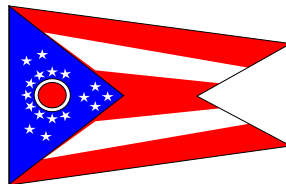


STATE BOARD OF CAREER COLLEGES AND SCHOOLS



2018 Annual Report



STATE BOARD OF CAREER COLLEGES AND SCHOOLS

30 East Broad Street, Suite 2481, Columbus, OH 43215
(614) 466-2752 • Fax (614) 466-2219 • Toll Free (877) 275-4219
E-mail: bpsr@scr.state.oh.us • Website: <http://scr.ohio.gov/>

Honorable Governor John Kasich;

Members of the General Assembly;

Administrators of Registered Schools:

This report is filed in compliance with Ohio Revised Code Sections 149.01 and 3332.031(N). We attest that the information contained herein is an accurate reflection of the activities of this State Board of Career Colleges and Schools (formerly known as the State Board of Proprietary School Registration), as well as the career colleges and schools registered by the Board, during fiscal year 2018. This is the 44th Annual Report produced by this Board.

Ohio has one of the largest career education systems in the country. The State Board of Career Colleges and Schools is responsible for monitoring and regulating 224 for-profit and non-profit private career colleges and schools in the State of Ohio. During fiscal year 2018, these private career schools educated over 37,000 Ohio students in 853 programs approved by this Board.

The State Board of Career Colleges and Schools continues to work to assure that career education succeeds for the citizens of Ohio. It is our hope that this Annual Report will provide insight for the citizens of Ohio about the significant, positive contributions of private career colleges and schools in Ohio. On behalf of the State Board Career Colleges and Schools, we hope that you will find our Annual Report informative and enlightening.

Respectfully submitted,

Jerome Brockway

Jerome Brockway, Chairperson

John Ware

John Ware, Executive Director

**BOARD AND STAFF OF
THE STATE BOARD OF CAREER COLLEGES AND SCHOOLS**

BOARD MEMBERS

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Public Member
Toledo, Ohio

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School Representative
Hudson, Ohio

MR. SRIKANTH GADDAM
Public Member
Dublin, Ohio

Dr. EMILY PASSAIS
Ohio Dept. of Education
Columbus, Ohio

MR. DENNIS BARTELS
School Representative
Columbus, Ohio

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Ohio Dept. of Higher Education
Columbus, Ohio

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School Representative
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Student Representative
Columbus, OH

STAFF

MR. JOHN WARE
Executive Director

MS. RUTH MYERS
Assistant Director

MS. LAURA ESSMAN
Administrative Professional

|

EDUCATIONAL CONSULTANT/EVALUATORS

MS. CHRISTINE GREGORY
Cleveland, Ohio
Northern Ohio Area

DR. STEVEN PUCKETT
Columbus, Ohio
Central Ohio Area

DR. RICHARD BRUBAKER
Dayton, Ohio
Southern Ohio Area

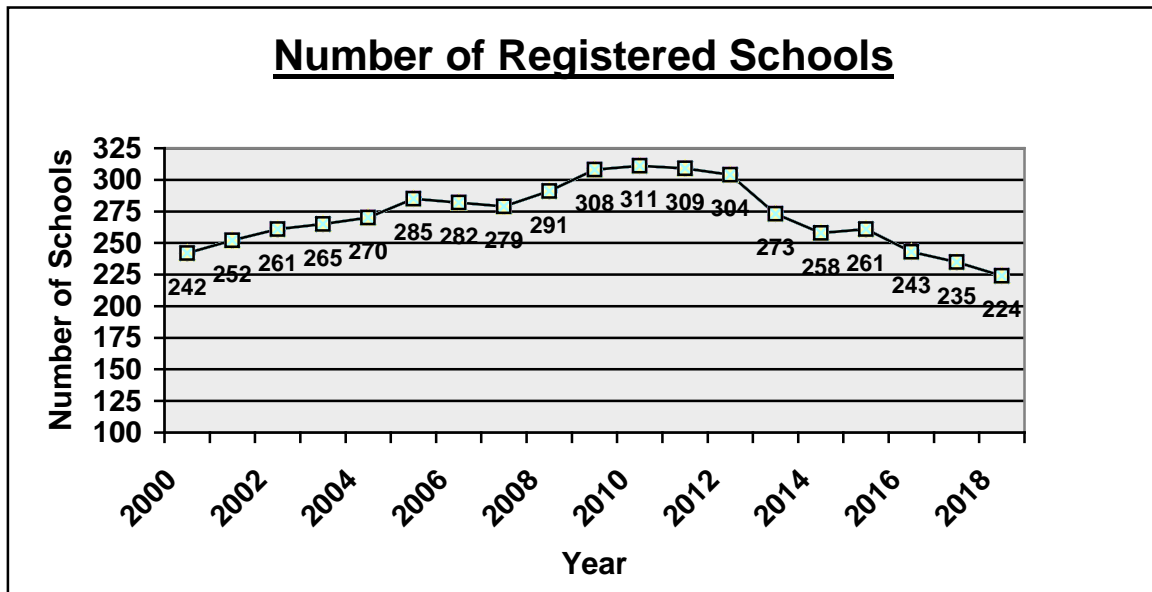
Board and Staff as of 1/1/19

I. Introduction

The State Board Career Colleges and Schools (“Board”) was created by the Ohio Legislature in 1970. In 1989, significant legislative changes gave the Board more regulatory authority over career colleges and schools (private, for-profit, post-secondary) in Ohio. It also changed the composition of the Board to include more representatives from the public and it increased the number and responsibilities of its field staff.

In recent years, increased oversight by the Board, as well as by national accrediting agencies and the United States Department of Education, has resulted in many changes to the career school industry. These changes resulted in a reduction of schools registered with the Board beginning in 2013. Those numbers are reflected in Chart 1 below.

Chart 1



In addition to a decrease in the number of schools, the number of enrolled students has also decreased over the last five years as illustrated by Table 1 below.

Table 1: Total Number of Students Attending Ohio Career Colleges and Schools

Students	2014	2015	2016	2017	2018
Total Students	60,437	51,718	50,806	37,764	37,324

II. General Information about the State Board of Career Colleges and Schools

A. *Board Responsibilities*

The Board's general responsibilities include:

1. Maintaining the viability of registered schools through oversight of their programs and curricula along with their business practices, including advertising and recruiting.
2. Monitoring schools that provide educational and related services to a population of students who might not be served in the non-profit or public sector.
3. Protecting reputable schools from unfair competitive practices of unscrupulous school operators and their representatives.
4. Protecting the investment of students who have paid for education and training services.
5. Protecting the citizens of Ohio from fraudulent and unscrupulous school operators and their representatives.

In carrying out these responsibilities, the Board's goals are to offer help, encouragement, and guidance to registered schools so that those Ohioans who choose them will be assured of quality education and training. In that process, the Board strives to uniformly deliver a consistent, fair, and equitable administration of its responsibilities in order to encourage maximum performance, which leads to gainful employment or career enhancement for each graduate of an Ohio career school.

This Annual Report is testimony to the positive impact of Ohio's career colleges and schools. The Board is proud of its role in the regulation of this important post-secondary sector. It feels strongly that, with their continued cooperation, Ohioans can remain assured that their investment in a career college or school is one on which they can depend.

B. The Board Structure

The organizational structure and composition of the Board is established by **Section 3332.03** of the Ohio Revised Code, and the membership consists of the following:

1. The State Superintendent of Public Instruction or an Assistant Superintendent designated by the Superintendent;
 - During Fiscal Year (“FY”) 2018, Dr. Emily Passais, Assistant Superintendent for the Ohio Department of Education, served in this capacity.
2. The Chancellor of the Ohio Board of Regents or a Vice Chancellor designated by the Chancellor;
 - During FY 2018, Dr. Stephanie McCann, Vice Chancellor of the Ohio Board of Regents served in this position.
3. Six members appointed by the Governor, with the advice and consent of the Senate, including:
 - a. Three of the members must be representatives from vocational and technical schools:
 - During FY 2018, Ms. Lynn Mizanin of Stautzenberger College, Ms. Andrea Fricks of National College, Mr. Ken Miller of Trumbull Business College and Mr. Dennis Bartels of Bradford College served as appointed school representatives.
 - b. Two public members without affiliation to regulated schools;
 - During FY 2018 Dr. Jerome Brockway from Ashtabula and Mr. Srikanth Gaddam from Dublin served as the Board's public members.
 - c. One non-voting member who has graduated from a regulated school with a Baccalaureate or an Associate Degree, during the past five years.
 - During FY 2018, Mr. Lloyd Graham served as the Board's student representative.

C. Board Statutory Responsibilities

Ohio Revised Code Sections 3332.01 through 3332.15 require that the Board:

1. Establish minimum standards for the regulation and operation of registered schools, including but not necessarily limited to standards to insure school financial stability.
2. Issue certificates of registration and program authorization to registered schools.
3. Suspend or revoke the certificates of registration or program authorization under certain conditions.
4. Establish minimum standards for certificate, diploma, and degree programs offered by registered schools.
5. Grant permits to agents and/or suspend or revoke an agent's permit.
6. Establish minimum standards for agents, including a code of ethics.
7. Monitor recruitment and admission practices of schools to ensure compliance with the law and the rules of the Board.
8. Adopt rules requiring all schools to provide applicant students, prior to signing an enrollment agreement, written information concerning obligations on the part of any student obtaining a grant or loan, the school's placement rates for each of the preceding three years, and other information the Board deems pertinent.
9. Adopt a rule requiring all schools to include, in the enrollment agreement, notice that the student may direct any problems he/she is having with the school, or complaints he/she has about the school, to the Board.
10. Adopt a rule requiring a uniform tuition refund policy.
11. Adopt a rule establishing minimum standards for all faculty and instructional staff in all instructional programs at a school.
12. Report annually to the Governor and General Assembly on the activities of the Board and career colleges and schools and make legislative recommendations when necessary to enable the Board to better serve the student population and the schools registered with the Board.

III. Overview of Significant Board Activities for Fiscal Year 2018

Some of the significant changes and other activities of the Board and its staff that took place during FY 2018 included:

Forever GI Bill: The Board worked with the US Department of Education and the Department of Veteran's Affairs to support passage of the Forever GI Bill that brought about many changes to education benefits for service members, veterans and their families. A provision of the bill that was of particular interest to many states that have been dealing with school closures the past few years, expands the VA's authority to restore the Post-9/11 GI Bill benefits of veterans who are affected by a permanent school closure such as ITT Tech's abrupt closure last year. Previously, the VA could not fully restore a veterans' benefits if the school they attend permanently closed.

Transfer of Credit: The Board staff participated in numerous stakeholders meetings to discuss the strategy plan being developed by the Department of Higher Education in accordance with Ohio Revised Code section 3333.166, that would enable students to transfer credits earned at for profit career colleges to state institutions of higher education. The Department of Higher Education will be holding several more stakeholder meetings during FY 2019 to solicit input on the strategy plan that is required to be submitted to the legislature by January 1, 2019.

School Closures: The Board spent substantial time during FY 2018 continuing to work with a number of schools that are were the process of closing through teach-outs including all the Brown-Mackie locations in Ohio, the Miami-Jacobs locations, Aliterous Career College, Gallipolis Career College and Vatterott College. These closures resulted in a significant reduction in the number of students enrolled at approved schools in Ohio.

School Oversight: The Board and its staff continued to carry out its statutory oversight duties by taking the following actions during FY 2018:

- Issued 739 Agent Permits
- Approved 27 New Schools
- Approved 125 New Program, Degrees and Majors
- Renewed 138 Schools
- Renewed 796 Programs and Degrees
- Approved 22 Learning Centers

Many of these Board actions required on-site visits by consultants and staff and, as a result, the Board's staff and consultants made over 185 site visits to various schools throughout the state during FY 2018.

IV. Data Analysis for Fiscal Year 2018

Contained below is a report and analysis of the data accumulated by the Board for Fiscal Year 2018. This information is presented in an attempt to accurately track the activities of the Board as well as the activities of the schools registered by the Board. The cumulative school data has been compiled from an analysis of the annual reports submitted by each school registered by the Board.

A. *Registered Schools*

During FY 2018 there were 259 schools and learning centers registered with the Board. These numbers can be compared with previous years in Table 2 below.

TABLE 2: Total Number of Registered Schools

Fiscal Year	Number of Schools and Learning Centers
2009	336
2010	335
2011	328
2012	322
2013	293
2014	278
2015	280
2016	261
2017	251
2018	245

Of the 245 schools and learning centers that were registered with the State Board during FY 2018, 110 were accredited by accrediting agencies recognized by the United States Department of Education. The following table is a breakdown of these accredited schools, and their accrediting agency.

TABLE 3: Accredited Schools

	ACCSC	COE	ABHES	ACCET	OTHER
Number of Schools	57	10	21	9	13

B. School and College Programs and Student Enrollment

Pursuant to Ohio Administrative Code Section 3332-1-16, the schools and colleges regulated by the Board offer four types of registered instructional programs that can range in length from a few days to over four years:

1. **“Certificate Program”** means generally one or more technical courses usually completed in one to twenty-six weeks, normally with a single skill objective.
2. **“Diploma Program”** means a program of instruction offering technical and basic course work. The program generally ranges in length from six hundred to fifteen hundred clock hours; or more than forty but less than ninety quarter credit hours; or more than twenty-seven but less than sixty semester hours.
3. **“Associate Degree Program”** means a group of technical, non-technical and general education courses which full-time students may complete in a minimum of two academic years, six to eight academic quarters, or four semesters.
4. **“Advanced Degree Program”** means a program of instruction at the baccalaureate, masters or doctorate level of instruction that is approved by the Ohio Board of Regents pursuant to Ohio Revised Code Section 3332.05.

During FY 2018, Ohio’s career colleges and schools offered a total of 853 programs. A breakdown of those programs is contained in Table 4 below.

TABLE 4: Programs Offered by Ohio Career Colleges and Schools

Programs	2013	2014	2015	2016	2017	2018
Advanced Degree	176	94	93	85	44	14
Associate Degree	687	566	556	503	302	193
Diploma	457	397	428	425	329	271
Certificate	515	363	401	426	412	375
Total Programs	1,835	1,420	1,478	1,439	1,087	853

In addition to Ohio based schools, the Board also registers 31 schools that are located out-of-state, but that have registered agents recruiting in Ohio. Table 5 below lists the number of programs (1,101) offered by both in-state and registered out-of-state schools.

TABLE 5: Programs Offered by All Registered Colleges and Schools

Programs	In-State	Out-of-State	Total
Degree Level	207	85	292
Non-Degree Level	646	163	809
Total Programs	853	248	1,101

During FY 2018, registered career colleges and schools enrolled 38,253 students in programs approved by the Board. Table 6 shows a breakdown of students enrolled at each program level.

TABLE 6: Number of Students Enrolled in Programs Offered by Registered Schools

Programs	In-State	Out-of-State	Total
Degree Programs	9,602	485	10,087
Non-Degree Programs	27,722	444	28,166
Total All Programs	37,324	929	38,253

C. Employment After Graduation

Placement statistics compiled in this report indicate that 82% of the individuals who completed their education during FY 2018 found employment following their graduation.

Ohio's career colleges and schools have been of great assistance in helping unemployed adults to find jobs. Some of the schools work closely with government agencies like WIA and Vocational Rehabilitation, and in some cases, employers, to assist in paying the cost of these training programs. Through this effort, career colleges and schools are removing some people from public assistance and once again making them taxpayers.

The following table indicates the general placement activities of the schools registered with the State Board of Career Colleges and Schools.

TABLE 8: Employment Statistics

Type of Program	Degree Programs	Diploma Programs	Certificate Programs	Total All Programs
Completions	2,578	5,046	9,816	17,440
Employed Related	1,670	3,530	5,952	11,152
Employed Un-Related	82	109	276	467
Not Employed	641	1,022	871	2,534
Not Available for Placement	185	385	2,717	3,287
Employment Rate	73%	78%	88%	82%

D. School Employees

Another part of the economic impact of registered schools is the employment the schools provide for Ohioans. During FY 2018, career colleges and schools provided employment for 4,254 Ohio citizens with total wages of over \$121 million.

School employees can be categorized as Administrative, Faculty, Professional, and Other (general support staff). The following table provides a picture of employees that are employed to operate and teach in the schools that are registered with the State Board of Career Colleges and Schools.

TABLE 9: FY 2018 School Employees

Full-Time Employees		Part-Time Employees	
Administrative	531	Administrative	64
Instructional	794	Instructional	1,499
Professional	546	Professional	110
Agent	318	Agent	53
Other	175	Other	164
TOTAL	2,364	TOTAL	1,890

E. Economic Impact on Ohio

TABLE 10: Economic Impact

Year	Number of Schools	Total Annual Wages Paid	Gross School Income	Gross School Expenditures
2014	258	\$188,324,128	\$469,694,704	\$455,694,788
2015	261	\$172,918,885	\$537,200,603	\$508,341,309
2016	243	\$169,381,886	\$501,346,688	\$474,037,605
2017	235	\$123,203,573	\$316,546,204	\$294,407,751
2018	224	\$121,640,602	\$312,789,366	\$252,456,648

Ohio's 224 registered career colleges and schools provided education and training to over 37,000 students during FY 2018. Over 17,000 students graduated during the period. Career college and school graduates make a continuing contribution to the economy because of their improved productivity. Graduates of these institutions have higher personal incomes and pay more taxes.

Career colleges and schools also make an economic impact through their expenditures as they are businesses that pay salaries, buy goods and services from other businesses and pay taxes to the local, state and federal government. The well-established model developed by the American Council on Education indicates that, for colleges and universities, every dollar in total operating expenditures generates approximately \$1.20 of local economic activity after taking a "multiplier" of expenditure cycles into account.¹ Using this calculation we can estimate that career colleges and schools in Ohio generated more than \$300 million of local economic activity during FY 2018. We can also estimate using these same calculations that these schools contributed more than \$25 million as institutions in taxes to support the local, state, and federal government. (This figure excludes income taxes paid by employees on their salaries.)

Finally, using calculations derived from an economic study of private schools in California, we can estimate the total additional education costs that Ohio would incur if career colleges and schools did not exist and other public and private institutions were forced to absorb the students currently attending these schools. Using the calculations from the California study, we estimate that it would have been necessary for the state to

¹ See Hodgkin, Robert "Estimating the Impact of a College or University on the Local Economy". American Council on Education, October 1990.

appropriate an additional \$40 million for higher education during FY 2018 to cover the costs of educating students currently attending Ohio's career colleges and schools.

V. Fiscal Analysis of Board Activities

A. Revenue and Expenditures

The Board's revenue is generated from fee schedules adopted and approved by the Board. The following table shows a five-year comparison of revenue and expenditures.

TABLE 11

Fiscal Year	2014	2015	2016	2017	2018
Earned Revenue	\$782,694	\$773,462	\$599,840	\$490,845	\$577,040
Expenditures	\$551,074	\$519,335	\$487,173	\$509,010	\$474,057
Excess Revenue	\$231,620	\$254,127	\$112,667	(\$18,165)	\$102,983

Following a statutory change that was effective at the beginning of FY 2004, the Board stopped receiving GRF funding and became self-funded. All Board revenue is deposited in a rotary fund (the 4K90 fund) and all Board expenditures derive from that fund as well.

VI. Division of School Compliance

The following report is intended to provide an overview of investigative activity initiated by the Division of School Compliance during FY 2018. The report contains statistical data regarding the volume of complaints and an outline of public action taken by the State Board of Career Colleges and Schools.

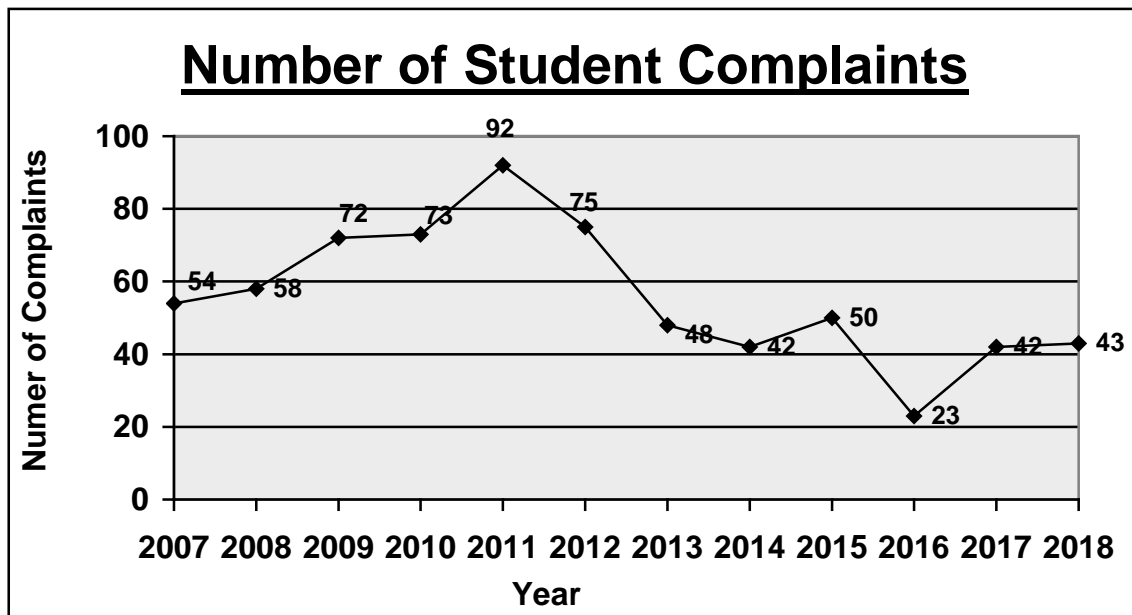
Complaints are broken down as follows:

1. **Student Complaints**
2. **Non-Registered Schools**
3. **Investigative Inquiries**

In addition to these categories, the Division of Investigation and School Compliance, is also responsible for public information requests and assisting in responding to general correspondence and other inquiries received by the Board.

The increase in complaints in FY 2009-2012 can be attributed mainly to an increasing numbers of students and programs. During FY 2013-2016 the number of schools and enrolled students decreased along with the number of complaints. That number of student complaints for each year is listed in the chart below.

Chart 2



A. FY 2018 Statistical Data

During FY 2018, the Division of School Compliance initiated a total of 29 cases, categorized as follows:

TABLE 12

Fiscal Year	2014	2015	2016	2017	2018
Student Complaints	42	50	23	42	43
Non-Registered Schools	6	6	5	6	4
Inquiries	4	2	1	3	5
Total	52	58	29	51	52

The total number of complaints received in FY 2018 is similar to previous years and the complaints, for the most part, represented isolated problems between individual students and schools. Most complaints are normally resolved by achieving voluntary compliance from the schools. The nature of the complaints that were received in FY 2018 can be broken down into the following general headings:

TABLE 13

Allegation	Number of Complaints
Concerns with education/instruction	13
Failure to make a proper refund	3
Unfair school administrative policies	11
Financial aid problems	4
Involuntary dismissal issues	8
Clinical / Placement Issues	3
Admissions/Recruiting Issues	1

VII. Student Tuition Recovery Authority

A. General Responsibility

The Student Tuition Recovery Authority ("STRA") and the Student Tuition Recovery Fund ("STRF") came into existence in 1991. The purpose of the Authority is to protect students of any school registered by the State Board of Career Colleges and Schools from tuition loss for the term as a result of a school closure.

The STRA disburses monetary awards from the STRF to students who were enrolled in institutions that went out of business and did not return to those students their pre-paid tuition or provide a means of completing their program of instruction up to the amount of their pre-paid tuition.

The STRA consists of five members (2 ex-officio):

1. The Executive Director of the State Board of Career Colleges and Schools;
2. The Executive Director of the Ohio Association of Career Colleges and Schools;
3. The Treasurer of the State or his/her designee;
4. The Chairman of the Senate Committee that primarily deals with education (ex-officio member); and
5. The Chairman of the Committee of the House of Representatives that primarily deals with education (ex-officio member).

Each registered school is required to pay an annual assessment into the STRF, based on each school's prior year's gross tuition receipts. The State Board of Career Colleges and Schools has the responsibility to collect these funds and may pursue any lawful means of assuring that students of any school registered by the Board do not suffer tuition loss as a result of a business failure or other default of a school.

B. Fiscal Year 2018 Activity

During FY 2018, the STRA paid student claims and other costs related to securing and maintaining closed school records totaling \$79,932. The total balance contained in the Student Tuition Recovery Fund at the end of FY 2018 was \$1,160,463.

Information about Registered Schools

For information about schools registered with the Ohio State Board of Career Colleges and Schools please visit the Board's web site at:

<http://scr.ohio.gov/RegisteredSchoolSearch.aspx>