

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1793 Session of 2011

INTRODUCED BY SAYLOR, AUMENT, CREIGHTON, DONATUCCI, FARRY,
GILLESPIE, GOODMAN, GROVE, HENNESSEY, KAUFFMAN, KAVULICH,
KILLION, KOTIK, MANN, MURT, PYLE, QUINN, RAPP, SWANGER,
VULAKOVICH AND YOUNGBLOOD, JULY 20, 2011

REFERRED TO COMMITTEE ON EDUCATION, JULY 20, 2011

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 definitions and for
6 application for license; and providing for Student Tuition
7 Recovery Fund.

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

10 Section 1. Section 2 of the act of December 15, 1986
11 (P.L.1585, No.174), known as the Private Licensed Schools Act,
12 is amended by adding definitions to read:

13 Section 2. Definitions.

14 The following words and phrases when used in this act shall
15 have the meanings given to them in this section unless the
16 context clearly indicates otherwise:

17 * * *

18 "Assessment." The amount a private postsecondary education
19 institution is required to pay to the Student Tuition Recovery

1 Fund.

2 * * *

3 "Ceasing operations." A private postsecondary education
4 institution that has stopped offering educational courses or
5 programs to the public for any reason.

6 * * *

7 "Fund." The Student Tuition Recovery Fund established in
8 section 7.1.

9 * * *

10 "Newly enrolled student." A student enrolling with a private
11 postsecondary education institution for the first time or
12 reenrolling after an absence from the institution for one or
13 more years.

14 "Person injured." A student of a private postsecondary
15 education institution, which charges prepaid tuition to a
16 student, who is damaged monetarily by the institution's ceasing
17 operations before fulfilling its contractual obligations or
18 fully providing the services which were paid for in advance. The
19 term does not include a nonresident student who is eligible to
20 claim for recovery under a student tuition recovery fund or
21 similar fund in the student's state of residence or a
22 nonresident of this Commonwealth enrolled in distance learning
23 instruction.

24 "Prepaid tuition." Money advanced to an education
25 institution before it provides its service.

26 * * *

27 "Total course cost." The tuition and other fees charged by
28 the private postsecondary education institution for each course
29 offered.

30 Section 2. Section 7(b) of the act is amended to read:

1 Section 7. Application for license.

2 * * *

3 (b) [Financial responsibility.--Each private licensed or
4 registered school shall demonstrate to the board that it has
5 adequate resources or forms of surety available for the purpose
6 of reimbursing unearned tuition due students whenever the
7 licensed or registered school ceases to operate. The form of
8 financial responsibility or surety established by the private
9 licensed or registered school shall be subject to approval by
10 the board. The board shall promulgate regulations under this act
11 establishing the levels and forms of financial responsibility or
12 surety that the private licensed or registered school is
13 permitted to establish. Until such regulations take effect, the
14 surety requirements in existence on the effective date of this
15 act shall continue to be enforced] (Reserved).

16 * * *

17 Section 3. The act is amended by adding a section to read:
18 Section 7.1. Student Tuition Recovery Fund.

19 (a) Establishment.--The Student Tuition Recovery Fund is
20 established and shall be administered by the board. A person
21 injured by a private postsecondary education institution ceasing
22 operations may recover from the fund an amount not to exceed the
23 actual damages sustained. The board shall adopt rules necessary
24 to administer this fund.

25 (b) Assessment.--Each private postsecondary education
26 institution which collects prepaid tuition shall annually pay an
27 assessment to the board for each newly enrolled student in an
28 amount consistent with the following:

29 (1) In the first year of enactment, the assessment shall
30 be in an amount equal to the sum of two-tenths of one percent

1 of gross tuition revenue.

2 (2) If on June 30 of a fiscal year the fund balance is
3 less than \$5,000,000, the assessment for the following fiscal
4 year shall be in an amount equal to the sum of two-tenths of
5 one percent of gross tuition revenue.

6 (3) If on June 30 of a fiscal year the fund balance
7 exceeds \$5,000,000 but is less than \$10,000,000, the
8 assessment for the following fiscal year shall be in an
9 amount equal to the sum of one-tenth of one percent of gross
10 tuition revenue.

11 (4) If on June 30 of a fiscal year the fund balance
12 exceeds \$10,000,000, the assessment for the following fiscal
13 year shall be in an amount equal to the sum of one-tenth of
14 one percent of gross tuition revenue and shall apply only to
15 newly licensed schools.

16 (c) Use of funds.--

17 (1) A person injured by a private postsecondary
18 education institution ceasing operations is eligible to
19 submit a claim against the fund.

20 (2) A claim against the fund shall not be commenced
21 later than one year after the private postsecondary education
22 institution has ceased operations. The person injured shall
23 submit a complaint to the board outlining the circumstances
24 surrounding the claim. The board shall promptly investigate
25 the complaint. If the complaint and claim are valid, the
26 board shall pay the claim in the amount it considers
27 reasonable.

28 (3) The money deposited in the fund is continuously
29 appropriated to the board to carry out the purposes of the
30 fund.

1 (4) The board may use up to three percent of the fund
2 per year to administer the fund.

3 (5) Unexpended and unencumbered money in the fund at the
4 close of a fiscal year shall not revert to the General Fund.

5 (d) Exemption.--A private postsecondary institution shall
6 not be required to pay assessments for newly enrolled students
7 who are not residents of this Commonwealth for whom the
8 institution has paid a student tuition recovery fund assessment
9 or an assessment to a similar fund in the student's state of
10 residence. A private postsecondary institution shall not be
11 required to pay assessments for students who are not residents
12 of this Commonwealth and who are enrolled in distance learning
13 instruction.

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