

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.