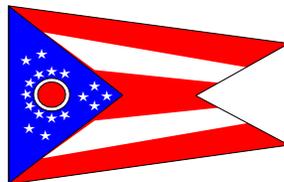


# STATE BOARD OF CAREER COLLEGES AND SCHOOLS



## 2014 Annual Report



# STATE BOARD OF CAREER COLLEGES AND SCHOOLS

35 East Gay Street, Suite 403, Columbus, OH 43215-3138  
(614) 466-2752 · Fax (614) 466-2219 · Toll Free (877) 275-4219  
E-mail: [bpsr@scr.state.oh.us](mailto:bpsr@scr.state.oh.us) · Website: <http://www.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 2014. This is the 40<sup>th</sup> 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 approximately 250 for-profit and non-profit private career colleges and schools in the State of Ohio. During fiscal year 2014, these private career schools educated over 69,000 Ohio students in 1,975 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,

*Kenneth Searfoss*

Kenneth Searfoss, Chairperson

*John Ware*

John Ware, Executive Director

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

**BOARD MEMBERS**

DR. KENNETH SEARFOSS, Chair  
Public Member  
Toledo, Ohio

MR. CHARLES KRAMER  
School Representative  
Cleveland, Ohio

DR. JEROME BROCKWAY  
Public Member  
Ashtabula, Ohio

MR. WILLIAM BUSSEY  
Ohio Dept. of Education  
Columbus, Ohio

MR. DENNIS BARTELS  
School Representative  
Columbus, Ohio

DR. STEPHANIE McCANN  
Ohio Board of Regents  
Columbus, Ohio

MR. KENNETH MILLER  
School Representative  
Centerville, Ohio

(VACANT)  
Student Representative

**STAFF**

MR. JOHN WARE  
Executive Director

MS. LAURA ESSMAN  
Executive Secretary

MS. RUTH MYERS  
Administrative Assistant

MS. KIMBERLY STEIN  
Investigator

**EDUCATIONAL CONSULTANT/EVALUATORS**

MR. JAMES ZINSMEISTER  
Cleveland, Ohio  
N.E. Ohio Area

DR. STEVEN PUCKETT  
Columbus, Ohio  
Central Ohio Area

MR. TIMOTHY BOYLAN  
Lorain, Ohio  
N.W./N.E Ohio Area

DR. RICHARD BRUBAKER  
Dayton, Ohio  
Southern Ohio Area

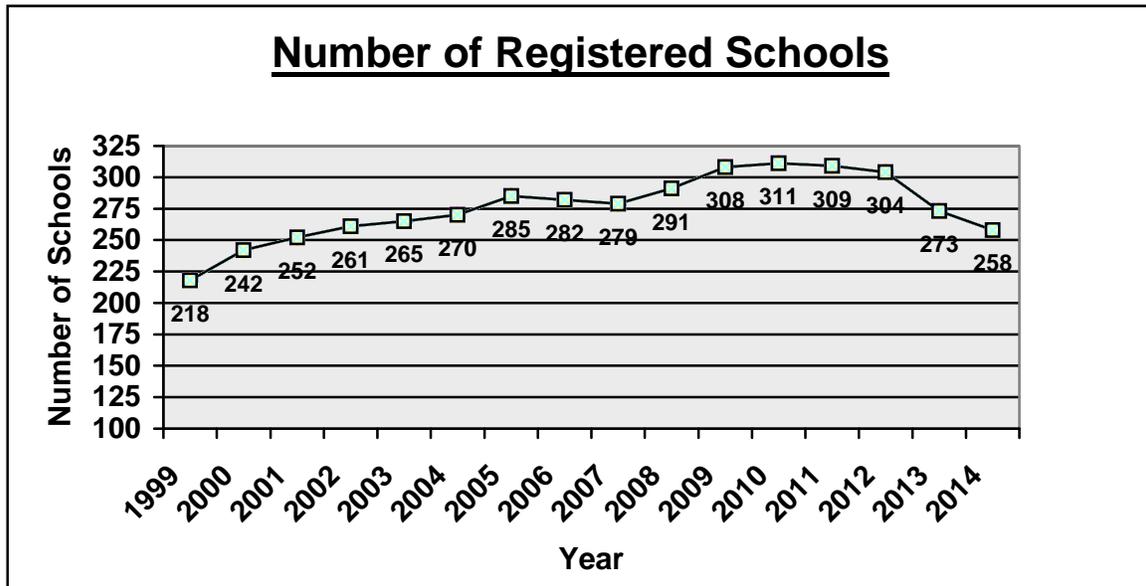
*Board and Staff as of 1/1/15*

## 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 during the period 2012-2014. Those numbers are reflected in Chart 1 below.

Chart 1



In addition to an decrease in the number of schools, the number of enrolled students has also decreased over the last 3 years as illustrated by Table 1 below.

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

Students	2008	2009	2010	2011	2012	2013	2014
Total Students	70,426	84,390	96,744	93,141	78,002	64,203	60,437

## 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”) 2014, Mr. William Bussey, 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 2014, 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 2014, Mr. Charles Kramer of Educational Management Services, Inc, 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 2014 Dr. Kenneth Searfoss from Toledo, and Dr. Jerome Brockway from Ashtabula 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 2014, this position was vacant.

### **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 2014

During Fiscal Year 2014, the State Board of Career Colleges and Schools continued to move forward with many of the initiatives contained in the Board's five year strategic plan. Some of the significant changes and other activities that took place during FY 2014 included:

#### **Administrative Rule Review**

During FY 2014 the Board completed the review of twenty-three administrative rules:

3332-1-04	Certificate of Registration
3332-1-04.3	Change of School Ownership
3332-1-08	School Administration
3332-1-09	Student Enrollment Policies and Practices
3332-1-12	Advertising, Promotional Literature and Publicity
3332-1-16	Program Requirements
3332-1-17	Issuance of Agent Permits
3332-1-17.1	Disciplinary Action Involving Agents
3332-1-17.2	The Ethical Code of Conduct for Agents
3332-1-21	Board Meetings
3332-1-24	Completion and Placement
3332-1-25	School Closures
3332-1-26	Off Campus Learning Centers

The final rule changes were approved by the Board following a public hearing at the Board's March, 2014 meeting and were effective on May 1, 2014.

#### **School Oversight**

The Board and its staff continued to carry out its statutory oversight duties by taking the following actions during FY 2014:

- Issued 1,228 Agent Permits
- Approved 25 New Schools
- Approved 455 New Program, Degrees and Majors
- Renewed 125 Schools
- Renewed 1,061 Programs and Degrees
- Approved 16 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 250 site visits to various schools throughout the state during FY 2014.

## IV. Data Analysis for Fiscal Year 2014

Contained below is a report and analysis of the data accumulated by the Board for Fiscal Year 2014. 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 2014 there were 278 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

<b>Fiscal Year</b>	<b>Number of Schools and Learning Centers</b>
2005	318
2006	317
2007	312
2008	318
2009	336
2010	335
2011	328
2012	322
2013	293
2014	278

Of the 258 schools that were registered with the State Board during FY 2014, 142 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

	<b>ACCSC</b>	<b>ACICS</b>	<b>ABHES</b>	<b>REGIONAL</b>	<b>OTHER</b>
Number of Schools	58	56	8	12	8

## **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 2014, Ohio’s career colleges and schools offered a total of 1,420 programs. A breakdown of those programs is contained in Table 4 below.

TABLE 4: Programs Offered by Ohio Career Colleges and Schools

<b>Programs</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Advanced Degree	66	106	144	223	176	94
Associate Degree	569	670	749	759	687	566
Diploma	372	425	465	503	457	397
Certificate	542	587	518	592	515	363
<b>Total Programs</b>	<b>1,542</b>	<b>1,788</b>	<b>1,876</b>	<b>2,077</b>	<b>1,835</b>	<b>1,420</b>

In addition to Ohio based schools, the Board also registers 42 schools that are located out-of-state, but that have registered agents recruiting in Ohio. Table 5 below lists the number of programs (1,975) offered by both in-state and registered out-of-state schools.

**TABLE 5: FY 2014 Programs Offered by All Registered Colleges and Schools**

<b>Programs</b>	<b>In-State</b>	<b>Out-of-State</b>	<b>Total</b>
Degree Level	660	308	968
Diploma Level	397	191	588
Certificate Level	363	56	419
<b>Total Programs</b>	<b>1,420</b>	<b>555</b>	<b>1,975</b>

During FY 2014, registered career colleges and schools enrolled 69,698 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**

<b>Programs</b>	<b>In-State</b>	<b>Out-of-State</b>	<b>Total</b>
Degree Programs	29,619	4,545	34,164
Diploma Programs	19,223	4,611	23,834
Certificate Programs	11,595	105	11,700
<b>Total All Programs</b>	<b>60,437</b>	<b>9,261</b>	<b>69,698</b>

### **C. Employment After Graduation**

Placement statistics compiled in this report indicate that 80% of the individuals who completed their education during FY 2014 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

<b>Type of Program</b>	<b>Degree Programs</b>	<b>Diploma Programs</b>	<b>Certificate Programs</b>	<b>Total All Programs</b>
<b>Completions</b>	5,594	6,992	9,378	21,694
<b>Employed Related</b>	3,463	4,587	4,583	12,633
<b>Employed Un-Related</b>	145	284	374	803
<b>Not Employed</b>	1,887	1,349	767	4,003
<b>Not Available for Placement</b>	599	762	3,654	5,015
<b>Employment Rate</b>	72%	78%	86%	80%

**D. School Employees**

Another part of the economic impact of registered schools is the employment the schools provide for Ohioans. During FY 2014, career colleges and schools provided employment for 5,898 Ohio citizens with total wages of over \$188,324,128.

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 2014 School Employees

<b>Full-Time Employees</b>		<b>Part-Time Employees</b>	
Administrative	598	Administrative	84
Instructional	1,100	Instructional	2,272
Professional	692	Professional	69
Agent	553	Agent	34
Other	272	Other	224
<b>TOTAL</b>	<b>3,215</b>	<b>TOTAL</b>	<b>2,683</b>

## **E. Economic Impact on Ohio**

**TABLE 10: Economic Impact**

Year	Number of Schools	Total Annual Wages Paid	Gross School Income	Gross School Expenditures
2008	291	\$160,830,067	\$499,726,134	\$382,603,136
2009	308	\$209,561,324	\$646,610,924	\$473,575,060
2010	311	\$222,469,345	\$763,729,723	\$547,935,293
2011	309	\$248,642,506	\$789,446,146	\$605,488,188
2012	305	\$235,271,366	\$642,804,294	\$610,123,756
2013	273	\$200,428,503	\$576,307,665	\$496,682,230
2014	258	\$188,324,128	\$469,694,704	\$455,694,788

Ohio's 258 registered career colleges and schools provided education and training to over 60,000 students during FY 2014. Over 21,000 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.<sup>1</sup> Using this calculation we can estimate that career colleges and schools in Ohio generated more than \$546 million of local economic activity during FY 2012. We can also estimate using these same calculations that these schools contributed more than \$40 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

---

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

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 appropriate an additional \$80 million for higher education during FY 2014 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

<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Earned Revenue	\$895,516	\$1,101,520	\$916,645	\$802,635	\$782,694
Expenditures	\$489,579	\$498,609	\$546,079	\$532,207	\$551,074
Excess Revenue	\$405,937	\$602,911	\$370,566	\$270,428	\$231,620

Following a statutory change that was effective at the beginning of FY 2004, the Board no longer receives GRF funding and became essentially self-funded. All Board revenue is now deposited in a rotary fund (the 4K9 fund) and all Board expenditures derive from that fund as well.

## VI. Division of Investigation and School Compliance

The following report is intended to provide an overview of investigative activity initiated by the Division of Investigation and School Compliance during FY 2014. 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.

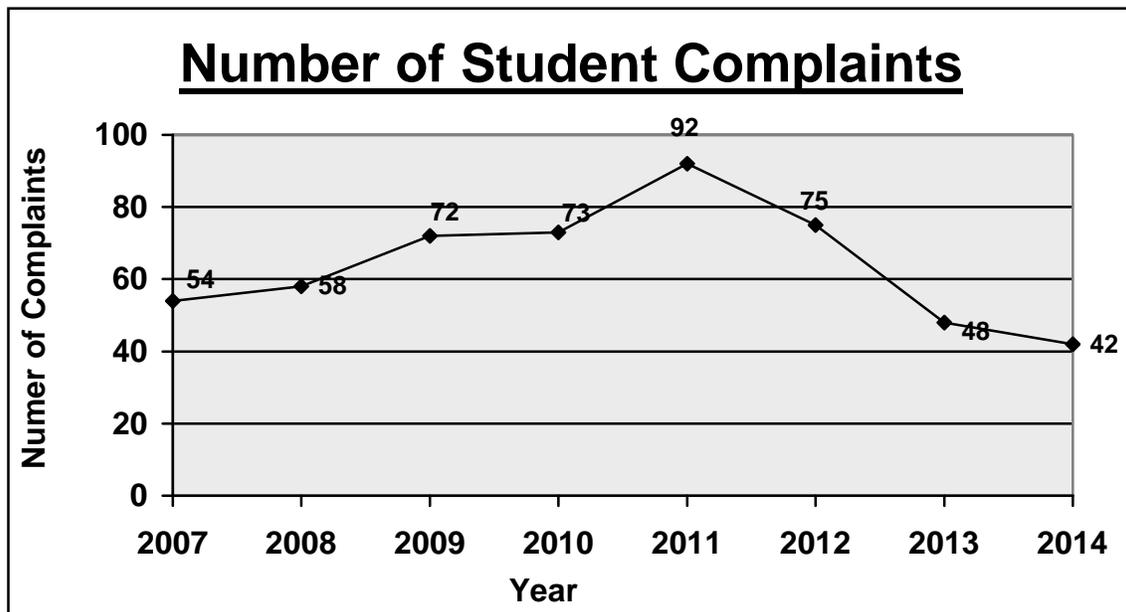
Complaints are broken down as follows:

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. That number of student complaints for each year is listed in the chart below.

Chart 2



**A. FY 2014 Statistical Data**

During FY 2014, the Division of Investigation and School Compliance initiated a total of 52 cases, categorized as follows:

TABLE 12

<b>Fiscal Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Student Complaints	72	73	92	75	48	42
Non-Registered Schools	6	7	5	8	5	6
Inquiries	8	5	8	4	6	4
Total	86	85	105	87	59	52

The total number of complaints received in FY 2014 is consistent with 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 2014 can be broken down into the following general headings:

TABLE 13

<b>Allegation</b>	<b>Number of Complaints</b>
Concerns with education/instruction	11
Failure to make a proper refund	2
Unfair school administrative policies	10
Financial aid problems	8
Involuntary dismissal issues	10
Clinical / Placement Issues	3
Admissions/Recruiting Issues	2

For more detailed information about specific complaints, please contact the Board offices.

## **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 2014 Activity**

During FY 2014, the STRA paid one student claim. The total balance contained in the Student Tuition Recovery Fund at the end of FY 2014 was \$1,153,430.

## **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/RegisteredSchools.aspx>