



- Authorized expenses of the commission;
- Financial assistance programs for students who attend nonpublic institutions licensed by the commission;
- Educational programs for owners, administrators, agents, authorized groups of individuals, and faculty of institutions receiving a license, a certificate of exemption, or an authorization by the commission; and
- Authorized expenses of the Department of Education for inclusion of nonpublic colleges in the common course designation and numbering system.

The board may use other individuals or entities to administer the programs authorized above. The balance in the trust fund as of December 31, 2001, is \$1,129,154.90.

The Student Protection Fund was created pursuant to s. 246.207(2)(g), F.S. The Commission for Independent Education, pursuant to the merger, administers the student protection fund to complete the training of a student who enrolls in a nonpublic school that terminates a program or ceases operations. The commission assesses fees on nonpublic schools to fund the student protection fund. If a licensed school terminates a program before all students complete it, the board shall assess an additional fee from the school to pay the full cost of completing a student's training. The fund is prohibited from being funded by public funds and the fund is not obligated to make payments in excess of the assessments deposited in the student protection fund. The balance of the fund as of December 31, 2001, was \$1,490,934.76.

According to the commission, the student protection fund did not pay moneys directly to students nor did it repay student loans. The fund paid moneys to the institutions that accepted the students in order to complete their training. The length of time necessary to complete the training depends on the nature of the program. Most programs in nonpublic schools are of shorter duration than a program at a nonpublic college. The fund would pay the accepting institution to bring the student in line with other students at the institution. For example, the fund could pay an accepting institution for the remainder of a nine-week program to complete a student's training. However, if the program were a semester in duration, the fund would pay for the completion of the remainder of that semester. According to the commission, 37 nonpublic schools have ceased operations in the last fiscal year; however, only 3 institutions improperly closed requiring intervention by the student protection fund. A few years ago, a nonpublic school closed which cause an expenditure of approximately \$62,000 from the student protection fund. Current exposure includes an imminent closure of a nonpublic school with a student population of approximately 200-300 students. Estimates of the fiscal impact on the student protection fund currently approximate \$330,000. In 2001, Southern College unexpectedly ceased operations. However, the independent colleges do not currently pay into the fund.

The fund does not reimburse any person for payments already made and for training already received. Loans for training and courses that have already been completed may be subject to federal loan forgiveness if the student does not complete the training. Many states have adopted similar programs to the student protection fund and those programs that repay student loans have experienced financial shortfalls.

At each meeting, the commission receives a report on the current expenses, balance in the fund, and impending closures or terminations, which expose the fund to liability. The commission reviews the need for additional assessments and collection efforts.

### **III. Effect of Proposed Changes:**

The bill creates an Institutional Assessment Trust Fund to be administered in accordance with the law and rules of the Commission for Independent Education. The trust fund already exists; however, the fund is currently administered under the rules of the State Board of Education. The trust fund shall consist of all fees and fines imposed upon independent postsecondary educational institutions pursuant to chapter 246, including all fees collected from the independent institutions for participating in common course numbering. Accordingly, the bill expands the authority to collect fees from independent schools if they participate in the common course numbering. A linked bill, Senate Bill 2022, limits the collection of fees for common course numbering to for-profit independent postsecondary institutions. The fees collected shall be maintained in a separate account for the sole use of the Commission for Independent Education. The commission shall receive a monthly accounting of the fund. The commission may use other individuals or entities to administer the programs assigned to the commission. Any balance in the trust fund would carry forward. Funds may be used for the following purposes:

- Authorized expenses of the commission;
- Financial assistance programs for students attending institutions licensed by the commission;
- Educational programs for the benefit of owners, administrators, agents, authorized individuals, and faculty of institutions that are licensed or seeking licensure by the commission; and
- Authorized expenses of the Department of Education for inclusion of the independent postsecondary educational institutions in the common course designation and numbering system.

The bill eliminates the participation of the religious schools within the purposes of the fund, as these institutions are not under the jurisdiction of the commission.

The commission may establish a contingency fund within the trust fund to meet legitimate, unforeseen expenses.

The Student Protection Fund is established as a separate account within the trust fund. This fund already exists. The fund shall consist only of fees assessed against licensed institutions based on the number of students enrolled and the cost to complete the training of students whose program of study is terminated by an independent postsecondary educational institution. The fund expands the number of institutions that are assessed fees to include the independent colleges and universities. Fees in the student protection fund are assessed per student based on the number of program hours.

The fund shall be audited periodically. The commission shall review the fund in order to determine if the assessment of additional fees are required to maintain an appropriate balance. A report on fund expenses, current balance, and notification of any impending or actual

institutional closures or program terminations shall be heard at each commission meeting. The commission may waive the annual fees to be paid into the fund for institutions that have paid into the fund for 5 years or more.

The bill eliminates provisions regarding the federal Family Educational Loan Program.

The trust fund shall terminate on January 7, 2007, and shall be reviewed as provided by s. 215.3206(1) and (2),F.S.

The bill shall become effective on January 7, 2003, contingent upon adoption of Senate Bill 2022, or similar legislation relating to independent postsecondary educational institutions.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

#### **V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The commission would assess fees against the independent colleges and universities for the student protection fund. The commission sets the fees. The fees are assessed per student based on the number of program hours.

- 1-300 program hours – \$1 per student
- 301-600 program hours – \$2 per student
- 601-900 program hours – \$3 per student
- 901-1200 program hours – \$4 per student
- 1200+ program hours – \$5 per student

The commission would assess fees against the for-profit nonpublic schools if they participate in the common course designation and numbering system. Fees consist of the following:

- \$1000 entry fee
- Course addition fee; last fiscal year the fee was \$44.44 per additional course added to the system;
- Maintenance fee for course already on the system; last fiscal year the fee was \$0.54 per course per course on the system.

**C. Government Sector Impact:**

None. The institutional assessment trust fund and the student protection fund are not publicly funded.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

#1 by Education:

Makes technical amendment to provide that the passage of SB 1984 is contingent upon passage of SB 2022 or similar legislation involving the independent postsecondary institutions.

---

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

---