
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2425 Session of
2010

INTRODUCED BY P. COSTA, BELFANTI, CALTAGIRONE, D. COSTA,
DENLINGER, GRUCELA, HARHAI, HESS, W. KELLER, MANN, MILLER,
PASHINSKI, QUINN, SAYLOR, SCAVELLO, SIPTROTH, VULAKOVICH AND
WHEATLEY, APRIL 19, 2010

REFERRED TO COMMITTEE ON EDUCATION, APRIL 19, 2010

AN ACT

1 Amending the act of December 15, 1986 (P.L.1585, No.174),
2 entitled "An act defining and providing for the licensing and
3 regulation of private schools; establishing the State Board
4 of Private Licensed Schools; imposing penalties; and making
5 repeals," further providing for application for license;
6 providing for surety; and abrogating a regulation.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Section 7 of the act of December 15, 1986
10 (P.L.1585, No.174), known as the Private Licensed Schools Act,
11 is amended to read:

12 Section 7. Application for license.

13 (a) General rule.--Before any license is issued to a private
14 school, a verified application shall be made, in writing, to the
15 board on a form prepared and furnished by the department. The
16 application shall require a statement showing:

17 (1) The title or name and address of the school or
18 classes together with the name of the owners and controlling
19 officers.

1 (2) The general and specific fields of instruction which
2 will be offered and the purposes of such instruction.

3 (3) The place or places where instruction will be given
4 or correction services provided by correspondence schools.

5 (4) A specific listing of the equipment and staff
6 available for instruction in each program, and for the proper
7 administration of correspondence courses of study and for
8 maintenance of an adequate correction service.

9 (5) The maximum enrollment to be accommodated on
10 equipment available in each program.

11 (6) The qualifications of instructors, administrators
12 and supervisors in each program.

13 (7) Financial resources available to equip and maintain
14 the school, classes or service.

15 (8) An agreement to abide by reasonable service and
16 business ethics prescribed by the board.

17 (9) For relicensure, statistical data on tuition rates,
18 job placement of graduates, percentage of students completing
19 programs of study and the level of State support for
20 students.

21 (10) Any additional information the board may deem
22 necessary to enable it to determine the adequacy of the
23 program of instruction, the business integrity and related
24 matters. An application must be complete for board
25 consideration.

26 [(b) Financial responsibility.--Each private licensed or
27 registered school shall demonstrate to the board that it has
28 adequate resources or forms of surety available for the purpose
29 of reimbursing unearned tuition due students whenever the
30 licensed or registered school ceases to operate. The form of

1 financial responsibility or surety established by the private
2 licensed or registered school shall be subject to approval by
3 the board. The board shall promulgate regulations under this act
4 establishing the levels and forms of financial responsibility or
5 surety that the private licensed or registered school is
6 permitted to establish. Until such regulations take effect, the
7 surety requirements in existence on the effective date of this
8 act shall continue to be enforced.]

9 (c) Licensing rules.--The board shall prescribe rules and
10 regulations for the licensing of admissions representatives.

11 Section 2. The act is amended by adding a section to read:
12 Section 7.1. Surety.

13 (a) Forms.--A school applying for a license or registration
14 or for renewal shall include with its application evidence of
15 surety, the purpose of which is to reimburse the unearned
16 tuition due students whenever the licensed or registered school
17 closes. Schools may select one or more of the following forms of
18 surety, in sufficient amount to meet the requirements of
19 subsection (b):

20 (1) Surety bond.

21 (2) Participation in a board-approved private surety
22 fund.

23 (b) Levels of surety.--Notwithstanding the form of surety
24 selected by a school, surety shall be demonstrated to exist at
25 the following levels:

26 (1) For a prospective licensee applying for an original
27 license, the required minimum surety level shall be \$100,000.

28 (2) For a licensee applying for a renewal license, the
29 required minimum surety level shall be \$100,000 for licensees
30 with gross tuition collected during the previous fiscal year

1 of \$500,000 or less. For licensees with gross tuition
2 collected during the previous fiscal year in excess of
3 \$500,000, the minimum surety level shall be \$25,000 for each
4 \$500,000 or portion thereof of gross tuition collected during
5 the previous fiscal year.

6 (3) For a licensee applying for a renewal license, the
7 maximum surety level shall be \$200,000.

8 (4) For a registered school, the minimum surety level
9 shall be \$100,000, with subsequent surety levels to be based
10 on tuition generated by residents of this Commonwealth. The
11 maximum required amount shall be \$200,000.

12 (5) The board shall adjust the maximum required amount
13 under paragraphs (3) and (4) for inflation. The adjustment
14 shall not exceed two times the percentage change in the
15 Consumer Price Index for All Urban Consumers for the
16 Pennsylvania, New Jersey, Delaware and Maryland area for the
17 most recent 12-month period for which figures have been
18 officially reported by the United States Department of Labor,
19 Bureau of Labor Statistics. When adjusted, the board shall
20 publish the adjusted maximum amount in the Pennsylvania
21 Bulletin.

22 (c) Approval.--The form and level of surety established by a
23 school shall be subject to the approval of the board. Board
24 approval shall constitute a condition precedent to the granting
25 or renewal of a license or registration.

26 (d) Alteration by school.--A school may apply to the board
27 for alteration of its approved form or level of surety, except
28 that the requirements of subsections (a) and (b) shall apply. An
29 application for alteration of surety may not take effect until
30 approved by the board.

1 (e) Alteration by board.--The board may direct that a school
2 alter its approved form or level of surety with cause. A school
3 which fails, within 30 days, to comply with a directive of the
4 board may be subject to suspension or revocation of its license
5 or registration.

6 (f) Maintenance.--Schools shall maintain surety at the
7 levels under subsection (b) throughout the period of licensure.

8 Section 3. The provisions of 22 Pa. Code § 73.54 are
9 abrogated to the extent they are inconsistent with the addition
10 of section 7.1 of the act.

11 Section 4. This act shall take effect in 60 days.