

Redbook

LBO Analysis of Executive Budget Proposal

State Board of Career Colleges and Schools

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LBO Redbook

State Board of Career Colleges and Schools

Quick look...

- The State Board of Career Colleges and Schools (SCR) is entirely funded through registration fee revenue. The Board receives no GRF funding.
- Currently, SCR oversees 243 career colleges, schools, and learning centers registered with the Board. Together, these schools offer nearly 1,000 programs and enroll over 56,000 students.
- The Board is governed by eight members: the Director of Education and Workforce or designee, the Chancellor of Higher Education or designee, and six members appointed by the Governor.
- SCR’s day-to-day operations are typically handled by three full-time staff members, including an executive director.
 - SCR also contracts with three part-time staff who are based around the state and perform fieldwork and onsite visits, program review, or other research projects.
- The executive budget recommends funding of \$581,189 in FY 2026 and \$593,979 in FY 2027.
 - These budget recommendations will allow for a continuation of SCR’s current operations.
 - Uses of the budget: 75.9% for personal services, 14.5% for supplies and maintenance, and 9.6% for purchased personal services.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
Fund 4K90 ALI 233601, Operating Expenses					
\$493,830	\$465,030	\$514,076	\$567,000	\$581,189	\$593,979
% change	-5.8%	10.5%	10.3%	2.5%	2.2%

Agency overview

The State Board of Career Colleges and Schools (SCR) monitors and regulates Ohio’s private, for-profit, postsecondary career colleges and schools to ensure compliance with state law. SCR currently oversees 243 career colleges, schools, and learning centers that are registered with the Board. Together, these schools offer nearly 1,000 programs and enroll more than 56,000 students. The Board consists of eight members, including the Director of Education and Workforce or the Director’s designee, the Chancellor of Higher Education or the Chancellor’s designee, and six members appointed by the Governor. The six appointed members are eligible for pay of \$19.55 per hour for their time conducting board business. SCR’s day-to-day operations are handled by three full-time staff members led by an executive director. SCR receives no GRF funding. It is entirely supported by fees that are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90).

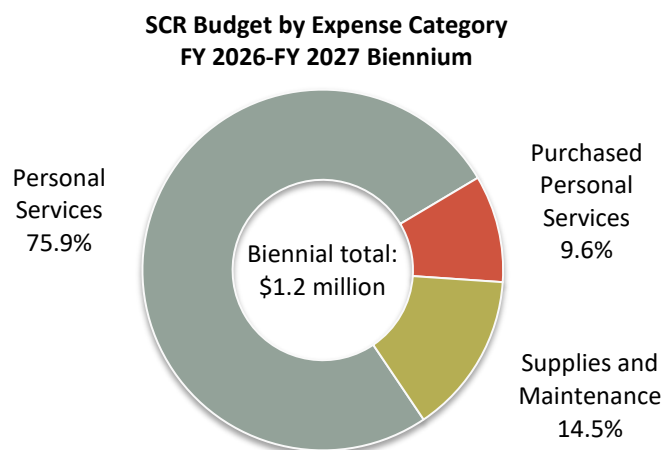
Analysis of FY 2026-FY 2027 budget proposal

Overview

The State Board of Career Colleges and Schools (SCR) is funded by a single appropriation line item within Fund 4K90: appropriation item 233601, Operating Expenses. The preceding table shows SCR's actual expenditures from FY 2022 through FY 2024, appropriation for FY 2025, and recommended appropriations for FY 2026 and FY 2027. As can be seen in the table, the executive budget proposal increases SCR funding by 2.5% in FY 2026 and by another 2.2% in FY 2027. According to a Board spokesperson, the increase in appropriation over the biennium is mainly due to personnel costs. Overall, SCR's recommended budget provides sufficient funding for the continued support of its operations, including additional payroll and fringe benefit-related costs over the biennium.

Executive recommendations by expense category

The chart below shows the \$1.2 million proposed budget for the biennium by expense category. As a regulatory agency, personnel cost is SCR's biggest expenditure category, at 75.9% of the proposed budget. This category provides the wages and benefits for SCR's three full-time staff as well as the pay for the six members appointed by the Governor. In addition to their day-to-day responsibilities, SCR full-time staff conduct site visits throughout central Ohio. The Board typically meets six times per year. The next largest expenditure category for SCR is supplies and maintenance, at 14.5%. This category includes rent, information technology, and other services provided by the Department of Administrative Services (DAS), as well as reimbursements for travel and other necessary expenses. Purchased personal services represent 9.6% of the agency's budget. As described above, this funding supports contracts with two part-time school evaluators who will be based in different areas of the state and perform fieldwork and onsite visits. A third part-time employee conducts periodic program reviews and other research projects.



Fee revenue

As indicated above, SCR does not receive any GRF funding. SCR is completely funded by fee revenue. Tables 1a and 1b show the initial school registration and program authorization fees currently charged by the Board. An initial school registration expires after one year, while a

renewal registration period lasts two years with a fee level double the initial amount listed in Table 1a. In FY 2022, the Board increased several of its fees for the first time since 2003. The updated fee schedule continues to place a greater burden on those schools with gross tuition revenue above \$1.0 million, a policy that has been in place since FY 2010.

Table 1a. School Registration Fees	
Gross Annual Tuition Income	Fee (Initial)
Less than \$100,000	\$200
\$100,000 to \$999,999	\$350
\$1,000,000 and over	\$1,000

Table 1b. Program Authorization Fees	
Type of Program	Fee (Annual)
Certificate/Diploma	\$200
Associate Degree	\$275
Bachelor/Other Degree	\$450
Major within Degree Program	\$150

Fees collected by SCR are deposited in the Occupational Licensing and Regulatory Fund (Fund 4K90). Many of the state’s professional and occupational licensing boards, including SCR, use Fund 4K90 as an operating account to support their regulatory operations. Table 2 below shows SCR’s operating revenue and expenditures from FY 2022 to FY 2027. As can be seen in the table, fee revenue per year over this period was at its lowest in FY 2023. Since then, SCR’s fee revenue increased by about \$113,000 (26.5%) to nearly \$539,000 in FY 2024. A Board spokesperson indicates that the fluctuations in revenue are due to a variety of factors, including that schools are on two-year renewal cycles and may be a little unbalanced in the number of programs coming up for approval from one year to another.

For the FY 2026-FY 2027 biennium, fee revenue is expected to increase by \$50,000 (9.1%) over the projected FY 2025 level of about \$550,000. With revenues at this level, the Board anticipates operating at a small surplus in FY 2026 and FY 2027.

Table 2. Revenues and Expenditures, FY 2022-FY 2027						
	Actual			Estimate		
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenue	\$502,251	\$425,870	\$538,800	\$550,000	\$600,000	\$600,000
Expenses	\$493,830	\$465,030	\$514,076	\$567,000	\$581,189	\$593,979
Net	-\$8,421	-\$39,160	\$24,724	-\$17,000	\$18,811	\$6,021

School, program, and student enrollment statistics

Table 3 shows the numbers of registered schools, in-state programs offered, and student enrollment from FY 2020 to FY 2024. In addition to the over 800 in-state programs offered at Ohio's SCR registered schools, there are about 171 out-of-state programs that have Ohio residents enrolled in them. As Table 3 shows, the total number of registered schools has generally remained stable over the past five years, decreasing slightly in FY 2024, while the number of in-state programs offered has been on a downward trend. Since FY 2020, enrollment has increased 30.3% to nearly 58,000 students in FY 2024, led mostly by a 29.5% increase in in-state student enrollment. The programs that have seen the most growth are in the fields of medicine, trades, and information technology, enrolling 55%, 9%, and 5%, respectively, of all students in FY 2024.

Table 3. Registered Schools, In-State Programs Offered, and Enrollment, FY 2020-FY 2024					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Registered Schools	236	241	244	247	243
In-State Programs Offered					
Certificates	394	425	415	396	458
Diplomas	299	270	277	271	234
Associate Degree	182	152	159	138	115
Advanced Degree	14	17	20	18	14
Total	889	864	871	823	821
Student Enrollment					
In-State	43,683	49,702	53,663	48,353	56,581
Out-of-State	728	1,199	1,623	2,273	1,299
Total	44,411	50,901	55,286	50,626	57,880

Investigation and enforcement statistics

The Board's regulatory obligations also include onsite¹ visits and investigative inquiries by consultants and staff. Onsite visits are primarily conducted as part of the registration and review process. As seen in Table 4, there were 37 complaints and investigative inquiries involving registered schools in FY 2024. Approximately 33 of these actions were resolved through informal means or by consent agreement and four resulted in formal disciplinary action. 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.

¹ According to a Board spokesperson, most site visits in FY 2021 were conducted online or by telephone due to COVID-19-related restrictions. Onsite visits resumed in July 2021.

Table 4. Enforcement Statistics, FY 2020-FY 2024

Activity	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Complaints	35	30	40	34	35
Investigative inquiries	4	2	3	2	2
Onsite reviews	150	125	125	160	175

Student Tuition Recovery Fund

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 repayments of prepaid tuitions after closure. The Board maintains approximately 500,000 records, some from as far back as the 1970s, of students who attended schools that are now closed and provides transcripts for the students who attended those schools. It has been working to digitize all paper records and transfer those digital records to a third-party servicer so students can go directly to the servicer to request and receive their records instead of having to go through SCR. Additionally, the Board has recently acquired approximately 40,000 transcripts from Union Institute and University and approximately 400,000 transcripts from Eastern Gateway Community College after both institutions closed in 2024.

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. 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 has the authority to establish rules designating the period that a surety bond must remain in effect as well as to establish different bond amounts for different categories of schools if the fund balance is significantly depleted. In calendar year 2024, the Board paid out four student claims totaling \$15,044. As of January 2024, the fund had a balance of approximately \$850,000.