Bona fide trade, business, professional, or fraternal organizations sponsoring educational programs primarily for that organization's membership or offered by that organization on a no-fee basis;

(2) Entities offering education that is exclusively avocational or recreational;

(3) Education not requiring payment of money or other consideration if this education is not advertised or promoted as leading toward educational credentials;

(4) Entities that are established, operated, and governed by this state or its political subdivisions under Title 28A, 28B, or 28C RCW;

(5) Degree-granting programs in compliance with the rules of the higher education coordinating board;

(6) Any other entity to the extent that it has been exempted from some or all of the provisions of this chapter under RCW 28C.10.100;

(7) Entities not otherwise exempt that are of a religious character, but only as to those educational programs exclusively devoted to religious or theological objectives and represented accurately in institutional catalogs or other official publications;

(8) Entities offering only courses certified by the federal aviation administration;

(9) Barber and cosmetology schools licensed under chapter 18.16 RCW;

(10) Entities which only offer courses approved to meet the continuing education requirements for licensure under chapters 18.04, 18.78, 18.88, or 48.17 RCW; and

(11) Entities not otherwise exempt offering only workshops or seminars lasting no longer than three calendar days.

Sec. 7. Section 5, chapter 29C, Laws of 1986 as amended by section 3, chapter 459, Laws of 1987 and RCW 28C.10.050 are each amended to read as follows:

(1) The agency shall adopt by rule minimum standards for private vocational schools. The minimum standards shall include, but not be limited to, requirements for each school to:

(a) Disclose to the agency information about its ownership and financial position and to demonstrate that it has sufficient financial resources to fulfill its commitments to students. Financial disclosures provided to the agency shall not be subject to public disclosure under chapter 42.17 RCW((-));

(b) Follow a uniform state-wide cancellation and refund policy as specified by the agency((-));

(c) Disclose through use of a school catalog, brochure, or other written material, necessary information to students so that students may make informed enrollment decisions. The agency shall specify what information is required((-));

(d) Use an enrollment contract or agreement that includes: (i) The cancellation and refund policy, (ii) a brief statement that the school is licensed under this chapter and that inquiries may be made to the agency, and (iii) other necessary information as determined by the agency((-);

(e) Describe accurately and completely in writing to students before their enrollment prerequisites and requirements for (i) completing successfully the programs of study in which they are interested and (ii) qualifying for the fields of employment for which their education is designed((-);

(f) Comply with the requirements of RCW 28C.10.084((-);

((2)) (g) Assess the basic skills and relevant aptitudes of each potential student to determine that a potential student has the basic skills and relevant aptitudes necessary to complete and benefit from the program in which the student plans to enroll. Guidelines for such assessments shall be developed by the agency, in consultation with the schools. The method of assessment shall be reported to the agency. Assessment records shall be maintained in the student's file;

(h) Discuss with each potential student the potential student's obligations in signing any enrollment contract and/or incurring any debt for educational purposes. The discussion shall include the inadvisability of acquiring an excessive educational debt burden that will be difficult to repay given employment opportunities and average starting salaries in the potential student's chosen occupation.

(2) Any enrollment contract shall have an attachment in a format provided by the agency. The attachment shall be signed by both the school and the student. The attachment shall stipulate that the school has complied with subsection (1)(h) of this section and that the student understands and accepts his or her responsibilities in signing any enrollment contract or debt application. The attachment shall also stipulate that the enrollment contract shall not be binding for at least five days, excluding Sundays and holidays, following signature of the enrollment contract by both parties.

(3) The agency shall deny, revoke, or suspend the license of any school that does not meet or maintain the minimum standards.

Sec. 8. Section 1, chapter 459, Laws of 1987 and RCW 28C.10.084 are each amended to read as follows:

(1) The agency shall establish, maintain, and administer a tuition recovery fund. All funds collected for the tuition recovery fund are payable to the state for the benefit and protection of any student or enrollee of a private vocational school licensed under this chapter, or, in the case of a minor, his or her parents or guardian, for purposes including but not limited to the settlement of claims procedures under subsection (9) of this section and RCW 28C.10.120. The fund shall be liable for settlement of claims and costs of administration but shall not be liable to pay out or recover penalties assessed under RCW 28C.10.130 or 28C.10.140. No liability accrues to the state of Washington from claims made against the fund.

(2) To be and remain licensed under this chapter each entity shall, in addition to other requirements under this chapter, make cash deposits into a tuition recovery fund as a means to assure payment of claims brought under this chapter. The fund shall be initially capitalized at two hundred thousand dollars and shall achieve an operating balance of at least one million dollars within five years after May 18, 1987, as required under subsection (5) of this section.

(3) The amount of liability that can be satisfied by this fund on behalf of each individual entity licensed under this chapter shall be established by the agency, based on an incremental scale that recognizes the average amount of unearned prepaid tuition in possession of the entity. However, the minimum amount of liability for any entity shall not be less than five thousand dollars and the maximum amount shall not exceed two hundred thousand dollars. Such limitation on each entity's liability remains uncharged by single or cumulative disbursements made on behalf of the entity. The upper limit of liability is reestablished following the settlement of any claim.

(4) Within sixty days after any entity deposits its initial contribution into the fund, the agency shall release whatever surety such entity had previously filed. Thereupon, the tuition recovery fund shall be liable for a period of one year following the date such surety is released with respect to prior claims against the surety. However, the liability of the fund is limited to the amount of and subject to the defenses of that released surety as though it had remained on file with the agency. The fund's liability with respect to each entity that makes an initial deposit into the fund commences on that date and ceases one year from the date it is no longer licensed under this chapter.

(5) The agency shall adopt by rule a matrix for calculating the deposits into the fund required of each entity. Proration shall be determined by factoring the entity's share of liability in proportion to the aggregated liability of all participants under the fund by grouping such prorations under the incremental scale created in subsection (3) of this section. Expressed as a percentage of the total liability, that figure determines the amount to be contributed when factored into a fund containing one million dollars. The total amount of its prorated share, minus the amount paid for initial capitalization, shall be payable in ten equal increments over a five-year period, commencing with the sixth month after May 18, 1987. Additionally, the agency shall require deposits for initial capitalization, under which the amount each entity deposits is proportionate to its share of two hundred thousand dollars, employing the matrix developed under this subsection. The amount thus established shall be deposited by each licensee of record, within thirty days after May 18, 1987, and a like amount shall be deposited by each subsequent applicant for licensing before the issuance of such license.

(6) No vested right or interests in deposited funds is created or implied for the depositor, either at any time during the operation of the fund or at any such future time that the fund may be dissolved. All funds deposited are payable to the state for the purposes described under this section. The agency shall maintain the fund, collect deposits when due by serving appropriate notices to affected entities, and make disbursements to settle claims. When the deposits total five million dollars and the history of disbursements so warrants, the agency may at its own option reduce the schedule of deposits whether as to time, amount, or both. When such level is achieved, the agency may also entertain proposals from among the licensees with regard to disbursing surplus funds for such purposes as vocational scholarships.

(7) The agency shall make determinations based on annual financial data supplied by the entity whether the increment assigned to that entity on the incremental scale established under subsection (5) of this section has changed. If an increase or decrease has occurred, a corresponding change in its incremental position and contribution schedule shall be made before the date of its next scheduled deposit into the fund.

(8) If fifty-one percent or more of the ownership interest in an entity is conveyed through sale or other means into different ownership, the contribution schedule of the prior owner is canceled. All contributions made to the date of transfer accrue to the fund. The new owner commences contributions under provisions applying to a new applicant.

(9) To settle complaints adjudicated under RCW 28C.10.120 and claims resulting ~~((from closure of an entity))~~ when a private vocational school ceases to provide educational services, the agency may make disbursements from the fund. In addition to the processes described under RCW 28C.10.120 for handling complaints, the following additional procedures are established to deal with school closures:

(a) The agency shall attempt to notify all potential claimants. The absence of records and other circumstances may make it impossible or unreasonable for the agency to ascertain the names and whereabouts of each potential claimant but the agency shall make reasonable inquiries to secure that information from all likely sources. The agency shall then proceed to settle the claims on the basis of information in its possession. The agency is not responsible or liable for claims or for handling claims that may subsequently appear or be discovered.

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

(c) After verification and review, the agency may disburse funds from the tuition recovery fund to settle or compromise the claims. However, the liability of the fund for claims against the closed entity shall not exceed that

total amount of the contribution schedule assigned to that entity under subsection (5) of this section.

(d) The agency shall seek to recover such disbursed funds from the assets of the defaulted entity, including but not limited to asserting claims as a creditor in bankruptcy proceedings.

(10) When funds are disbursed to settle claims against a current licensee, the agency shall make demand upon the licensee for recovery. The agency shall adopt schedules of times and amounts acceptable for effecting recoveries. An entity's failure to perform subjects its license to suspension or revocation under RCW 28C.10.050 in addition to any other available remedies.

(11) A minimum operating balance of two hundred thousand dollars shall be maintained in the fund. If disbursements reduce the balance below two hundred thousand dollars, each participating entity shall be assessed a prorata share of the deficiency created, based upon the incremental scale created under subsection (5) of this section. The agency shall promptly adopt schedules of times and amounts acceptable for affecting payments of assessments.

Sec. 9. Section 11, chapter 299, Laws of 1986 and RCW 28C.10.110 are each amended to read as follows:

It is an unfair business practice for a private vocational school or agent to:

(1) Fail to comply with the terms of a student enrollment contract or agreement;

(2) Use an enrollment contract form, catalog, brochure, or similar written material affecting the terms and conditions of student enrollment other than that previously submitted to the agency and authorized for use;

(3) Advertise in the help wanted section of a newspaper or otherwise represent falsely, directly or by implication, that the school is an employment agency, is making an offer of employment or otherwise is attempting to conceal the fact that what is being represented are course offerings of a school;

(4) Represent falsely, directly or by implication, that an educational program is approved by a particular industry or that successful completion of the program qualifies a student for admission to a labor union or similar organization or for the receipt of a state license in any business, occupation, or profession;

(5) Represent falsely, directly or by implication, that a student who successfully completes a course or program of instruction may transfer credit for the course or program to any institution of higher education;

(6) Represent falsely, directly or by implication, in advertising or in any other manner, the school's size, location, facilities, equipment, faculty qualifications, or the extent or nature of any approval received from an accrediting association;

(7) Represent that the school is approved, recommended, or endorsed by the state of Washington or by the agency, except the fact that the school is authorized to operate under this chapter may be stated;

(8) Provide prospective students with any testimonial, endorsement, or other information which has the tendency to mislead or deceive prospective students or the public regarding current practices of the school, current conditions for employment opportunities, or probable earnings in the occupation for which the education was designed;

(9) Designate or refer to sales representatives as "counselors," "advisors," or similar terms which have the tendency to mislead or deceive prospective students or the public regarding the authority or qualifications of the sales representatives;

(10) Make or cause to be made any statement or representation in connection with the offering of education if the school or agent knows or reasonably should have known the statement or representation to be false, substantially inaccurate, or misleading; ((or))

(11) Engage in methods of advertising, sales, collection, credit, or other business practices which are false, deceptive, misleading, or unfair, as determined by the agency by rule; or

(12) Attempt to recruit students in or within forty feet of a building that contains a welfare or unemployment office. Recruiting includes, but is not limited to canvassing and surveying. Recruiting does not include leaving materials at or near an office for a person to pick up of his or her own accord, or handing a brochure or leaflet to a person provided that no attempt is made to obtain a name, address, telephone number, or other data, or to otherwise actively pursue the enrollment of the individual.

It is a violation of this chapter for a private vocational school to engage in an unfair business practice.

Sec. 10. Section 12, chapter 299, Laws of 1986 as amended by section 83, chapter 175, Laws of 1989 and RCW 28C.10.120 are each amended to read as follows:

(1) A person claiming loss of tuition or fees as a result of an unfair business practice may file a complaint with the agency. The complaint shall set forth the alleged violation and shall contain information required by the agency. A complaint may also be filed with the agency by an authorized staff member of the agency or by the attorney general.

(2) The agency shall investigate any complaint under this section and may attempt to bring about a settlement. The agency may hold a hearing pursuant to the Administrative Procedure Act, chapter 34.05 RCW, in order to determine whether a violation has occurred. ~~((If the agency prevails, the private vocational school shall pay the costs of the administrative hearing.))~~

(3) If, after the hearing, the agency finds that the private vocational school or its agent engaged in or is engaging in any unfair business practice,



the agency shall issue and cause to be served upon the violator an order requiring the violator to cease and desist from the act or practice and may impose the penalties under RCW 28C.10.130. If the agency finds that the complainant has suffered loss as a result of the act or practice, the agency may order full or partial restitution for the loss. The complainant is not bound by the agency's determination of restitution and may pursue any other legal remedy.

(4) If the agency prevails in any administrative hearing, the private vocational school shall pay the costs of the administrative hearing.

NEW SECTION. Sec. 11. Until December 31, 1990, the agency shall distribute copies of sections 5 through 10 of this act to each private vocational school licensed by the agency.

NEW SECTION. Sec. 12. Sections 1 through 4 of this act shall expire July 1, 1992.

NEW SECTION. Sec. 13. Sections 1 through 4 and 11 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately.

NEW SECTION. Sec. 14. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the Senate March 8, 1990.

Passed the House March 8, 1990.

Approved by the Governor March 26, 1990.

Filed in Office of Secretary of State March 26, 1990.

## CHAPTER 189

[Substitute Senate Bill No. 6474]

### PUBLIC CORPORATIONS—REAL PROPERTY TRANSFERS

AN ACT Relating to public corporations; amending RCW 8.12.020, 35.22.280, and 35.92.040; and adding a new section to chapter 35.21 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 35.21 RCW to read as follows:

(1) In transferring real property to a public corporation, commission, or authority under RCW 35.21.730, the city, town, or county creating such public corporation, commission, or authority shall impose appropriate deed restrictions necessary to ensure the continued use of such property for the public purpose or purposes for which such property is transferred.