

HOUSE BILL REPORT

HB 2597

As Reported by House Committee On:
Higher Education & Workforce Education
Appropriations

Title: An act relating to private vocational school programs.

Brief Description: Establishing additional requirements for private vocational schools.

Sponsors: Representatives Kenney, Cox, Sells, Hasegawa, Fromhold, Rodne, McCoy, Jarrett, Morrell, Conway, Ormsby and Clibborn.

Brief History:

Committee Activity:

Higher Education & Workforce Education: 1/24/06, 1/31/06 [DP];
Appropriations: 2/3/06, 2/4/06 [DP].

Brief Summary of Bill

- Adds requirements for licensure as a private vocational school and for qualification to teach or be an administrator of a private vocational school.
- Authorizes the Workforce Training and Education Coordinating Board (WTECB) to place a private vocational school on probation if the school falls below licensing standards, and to revoke a school's license if the school does not meet standards within 12 months of being placed on probation.
- Directs the WTECB to assist students of a private vocational school with obtaining information if a school closes unexpectedly.

HOUSE COMMITTEE ON HIGHER EDUCATION & WORKFORCE EDUCATION

Majority Report: Do pass. Signed by 13 members: Representatives Kenney, Chair; Sells, Vice Chair; Cox, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Buri, Dunn, Fromhold, Hasegawa, Jarrett, Ormsby, Priest, Roberts and Sommers.

Staff: Sarah Ream (786-7303).

Background:

The Workforce Training and Education Coordinating Board (WTECB) regulates and licenses private vocational schools to ensure adequate educational quality and to monitor for false,

deceptive, misleading, or unfair practices of private vocational schools. Among its duties, the WTECB establishes standards for private vocational schools, manages a tuition recovery trust fund for settlement of claims related to school closures, and monitors for unfair business practices of the schools.

Current Standards for Private Vocational Schools

The standards established by the WTECB require schools to report on their ownership and financial resources. Schools must also follow the WTECB's cancellation and refund policy and use contracts or agreements with students that include the school's cancellation policy and a statement that the school is licensed by the WTECB. Schools also must give students information necessary to make informed enrollment decisions, discuss with potential students financial impacts to the student of enrolling with the school, and assess potential students' basic skills and aptitudes to determine whether they have the skills and aptitudes to succeed in and benefit from a program of study. Finally, all private vocational schools must contribute to the Tuition Recovery Trust Fund (Fund).

Assistance to Students if a School Closes

The Fund was established to settle claims relating to school closures. If a school closes unexpectedly and fails to provide currently enrolled students with tuition refunds, such students may make a claim for recovery from the Fund in an amount up to the amount of unearned prepaid tuition.

A school that closes must send its educational records, including transcripts, to the WTECB. This allows the WTECB to contact students who may be entitled to a refund of unearned prepaid tuition. It also allows students to obtain copies of their transcripts at a later date.

Recent School Closures and Complaints

A number of schools closed in 2005, prompting the WTECB to consider whether increased oversight of private career schools is necessary.

For example, the computer training school called "Go2cert.com" closed its doors and declared bankruptcy in 2005. The WTECB refunded unearned prepaid tuition of approximately \$147,000 to the school's students who were enrolled when the school closed.

The Business Career Training Institute (BCTI), which had enrollments of between 500 and 600 students, also closed in 2005. The BCTI currently owes the Higher Education Coordinating Board more than \$50,000 for repayment of State Need Grant funds that were paid for ineligible students attending the school. The BCTI also admitted falsifying enrollment tests to admit students who were not "qualified" to enroll.

Summary of Bill:

Additional requirements for initial licensure and renewal of licensure are added. Schools must demonstrate that they are fiscally healthy enough to provide students with the services promised and to meet the WTECB's requirements. Schools must ensure students have the

basic skills, including sufficient English proficiency, to likely succeed in the program. If a student lacks sufficient skills, the school will provide additional training to assist the student with obtaining additional training.

The faculty and administrators of private vocational schools must meet certain qualifications. Instructors must: (1) have two years of full-time work experience, postsecondary training, or a combination of both, in the subjects they teach; or, (2) possess current evidence from a regulatory agency that they are qualified to teach their particular subjects. A school's highest ranking administrator must have at least two years experience in school or business administration, teaching, or professional experience related to his or her duties with the school. All staff of the school must have good moral character.

If the WTECB doubts a licensed school's financial health, the WTECB may request a statement from an independent account regarding the school's financial viability.

The WTECB may place a licensed school on probation if the school has a history of substantiated student complaints or fails to meet the licensure requirements. A school placed on probation must meet with the WTECB staff, provide a written improvement plan, monthly status reports and, if requested by the WTECB, a line of credit in an amount determined by the WTECB. If a school fails to correct its problems in 12 months, the WTECB may revoke the school's license.

If a school closes unexpectedly, the WTECB will assist enrolled students with obtaining information regarding transfer option, financial aid discharge, finding a job, and other available services.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect July 1, 2006.

Testimony For: (In support) This bill is necessary to protect students and the state from unexpected closures of vocational schools. In 2005, a number of schools closed unexpectedly, which caught the attention of the WTECB. This bill will give the WTECB additional tools with which to identify "at risk" schools, and to know who the school's students are in case a school closes. Other states have laws that provide protection similar to that provided by this bill. The requirement that a school determine whether a potential student has the "ability to benefit" from a particular program is not intended to serve as a screening tool.

(With concerns) Requiring a school to have a positive net worth may have unintended consequences. Many new businesses post a net loss their first year or two in business. A new school may have a business plan that provides for a net loss for the first or second years of business, but this does not mean that the school is not viable. Also, a school in the process of expanding may have a net loss. Likewise, some schools are part of a larger system of schools

and are backed by the assets of the parent corporation. In such a case, the resources of the parent corporation are capable of covering any losses by a particular school.

Testimony Against: None.

Persons Testifying: (In support) Representative Kenney, prime sponsor; Ellen O'Brien Saunders, Workforce Training and Education Coordinating Board; and Gina Wikstrom, Washington Federation of Private Career Colleges.

(With concerns) Peter Tenney, Bryman College.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 28 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Clements, Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hinkle, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, Miloscia, Pearson, Priest, Schual-Berke, P. Sullivan and Walsh.

Minority Report: Do not pass. Signed by 2 members: Representatives Chandler and Talcott.

Staff: Brian Enslow (786-7143).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Higher Education & Workforce Education:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect July 1, 2006.

Testimony For: (With concerns) The bill contains provision that will be very beneficial to current and future students. However, the Workforce Training and Education Coordinating Board (Board) might not be sufficiently funded to effectively implement the legislation.

(Neutral) This bill is a response to the high profile closing of private vocation schools that occurred last year. The Board worked closely with stakeholders to develop provisions that would provide protection for students while not creating a disincentive for schools to operate in the state.

Testimony Against: None.

Persons Testifying: (With concerns) Steve Lindstrom.

(Neutral) Ellen O'Brien Saunders, Workforce Training and Education Coordinating Board.