



# STATE BOARD OF CAREER COLLEGES AND SCHOOLS

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## STATE BOARD OF CAREER COLLEGES AND SCHOOLS BUDGET TESTIMONY

Presented by: John Ware, Executive Director

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Chairman Johnson, members of the Senate Workforce and Higher Education Committee, my name is John Ware, Executive Director for the State Board of Career Colleges and Schools. On behalf of the members of the Board, I thank you for this opportunity to present testimony in support of the Fiscal Year (“FY”) 2022-2023 budget request for our agency.

The State Board of Career Colleges and Schools is responsible for monitoring and regulating 235 private career schools in the State of Ohio. These schools enroll over 43,000 Ohio students in over 1,000 approved programs ranging from two-week certificate programs to four-year baccalaureate degrees. Career colleges and schools provide valuable career and workforce training and generally enroll higher percentages of non-traditional students than are served by other sectors of higher education. According to data compiled by the U.S. Department of Education’s National Center for Education Statistics, 70% of students who enroll in accredited career colleges are females, 30% are African-Americans and nearly 60% are age 25 years or older. Average graduation rates for career colleges exceed 45% and placement rates compiled by this agency for show that over 75% of career college students are placed within 30 days of graduation. In addition to student enrollments, career colleges and schools employ over 3,000 faculty and staff and pay wages in excess of \$110,000,000.

The State Board of Career Colleges and Schools fulfills its statutory responsibilities by ensuring that programs, instructors, equipment and facilities are in compliance with sound educational standards as required by the Board's administrative rules. This is accomplished through periodic reviews and site visits conducted by the Board and its staff. Activities of the Board and its staff during FY 2020 included over 160 virtual and in-person site visits, 148 new program and degree approvals, 27 new school certificates of registration, 103 renewals for existing certificates of registration, and over 575 program and degree re-authorizations.

Another part of the Board's oversight of registered schools occurs through the investigation of complaints filed by students or other interested parties. Corrective measures available to the Board range from consent agreements and civil penalties to the revocation of a school's certificate of registration. During FY 2020, the Board initiated 42 preliminary investigations, which included 37 student complaints. The vast majority of these complaints were resolved by the Board by obtaining voluntary compliance from registered schools. In addition to the Board's general school oversight responsibilities, the Board also maintains the Ohio Student Tuition Recovery Fund, financed by assessments to registered schools, that provides tuition recovery options to the students of closed schools and provides for the maintenance of closed school records.

The Board's cost projections for the FY 2022-2023 biennium demonstrate that the Board's current personnel expenses will increase slightly during the next biennium, however other expenses will remain relatively stable. As part of the Board's budget request for the FY 2022-2023 biennium the Board has proposed a reduction in funding for the Board's line item that supports personal service contractors. It is anticipated that the Board will need fewer services from contractors who review schools and programs due to a decrease in school activity. In addition, the Board plans to transition some of these services to the Board's full-time staff.

As a result of the reduction in expenses from the personal services line item, the Board's budget request for the FY 2022-2023 biennium was reduced 5% from \$541,260 to \$513,000. This is the second budget reduction the Board has requested in the last five years as the Board also requested a reduction from its FY 2017 appropriation (\$579,328) during the FY 2018-2019 budget process. Thus, the current amount requested for FY 2022 and FY 2023 is an 11% reduction from the Board's FY 2017 appropriation.

These budget reductions reflect changes that have occurred within the career college and school sector. Over the ten year period 2002-2012, the number of schools registered with the Board increased from 225 to over 320 schools and the number of programs registered with the Board also increased from 950 to over 2,400 programs. In addition, the number of complaints and investigative activity also increased. During the five-year period from 2015-2020, activity within the career college and school sector decreased as the number of registered schools dropped to 225 and the number of approved programs is now 1,070.

As a consequence of these changes in the number of schools and programs, the Board's revenue has fluctuated during the past ten years since it is based upon fees derived from activity of the schools under the Board's jurisdiction. In FY 2011, the Board's fee revenue peaked at \$1,101,520. Since revenue was almost double the Board's expenses the Board initiated fee decreases during that time period, however, yearly revenue still averaged over \$800,000 during the period from FY 2012 to FY 2015. Beginning in FY 2016 the Board's revenue began to drop due to school closures and decreased school activity primarily caused by changes in federal regulations. Despite the reductions, the Board collected over \$577,000 in revenue in FY 2018. However revenue dropped further in FY 2019 to \$431,905 and was \$389,004 in FY 2020. While part of the revenue decrease in FY 2020 was due to COVID-19 related issues in the 4<sup>th</sup> quarter, under the Board's current fee structure the Board's revenue projection for FY 2021 is \$450,000.

Since the Board is anticipating its revenue will be less than its expenses, the Board is proposing to raise some fees for the first time since 2003. However, these fee increases are not part of the budget request and have been initiated as part of the Administrative Rule change process and should increase the Board's revenue to nearly \$525,000 per year.

In conclusion, the State Board of Career Colleges and Schools shares the philosophy of the Office of Budget and Management who has emphasized the need for "prudent and efficient management" and "restraining the growth of state government." These concepts are not new to the Board. For many years the Board has focused on internal efficiency and budget restraint as evidenced by the fact that the Board's budget has seen no growth during the past twenty-five years and the funding amounts requested for FY 2022 (\$513,000) and FY 2023 (\$513,000) are 5% lower than the Board's FY 2021 appropriation and 11% lower than the Board's FY 2017 appropriation. Moreover, the total amount requested for the FY 2022-2023 biennium (\$1,026,000) remains lower than that actual expenses of the Board during the FY 1994-1995 biennium (\$1,054,750).

Thank you for your consideration. I would be happy to answer any questions that you might have.