



John Rau

Bill Analysis

Legislative Service Commission

Am. S.B. 116

124th General Assembly
(As Passed by the Senate)

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

BILL SUMMARY

- Permits institutions that grant bachelor's or master's degrees, that are operated by a for-profit corporation, that are regionally accredited, and that are currently governed by the State Board of Proprietary School Registration to apply to be governed exclusively by the Ohio Board of Regents.
- Gives the Board of Regents authority to accept or deny the aforementioned institution's application and to establish standards for certificates of authorization issued to institutions whose applications it accepts.
- 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.

CONTENT AND OPERATION

Background

Chapter 3332. of the Revised Code governs proprietary schools, also known as private career schools. Under current law, any course, school, or college that is not specifically exempt from the provisions of Chapter 3332. of the Revised Code is governed by the State Board of Proprietary School Registration. State colleges and universities as well as *nonprofit* private institutions governed 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 for the school term 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 to which proprietary schools pay annual dues.

Governance by the Board of Regents

(secs. 1713.02, 1713.03, 3332.02, and 3333.046)

The bill creates an exemption from Chapter 3332. for institutions that offer bachelor's and master's degrees and that are for-profit, regionally accredited, and approved by the Ohio Board of Regents after the effective date of the bill. The bill specifically allows these private institutions to apply to be governed exclusively by the Board of Regents. Application must be made in writing to the Board by the highest ranking officer of the corporation whose office is in Ohio. The Board is free to accept or deny the application. If the Board denies the application, the private institution will continue to be governed by the State Board of Proprietary School Registration. If the Board accepts the application, however, the private institution ceases to be subject to any regulation under Chapter 3332. and is governed solely by the Board of Regents in the same manner as private nonprofit institutions. Consequently, the bill gives sole authority to the Board of Regents to establish standards for certificates of authorization issued to these private institutions.

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 differs depending on whether a student is financially dependent or independent, the number of dependents a student's family has, the gross income of the student's family, and what type of institution the student attends.

Students of private for-profit institutions that are accepted for regulation by the Board of Regents under the bill's provisions would continue 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 bill specifically makes private institutions whose applications for governance are accepted by the Board of Regents eligible institutions 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 under current law to proprietary schools, nonprofit private institutions, and state-assisted universities.

In addition, the bill makes the Ohio Outstanding Scholarship and Priority Needs Fellowship Programs available to students at the for-profit private institutions accepted for regulation by the Board of Regents. Under current law, these programs are 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.

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. Current law allows state colleges or universities to provide assistance to these nonprofit entities. The bill permits for-profit private institutions that are accepted for regulation by the Board of Regents also to 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 bill gives this option to the former proprietary schools that are accepted for regulation by the Board of Regents under the bill.

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. Current law provides that approved institutions consist of state-assisted institutions and nonprofit institutions that have a certificate of authorization from the Board of Regents. The bill expands the approved institutions list to include private for-profit institutions governed by the Board of Regents.

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. Current law permits proprietary schools, nonprofit institutions, and state-assisted colleges or universities to accept high school students as part of the program. The bill allows proprietary schools that become private institutions governed by the Board of Regents under the bill 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 are defined in current law as 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 currently eligible. The bill adds private for-profit institutions governed by the Board of Regents 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 bill enables a proprietary school that is accepted for regulation by the Board of Regents 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 |

S0116-ps.124/jc

