



John Rau

Final Analysis

Legislative Service Commission

Sub. S.B. 116

124th General Assembly
(As Passed by the General Assembly)

Sens. Robert Gardner, Spada, Mumper, Hottinger, Furney, Wachtmann, Harris, Prentiss, Amstutz, White, Fingerhut, Blessing, Shoemaker, DiDonato, Espy, Mead, Hagan, Coughlin, McLin, Herington

Reps. Callender, DeWine, Hartnett, Carano, Flannery, Hoops, Calvert, Setzer, Reinhard, Reidelbach, Schmidt, Coates, Sykes, Otterman, Cirelli, Perry, Niehaus, Hagan, Schneider, Seaver, Flowers, DePiero, Jones, Webster, Distel, Allen, R. Miller, Kearns, S. Smith, Beatty, Woodard, Key, Barrett, Fedor, Gilb, Barnes

Effective date: *

ACT SUMMARY

- Exempts from regulation by the State Board of Proprietary School Registration any regionally accredited, for-profit institution that grants on the effective date of the act bachelor's or master's degrees approved by the Ohio Board of Regents.
- Makes these institutions eligible for various state grants and programs along with other institutions of higher education.
- Permits students attending these institutions to receive Ohio Instructional Grants under the same grant tables as when the institutions were regulated as proprietary schools.

** The Legislative Service Commission had not received formal notification of the effective date at the time this analysis was prepared. Additionally, the analysis may not reflect action taken by the Governor.*

CONTENT AND OPERATION

Background

Chapter 3332. of the Revised Code governs proprietary schools, also known as private career schools. Institutions subject to this chapter are regulated by the State Board of Proprietary School Registration. State colleges and universities as well as *nonprofit* private institutions whose degree programs are subject to approval by the Board of Regents are among the schools exempted from Chapter 3332. Most "for profit" institutions designed to prepare students for a career are not exempt.

The State Board of Proprietary School Registration's responsibilities include the issuance of certificates of registration to all nonexempt career schools that maintain a program in Ohio, the adoption of rules for the governance of these schools, and the issuance of program authorizations for each type of diploma offered by a proprietary school. The State Board of Proprietary School Registration and the Board of Regents work together to issue program authorizations to any proprietary school that offers a baccalaureate, master's, or doctoral degree program.

Proprietary schools, unlike state institutions and private nonprofit universities, are subject to the Student Tuition Recovery Authority. This is a five-member public body whose purpose is to protect proprietary school students from tuition loss due to business failure of the proprietary school or any other reason for which the student is not legally responsible. The Authority protects students from tuition loss through the Student Tuition Recovery Fund, a fund into which proprietary schools pay annual dues.

Exemption from regulation by the State Board of Proprietary School Registration

(secs. 1713.02, 1713.03, 3332.02, and 3333.046; Section 3)

The act creates an exemption from Chapter 3332. for institutions that are regionally accredited, are operated by for-profit corporations, and that offer on the effective date of the act bachelor's and master's degrees approved by the Ohio Board of Regents. Such schools upon the act's effective date automatically cease to be subject to regulation by the State Board of Proprietary School Registration. Instead of such regulation, the act treats these institutions much like private nonprofit institutions. While the Board of Regents must continue to approve any associate, baccalaureate, and master's degree programs offered by the institutions, that Board will not specifically govern or control the operations of the schools.

The act also specifically provides that an affected institution may continue to offer any approved associate, baccalaureate, or master's degree program that it offered on October 1, 2001 unless approval of that program has been revoked or is not renewed by the Board of Regents.

Ohio Instructional Grants (OIG)

(sec. 3333.12)

The Board of Regents administers an instructional grant program. This program pays instructional grants to full-time Ohio resident students who attend a public, private, or proprietary institution of higher education in Ohio and are enrolled in a program leading to an associate or bachelor's degree. Maximum grant amounts cover the equivalent of one academic year, and the Board establishes all rules concerning application for the grant. The amount of the grant awarded to each student differs depending on whether the student is financially dependent or independent, the number of dependents the student's family has, the gross income of the student's family, and what type of institution the student attends. For example, in fiscal year 2002, a financially independent student with a gross income of \$6,200 and two dependents who attends a state university will receive a grant of \$1,644. A similarly situated student who attends a private university will receive \$4,116, while the same student at a proprietary school will receive \$3,480.

Students of private for-profit institutions that are exempted from proprietary school board regulation (R.C. Chapter 3332.) under the act's provisions continue under the act to receive OIG grants in the amounts specified in the tables for proprietary schools.

Eligibility for scholarship programs

(secs. 3333.21, 3333.26, 3333.37, 5910.04, and 5919.34)

The act specifically makes private institutions that are exempted from regulation as proprietary schools eligible for four scholarship programs (the Academic Scholarship Program, the War Orphans Scholarship, the Ohio National Guard Scholarship, and the scholarship for widows or orphans of civil service officers killed in the line of duty) that are open to proprietary schools, nonprofit private institutions, and state-assisted universities.

In addition, the act makes the Ohio Outstanding Scholarship and Priority Needs Fellowship Programs available to students at the for-profit private institutions exempted from Chapter 3332. Under prior law, these programs were available only to students who attend state-assisted or nonprofit private

universities. These programs provide scholarships to Ohio residents who are eligible undergraduate students seeking baccalaureate degrees and fellowships to Ohio residents who are eligible graduate students seeking post-baccalaureate degrees in priority need fields.

Student Workforce Development Grant Program

(sec. 3333.29)

The Student Workforce Development Grant Program provides grants to Ohio students enrolled in two- or four-year degree programs at private career schools registered by the State Board of Proprietary School Registration. Administered by the Board of Regents, the program provides grants paid directly to the school where the student is enrolled. The Board of Regents must determine the amount of the grants based on the amount of funds available. A student may receive assistance under the program for no more than five academic years. Assistance under the program may be combined with assistance under other state programs, but the combined assistance from the state cannot exceed the total of the student's instructional and general fees.

Under the act, the former proprietary schools that are now exempt from Chapter 3332. continue to be eligible to participate in the Workforce Development Grant Program.

Grants for aerospace research, education, and technology

(sec. 3333.042)

Nonprofit entities that provide a statewide resource for aerospace research, education, and technology receive grants from the Board of Regents so long as they make their resources accessible to state colleges and universities. Continuing law allows state colleges or universities to provide assistance to these nonprofit entities. The act permits for-profit private institutions exempted from Chapter 3332. to also provide such assistance.

Community service programs

(sec. 3333.043)

State colleges and universities, and proprietary schools are required to encourage and promote the participation of their students in community service through programs that each institution tailors to meet its needs. Nonprofit private institutions that have certificates of authorization from the Board of Regents are not required to create such a community service program, but they are allowed to "opt-in," by notifying the Board of Regents that they would also like to participate.

The act gives this option to the former proprietary schools that are exempted from Chapter 3332. under the act.

Reciprocal arrangements with neighboring states

(sec. 3333.18)

The Board of Regents is permitted to enter into contracts with neighboring states whereby a student may use financial aid funds from one state to attend an approved institution in the other state. Continuing law provides that approved institutions include state-assisted institutions and nonprofit institutions that have a certificate of authorization from the Board of Regents. The act expands the list of approved institutions to also include private for-profit institutions exempted from Chapter 3332.

Post-secondary Enrollment Options Program

(sec. 3365.01)

The Post-secondary Enrollment Options Program allows high school students to enroll at a college (on a full- or part-time basis) and complete courses for high school and college credit. Continuing law permits proprietary schools, nonprofit institutions, and state-assisted colleges or universities to accept high school students as part of the program. The act allows former proprietary schools that are now exempt from Chapter 3332. under the act to continue to participate in this program.

State purchase of education loans

(sec. 3366.01)

The state facilitates the provision of education loans for students who are residents of Ohio and for non-resident students who are attending eligible Ohio institutions by creating a secondary market for loans. Eligible institutions include state-assisted colleges or universities, nonprofit institutions, and post-secondary institutions located in another state that are approved by the appropriate agency of the state. Proprietary schools are not eligible. The act adds private for-profit institutions exempted from Chapter 3332. to the list of eligible institutions.

Ohio Works First education program

(sec. 5107.58)

Ohio Works First is the state's program that provides federal Temporary Assistance to Needy Families (TANF). It is a time-limited assistance program that

provides cash benefits to eligible needy families for up to 36 months. One of the programs administered under Ohio Works First is a post-secondary education work activity. This program allows an Ohio Works First participant to enroll full-time in post-secondary education (leading to a vocation) at a state institution of higher education, a private nonprofit college or university that possesses a certificate of authorization issued by the Ohio Board of Regents or is exempt from the requirement of a certificate, or a school that holds a certificate of registration and program authorization issued by the State Board of Proprietary School Registration. If a participant makes reasonable efforts to obtain sufficient assistance to pay the tuition (such as a loan, scholarship, Ohio Instructional Grant, or a Pell Grant) but is unable to do so, the participant's tuition may be paid by the work activity program or the participant may receive a loan from the county department of human services. The act enables a former proprietary school that is now exempt from Chapter 3332. to continue to take part in the post-secondary education work activity program.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	05-22-01	p. 396
Reported, S. Education	06-20-01	p. 679
Passed Senate (31-1)	06-20-01	p. 681
Reported, H. Education	10-17-01	p. 946
Passed House (93-0)	10-24-01	p. 978
Senate concurred in House amendments (30-0)	11-14-01	p. 1117

01-sb116.124/jc