

WAC 490-105-175 Conditions for placing a school in an "at-risk" status. A licensed school must demonstrate to the agency that it is financially viable under the requirements established by this section.

(1) The agency considers a school to be financially viable only if it:

(a) Is able to provide the services described in its official publications and statements;

(b) Is able to provide the administrative resources necessary to comply with the requirements of this subsection;

(c) Is able to meet all of its financial obligations including, but not limited to, refunds that it is required to make;

(d) Demonstrates at the end of its latest fiscal year, a ratio of current assets to current liabilities of at or near 1:1;

(e) Had, for its latest fiscal year, a positive net worth. For the purposes of this subsection, a positive net worth occurs when the school's assets exceed its liabilities;

(f) Has not had operating losses over both of its two latest fiscal years. In applying this standard, the agency may consider the effect of unusual events;

(g) Has not had, for its latest fiscal year, an operating deficit exceeding ten percent of the institution's net worth. For purposes of this subsection, an operating deficit occurs when operating expenses exceed revenues from current business activities.

(2) The agency may determine a school is at-risk if it fails to meet the financial viability conditions described in the definition of at-risk. "At-risk" means the school demonstrates a pattern or history of one or more of the following conditions that the agency determines raise doubts for the continued successful and profitable operation of the organization:

(a) Failure to meet the standards of financial responsibility;

(b) Misrepresentation;

(c) A decrease in enrollment from the previous reporting period of fifty percent or more or twenty-five students, whichever is greater;

(d) Frequent substantiated complaints filed with the agency;

(e) Staff turnover from the previous year of fifty percent or more or three staff, whichever is greater; and

(f) Conditions listed in (c) and (e) of this subsection, caused by unusual circumstances, shall be evaluated by the agency and exceptions may be granted.

(3) A school determined to be at-risk may petition the agency to reconsider that designation if the school believes it is unreasonable, unfair, or not in keeping with the intent and purpose of the act. The agency will consider the school's petition and may rescind the at risk designation.

(4) The school's owner and/or director will be required to meet with agency staff to discuss the conditions that lead to being designated at-risk.

(5) A school determined to be at-risk will be placed on probation and will be required to provide:

(a) A school improvement plan acceptable to the agency within thirty days after meeting with agency staff;

(b) A line of credit if appropriate; and

(c) Monthly progress reports for up to twelve months that include at a minimum:

(i) Steps taken to correct identified deficiencies; and

(ii) Current student directory information.

(6) During the probation period the school must demonstrate improvement or the agency will take action to suspend or revoke its license.

(7) The agency may publish, on its web site, a list of schools whose licenses have been either suspended or revoked.

(8) A school previously deemed "at-risk," but has met its corrective action plan, will be given a provisional license; if, at the next renewal, the school fails to meet the fiscal requirements, the agency may take action but not limited to, placing the school on at-risk status again.

[Statutory Authority: RCW 28.10.040 [28C.10.040]. WSR 15-24-088, § 490-105-175, filed 11/30/15, effective 12/31/15; WSR 08-04-110, § 490-105-175, filed 2/6/08, effective 3/8/08.]