

# Regulatory Analysis Form

(Completed by Promulgating Agency)

INDEPENDENT REGULATORY  
REVIEW COMMISSION

(All Comments submitted on this regulation will appear on IRRRC's website)

(1) Agency: Department of Education

(2) Agency Number: 6

Identification Number: 334

IRRC Number: 3145

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(3) PA Code Cite: 22 Pa. Code Chapter 73

(4) Short Title: : State Board of Private Licensed Schools

(5) Agency Contacts (List Telephone Number and Email Address):

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(6) Type of Rulemaking (check applicable box):

- Proposed Regulation  
 Final Regulation  
 Final Omitted Regulation

- Emergency Certification Regulation;  
 Certification by the Governor  
 Certification by the Attorney General

(7) Briefly explain the regulation in clear and nontechnical language. (100 words or less)

The regulation proposes to amend 22 Pa. Code §73.151 (relating to fees) as set forth in Annex A. The proposed amendment to §73.151 increases Licensure Fees, Renewal Fees and User Fees for services provided by the Board.

(8) State the statutory authority for the regulation. Include specific statutory citation.

Section 4(a) and 10(a) of the Private Licensed Schools Act, Act No. 174 of 1986 (24 P.S. §§6504(a)).

(9) Is the regulation mandated by any federal or state law or court order, or federal regulation? Are there any relevant state or federal court decisions? If yes, cite the specific law, case or regulation as well as, any deadlines for action.

Yes. Section 4(a) of the Private Licensed Schools Act (24 P.S. §6504(a)) requires the Board to establish standards, rules and regulations.

Section 10(a) of the Private Licensed Schools Act (24 P.S. §6510(a)) requires the Board to increase its fees by regulation so that the projected revenues will meet or exceed projected expenditures when the revenue raised by fees, fines and civil penalties imposed under this act are not sufficient to meet Board expenditures over a two-year period. The current fees are fixed by Pa. Code §73.151.

(10) State why the regulation is needed. Explain the compelling public interest that justifies the regulation. Describe who will benefit from the regulation. Quantify the benefits as completely as possible and approximate the number of people who will benefit.

The Private Licensed Schools Act empowered the Board to promulgate rules and regulations and to increase licensing fees to meet Board expenses. The Board's current fees are fixed by §73.151. The Board has recently reviewed its fees and determined that current fees are inadequate to meet revenue needs.

Approximately 214,000 Pennsylvania students and approximately 270 private licensed schools are the primary beneficiaries of these regulations. Secondary beneficiaries are the employers who hire private licensed school graduates. The resources these students provide are vital to a skilled workforce in a wide variety of skilled trades, business, and industrial positions in the Commonwealth.

(11) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulations.

There are no applicable federal standards. This is an area solely governed by state law and these regulations were specifically drafted under the authority of the Private Licensed Schools Act. Federal rules for financial aid eligibility rely on state oversight to license and regulate the schools.

(12) How does this regulation compare with those of the other states? How will this affect Pennsylvania's ability to compete with other states?

The Board collected data on fees in 25 other states. The proposed fee structure is consistent with fees charged in other states. Pennsylvania does not compete with other states in the regulation of private career schools.

The following table shows the fees in the other states. In addition to the fees noted below, states also charge fees ranging from \$60 to \$1,750 for new programs, program changes, relocations, name changes, change in ownership, and complaint investigations. Some states bill schools for costs of services such as

site visits. Note that many states fund the regulatory oversight through general fund appropriations that may be supplemented by fees. A blank in the table below indicates that the state did not provide this information. The other 25 states have not provided any information on fees.

State	Appropriation	Initial App Fee	Renewal Period	Renewal Fee
Alabama	NO	\$25	Biennial	\$1,250 - \$15,000
California		\$500 + \$3,000/branch	Annual	\$3,500 - \$25,000
Colorado	NO	\$1,750	Triennial	\$1,750
Connecticut	NO	\$2,000	Annual	
Florida	NO	\$2,500-\$7,000		
Indiana	YES	\$1,000	Annual	\$500
Iowa		\$1,000	Biennial	\$1,000
Maine		\$100	Annual	\$50
Massachusetts	YES	\$2,500	Biennial	% of tuition
Minnesota	YES	\$2,500 + \$500/program		\$1,150 + \$200/program
Mississippi		\$2,500	Biennial	\$1,000
Missouri	YES		Annual	\$500 plus .0013
Montana		none		
Nebraska	YES			
Nevada	YES	\$2,000		\$4 fee per student
New Hampshire	NO	\$3,000	Biennial	\$350 - \$10,000
New Jersey		\$700		\$450
New Mexico		\$1,000	Annual	
New York		\$5,000	Biennial	\$750-\$18,00
Ohio	NO	\$150-\$500	Biennial	\$300-\$1600
Rhode Island		\$1,000	Annual	\$100
South Carolina				\$150-\$5,500
Texas	NO	\$3,000	Annual	.3% of tuition
Virginia		\$25,000	Annual	\$500-\$2,500
Wisconsin	NO	\$2,000	Annual	% adequate for costs

(13) Will the regulation affect any other regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

No. The regulations will not affect existing or proposed regulations.

(14) Describe the communications with and solicitation of input from the public, any advisory council/group, small businesses and groups representing small businesses in the development and drafting of the regulation. List the specific persons and/or groups who were involved. ("Small business" is defined in Section 3 of the Regulatory Review Act, Act 76 of 2012.)

The Board's Executive Committee discussed and developed these proposed regulatory changes. The Board has voted its intention to adopt these regulations. Nine of the Board's 15 members represent schools. The proposed language has been distributed to the regulated community through the PAPSA professional association. In response to a request from the House Education Committee and PAPSA, the fee proposal was adjusted and the fees were reduced to cover a five year projection of expenses instead of a ten-year projection as originally proposed.

(15) Identify the types and number of persons, businesses, small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012) and organizations which will be affected by the regulation. How are they affected?

Approximately seven new applicants for licensure and approximately 270 existing private licensed schools will be required to comply with these regulations.

(16) List the persons, groups or entities, including small businesses, that will be required to comply with the regulation. Approximate the number that will be required to comply.

Approximately 115 of the entities above that will be required to comply are small businesses.

(17) Identify the financial, economic and social impact of the regulation on individuals, small businesses, businesses and labor communities and other public and private organizations. Evaluate the benefits expected as a result of the regulation.

Approximately 214,000 Pennsylvania students and approximately 270 private licensed schools are the primary beneficiaries of these regulations. Secondary beneficiaries are the employers who hire private licensed school graduates. The resources these students provide are vital to a skilled workforce in a wide variety of skilled trades, business, and industrial positions in the Commonwealth.

The regulations enable the board to maintain quality standards to ensure that students are protected and receive quality career training. The regulations require the Board to establish fees and to be self-sustaining. The fee proposal was presented to the school community and amended at the request of the sector from an initial proposal of fees to sustain operations for ten years to the current proposal of lower fees to sustain operations for five years. With this adjustment, the sector has supported the fee proposal and appreciates the self-funding model, which has sustained staff and services. One of the largest schools was concerned by the large increase in fees and that concern was accommodated by the cap in fees. A representative of that school sits on the Board and voted in support of the fee proposal with the cap. An initial proposal to reorganize and reduce staffing was considered and rejected by the Board because the Board did not want to see any negative impact on services.

The self-funding model enables the Commonwealth to regulate the sector at no cost to tax payers and completely independent of the general fund. The cost per student reflected in the fee increase is negligible, but the benefits per student are significant in terms of protections.

(18) Explain how the benefits of the regulation outweigh any cost and adverse effects.

The Private Licensed Schools Act empowered the Board to promulgate rules and regulations and to increase licensing fees to meet Board expenses. The Board's current fees are fixed by §73.151. The Board has recently reviewed its fees and determined that current fees are inadequate to meet revenue needs.

By paying the fees established by the regulations, the schools protect the sector from abusive operators that prey on students. The fees also support staffing that provides the schools with services and support. The Board rejected a proposal to reduce the fee increase by realigning the staff because they did not want to reduce services and oversight.

(19) Provide a specific estimate of the costs and/or savings to the **regulated community** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

Licensed schools will be required to pay an increased renewal fee every 2<sup>nd</sup> year. The fee for schools with revenue under \$5000 is proposed to increase from \$500 per year to \$1000. However, these schools paid \$1200 to maintain licensure from 1991 to 2002. The proposed increase is still less than these schools paid in 1991. Schools with tuition of \$5,000 to \$9,999 will face no increase. Fees for small schools with annual tuition revenue ranging from \$10,000 to \$400,000 will face an increase of 8% to 50%. Current fees are capped at \$4,400 for any school earning over \$2,000,000 in revenue. This results in a regressive fee structure which requires the smaller schools to pay a significantly higher proportion of revenue than the largest schools.

The proposed fee structure establishes a continuing assessment on revenues over \$1,000,000 to balance the cost more equitably between smaller and larger schools. The fees establish a cap of \$35,000 per biennial renewal for the schools with revenue that exceeds \$30 million. Schools with revenue between \$400,000 and \$1 million will pay 1% of revenue in fees. Schools with tuition over \$1 million will pay 0.1% on each additional \$500,000 of revenue.

Much of the fee increase is required to close the deficit that has accumulated since 2010. The surplus collected from 2002 to 2010 has been used to cover the deficit, but the surplus will soon be depleted.

While the change represents an increased fee per dollar of tuition revenue, the fee per student enrolled is actually reduced due to the dramatic increases in tuition rates since the fees were last changed in 2002.

The fees were derived by obtaining estimated costs for staffing from the Budget Office in the Department of Education to determine the amount of revenue that would be needed to sustain current services and meet regulatory obligations. Using renewal data from 2013-2014, fees were calculated based on the number of schools that would renew in each category and the amount of revenue that would be required.

Fees for initial licensure were increased from \$1500 to \$7500 because schools that enter the sector casually have been identified as a risk factor because sudden closure is often precipitated by financial

distress. The increased fee also correlates more closely to the cost of processing new school applications, which require extensive review by professional staff.

Fees for seminar providers are projected to increase from \$750 to \$2000. The Board has not received any applications in this category since amending the regulations in 2002 to accommodate seminar providers at half the cost of a traditional license. This increase would establish the fee for seminar providers at 27% of the cost of applying for a traditional school license.

Fees for admission representatives and new program applications are projected to increase 100% to offset the remaining shortfall between operating costs and revenue. New program applications require extensive staff time for review and the costs of staffing have increased significantly since the last fee increase in 2002.

A new \$200 fee is proposed for attendees at the New Director Seminar to offset the costs of presenting the seminars. The seminars are mandatory for new directors.

Site visit fees are proposed to increase 50% to cover the increased costs of travel to conduct the visits.

Fees for change of ownership are projected to increase from \$1200 to \$5000 to parallel the cost of initial license application.

(20) Provide a specific estimate of the costs and/or savings to the **local governments** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

There will be no cost or savings to local government associated with compliance.

(21) Provide a specific estimate of the costs and/or savings to the **state government** associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required. Explain how the dollar estimates were derived.

There will be no cost or savings to state government associated with compliance. However, by adjusting fees to cover a position that was traditionally covered by General Funds, the Board is providing a cost savings to state government.

(22) For each of the groups and entities identified in items (19)-(21) above, submit a statement of legal, accounting or consulting procedures and additional reporting, recordkeeping or other paperwork, including copies of forms or reports, which will be required for implementation of the regulation and an explanation of measures which have been taken to minimize these requirements.

There will be no additional legal, accounting or consulting procedures or additional reporting.

recordkeeping or other paperwork, for the regulated community or state or local government.

(23) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	<b>Current FY Year</b>	<b>FY +1 Year</b>	<b>FY +2 Year</b>	<b>FY +3 Year</b>	<b>FY +4 Year</b>	<b>FY +5 Year</b>
<b>SAVINGS:</b>	\$	\$	\$	\$	\$	\$
<b>Regulated Community</b>						
<b>Local Government</b>						
<b>State Government</b>	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
<b>Total Savings</b>	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
<b>COSTS:</b>						
<b>Regulated Community</b>	\$1,008,400	\$1,008,400	\$1,008,400	\$1,008,400	\$1,008,400	\$1,008,400
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Costs</b>						
<b>REVENUE LOSSES:</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Regulated Community</b>						
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Revenue Losses</b>	N/A	N/A	N/A	N/A	N/A	N/A

(23a) Provide the past three year expenditure history for programs affected by the regulation.

<b>Program</b>	<b>FY -3 12-13</b>	<b>FY -2 13-14</b>	<b>FY -1 14-15</b>	<b>Current FY 15-16</b>
Oversight of Private Licensed Schools	\$759,132	\$695,942	\$777,583	\$922,000

(24) For any regulation that may have an adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), provide an economic impact statement that includes the following:

(a) An identification and estimate of the number of small businesses subject to the regulation.  
Approximately 115 of the regulated schools are small businesses.

(b) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record.

The regulatory change does not require any additional reporting, recordkeeping or other administrative costs for compliance and no additional professional skills will be required.

(c) A statement of probable effect on impacted small businesses.

The impact on the small businesses is minimized because these schools fall into the categories with the lowest fee increases. Fees for the small businesses will increase 9% to 20% since 2002 and the greater cost burden will be shifted to the corporate schools.

(d) A description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

No less costly options are available to achieve the purpose of regulating the sector. Efforts to make significant reductions in costs would reduce quality and services.

(25) List any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, the elderly, small businesses, and farmers.

The proposed regulations only impact schools and benefit students and employers. The cost increase has been minimized for the schools that are small businesses as outlined above. The regulations will not impact minorities, the elderly, farmers or other special interests.

(26) Include a description of any alternative regulatory provisions which have been considered and rejected and a statement that the least burdensome acceptable alternative has been selected.

The Board considered a proposal to reduce and reorganize staff to reduce costs to reduce the amount of the fee increase. The Board rejected this proposal out of concern that a reduction in staffing would result in decreased services to the schools.

The sector is currently experiencing tremendous flux as a result of the recent recession but also as a direct result of changes in federal regulations and increased federal scrutiny. The 2010 federal Higher Education Opportunity Act (HEOA) established strict criteria for career schools to report job placements and salaries in relation to student debt. The reporting requirements went into effect in July 2015 and schools that fail to meet benchmarks risk losing eligibility to award federal financial aid. In addition, the U.S. Department of Education has increased oversight of providers, resulting in a number of investigations and charges against large chains of publicly traded corporations that operate schools. As a result of each of these factors, the number of schools operating in Pennsylvania has been reduced by 10% since 2010. Several of the schools that have closed were large providers that would have been



expected to carry a significant portion of the Board's costs. The 10% reduction in the number of schools does not result in an equivalent 10% reduction in staff time because most services are not directly contingent on the number of schools. In addition, each school closure represents a significant drain on staff resources to provide support to displaced students. As schools adjust to the higher benchmarks for federal aid, they can be expected to discontinue some programs that cannot meet the standards and add additional programs that result in better debt to income ratios. Processing these additional program applications will require the current level of staffing to be maintained. With the implementation of the new federal regulations in July 2015, the Board anticipates that the number of closures has neared the maximum. The Board anticipates that the number of new school applicants can be expected to rise over the next five years as new schools can be expected to enter the sector to meet the market needs that have been created by recent closures. Attendance at the seminar that is mandatory for new school applicants has increased in 2015 with 65 attendees as compared to 46 in 2014. This indicates a likely increase in the number of applicants for licensure in 2016, which would indicate that any reduction in staffing would be premature at this time. The projected fee increase is projected to cover operating costs at current staffing for approximately five years, taking into consideration the reduction in the number of schools and the closure of several large providers.

(27) In conducting a regulatory flexibility analysis, explain whether regulatory methods were considered that will minimize any adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), including:

- a) The establishment of less stringent compliance or reporting requirements for small businesses;  
No reporting is required. The fee increase has been minimized for small businesses.
- b) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;  
No schedules or deadlines are established.
- c) The consolidation or simplification of compliance or reporting requirements for small businesses;  
No reporting is required.
- d) The establishment of performing standards for small businesses to replace design or operational standards required in the regulation; and  
No standards are established.
- e) The exemption of small businesses from all or any part of the requirements contained in the regulation.  
Small businesses are not exempt from the fee increase, but the increase has been minimized for the small businesses.

(28) If data is the basis for this regulation, please provide a description of the data, explain in detail how the data was obtained, and how it meets the acceptability standard for empirical, replicable and testable data that is supported by documentation, statistics, reports, studies or research. Please submit data or supporting materials with the regulatory package. If the material exceeds 50 pages, please provide it in a searchable electronic format or provide a list of citations and internet links that, where possible, can be accessed in a searchable format in lieu of the actual material. If other data was considered but not used,

please explain why that data was determined not to be acceptable.

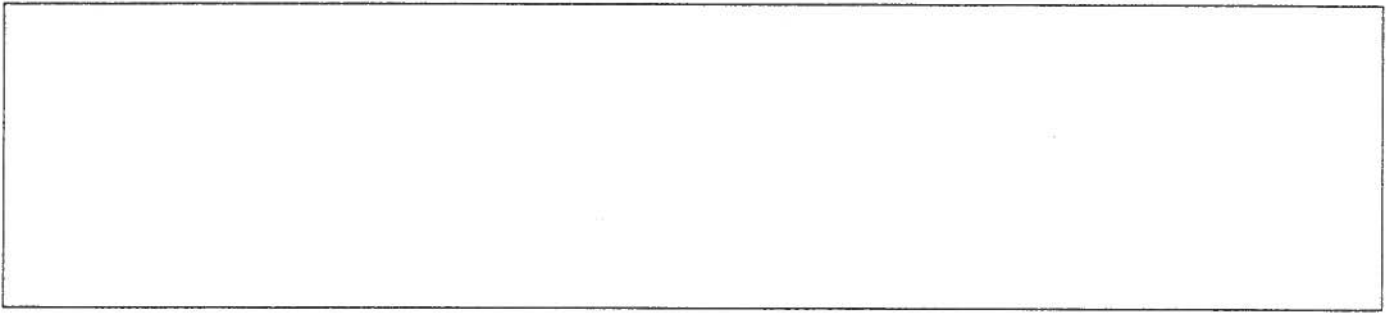
The data that was used to support the proposed fees included projections of staffing costs over the next five years provided by the Office of Budget in the Department of Education and data on tuition revenue and previous renewal rates for Private Licensed Schools.

(29) Include a schedule for review of the regulation including:

- |   |                       |
|---|-----------------------|
| A. The date by which the agency must receive public comments:                               | <u>April 30, 2016</u> |
| B. The date or dates on which public meetings or hearings will be held:                     | <u>n/a</u>            |
| C. The expected date of promulgation of the proposed regulation as a final-form regulation: | <u>July 1, 2016</u>   |
| D. The expected effective date of the final-form regulation:                                | <u>July 1, 2016</u>   |
| E. The date by which compliance with the final-form regulation will be required:            | <u>July 1, 2016</u>   |
| F. The date by which required permits, licenses or other approvals must be obtained:        | <u>n/a</u>            |

(30) Describe the plan developed for evaluating the continuing effectiveness of the regulations after its implementation.

Revenue and expenses will be monitored monthly by the division chief who will make a quarterly report to the Board. Continuing efforts will be made to contain costs with new and innovative strategies employed to provide consistent services at reduced costs. When revenue is no longer projected to cover costs for a minimum of 24 months, the Board will implement the process to increase fees.



FACE SHEET  
FOR FILING DOCUMENTS  
WITH THE LEGISLATIVE REFERENCE BUREAU  
(Pursuant to Commonwealth Documents Law)

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Copy below is hereby approved as to form and legality. Attorney General

BY: *Amy M. Elliott*  
(DEPUTY ATTORNEY GENERAL)

MAR 07 2016

DATE OF APPROVAL

Check if applicable  
Copy not approved. Objections attached.

Copy below is here by certified to be a true and correct copy of a document issued, prescribed or promulgated by:

Department of Education  
(AGENCY)

DOCUMENT/FISCAL NOTE NO. 006-334

DATE OF ADOPTION: 10-30-15

BY: *Wili Del Pilar*

TITLE: Deputy Secretary  
(EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)

Copy below is hereby approved as to form and legality. Executive or Independent Agencies.

BY: *[Signature]*

2/12/2016  
DATE OF APPROVAL

Deputy General Counsel  
~~(Chief Counsel, Independent Agency)~~  
~~(Strike inapplicable title)~~

Check if applicable. No Attorney General approval or objection within 30 days after submission.

# NOTICE OF PROPOSED RULEMAKING

## PREAMBLE

### DEPARTMENT OF EDUCATION STATE BOARD OF PRIVATE LICENSED SCHOOLS

[22 PA. CODE CH. 73]

## FEES

The State Board of Private Licensed Schools (Board), under the authority granted by the Private Licensed Schools Act (24 P.S. §§6501-6518), proposes to amend §73.151 (relating to fees) as set forth in Annex A.

### *Description of Proposed Amendments*

The proposed amendment to §73.151(a) prescribes revised fees for biennial licensure or registration of all schools, and licensure of admissions representatives.

The proposed amendment to §73.151(b) increases the User Fees for other services provided by the Board, which services are in addition to the processing and issuance of original or renewal school licenses, registration and admissions representative licenses.

### *Reason for Proposed Amendments*

The Board's current fees are fixed by §73.151. Section 10 of the Private Licensed Schools Act (24 P.S. §6510) authorizes the Board to increase its fees by regulation if the Board's revenues from fees, fines and civil penalties are not sufficient to meet Board expenditures over a two-year period.

The Board has recently reviewed its fees and determined that current fees are inadequate to meet revenue needs. The Board estimates that its expenditures for the biennial period covering Fiscal Years 2014-15 and 2015-16 will be \$1,955,300. In contrast, the estimated revenues under the existing fee structure are anticipated to be \$1,066,708. The projected shortfall of \$888,592 will be covered by the surplus in the Board's revolving account, which is currently \$1,246,770, leaving a very minimal surplus to cover operating costs after July 1, 2016.

The proposed fees at §73.151 should raise sufficient revenue to offset the Board's projected expenditures for approximately five years.

The Board last increased its fees on April 13, 2002. At that time, the Board projected that the fees would cover ten years of operating expenses. The 2002 fee structure sustained the Board's operation longer than anticipated.

The current staffing level will need to be maintained for the foreseeable future. While there has been no change to the actual number of staff supporting the work of the Board since 2002, one position dedicated to specialized associate degrees was covered by general funds until 2010 because the work is governed by regulations promulgated by the State Board of Education. That position was transferred to the Board account in 2010 because the work services the Private Licensed School community. This change adds a financial burden on the Board's funds.

Revenue has been reduced in recent years as changes in federal regulations and economic conditions have resulted in a significant reduction in the number of licensed schools from 325 in 2002 to 270 today. While revenue is reduced in accordance with the number of schools renewing licenses, staffing needs are not directly tied to the number of schools because most services need to be provided regardless of the number of licensed schools.

Most of the Board's revenue is generated by renewal fees. After one year of operation, biennial renewal fees are on an assessed graduated scale based upon gross tuition revenue. Additional revenue is generated by other service fees.

The calculations below include a cap of \$35,000 that was accepted by the Board in May 2015 and used in these calculations. The original material did not clarify that this cap was in place. The largest schools are currently capped at \$4,400 and this proposed increase in the cap to \$35,000 will ensure that the largest schools carry more of the burden of funding the Board's operation.

To accommodate the need for additional revenue the Board is proposing to raise its current fees. The following table shows current fees and the fees proposed by these amendments:

	<u>Board Activity</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
1.	Initial School License	\$1,500	\$7,500
2.	Initial School License for Schools Presenting Only Seminars	\$750	\$2000
3.	Biennial School Licensure or Registration (as shown on Annex A)	\$500 - \$4,400	\$1,000 - \$6,500 plus \$500 for each additional \$500,000 revenue over \$1,000,000 with a cap of \$35,000

4.	Admission Representatives License	\$300	\$600
5.	New Program Application	\$700	\$1400
6.	Change of Ownership	\$1,200	\$5000
7.	New School Orientation	\$200	\$300
8.	New Director Seminar	none	\$200
9.	School Site Inspection	\$500	\$750
10.	Board Directed Site Visit	\$500	\$750
11.	Board Directed Team Visit	\$800	\$1000

*Fiscal Impact*

There is no fiscal impact on the General Fund from the proposed fees. If the existing fee structure is not revised, the Board's revolving operating fund will be depleted by the fall of 2016. The proposed increased fees are expected to generate average revenue of \$1,008,400 per year for the next five years. Expenses for the same time period are projected to average 1,009,229.

Activity

Est. Revenue

**Biennial Renewal of School License  
or Registration**

<u>Tuition Revenue</u>	<u>Renewal Fee</u>	<u>#Schools</u>	<u>Est. Revenue</u>
\$0-\$4,999	\$1,000	33	\$33,000
\$5,000-9,999	\$2,000	06	\$12,000
\$10,000-49,999	\$2,500	28	\$70,000
\$50,000-99,999	\$2,700	15	\$40,500
\$100,000-149,000	\$2,800	14	\$39,200
\$150,000-199,999	\$3,000	14	\$42,000

\$200,000-249,999	\$3,500	11	\$38,500
\$250,000-299,999	\$4,000	11	\$44,000
\$300,000 – 399,999	\$4,500	16	\$72,000
\$400,000 – 499,999	\$5,000	11	\$55,000
\$500,000-749,999	\$5,500	12	\$66,000
\$750,000–999,999	\$6,000	02	\$12,000
\$1,000,000 and over	\$6,500	4 X \$6,500	\$26,000
	plus \$500	12 X \$7,000	\$84,000
	for each	2 X \$7,500	\$15,000
	additional	1 X \$8,000	\$8,000
	\$500,000	1 X \$9,000	\$9,000
	in revenue	13 X \$10,000	\$130,000
		7 X \$10,500	\$73,500
		4 X \$11,000	\$44,000
		3 X \$11,500	\$34,500
		1 X \$12,000	\$12,000
		2 X \$12,500	\$25,000
		4 X \$13,000	\$52,000
		2 X \$13,500	\$27,000
		2 X \$14,000	\$28,000
		2 X \$15,000	\$30,000
		1 X \$15,500	\$15,500
		2 X \$16,500	\$33,000
		2 X \$17,000	\$34,000
		1 X \$19,000	\$19,000

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TOTAL ANTICIPATED REVENUE FROM RENEWALS  
EVERY TWO YEARS \$1,452,700

**TOTAL ANTICIPATED ANNUAL RENEWAL REVENUE \$726,350**

Original School License or Registration 7 x \$7,500 \$52,500



Seminar Provider	0 x \$2,000	\$0
Admission Representative License	120 x \$600	\$72,000
New Program Application	68 x \$1,400	\$95,200
Change of Ownership	5 x \$5,000	\$25,000
New School Orientation Seminar	47 x \$300	\$14,100
New Director Seminar	60 x \$200	\$12,000
School Site Inspection	15 x \$750	\$11,250
Board-Directed Site Visit	0 x \$750	\$0
Board-Directed Team Visit	0 x \$1,000	\$0
Total Estimated Annual Revenue		\$1,008,400
Total Estimate Annual Expenditure		\$1,009,229

#### Paperwork Requirements

The proposed amendment requires the Board to alter some of its forms to reflect the new fees. The proposed amendments would create no additional paperwork for the private sector.

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#### Effective Date

These proposed amendments will become effective upon final adoption by the Board and publication in the Pennsylvania Bulletin. The Board's objective is to have the changes to the regulations in effect by January 1, 2016.

#### Sunset Date

The Private Licensed Schools Act requires that the Board monitor its revenue and cost on a biennial basis. Therefore, no sunset date has been assigned.


## *Regulatory Review*

Under section 5(a) of the Regulatory Review Act (71 P. § 745.5(a)), the Department of Education submitted a copy of this proposed amendment on March 14, 2016 to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the House and Senate Committees on Education. In addition to submitting the proposed amendment, the Department has provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form prepared by the Department in compliance with Executive Order 1996-1 "Regulatory Review and Promulgation." A copy of this material is available to the public upon request.

If the Committees have any objections to any portion of the proposed amendment, they will notify the Department of Education within 20 days of the close of the public comment period. If IRRC has any objections to any of the proposed amendments, it will notify the Department within 30 days of the close of the public comment period. The notification shall specify the regulatory review criteria, which have not been met by that portion. The Regulatory Review Act specifies detailed procedures for review of objections raised, prior to final publication of the regulations, by the Board, the General Assembly and the Governor.

### *Public Comments Contact Person*

Interested persons are invited to submit to the State Board of Private Licensed Schools their written comments, suggestions or objections regarding this proposal within 30 days following its publication in the *Pennsylvania Bulletin*. Written comments, suggestions or objections for Board consideration should be sent to Ms. Patricia Landis, Coordinating Secretary, State Board of Private Licensed Schools, 333 Market Street, Harrisburg, Pa. 17126-0333, and (717) 783-8228.

  
Patricia Landis,  
Coordinating Secretary

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ANNEX A

Title 22. EDUCATION

PART 111. STATE BOARD OF PRIVATE LICENSED SCHOOLS

CHAPTER 73. GENERAL PROVISIONS

§ 73.151. Fees.

(a) License fees. The fees for school and admissions representative licenses shall accompany both original and renewal license and registration applications.

The fee schedule is:

- (1) For an original school license or registration – [~~\$1,500~~] **\$7500**.
- (2) For an original school license or registration of a school that only presents seminars – [~~\$750~~] **\$2000**.
- (3) For a renewal school license or registration –biennial fee based on gross tuition revenue:

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Gross Tuition Revenue	Fee
\$0-[ <del>2,499</del> ] <b><u>\$4,999</u></b>	<del>[\$500]</del> <b><u>1,000</u></b>
[ <del>\$2,500</del> -4,999	\$1,000]
\$5,000-9,999	\$2,000
\$10,000-49,999	<del>[\$2,200]</del> <b><u>2,500</u></b>
\$50,000-99,999	<del>[\$2,300]</del> <b><u>2,700</u></b>
\$100,000-[ <del>199,999</del> ] 149,000	<del>[\$2,600]</del> <b><u>2,800</u></b>

<u>\$150,000-199,999</u>	<u>\$3,000</u>
\$200,000-[499,999]249,999	[\$3,000] <u>3,500</u>
<u>\$250,000-299,999</u>	<u>\$4,000</u>
<u>\$300,000 – 399,999</u>	<u>\$4,500</u>
<u>\$400,000 – 499,999</u>	<u>\$5,000</u>
\$500,000-[999,999] 749,999	[\$3,500] <u>5,500</u>
<u>\$750,000–999,999</u>	<u>\$6,000</u>
[\$1,000,000-1,999,999	\$4,100
\$2,000,000 and over	\$4,400]
<u>\$1,000,000 and over</u>	<u>\$6,500 plus \$500 for each</u> <u>additional \$500,000</u> <u>in revenue with \$35,000 cap</u>

(4) For an admission representative license -- \$[300] 600 annually.

(b) User fees. Fees will also be assessed for other services provided by the Board, which services are in addition to the processing and issuance of original or renewal school licenses or registration and admissions representative licenses.

These user fees are as follows:

- (1) A \$[700] 1400 fee shall accompany each application for approval of a new program.
- (2) A \$[1200] 5,000 fee shall accompany notification to the Board of a change in ownership of the school.

(3) A \$[200] **300** fee per participant will be charged for participation in new school orientation seminars.

(4) A \$[500] **750** fee will be charged for each site inspection of the following types: new school, change in location, expansion of instructional space, temporary relocation, branch facility and remote training facility. This fee shall be paid before commencement of the visit.

(5) The fee for a Board-directed visit is \$[500] **750** per day if the visit is conducted by staff; \$[800] **1000** per day plus team member expenses for a visit conducted by a team with nonstaff members. The fee for a Board-directed visit shall be paid before commencement of the visit.

**(6) A \$200 fee per school will be charged for participation in a new director seminar.**

\* \* \* \* \*



COMMONWEALTH OF PENNSYLVANIA  
GOVERNOR'S OFFICE OF GENERAL COUNSEL

March 14, 2016

Mr. David Sumner  
Executive Director  
Independent Regulatory Review Commission  
14<sup>th</sup> Floor, 333 Market Street  
Harrisburg, PA 17126

Dear Mr. Sumner:

Enclosed is a copy of a proposed regulation approved by the Department of Education (22 Pa. Code, Chapter 73, State Board of Private Licensed Schools – Fees, #006-334), for review and action by the Commission pursuant to the provisions of section 5.1(c) of the Regulatory Review Act.

The Department of Education will provide your Committee with any assistance you may require to facilitate a thorough review of this proposed regulation.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ernest N. Helling".

Ernest N. Helling  
Assistant Chief Counsel

Enclosure

cc: Wil Del Pilar, Deputy Secretary  
Karen Molchanow, State Board of Education, Executive Director  
Marisa Lehr, Esquire  
Angela Fitterer, Legislative Liaison

**TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE  
REGULATORY REVIEW ACT**

I.D. NUMBER: 6-334  
 SUBJECT: State Board of Private Licensed Schools - Fees  
 AGENCY: DEPARTMENT OF EDUCATION

**TYPE OF REGULATION**

X Proposed Regulation  
 Final Regulation  
 Final Regulation with Notice of Proposed Rulemaking Omitted  
 120-day Emergency Certification of the Attorney General  
 120-day Emergency Certification of the Governor  
 Delivery of Tolled Regulation  
 a. With Revisions                      b. Without Revisions

2016 MAR 14 AM 11:30  
 IRRC  
 RECEIVED

**FILING OF REGULATION**

<u>DATE</u>	<u>SIGNATURE</u>	<u>DESIGNATION</u>
		<i>HOUSE COMMITTEE ON EDUCATION</i>
3-14-16	<u>April McClellan</u>	MAJORITY CHAIR <u>James R. Roebuck, Jr.</u>
3-14-16	<u>Cheryl Walker</u>	MINORITY CHAIR <u>Stan Saylor</u>
		<i>SENATE COMMITTEE ON EDUCATION</i>
3/14/16	<u>Judy Merrill</u>	MAJORITY CHAIR <u>Lloyd Smucker</u>
3/14/16	<u>Don</u>	MINORITY CHAIR <u>Andrew Dinniman</u>
3/14/16	<u>K Cooper</u>	<i>INDEPENDENT REGULATORY REVIEW COMMISSION</i>
		<i>ATTORNEY GENERAL (for Final Omitted only)</i>
3/14/16	<u>Heather Brown</u>	<i>LEGISLATIVE REFERENCE BUREAU (for Proposed only)</i>