

State Board of Career Colleges and Schools

- Non-GRF agency; funding is entirely provided by fee revenue
- A continuation budget

Mary E. Morris, Budget Analyst

OVERVIEW

Duties and Responsibilities

The State Board of Career Colleges and Schools monitors and regulates approximately 282 private, for-profit post-secondary career colleges and schools to ensure compliance with state law. The Board establishes the rules for the registration and operation of the schools, including standards to ensure a school’s financial stability, sound business practices, and adequate programs and curricula. It also investigates and resolves consumer complaints and maintains funds and records to serve students when schools close.

The Board is currently responsible for registering for-profit career colleges and schools that recruit or offer diploma, certificate, and associate degrees in Ohio, and out-of-state baccalaureate or master’s degree programs that recruit in Ohio. Until FY 2002 the Board was also responsible for registering for-profit career colleges and schools with baccalaureate or master’s degrees in the state. In that year, Sub. S.B. 116 of the 124th General Assembly (effective February 20, 2002) mandated that for-profit institutions that offer baccalaureate or master’s degrees in Ohio must have their degree programs approved by the Board of Regents.

The Board’s governing authority consists of eight members: the Superintendent of Public Instruction or designee, the Chancellor of the Board of Regents or designee, and six members appointed by the Governor, one of whom (the member representing students) is nonvoting. The six members appointed by the Governor are eligible for pay at \$19.55 per hour for their time conducting Board business. The day-to-day operations of the Board are the responsibility of an executive director, who is appointed by the eight-member governing authority.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations - All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
4	\$552,300	\$572,700	\$0	\$0	Am. Sub. H.B. 119

* Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

As seen from the table, the Board receives no General Revenue Fund (GRF) money; its operations are completely supported by fee revenue, which is deposited in the Occupational Licensing and Regulatory Fund (Fund 4K9), a General Service Fund. Created by Am. Sub. H.B. 152 of the 120th

General Assembly, Fund 4K9 serves as a repository for license fees and other assessments collected by the state's professional and occupational licensing boards, including the State Board of Career Colleges and Schools. Prior to FY 2004, the Board's fee revenue was deposited in the GRF and its operations were funded by GRF appropriations. Since FY 2004 the Board has received no GRF appropriations.

The budget fully funds the Board's funding request, which will enable the Board to maintain its current staffing level of four full-time employees and five part-time school evaluators who are based around the state and perform the Board's fieldwork under purchased service contracts.

Financial Aid for Students Attending Career Colleges and Schools

The budget makes statutory changes to qualifications under section 3333.122 of the Revised Code for the Ohio College Opportunity Grant (OCOG) – the state's need-based student financial aid program. It disqualifies students entering for-profit proprietary schools not authorized by the Board of Regents after the 2007-2008 academic year from receiving OCOG grants. This will affect all schools currently registered with the State Board of Career Colleges and Schools. The budget requires the Board of Regents to review applications from for-profit proprietary schools for certificates of authorization within 22 weeks. Once a for-profit proprietary school receives its certificate of authorization from the Board of Regents, its students will be eligible for OCOG grants again. Approximately 26,000 students are currently enrolled in associate degree programs that are registered with the State Board of Career Colleges and Schools but not authorized by the Board of Regents. As of March 19, 2007, about 15,100 of them have received a total of \$30.0 million in need-based financial aid from the state.

The budget also eliminates Workforce Development Grants under sections 3333.04, 3333.38, and 3333.29 of the Revised Code. The Workforce Development Grants program provided financial support to eligible Ohio resident students attending for-profit private institutions registered with the State Board of Career Colleges and Schools. Awards under this program were available to students enrolled full-time and successfully pursuing a two-year or four-year degree at career colleges with job placement rates of at least 75%. In FY 2007, the total funding for this program was \$2.1 million.

ANALYSIS OF THE BUDGET

State Board of Career Colleges and Schools

Purpose: To support the activities necessary to monitor, regulate, and conduct investigations of career colleges and schools in accordance with Chapter 3332. of the Revised Code.

The following table shows the line item that is used to fund the State Board of Career Colleges and Schools, as well as the funding levels provided in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
GSF: 4K9	233-601	Operating Expenses	\$552,300	\$572,700
General Services Fund Subtotal			\$552,300	\$572,700
Total Funding: State Board of Career Colleges and Schools			\$552,300	\$572,700

Regulation

The Board's only program is Regulation, which is funded by GSF appropriation item 236-601, Operating Expenses. The budget provides increases of \$43,700 (8.6%) in FY 2008 and \$20,400 (3.7%) in FY 2009 for this item. These funds are mainly used to support the wage and benefits of four full-time staff members. In addition, they are also used to support personal service contracts for five part-time school evaluators, the hourly pay for six board members appointed by the Governor, and other operational expenses of the Board.

In FY 2006 the Board issued over 900 agent permits, approved 24 new schools, and renewed 146 school registrations. The Board's regulatory obligations also include on-site visits and investigative inquiries by consultants and staff. On-site visits are primarily conducted as part of the registration and review process. In FY 2006 the Board made 260 on-site visits. Corrective measures available to the Board range from consent agreements and civil penalties to the revocation of a school's certificate of registration and closure.

Student Tuition Recovery. The Board is also responsible for maintaining the Ohio Student Tuition Recovery Fund. This Fund and its regulatory body, the Ohio Student Tuition Recovery Authority, were created in 1991 to protect students from career colleges and schools that default on payments of pre-paid tuitions after closure. The reimbursement of any loss of prepaid tuition due to a school closure is first to be paid from the surety bond each school is required to maintain. Reimbursement is made from the Student Tuition Recovery Fund only if the surety bond is not sufficient to cover the entire cost of a prepaid tuition loss. The Board maintains the Fund through collections from all registered schools in the form of an annually assessed deposit of \$500 for the first five years of registration. It also has the authority to establish rules designating the period that a surety bond must remain in effect, as well as establish different bond amounts for different categories of schools if the Fund balance is significantly depleted. The Board currently maintains the records of about 250,000 students who attended schools that are now closed.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill		Version: Enacted					
SCR Career Colleges and Schools, State Board of							
4K9 233-601 Operating Expenses	\$ 418,078	\$ 500,771	\$ 508,600	\$ 552,300	8.59%	\$ 572,700	3.69%
General Services Fund Group Total	\$ 418,078	\$ 500,771	\$ 508,600	\$ 552,300	8.59%	\$ 572,700	3.69%
Career Colleges and Schools, State Board of Total	\$ 418,078	\$ 500,771	\$ 508,600	\$ 552,300	8.59%	\$ 572,700	3.69%