

# State Board of Proprietary School Registration Overview

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The State Board of Proprietary School Registration (SCR) monitors and regulates Ohio's proprietary (private, for-profit, post-secondary career) schools to ensure compliance with minimum standards set by state law. The Board establishes the standards for the registration and operation of the schools, including, but not limited to, standards to ensure school financial stability. The Board registers approximately 225 proprietary schools across the state.

The Board consists of seven members: the Superintendent of Public Instruction or his designee, the Chancellor of the Board of Regents or his designee, and five members appointed by the governor. Four staff employees, including an executive director, oversee daily operations and report directly to the Board. The staff reviews new and renewal applications for certificates of registration, which a school must have in order to operate legally. The staff also reviews and accredits each program offered by the schools, as well as the schools' faculties, and reviews applications for the schools' agents' permits. Four consultant-evaluators, based around the state, do the Board's fieldwork under purchased service contracts. Per law, the Board fee revenues must equal at least 50 percent of its appropriation for each year.

All schools are investigated at least every two years when their certificates of registration are renewed. The Board also oversees a one-year certificate program and additional training for school directors in an attempt to be more proactive and preventative in its activities. In addition, the Board investigates any written complaints about a school's activities, notifications about schools operating without a registration, and notifications of school closures. An investigation might be initiated when the Board's evaluator discovers questionable activities during a routine review of the school. Corrective measures available to the Board range from consent agreements and civil penalties to the revocation of a school's certificate of registration and the school's closure. Since 1989, when the Board acquired the means to conduct investigations, the number of complaints has declined significantly. The decline from 82 complaints in 1991 to 56 in 2000 demonstrates this trend.

As a result of statutory changes regarding its responsibilities in recent years, as well as a federal revision regarding schools that exceed a certain student loan default rate, the Board has widened its focus to provide services for the students of closed schools and to investigate schools not registered with the Board. The Board maintains a fund to provide tuition recovery to the students of closed schools through the Ohio Student Tuition Recovery Program.

The agency is required to maintain the records of students who attended schools that are now closed. The Board must provide transcripts upon request for the students who attended these schools. The Board is required to maintain student records for ten years and must keep student transcripts indefinitely. One of the Board's priorities in the upcoming biennium is sustaining the on-going efforts of tracking and maintaining student records from schools that are closed while improving monitoring of registered schools.

## ADDITIONAL FACTS AND FIGURES

State Board of Proprietary School Registration Staffing Levels						
Program Series/Division	1998	1999	2000	2001	Estimated	
					2002	2003
Board Members	7	7	7	7	7	7
Administrative Staff	4	4	4	4	4	4
<b>Totals</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>

In addition, the Board contracts with 4 consultants via of purchased services contracts who perform school and program evaluations.

### Board Revenues and Expenditures

By law, the Board's fee revenue must equal at least 50% of its expenditures each fiscal year. In the past the Board had trouble raising enough revenues from its fees. The Board raised its registration fees in FY1997 and reduced the size of its staff by half. The following figures are taken from the Board's 1999 Annual Report.

<i>Fiscal Year</i>	<i>FY1996</i>	<i>FY1997</i>	<i>FY1998</i>	<i>FY1999</i>	<i>FY2000</i>
Expenditures	\$554,184	\$463,813	\$373,763	\$360,220	\$397,383
Fee Revenue	\$208,180	\$255,441	\$239,566	\$261,399	\$241,083
GRF	\$346,004	\$208,372	\$134,197	\$98,821	\$156,300
Percentage of expenditures paid by GRF	62%	45%	36%	27%	39%
Percentage of expenditures paid by registration fees	38%	55%	64%	73%	61%

### Board Statistics

	<i>FY1998</i>	<i>FY 1999</i>	<i>FY 2000</i>
Agent Permits Issued	601	612	626
New Schools Approved	24	27	31
New Programs, Degree, and Majors	131	147	262
School Registrations Renewed	78	106	84
Programs and Degrees Renewed	243	309	284
School Site Visits Completed	275	275	310
Investigations Initiated	88	102	66

## ANALYSIS OF EXECUTIVE PROPOSAL

### Proprietary School Registration, State Board of

**Purpose** Monitor and regulate Ohio's proprietary schools to ensure compliance with minimum standards set by state law.

The following table shows the line items that are used to fund this program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2002	FY 2003
GRF	233-100	Personal Services	\$340,000	\$347,322
GRF	233-200	Maintenance	\$81,000	\$82,058
GRF	233-300	Equipment	\$4,465	\$4,457
<b>Total funding: Proprietary School Registration, State Board of</b>			<b>\$425,465</b>	<b>\$433,837</b>

#### State Board of Proprietary School Board Registration

**Program Description:** In accordance with Chapter 3332 of the ORC, the State Board of Proprietary School Board Registration monitors and regulates Ohio's proprietary (private, for-profit, post-secondary career) schools to ensure compliance with minimum standards set by state law. The Board establishes the standards for the registration and operation of the schools, including, but not limited to, standards to ensure school financial stability.

**Funding Source:** GRF

**Line Items:** 233-100 Personal Services, 233-200 Maintenance, 233-300 Equipment

**Implication of the Executive Recommendation:** The Executive recommendation is almost \$58,000 or 12 percent below the Board's request for funding in FY2002 and almost \$72,000 or 14 percent below the Board's request for FY2003. The Executive recommendation allows for an increase of 4.0 percent in FY2002 and 2.0 percent in FY2003.

The Executive recommendation includes a 4.9 percent increase in personal services for FY2002 and an increase of 2.2 percent in FY2003. It also includes a 1.3 percent increase in maintenance expenditures for each fiscal year of the biennium.

Finally, the recommendation includes an appropriation of \$4,465 in FY2002 and \$4,457 in FY2003 for equipment purchases. The Board anticipates only needing to make a few small purchases to upgrade personal computers over the biennium.

## PERMANENT AND TEMPORARY LAW SECTION

This section describes permanent and temporary law provisions contained in the executive budget that will affect the department's activities and spending decisions during the next biennium.

### **Permanent Law Provisions**

There are no permanent law provisions for this agency.

## REQUESTS NOT FUNDED

<b>Personal Services</b>						
<b>Fund Line Item</b>	<b>FY 2002 Requested</b>	<b>FY 2002 Recommended</b>	<b>Difference</b>	<b>FY 2003 Requested</b>	<b>FY 2003 Recommended</b>	<b>Difference</b>
GRF 233-100	\$377,966	\$340,000	\$37,966	\$397,635	\$347,322	\$50,313

Requested items that would be not funded under the recommended budget:

- According to the Board, recommended amounts for personnel will barely cover the cost of base payroll in FY 2002 and are less than the base payroll as estimated by DAS for FY 2003. With additional amounts that are normally charged to payroll each fiscal year, payroll cannot be covered in either year of the biennium. The Board has four employees and has reduced staff by 50 percent in the past five years.

<b>Maintenance</b>						
<b>Fund Line Item</b>	<b>FY 2002 Requested</b>	<b>FY 2002 Recommended</b>	<b>Difference</b>	<b>FY 2003 Requested</b>	<b>FY 2003 Recommended</b>	<b>Difference</b>
GRF 233-200	\$100,651	\$81,000	\$18,349	\$103,167	\$82,058	\$21,109

Requested items that would be not funded under the recommended budget:

- Currently, rent and fixed costs comprise all but about \$15,000 of this line item. As a result, travel and supplies costs make up that remaining amount. The number of school visits and other “pro-active” measures such as director training and newsletters will need to be reduced.

<b>Equipment</b>						
<b>Fund Line Item</b>	<b>FY 2002 Requested</b>	<b>FY 2002 Recommended</b>	<b>Difference</b>	<b>FY 2003 Requested</b>	<b>FY 2003 Recommended</b>	<b>Difference</b>
GRF 233-300	\$4,700	\$4,465	\$535	\$4,818	\$4,457	\$361

Requested items that would be not funded under the recommended budget:

- No new equipment initiatives will be possible for the biennium.

## LSC Budget Spreadsheet by Line Item, FY 2002 - FY 2003

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2000</i>	<i>Estimated 2001</i>	<i>Executive 2002</i>	<i>% Change 2001 to 2002</i>	<i>Executive 2003</i>	<i>% Change 2002 to 2003</i>
<b><i>SCR Proprietary School Registration, State Board of</i></b>								
GRF	233-100	Personal Services	\$ 314,319	\$324,000	\$ 340,000	4.9%	\$ 347,322	2.2%
GRF	233-200	Maintenance	\$ 75,659	\$80,000	\$ 81,000	1.3%	\$ 82,058	1.3%
GRF	233-300	Equipment	\$ 4,616	\$5,000	\$ 4,465	-10.7%	\$ 4,457	-0.2%
<b>General Revenue Fund Total</b>			<b>\$ 394,594</b>	<b>\$ 409,000</b>	<b>\$ 425,465</b>	<b>4.0%</b>	<b>\$ 433,837</b>	<b>2.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 394,594</b>	<b>\$ 409,000</b>	<b>\$ 425,465</b>	<b>4.0%</b>	<b>\$ 433,837</b>	<b>2.0%</b>

## General Revenue Fund

### GRF 233-100 Personal Services

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$287,809	\$282,501	\$314,319	\$324,000	<b>\$340,000</b>	<b>\$347,322</b>
	-1.8%	11.3%	3.1%	<b>4.9%</b>	<b>2.2%</b>

**Source:** GRF

**Legal Basis:** ORC 3332

**Purpose:** This appropriation provides funds for personal services including payroll and benefits for the State Board of Proprietary School Registration. The Board monitors and regulates Ohio's private, for-profit, and post-secondary career schools to ensure compliance with minimum standards set by state law.

### GRF 233-200 Maintenance

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$80,008	\$77,261	\$75,659	\$80,000	<b>\$81,000</b>	<b>\$82,058</b>
	-3.4%	-2.1%	5.7%	<b>1.3%</b>	<b>1.3%</b>

**Source:** GRF

**Legal Basis:** ORC 3332

**Purpose:** This appropriation provides funds for maintenance for the State Board of Proprietary School Registration. The Board monitors and regulates Ohio's private, for-profit, and post-secondary career schools to ensure compliance with minimum standards set by state law.

### GRF 233-300 Equipment

1998	1999	2000	2001 Estimate	2002 Executive Proposal	2003 Executive Proposal
\$22,299	\$1,411	\$4,616	\$5,000	<b>\$4,465</b>	<b>\$4,457</b>
	-93.7%	227.1%	8.3%	<b>-10.7%</b>	<b>-0.2%</b>

**Source:** GRF

**Legal Basis:** ORC 3332

**Purpose:** This appropriation provides funds for equipment for the State Board of Proprietary School Registration. The Board monitors and regulates Ohio's private, for-profit, and post-secondary career schools to ensure compliance with minimum standards set by state law.