

THE WILLIAM D. RUCKELSHAUS CENTER

UNIVERSITY OF WASHINGTON

For-Profit Degree-Granting Institutions and Private Vocational Schools in Washington: Phase II Work Groups Report & Recommendations

Prepared for the Washington Student
Achievement Council by the
William D. Ruckelshaus Center

June 30, 2017

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Introduction & Executive Summary

The Washington state Legislature (in Fiscal Year 2017 Supplemental Budget) provided funds to the Washington Student Achievement Council (WSAC), in collaboration with the state Workforce Training and Education Coordinating Board (Workforce Board) and state Department of Licensing (DOL), to collaborate “to objectively analyze and make recommendations about systemic overlaps and gaps in jurisdiction regarding for-profit post-secondary degree-granting institutions and private vocational schools in Washington State”.

The William D. Ruckelshaus Center (The Center) was commissioned to conduct the study utilizing a neutral situation assessment complemented with applied research, providing a report with recommendations by January 2017. The purpose of the assessment was to understand and address issues associated with “for-profit degree-granting institutions and private vocational schools” (referred to collectively as career colleges and degree-granting institutions) in Washington, including the state system of oversight and the experiences of students who attend these schools.

The assessment revealed several current state agency practices that work well, including some existing cross-agency collaborations. It also yielded numerous specific suggestions for strengthening oversight, finding efficiencies, and continuing to improve state practices. The assessment provided recommendations and next steps to consider for immediate action, including facilitated interagency work groups. In March of 2017, the Center was commissioned to provide facilitation for two work groups: Vision, Principles, and Objectives Work Group (VPOWG) and School Closure Work Group (SCWG).

Each work group met five times from April to June 2017, with the intent to establish the foundation for future interagency work and to begin to identify possible administrative and legislative changes. Each work group identified research needed to inform their discussions, which was provided by Education Northwest (Ed NW), a subcontractor to the Center that supplied research for the assessment phase in 2016.

Each work group presented interim “work products” and recommendations to a panel of stakeholders, who provided feedback and guidance for the next phase of work. The panel included:

- Coree Ferrell, Statewide Director, Northwest Career Colleges Federation (NCCF)
- Dion McNeeley, President, Commercial Driving School
- Ana Nepumoceno, University of Washington Tacoma (husband attended for-profit higher educational institutions), representing students’ perspectives
- Washington State Representative Gerry Pollet (D-46, Higher Education Committee)
- Ben Roesch, Washington State Attorney General’s (AG’s) Office
- Gena Wikstrom, Executive Director of NCCF

Vision, Principles, and Objectives Work Group

The VPOWG worked to identify and reach agreement on a shared/joint vision, values, in order to:

- Provide guidance for, and help prioritize, regulatory and administrative improvements along with policy and programmatic decisions;
- Inform interagency coordination and collaboration to increase alignment among agencies to achieve common objectives; and
- Improve service to the students and proprietors of for-profit higher-education institutions and private vocational schools.

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Invited participants of the VPOWG included:

- WSAC
- DOL
- Workforce Board
- Professional Educator Standards Board
- WA Nursing Commission
- NCCF
- AG's Office
- Caucus and Nonpartisan Staff from House and Senate Higher Education Committees
- Governor's Office

Discussion topics for the facilitated sessions included:

- What does success look like for the work group?
- Vision and goals: articulation of agencies' potential
- Opportunities for alignment and coordination of agencies
- Core elements of a shared vision
- How these core elements inform the agency work
- Strategies to realize the vision and values
- Incorporating input from other stakeholders
- Foundational elements in place to build on, toward seamless coordination:
 - Review of regulatory agencies' current [mission, vision, and values statements](#)
 - A collaboratively generated new [vision and set of values](#)
 - [Draft outline](#) for an updated MOA, as a revision to a 1999 MOA between WTECB and the Higher Education Coordinating Board (the predecessor to WSAC)
 - Draft [recommendations and action items](#) for continuing the effort

School Closure Work Group

The purpose of the School Closure Work Group was to consider tools and develop protocols to prevent and mitigate financial difficulties for students in the event of a school closure, and when possible, to keep them on track to successfully complete their education programs.

Invited participants of the SCWG included:

- WSAC
- DOL
- Workforce Board
- State Board for Community and Technical Colleges
- Professional Educator Standards Board
- WA Nursing Commission
- NCCF
- AG's Office
- Caucus and Nonpartisan Staff from House and Senate Higher Education Committees
- Governor's Office

Discussion topics included:

- What does success look like for the work group?
- The current landscape regarding school closure process
- Identification of key elements of an effective school closure process

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- Lessons learned from the closure of ITT
- Research needed to support the work of the work group
- Plan/protocols for all elements of a coordinated school closure (unexpected and planned)
- Communications plan and framework for coordination for school closure event
- Records maintenance and access
- Potential [criteria](#) and [consequences](#) for at-risk school designation
- [Surety bond](#) and [tuition recovery fund](#) practices of other states
- A [hybrid model for student security](#) combining a surety bond and tuition recovery fund, similar to the practice in [some states](#)
- Inter-agency checklist for at-risk schools
- [School closure event flow](#)
- Draft [recommendations and action items](#) for continuing the effort, including defining and clarifying the possible role of an ombuds position

VPOWG Recommendations

Vision & Values Statements Codified in Interagency Memorandum of Agreement (MOA)

The workgroup recommends state agencies (at least WSAC and the Workforce Board, and potentially DOL, Nursing Commission, and PESB) enter into an interagency MOA to foster coordination and alignment, leading to greater consistency and transparency in public service. The outline of this MOA is below (in VPOWG Work Products). Agency administrative and policy changes in the future would be guided by the following [Vision Statement](#):

“A wide range of education and training options for a diverse group of students. Coordinated oversight to ensure transparency of requirements and outcomes, and to prepare students for employment and civic engagement.”

The VPOWG also recommends the following Values underpin interagency oversight and regulation of for-profit higher education institutions and private vocational schools in Washington state:

“Fairness, Integrity, Success, Safety.”

Ongoing Interagency Collaboration

The workgroup recommends convening an ongoing collaborative interagency workgroup to regularly discuss and coordinate compliance review, continue aligning agency procedures, and seek other ways to jointly improve agency practices. Recommended participants include WSAC, Workforce Board, DOL, PESB, and the Nursing Commission. This ongoing workgroup would meet regularly into the foreseeable future to discuss:

Near-Term (ideally using facilitation funded by additional legislative allocation):

- Data: collection, sharing (both inter-agency and public access), and reporting, and aligning data metrics
- Up-front student guidance and protections along with developing a joint (“one-stop”) interagency complaint reporting portal (note: this would more thoroughly address the potential role and structure of an ombuds)

Longer-Term / Ongoing:

- Full development of the aforementioned MOA (beyond the MOA outline created by this workgroup)
- Periodic review of compliance and reauthorization issues, especially for schools under joint jurisdiction
- Aligning agencies’ disclosure statements and enrollment agreements to include more consistent language

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- Training and/or orientation protocols for new institutions, including developing a universal online application (would need some funding from legislature for this)
- Protocols for interagency communication, including communication to external stakeholders
- Any additional opportunities for alignment and coordination of practices and procedures

SCWG Recommendations

Hybrid Model for Tuition Recovery

As documented in the meeting notes below, several issues emerged related to the agencies' respective abilities (or lack thereof) to address financial difficulties stemming from school closures. These include costs related to obtaining student records, along with the funding needed to make students whole for tuition and/or other school-related expenditures (for which they did not receive what they were promised).

To address this, the SCWG recommends improving the agencies' approach to surety bonds and the Trust Fund overseen by the Workforce Board. The work group recommends the legislature consider allocating financial support for a hybrid model that allows for bonds and Trust Funds to both be used (in sequence) for

a closure event (Arizona and Wisconsin offer examples of different approaches to hybrid models). Additional work is needed to clarify the mechanics of a hybrid model for agencies in Washington. Education Northwest supplied research regarding other state's practices around surety bonds, student tuition recovery funds, and "hybrid models" that combine the two to inform the SCWG conversations and future activities (See "Research Materials for SCWG" section below).

Revisions to Agencies' At-Risk Criteria, Including Tiered Classifications and Agency Responses

The SCWG recommends improving the agencies' protocols for designating and responding to "at-risk" schools. This includes refining the indicators that constitute "at-risk" and aligning subsequent responses. The work group suggests developing a "tiered approach" involving multiple levels of "risk" (triggered by different indicators) with escalating agency and school responsibilities. The SCWG notes that it will not be possible for the agencies to implement a uniform and rigid set of interagency indicators and responses, but there are opportunities for alignment, particularly in cases where a school is subject to joint agency jurisdiction. The workgroup endorsed an emphasis on corrective (rather than punitive) agency responses to "at-risk" designations. Education Northwest provided research on practices from a select number of peer states to inform the SCWG conversations on this topic and supply potential criteria and consequences used by other states that could contribute to a tiered model (see "Research Materials for SCWG" section below).

Additional Authority and Resources for DOL

The work group recommends that DOL be granted additional authority and resources to proactively act on student complaints, and the ability to make students whole (via Trust Fund) in the event of closure. DOL's only authority is to require a bond, and that bond amount only covers one student's tuition, if that. This would need a legislative fix.

Establish a Centralized Point of Contact for Students that Could Serve as a Joint Complaint Portal

The SCWG recommends the creation of a centralized point of contact for students, which could serve as a joint complaint portal. This could be housed within a potential future ombuds office. The ombuds (or point of contact at another state agency) could then redirect the complaints to the appropriate place

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(WSAC has already done this internally within its own complaint structure). Additional dialogue in the second half of 2017 could provide clarity on the specifics of where to house the central point of contact and how to fund it.

Ongoing Interagency Collaboration

The work group recommends that an ongoing, interagency workgroup be convened to continue addressing several topics relating to school closure planning and communication. This ongoing group could be a subset of the ongoing group for “coordination and alignment” as described in Item D of the “Vision, Principles, and Opportunities” work group summary. Topics include:

- Additional fine-grained work on “at-risk” indicators and a “hybrid” surety bond/tuition recovery model
- Development of additional proactive student guidance and communication measures, with an emphasis on ensuring students know their rights and options both before and after a school closure
- Strategies for student records maintenance, particularly in bankruptcy scenarios
- The potential role of an ombuds

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Notes on a Potential Ombuds Position (to Inform Future Dialogue and Potential Actions)

Both the VPOWG and the SCWG deliberated roles, structure, and function for a potential state ombuds position. While the work groups did not get to a fully-fledged, concrete recommendation on the ombuds, they did outline ideas and options about what the ombuds' role could be. The collaborative group needs to have additional conversations before it reaches any firm recommendations, but organized its thinking into two basic categories:

- What new things might an ombuds position allow the state to do?
- What things are agencies currently doing that might be more appropriately shifted to an ombuds?

Notes from workgroups on a potential ombuds include, in those categories:

- *New things an ombuds position might allow the state to do:*
 - Potential role: "Initial triage and routing to a specific agency based on the nature of the complaint." If there is an ombuds, that person should be involved in ongoing interagency conversations.
 - A joint complaint portal could be housed with the ombuds, who could then redirect the complaints to the appropriate place.
 - The ombuds could serve as an additional representative or advocate for students during the complaint process (agencies are required to remain neutral)
- *Things agencies are currently doing that might be more appropriately shifted to an ombuds:*
 - An ombuds could be a valuable resource to help students navigate school closure. A point of contact to direct consumers or students to the appropriate agency.
 - The ombuds assists students with navigating/understanding the complaint process but does not act as a representative or advocate. The complaint process has been described as "intimidating" or "daunting," so some additional neutral guidance could be helpful here

Other points made during conversations about a potential ombuds:

- Some (informational) functions could be performed by an ombuds or the respective agencies; the agencies will continue discussing to determine which roles best fit either existing agencies or a potential ombuds, and which roles are interchangeable.
- Would ombuds handle all sectors of higher education, or just career colleges and for-profit degree grantors?
- An ombuds won't fix anyone's problems if students don't know the ombuds exists; this relates to the importance of disclosures and front-end student guidance.
- Accreditors do not have credit transfer rules that institutions must follow. Students need more information here; an ombuds with deep understanding of credit transfer options could be a great resource for students.
- Ombuds could help students navigate the decision on whether to take loan forgiveness or credit transfer.

Vision, Principles, & Objectives Work Group Accomplishments

VPOWG Work Products

1. Vision and Values Statements

After reviewing the current mission, vision, and values statements of the primary Washington regulatory agencies overseeing career colleges (see “Research Materials for VPOWG” section below), the work group generated a bulleted list of 12 separate statements characterizing an ideal system of state agency oversight of career colleges and degree-granting institutions and combined them into a pair of sentences. This concise Vision Statement is intended to guide interagency oversight and regulation of for-profit higher education institutions and private vocational schools:

*“A wide range of education and training options for a diverse group of students.
Coordinated oversight to ensure transparency of requirements and outcomes,
and to prepare students for employment and civic engagement.”*

Similarly, the VPOWG came up with a dozen or so different ideas around shared values for state oversight of the sector before winnowing these down into a handful. These Values will underpin interagency oversight and regulation of for-profit higher education institutions and private vocational schools:

“Fairness, Integrity, Success, Safety.”

2. Proposed Outline for Interagency Memorandum of Agreement

In the interest of interagency coordination toward consistency and alignment, the VPOWG discussed updating an 1999 MOA between WSAC and the Workforce Board whose purpose was to coordinate oversight of schools with both degree and non-degree programs. Based on this precedent, the work group recommends developing and executing a new Memorandum of Agreement (MOA) between WSAC, the Workforce Board, and DOL. The MOA would codify protocols for alignment and coordination of agency procedures in the interest of consistency and clarity, including provisions for coordinating with PESB and the Nursing Commission as appropriate. The work group sees this MOA as a tool for facilitating effective and streamlined interagency activities. The work group suggests that the MOA include the following topics:

- Shared Vision & Values
- Clarification of each agency’s basic jurisdictional responsibilities
- Data-sharing arrangements (may require new regulatory language or statutory guidance)
- Statement of interagency policies and procedures (including measures to improve coordination and decrease duplication) in cases where agencies have joint jurisdiction over a single institution
- Sequencing of additional multi-agency approvals
- High-level protocols and/or principles regarding at-risk schools and school closure response
- Specific, periodic review cycle for this MOA
- Provisions for an ongoing, formalized interagency work group

VPOWG Recommendations

Ongoing Interagency Collaboration

The work group recommends convening an ongoing collaborative interagency work group to regularly discuss and coordinate compliance review, continue aligning agency procedures, and seek other ways to jointly improve agency practices. Recommended participants include WSAC, Workforce Board, DOL, PESB, and the Nursing Commission. This ongoing work group would meet regularly into the foreseeable future to discuss:

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Near-Term (ideally using facilitation funded by additional legislative allocation):

- Data: collection, sharing (both inter-agency and public access), and reporting, and aligning data metrics
- Up-front student guidance and protections along with developing a joint (“one-stop”) interagency complaint reporting portal. (Note: this would more thoroughly address the potential role and structure of an ombuds.)

Longer-Term / Ongoing:

- Full development of the aforementioned MOA (beyond the MOA outline created by this work group)
- Periodic review of compliance and reauthorization issues, especially for schools under joint jurisdiction
- Aligning agencies’ disclosure statements and enrollment agreements to include more consistent language
- Training and/or orientation protocols for new institutions, including developing a universal online application. (This would need some funding from legislature to implement.)
- Protocols for interagency communication, including communication to external stakeholders
- Any additional opportunities for alignment and coordination of practices and procedures

Summary of Stakeholder Feedback

Panel participants reacted positively overall to the agency deliberations, work products, and recommendations. One guest encouraged more focus on students overall; others thanked the agencies for their hard work and liked where things are going. Other salient points included:

- A suggestion that the “values” section should have some connection to state-wide educational goals (i.e., 70% of students obtaining a degree or certificate).
- Transparency is important as a value.
- It is vital to have consistent, identifiable data/metrics connected to student outcomes. This fits the value of Success, in that “success” means a job within X months “in the career you prepared for.”

Panelists from diverse perspectives agreed emphatically on two things:

- The need to align data collection/reporting practices—the agencies should agree on common measurements for student outcomes (retention/graduation, job placement, and other metrics) and establish a single portal to upload data collected by multiple agencies, leading to information easily accessible to the general public in a central location.
- Single point of first contact at the state for student complaints, aka “one-stop shopping.” This could be a vital role for a potential ombuds (recognizing several aspects of a potential ombuds position still need working out, e.g. where it would be housed, how it would be funded, whether it would serve students from any other educational sectors or just career colleges and degree-granting institutions, etc.).

Meeting Notes

Vision, Principles, and Objectives Work Group-Session 1

April 21, 2017, 1:00-3:30pm, WSAC Office

Attendees (in person):

Susan Collard – Washington State Department of Licensing (DOL)

Nova Gattman, Jim Parker, Marina Parr – Workforce Training Education Coordinating Board (Workforce Board)

Sam Loftin, Deb O'Neill, Tivoli Sharpe, Randy Spaulding – Washington Student Achievement Council (WSAC)

Facilitation Team: Chris Page, Phyllis Shulman, Trevor Robinson – Ruckelshaus Center

Attendees (via phone):

Ellen Austin Hall – Washington State Attorney General's Office (AG)

Adam Hall – Washington State Senate Legislative Staff

"What does success look like for this work group?" Key themes:

- Protecting students so they get what they pay for, e.g. at least a minimum level of quality, while fostering a variety of educational options (agencies need to balance these two), along with workforce development and recognizing that these schools are businesses and contribute to economic development.
- Well-aligned communication and coordination across agencies; a structure or framework that fosters this good coordination. Communicating with "one voice" to the legislature, schools, and students.
- Schools, students, legislators, media, and broader public better understand agencies' roles and responsibilities, via clear and consistent communication. People should know whom to call when there's a problem, with a seamless experience for both customers and agencies. Plan to educate school staff about the regulatory requirements and agency roles (NCCF-agency partnership to inform schools and accreditors? Perhaps workshops or trainings at their annual conference.)
- More remedies: a toolbox of options for dealing with a problematic player, including resources to get out in front of problems. Important for agencies to provide a range of services to "make them a better school."

Spheres of Influence exercise

Who do the agencies influence (directly and indirectly)?

- Students (including K-12 students, non-traditional students, veterans)
- School owners, staff, faculty, and administrators
- Employers/businesses (both existing and potential)
- The WA State economy as a whole, in particular the regions in close proximity to the schools
- Policy and policymakers
- The community college system, public universities, and high schools (skill centers, through influence on career schools)
- Customers of businesses that hire students (including safety/consumer protection)
- Other states, (including leading by example)
- Students' families
- Public well-being
- Other agencies (state- and county-level)
- US Dept. of Education (through consultation in their rulemaking)

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Who influences the state agencies?

- US Dept. of Education
- US Dept. of Veterans Affairs
- Other states
- The media (as a representative of the public and as a watchdog—relates to public perception)
- Other agencies (e.g. Labor & Industries)
- WA State legislature
- Regulated schools: agencies respond to them and are informed by them.
- Agency boards
- Consumers and students
- Consumer protection groups
- National deregulation lobbying groups
- National groups (of colleagues) that help inform policy
- Lawsuits (and threat thereof...this contributes to the need for balance in mission & activities)
- Economy/markets, particularly for Workforce Board's Eligible Trainer Provider List (ETPL)
- Student outcomes and related data
- Accreditors
- State Authorization Reciprocity Agreement (SARA)

Visioning Activity: Perceived values and vision of various actors and interest groups in the for-profit higher education landscape (consider areas of alignment and difference)

Agency visions and values:

- Workforce Board: There's a path for everyone through various types of schools, recognizing the need for diverse pathways. Everyone able to get training and jobs—though some are low-wage jobs, as a first step on your career. There's tension there, but hopefully (via Career Bridge) people know upfront what they're getting.
- Workforce Board: Going into any training, students know likely employment outcomes, average wage, and demand for occupation so they can make informed choices. People make different decisions about training and career path, but with consumer protection built in—must be a minimum threshold for quality!
- DOL: Public safety. Ensure that skilled providers keep the public and consumers safe.
- WSAC: Excellence in educational attainment and raising students' educational attainment. Differentiation from Workforce Board in that it's not just economic benefits/jobs; there are also social benefits, personal enrichment, and civic engagement (WSAC is explicit about this).
- AG: Supporting the other agencies, helping coordinate so there's appropriate regulation. Make sure regulations adequately protect consumers so the state addresses bad practices and provides recourse for students who have suffered.

Students and their families' vision and values:

- Obtain a job without too much debt. Job as livelihood, prosperity, personal enrichment (work that's meaningful).
- Variety of education is crucial; different people want different things out of their work, and students want access to different types of program so need institutions delivering different products. All students want quality but they'll define it differently.
- Variety of students in this sector: Many are adults focused on getting jobs without gaining a ton of debt, but others are recent high school grads.
- Students want quality education that builds capabilities and confidence.

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- Students see agencies as a safeguard; it's vital for the public knows what the agencies do! Unfortunately students don't always know whom to call when there are problems. Often, students haven't asked the right question or gone to the right person.
- Expect that experience will be seamless, with post-grad outcomes matching initial expectations.

Schools' vision and values:

- A supportive state government that provides guidance and collaborative engagement, and also values the schools' contributions without imposing too much bureaucracy.
- Various reasons for presence in the sector: economic, recruit and serve students, contribute to the state, or due to a passion for the training/topic.
- Consistency across sector; all schools treated equitably in the application of rules/standards. Schools don't want to be held in special status.
- Access to support for students (e.g. financial aid programs), a way of showing that these schools are a valued part of the educational landscape.
- Affordable fees and contributions to surety bond/recovery fund, ease of functioning.
- Ease of transfer credit.

Legislators' vision and values:

- Happy, economically successful constituents who are treated fairly, not burdened with too much debt, and getting what they paying for.
- Positive economic impact on communities: students find jobs, schools (as businesses) provide economic activity and support secondary economies, and other employers get skilled employees.
- Balance: ensuring student protection while supporting these schools/businesses.
- Proactive state agencies that protect students and stop schools from engaging in bad behavior.
- Education is a public good.

Other post-secondary institutions (public universities, community colleges) vision and values:

- Students getting affordable training that provides career option(s).
- Career colleges and for-profit degree grantors filling gaps and teaching subjects others don't, contributing to workforce development and economic prosperity.
- Fairness and accountability (especially in accreditation).
- Not competing w/career colleges or for-profit degree grantors for state funds.
- Contracting partnerships.
- Ease of transfer credit.

Research Needs: Education Northwest is available to do targeted research on others' states approaches for agency vision and mission; group opted to wait until the afternoon session on School Closure to decide.

Miscellaneous:

- The Memorandum of Agreement (MOA) between WSAC and Workforce Board could serve as a vehicle for interagency coordination/communication framework, perhaps with other agencies beyond those at this meeting. Before revisiting the MOA, the group would like to have a clear understanding of what the agencies want to get out of the communication framework.
- When the agencies have developed a cohesive shared vision, it will be time to bring other voices into the conversation: The work group could host a panel of students, legislators, and others to react to the work group's ideas, possibly during meeting 4.

Next meeting: Friday, April 28, 10:00am-12:00pm, WSAC Office

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Vision, Principles, & Objectives-Session 2

April 28, 2017, 10:00-12:00 pm, WSAC Office

Attendees:

Susan Colard – DOL

Tivoli Sharpe, Sam Loftin, Deb O'Neill – WSAC

Jim Parker, Marina Parr – Workforce Board

Evan Kline – Washington State Senate Higher Education Committee Staff

Facilitation Team: Chris Page, Phyllis Shulman, Trevor Robinson – Ruckelshaus Center

Referring to the notes from our last conversation, what do you think are the elements of a *shared vision*? Key themes from initial discussion and synthesis, with some detail:

- *Choice and access* to a variety of educational opportunities.
- *Transparency and accountability*: students know what they're getting into on the front end (access to appropriate information on schools, programs, and job sectors), then receive the education and career outcomes they expected to get. Appropriate/expected return on investment with quality control, rather than agencies being in charge of cost containment.
- *A well-educated and skilled workforce*, including "traditional academics," tech degrees, and apprenticeships. The term "educated" certainly has different dimensions, and there are differences (or tensions?) between practical workforce education and education for "personal enrichment."
- *Integrity*
- *Innovation*: taking a "forward thinking," proactive approach in recognition of a changing higher-education landscape. Agencies need to be *responsive and adaptive* to these changing conditions, which present an opportunity to make Washington a leader in innovation.
- *Accountability*
- *Protection for schools, students, and consumers*
- *Credible opportunities*: students should be secure in knowing there's sufficient oversight, and that they are likely to get what they pay for.
- *Importance of good customer service*, including of *seamless and coordinated experiences for both schools and students*: (Achieving this coordination is why these work groups are happening, recognizing the disjointedness and lack of communication in prior circumstances. Agencies serve schools, students, and the residents of Washington, rather than acting strictly as enforcers. This relates to *Helping schools and students help themselves*.)
- *Continuous, incremental improvement* and "not resting on our laurels"
- *Trustworthiness*
- *Success for students and schools*, achieved through some *baseline level of support*.
- *Standardized processes, collaboration, and appropriate agency authority*, especially with regard to enforcement and identification of bad actors. This is complicated by lack of MOUs with appropriate arrangements; a major hindrance in particular for data sharing between agencies, and restrictions don't always make sense in practice.
- *A well-regulated and effective marketplace of for-profit education*. A poorly regulated and ineffective landscape may lead to more closed schools and fewer opportunities for students.
- *Service to diverse student populations based on unique needs*: some groups may need more protections due to language/cultural barriers or less awareness of the system (including student rights).

Potential concrete recommendation resulting from this discussion: The DOL has limited authority to protect students from exploitative or fraudulent practices. Examples of exploitative behavior towards minority, immigrant, and refugee students call attention to this lack of authority. In recognition of this, DOL should have expanded statutory authority to crack down on bad actors (including proactive responses to complaints or tips; beyond closing the school, DOL should have authority to make the students whole financially).

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Other notes, issues or observations resulting from this discussion:

- Issues with instructor qualifications and certification process (especially for DOL-regulated schools).
- Fraudulent “degree mills” are another big enforcement problem: DOL has taken action against a number of them, but has not worked with or shared this information with the other agencies at the table. The state AG’s office also has a role in these enforcement actions.
- Interagency data sharing: Currently there are major barriers, but interagency MOAs or MOUs are key tools to enable improvements.

Ideas or opportunities to operationalize these shared values (potential recommendations):

- More outreach, including site visits in the interest of customer service for schools & students (agencies in the role of supporters rather than enforcers).
- Interagency MOA/MOU: share information, e.g. on at-risk or closed schools, unfair practices.
- Improving statutory authority to protect students, including more teeth and more authority for proactive response (especially DOL). One possible area is statutory language to mandate certain things in student contracts, including minimum requirements for:
 - Refund policies
 - Tuition rates (and disclosures?)
 - Cancellation policy
 - Information on how to file complaints
- These types of requirements should be standardized across agencies so that students and schools have equal protection.

Discussion: What should be standardized across the agencies? *Key themes:*

- Agency protocols and services to assist students: Opportunities to align at least DOL and Workforce Board (DOL would benefit from incorporating much of what Workforce Board does regarding admission, enrollment, and handling student complaints). While Workforce Board and DOL may standardize elements, WSAC-regulated schools are going to be different.
- Standardized language and disclaimers to schools, to raise awareness of agency jurisdiction and roles. (This could help head off problems that might happen without this awareness)
- Standardized training or other informational resources for school operators and owners:
 - Some states require training for school directors, admission representatives, etc.; however, WA agencies don’t have the capacity to do resource-intensive training on a large scale.
 - WSAC already conducts a “new school meeting” to share information with prospective school operators (including a live meeting with distribution of application and the WACs).
 - Workforce Board has a similar orientation and initial visit.
 - The key value to remember is fair and consistent oversight, and respect for small business; schools are customers, so how do we help them get better?
- Protocols for site visits
- Using MOUs and MOAs to assist with this process where applicable

“Homework” for the next meeting:

- Think about other opportunities for interagency standardization: what is already standardized? What else can/should be standardized?
- Assemble and bring information on current agency practices, in order to inform further discussion about standardization and coordination:
 - Interagency MOUs and/or MOAs
 - Vetted language/disclaimers
 - Enrollment agreements
 - Protocols for new school orientation and/or site visits

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Next meeting: Monday, May 8th 9:00-12:00 pm (note earlier start time per attendees' request), WSAC Offices

Potential agenda topics for the next meeting:

- Review, refine, and confirm collaboratively generated Vision and Values (Principles).
- What foundation is already in place to build on, in order to operationalize these shared visions and values?
Review interagency MOU(s) as a good place to start.
- Discuss standardizing and coordinating enrollment agreements, vetted language/disclaimers, and protocols for new school orientation. Discuss creation of an interagency contact list.
- Input from other stakeholders, including data sharing/reporting.

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Vision, Principles, & Objectives Work Group-Session 3

May 8, 2017, 9:00 AM-12:00 PM, WSAC Office

Attendees

Tivoli Sharp, Sam Loftin, Deb O'Neill, Randy Spaulding – WSAC

Marina Parr, Jim Parker – Workforce Board

Susan Colard – DOL

Clint McCarthy – WA State Senate Higher Education Committee (Staff-nonpartisan)

Trudes Tango – WA State House of Representatives Higher Education Committee (Staff-nonpartisan)

James Crandall – WA State Senate Higher Education Committee (Staff-R)

Adam Hall – WA State Senate Higher Education Committee (Staff-D)

John Aultman – Governor's Office

Facilitation Team: Chris Page, Phyllis Shulman, Trevor Robinson

Discussion: What's missing (or needs editing) from "Draft Vision and Values/Principles" document prepared after last meeting? Key Themes:

- Suggested addition: An item *about interagency consistency in communication and outreach materials*. It helps to have each agency saying the same thing when disseminating information to external parties (schools, students, the media, the legislature, etc.).
- Suggested addition: *fairness* as a value. The agencies value fair treatment of students and schools, not showing bias towards certain types of institutions, and using *consistent* evaluation criteria.
- Clarification: *Consistency* is a better term than *standardization* when talking about criteria for evaluating schools. *Standardization* is appropriate when talking about streamlining and simplifying reporting/compliance requirements to minimize burdens schools face—though how much streamlining is possible, given the multitude of regulations and reporting requirements?
- Clarification: When working with these vision and value/principle items, we should organize our thinking: some items are specific to interaction with students, other specific to interaction with schools, and so forth.
- Clarification: Add language to clarify that the agencies regulate workforce certificate-level training, not just degree-granting institutions.
- Suggested addition, or possibly a clarification: The topic of *being responsive to economic and educational needs of communities* has come up in previous workgroup conversations. We work to ensure that employers (and the economy on a larger scale) can access a diverse, skilled workforce, in the same way students have access to diverse, high-quality educational options.
- Add *financial transparency* to the "transparency and accountability" statement ("Vision" bullet point #2).
- "Vision" bullet #3 (A well-educated and skilled workforce...) seems redundant with concepts in "Vision" bullet #1 (Students have choice and access to a variety...); combine the ideas?
- Remove "Vision" bullet point #7 (Success for students and schools, achieved through some baseline level of support), as it is redundant for the previous bullet point.
- Combine the statement about a *well-regulated and effective marketplace* ("Vision" bullet point #9) with content in "Vision" bullet point #1 (students have choice and access to a variety...). It is a marketplace occupied by independent businesses; with consumer choice, the agencies can't control everything.
- Moving forward: the work group can revise and continue wordsmithing the document after exploring the MOA and the other foundations for greater interagency alignment.

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Foundational elements in place for interagency work toward realizing Vision (e.g. agency vision & mission statements, statutory language regarding purpose): Is anything from these statements in conflict from this work group's efforts? What's missing? Other input on these materials?

- The market for educator training is rapidly evolving: Agencies (PESB and others) should consider how this evolving piece of the landscape relates to the state's regulation and oversight. Are there gaps in agencies' oversight? Are students receiving sufficient protections? These types of programs might conceivably fit within several agencies' jurisdiction.
- This relates to a larger idea about agencies being responsive to changes in the higher education landscape: being proactive, collective identification of changes or problems, recognizing that there are all kinds of new innovations in post-secondary education that don't fit in agencies' existing statutes and authorities.
- Consider more integration of "public safety" when talking about consumer protection.
- WSAC's materials talk about "advocating for the economic..." WSAC staff suggests this piece is an outlier, so the work group doesn't need to touch this theme. Staff also suggest this has more to do with other pieces of WSAC's work. Perhaps it relates to "sustaining the state's economy?"
- Short conversation about tracking student-level outcomes and attributing success:
 - WSAC staff note that student-level outcome tracking hasn't been an agency focus; the agency looks at outcomes in a higher level/macro sense. There's not as much of a drive to "prove it" at the student-level with bachelors and masters-level education. The variation in program type may affect outcome tracking (and other complications).
 - More generally, how do you attribute successful outcomes when a student moves through multiple programs?
 - DOL's material is lacking re: student-focused outcome tracking. Most of their work is aimed at school-level data.
 - Opportunities for shared data-related resources here?
- DOL has limited authority to help students in a school closure scenario (as an example). There's a gap, particularly in regards to problems at smaller schools. Are additional regulations needed for DOL student protections?

Foundations in place (cont.): 1999 MOA. What was intent of document? How has it been used? Would a MOA be useful moving forward? If so, what should it encompass?

- The MOA relates to cases where schools are under jurisdiction from multiple agencies, including shared and common functions. It's targeted at agencies more so than schools, regarding process and communication.
- Agencies don't reference the MOA frequently; they have procedures for working together so don't have to turn to this document very often.
- The consensus is that this type of MOA will continue to be useful. However, a revised MOA should bring in DOL, and should be revised based on what agencies are trying to achieve re: alignment, consistency, and shared responsibilities. This revised document should supersede the existing MOA, and should reference the vision and values the workgroup is developing.

What items should be included in a new or revised interagency MOA?

- Statement of the shared Vision and Values
- Data-sharing arrangements (may require new regulatory language or statutory guidance)
- High-level protocols and/or principles regarding at-risk schools, school closure response
- Sequencing of multi-agency approvals (in cases of overlapping jurisdiction at a single school)
- Provisions for coordination on compliance issues (site visits, etc.), data collection and reporting
- Specify a review cycle for this MOA (e.g. five-year)

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- Provisions for an ongoing, formalized agency work group (as a “consumer protection work group?”) and interagency communications more generally, e.g. to discuss:
 - Something about complaint process
 - “Heightened level of coordination” around schools that fall under jurisdiction of multiple agencies (purpose of original MOU)
 - Opening and closing protocols
 - Training/orientation for proprietors of any new school(s)
 - Continuing compliance, especially regarding complaints, reauthorization
 - Something about disclosure statement and enrollment agreement (details on common language in the document itself)
 - Signatories of MOU: WSAC, Workforce Board, DOL, PESB, DOH (Nursing Commission)

MOA will need more refining, likely after July 1, considering what items or elements are really important and how to address them (group confirmed that having an MOU is important, so needs to consider what it will be most useful for).

Considerations or challenges regarding data sharing:

- Data-sharing arrangements: WaTech recently audited the DOL/L&I data sharing agreement and flagged a number of problems, which has put a hold on data sharing between the two agencies. There needs to be a proper and “formal” agreement to share data (example: agreement between WSAC and DSHS?)
- There’s probably need for a separate data-sharing agreement, in addition to this new MOA.
- There’s also a need to align data metrics, need to know which schools report to each agency.
- Opportunity for data sharing on site visits or inspections.
- In cases where program-level data only comes via renewal applications (WSAC), could use an “annual update” data collection step (need to be aware of licensing renewal timelines for different types of schools).
- Opportunity for an interagency online application.
- Consider if there’s a need for additional regulations, statutory guidance, or additional funding.

Foundations already in place: enrollment agreements and disclaimers

- Workforce Board provides schools with a template for an enrollment agreement and a checklist for student contracts, based on requirements in statute: long list of things school must include in their student contracts, including disclosures students must acknowledge they have read.
- All Workforce Board -regulated schools must include those items; many smaller schools essentially adopt this template for their form, while larger schools tend to have longer forms with more legalese.
- Most schools are good about putting together enrollment agreements and disclosures, since these items protect them. On the other hand, public universities might be less diligent about these.
- Students are clearly not reading things, comprehending, and/or remembering these disclosures, though they’ve signed the contracts. Agencies can’t force students to understand this stuff; this is the student’s responsibility. It’s about giving students the chance to be informed. Ombuds role?
- The template does not include an exhaustive list of “unfair business practices;” need to balance information dissemination with brevity, recognizing that students aren’t carefully reading these forms anyway. Online resources can provide additional information (URLs on disclosure forms?).
- There are a variety of barriers to effective student outreach here, including language barriers and variations in reading level.
- The purpose of this document is to protect students and schools. This is just one vehicle for informing students, and agencies can use other things besides contract to disseminate information (such as the school catalog). Other outreach mechanisms might include:
 - PSA-style video (produced by agencies, schools required to show to incoming students)
 - Posters

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- Data disclosures
 - Online training mechanisms
 - Other creative ways to present information in a distilled manner? Repetition will also be important
- Potential challenges with the above outreach ideas:
 - How to ensure that students see it?
 - Consistency: Should public universities or Career & Technical Colleges (CTCs) be held to the same requirements?
- Related idea: agencies create a one-stop student complaint portal. It could be based on WSAC's own agency specific model, relatively easy to replicate. Something to get ironed out in the MOU?
- Attendees again discuss the idea of training for school administrators and staff. This could be another tool in the toolbox, but there are agency resource constraints to consider.
- Regarding admission standards; need some means of readiness assessment and/or admission process. There is no single, standardized test because institutions and programs are very different.
- DOL has modeled some of its outreach and disclosure on Workforce Board language; are there further opportunities for interagency consistency?
- Equity issue: Should students in different programs have to sign different types of forms, or get different protections? This workgroup could look at steps toward a more level playing field.
- This discussion may intersect with the ombuds topic

Next Meeting: Friday, May 24. Potential agenda topics:

- First half of meeting: Bring other agencies into the conversations about the MOU (PESB & Nursing Commission).
- Second half of meeting: Invite Gena Wikstrom (NCCF) to give input on the MOU and ideas for outreach mechanisms
- Prior to meeting:
 - Ruckelshaus Center releases edited version of vision and values for people to wordsmith and give feedback on online, in order to have a revised version ready for 5/24
 - Ruckelshaus Center releases a draft outline of the MOU (or at least a distilled version of the list the group generated today). Send around for feedback online prior to 5/24
- DOL will bring its "auditor approved" MOU relating to data sharing

Other topics to consider between now and the end of June:

- Think about how the Ruckelshaus Center could continue contributing to this process, based on a potential Phase 3 budget allocation.
- Think about which agency is going to "host" any shared data. There will need to be some kind of "host" for any kind of shared data portal. And how will this data be used?
- Consider where the resources for any new outreach mechanisms will come from, as this will inform the recommendations.
- Continue referencing, and possibly continuing to revise, that work group's "what does success look like" document

Preliminary list of potential recommendations:

- Convene an ongoing agency work group
- Create an interagency MOU (prepare a draft or outline for a panel of outside stakeholders for Meeting #5 (6/16). Revised MOA should bring in DOL, and be revised based on what agencies are trying to achieve re: alignment, consistency, and shared responsibilities. Revised doc should supersede existing MOA, and reference vision and values the workgroup is developing.

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Vision, Principles, & Objectives Work Group-Session 4

May 24, 2017, 9:00 AM-12:00 PM, WSAC Office

Attendees:

Sam Loftin, Deb O'Neill, Tivoli Sharp, Randy Spaulding, Becky Thompson – WSAC

Justin Montermini – PESB

Jim Parker, Marina Parr – Workforce Board

Mindy Schaffner – WA State Nursing Commission (by phone)

Adam Hall – WA State Senate Higher Education Committee (Staff-D)

James Crandall – WA State Senate Higher Education Committee (Staff-R, by phone)

Clint McCarthy – WA State Senate Higher Education Committee (Staff-nonpartisan, by phone)

Facilitation Team: Chris Page, Phyllis Shulman, Trevor Robinson

Discussion: *Draft Vision and Values*

The group agreed on a consolidated *vision* statement or “elevator speech,” drawing from ten components in a *Revised Draft* document. This consolidated *vision* is:

A wide range of education and training options for a diverse group of students.

Coordinated oversight to ensure transparency of requirements and outcomes and to prepare students for employment and civic engagement.

Other comments from the discussion (drawing on the *Revised Draft* document) included:

- Stakeholders have different perceptions of what “well-regulated” means; this verbiage may generate pushback (some think the system is already over-regulated). How about “sufficient oversight”?
- A “high level of public safety” may not be a shared interagency value, as DOL is the only participant that explicitly addresses this in its mission.
- Consistency is a key element, as the agencies try to come together and streamline processes. Schools will want to see “clear, streamlined processes for institutions” in the vision or values. This relates to *serving* students and schools, or “superior customer service.” “Seamless” or “coordinated” may appropriate to capture this idea.
- Agencies cannot do everything. The vision and values should not set unrealistic expectations.
- Streamlining regulations must occur via alignment, not creating ways for schools to avoid regulation.
- Students making informed decisions about their education is vital. There are important values in this concept, e.g. customer service by ensuring transparency. But how do agencies ensure transparency? This relates to data collection and verification.

The group also agreed on four *values*, narrowing down from the eleven listed in the *Revised Draft* document. The values are:

- *Fairness*
- *Integrity*
- *Success*
- *Safety*

Comments (for context) from the *Values* discussion:

- Student protection is crucial, but students are not agency “customers.” Students often interact with agencies only when a problem occurs. Key question: “Is school serving the students?”

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- “Student protection” does not capture agencies’ roles: it is about making sure students can access information to make informed decisions (connects to Career Bridge and student outreach). However, surety bonds and the tuition recovery trust fund (TRTF) explicitly protect students via remediation.
- What does “safety” mean for agencies’ work? The agencies don’t look at campus safety; it’s about making sure preparation/training is sufficient for employment in the field (if student is poorly prepared, that can create safety issues).
- Public protection is one reason the Department of Health (DOH) exists. DOH protects the public by making sure that schools have proper policies and procedures in place for training.

Purpose, process, and use of *vision* statement and *values*:

- These could serve as values for the state, with regard to the oversight of for-profit higher education.
- Assuming the vision and values be codified in the interagency Memorandum of Agreement (MOA), this is a use internal to the agencies. Will they also have an “outward-facing” purpose? If the values and vision are used in a promotional campaign, succinctness and accessibility will be important. At this point, some of the draft values may be too abstract for the general public.
- These values will drive the MOA, so major publicity is not necessary. Legislators are probably the main (or only) public audience.

Discussion: *Revised MOA Outline* – Is anything missing? Anything on it that shouldn’t be included?

- Add a section about basic jurisdictional responsibilities near the beginning. This section can outline protocols for dealing with schools under jurisdiction of multiple agencies.
- For schools under multi-agency jurisdiction, several issues emerge:
 - Sequenced approval involving more than one agency (pre-approval, final approval, etc.)
 - Agencies overseeing different programs within a school (joint authorization; no special sequencing). This issue relates to assigning responsibilities, coordination for site visits, etc.
- Educational Service Districts (ESDs): emerging issue(s)—agencies need to clarify who has what oversight. Jurisdiction may depend on what credentials are granted. Some institutions provide educational services, and the Office of the Superintendent of Public Instruction (OSPI) grants credentials. There is uncertainty, maybe a blind spot in jurisdiction. An MOA could help with this.
- Action item/MOA topic: Ensure that agencies are on each other’s public comment period mailing lists for openings (for schools based in WA).
- Steps to create the MOA:
 - Identify who will fill in the outline this group develops and actually write the MOA
 - Clarify jurisdictional responsibilities of signatory agencies (all five?). The Workforce Board/WSAC relationship is understood, but more clarity would help on the other agencies’ roles and the types of schools under the jurisdiction of each.
 - Identify who is signing on behalf of each agency
 - Proposed process. These items *could* be in place by the end of June.
 - Review current MOA for accuracy and content worth carrying forward
 - Solicit, articulate, and confirm the jurisdiction of each signatory agency
 - Identify desired (interagency collaborative) roles for each agency.
 - Finalize MOA outline

Post- June 30th Efforts

Long-Term: Agencies can continue the MOA discussion after June 30th to hammer out details. Two additional purposes for ongoing/future interagency conversations:

- *Compliance review:* regular interagency check-in, especially where jurisdiction is shared. This work could have added value in several areas, e.g. “change of ownership” situations.

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- *Coordination and alignment* more generally, on a more ad hoc basis with occasional check-ins. What is the review cycle associated with this group?

Short-Term (July 1 – December 31, 2017), in a pair of work groups (potentially facilitated):

- Data collection/reporting/sharing/alignment, including sub-topics:
 - Think about who collects data, and when, and how to improve these arrangements. Be aware of each agency's data needs, but don't increase burden on schools
 - Student-level data (transfer and privacy concerns?)
 - Connections with Education Research and Data Center (ERDC, for data processing, storage) and the Eligible Training Provider List (ETPL), for metrics and reporting requirements
 - Data is the more pressing burden or point of confusion, compared to the other issues that could be addressed post June 30th.
- Student guidance and protection, including opportunities for an ombuds position. There are three big "buckets" for thinking about agencies' student guidance and protection functions:
 - Services or functions that state agencies would not provide without an ombuds
 - Services that agencies already provide, but could also be provided by an ombuds
 - Agency functions that have nothing to do with ombuds
- Comments regarding the ombuds:
 - There is disagreement/uncertainty about what exactly the ombuds would do
 - Suggested ombuds function: "Initial triage and routing to a specific agency based on the nature of the complaint." (*This idea did not receive the full group's support.*)
 - The work group will not get to a concrete recommendation on the ombuds, but can lay out some advantages of different approaches.
 - Regarding Workforce Board's current complaint handling procedures: the agency has low complaint numbers because it tries to mediate between parties and encourage dialogue, prior to the filing of a formal complaint.
 - If there is an ombuds, that person should be involved in ongoing interagency conversations.
- If an ongoing interagency work group, *data collection and sharing* should be a topic. *Risk assessment* might be another area for an ongoing interagency effort.

Next Meeting: Friday, June 16, 9:00-noon, WSAC Offices. Potential agenda topics and action items prior to the 16th:

- Work group presents products and preliminary recommendations to a panel of stakeholders:
 - Schools (representatives from NW Career Colleges Federation)
 - Students
 - Attorney General's office
 - *Possibly* legislative representatives (budget talks may constrain availability). Caucus staff may be able to channel views of members or solicit feedback on written materials.
- Ruckelshaus team to prepare a short summary of both work groups' material (including preliminary recommendations) to share with panelists ahead of time. This will go out to panelists before June 16th; the Center will solicit feedback from work group members on a draft beforehand.

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Vision, Principles, & Objectives Work Group-Session 5

June 16, 2017, 9:00 AM-12:00 PM, WSAC Office

Attendees:

Sam Loftin, Randy Spaulding, Deb O'Neill, Tivoli Sharp, Becky Thompson – WSAC
Nova Gattman, Jim Parker, Marina Parr – Workforce Board
Dion McNeeley, Coree Ferrell, Gena Wikstrom – Northwest Career Colleges Federation (NCCF)
Susan Colard – WA Department of Licensing (DOL)
Mindy Schaffner – WA Nursing Commission
Trudes Tango – WA State House of Representatives Higher Education Committee (Staff-nonpartisan)
Adam Hall – WA State Senate Higher Education Committee (Staff-D)
James Crandall – WA State Senate Higher Education Committee (Staff-R)
Ben Roesch – WA Attorney General's Office (AG)
Kate Davis – Office of Financial Management
Representative Gerry Pollet – WA House of Representatives Higher Education Committee (D-46)
Anna Nepomuceno – Student Representative

Facilitation Team: Chris Page, Phyllis Shulman, Trevor Robinson

Randy Spaulding (WSAC), with input from a few others, described the work group's scope, background, work products, and recommendations:

- The agencies had already been working together prior to the formation of this work group, but this was a really valuable conversation for (among other reasons) highlighting some of the differences in agency practices and organizational thinking.
- There's been a good conversation about vision and values; after several discussions the work group came up with a concise statement that recognizes key parties (making sure agencies are serving *students*, making sure *schools* have resources from the state and are meeting requirements)
- The vision development leads into values; the agencies want to make sure they're treating everyone fairly, with integrity (treating similar institutions in similar ways), and being transparent.
- Agencies can find ways to work better together:
 - Simplify or streamline process: Making sure agencies aren't asking for the same things (data, etc.) in different ways. There are also opportunities for the agencies to more consistent in how they work with schools, particularly since some schools are reporting to multiple regulators.
 - The existing MOA between Workforce Board and WSAC is out of date, and a couple things have definitely changed (including the advent of SARA). Therefore, the workgroup hopes to create a new MOA to bring all the agencies with authorities into the conversation, clarify roles, and bring in those values and vision. Attendees also want to have regular review cycle for this new MOA. A key part of this MOA will be specificity on interagency coordination for outreach and other communication
 - Data collection/sharing should be referenced in MOA, but it needs to be handled in other venues as well. There are also many approaches and complexities; agencies getting what they need without making it unnecessarily difficult. There are still some open questions here.
 - Areas to be clearer about process: Aligning approaches for identifying "at-risk" schools.
 - Getting more standardization in enrollment agreements and disclosure statements, referencing recent WSAC modifications to disclosure rules...especially important in joint jurisdiction situations (coming up with a combined disclosure?).
- With regard to the data topic:
 - There is also a public access and transparency component.

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- There is variation in the types of data the agencies collect: For example, Workforce Board collects student-level data; WSAC collects high-level enrollment/completion data at time of renewal. It would be easier for schools if there were consistencies in what agencies ask for, though important to recognize that agencies do not need the same granularity in their data.
- There may be opportunities to align with IPEDS reporting, Career Bridge, and the data reporting for the ETPL.
- ERDC should also be a part of an ongoing data workgroup, as should the schools.
- Reiterates that MOA can't address all of these data topics on its own.
- WaTech has requirements for protecting sensitive student-level data, and each agency has unique data protection obligations based on the type of information it collects. This represents a potential barrier for interagency data sharing (referencing WaTech audit issues).
- Another longer-term goal is improving the complaint process through the development of a single complaint portal. This goal is technologically feasible, but it will require resources to actually develop the system and there are a number of logistical questions to work through
- Workforce Board staff: It's been very helpful to bring in other agencies and become aware of what others are doing. As an example of a short-term outcome of these workgroups, there have been improvements in coordination between Workforce Board and DOL over the last month regarding student complaints and site visits.
- It's been valuable to have participation from the PESB; other attendees have learned some new things about the oversight of teaching programs and the evolution of that sector.
- Ongoing interagency communication and coordination will continue to be important.
- The work group has seen how agencies have different roles and authorities; agencies won't be able to achieve total uniformity in everything they do, but there are opportunities for sharing and alignment.
- Based on the conversations over the last two months, the Ruckelshaus Center has identified *data* and *student guidance* (including the proactive support, student services, and role of an ombuds) as two key topics for a potential Phase III.

Questions, comments, and discussion on these items, organized according to work product, recommendation, or topic area:

Vision and values statements:

- A panelist asks about the meaning of the *success* value, suggesting that the interpretation of success is less intuitive to an external stakeholder compared to the other three values, and could perhaps benefit from the inclusion of some context or clarification:
 - Within its own work, each agency defines *success* differently: Workforce Board looks at employment in a student's chosen career; Nursing Commission and DOL look at "practice readiness" or ready for licensure; WSAC includes personal enrichment, readiness for further study, and other achievements beyond employment
 - If success relates to student-level outcomes, and if schools are going to be assessed based on these metrics, then the timing of success measurement is an important consideration.
 - The agencies need to be careful about how they define and track success; are the metrics actually meaningful? (reference to bogus "letters of pre-hire" as a success metric under certain programs)
 - More broadly, success means providing a space for students and schools to be successful. For students, this includes getting the training/education that they were promised/paid for. For schools, this includes being viable businesses and effective training providers, recognizing these

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institutions' important role in the state's higher education landscape.

- There is a brief discussion about aligning measurements of success across agencies (recognizing that total alignment is not possible given the differences in agency missions). Definitions of success will drive data collection and reporting, so alignment of success across agencies also heavily relates to alignment of data collection. Again, there are opportunities to align and streamline with data collection, though there is currently only a low level of overlap across agencies.

- Another panelist suggests that values should be rooted in how the sector (and the actors within it) can/should contribute to statewide goals regarding educational attainment. This panelist also notes how "transparency of requirements" (per the vision statement) is not the same as "transparency in terms of public disclosure of data and student outcomes; both items should be called out separately.
- Issues with SARA (including whether or not it adequately protects WA students) should also be explored in subsequent work.
- This work on visioning and values will inform subsequent work re: alignment in metrics and agency practices. This subsequent work will be where the rubber really hits the road and where the greatest improvements for schools will be seen.

Data:

- If the work group agrees on a consistent set of definitions for success, it also needs to make sure all agencies have the authority to collect the appropriate data (referencing DOL's limited authorities to collect data). Identification of these barriers will be very important moving forward.
- The Workforce Board already has an encrypted data portal that could be valuable as a model or foundation.
- Metrics or benchmarks of success should be meaningful (i.e. do the metrics the agencies are tracking actually relate to the agreed-upon definitions of success?). There may be value for a literature review or fact-finding about good benchmarks used by other jurisdictions.
- Debt ratio and potential future earnings could be valuable metrics for success: What kinds of jobs can people get with degree/cert, and can students can make enough money in that field to pay off their debt? A meaningful consideration for students and assessment criteria for schools? This topic came up in the situation assessment interviews, and the Gainful Employment Act (federal) has guidelines about this.
- Debt-to-earnings issues are sector-wide (not confined to private career schools), and NCCF panelists suggest that any debt ratios standards should be applied to public and private schools. A key, cross-cutting problem is that institutions of all stripes cannot stop their students from taking out excessively high loans to cover tuition and cost of living expenses.

Ombuds:

- Panelists and work group attendees discussed a number of potential roles for an ombuds:
 - Several participants suggest that an ombuds could be a valuable resource to help students navigate school closure. A point of contact to direct consumers or students to the appropriate agency.
 - Some of these informational functions could be performed equally well by an ombuds or the respective agencies themselves (consider which roles are best allocated to agencies or ombuds, and which roles are interchangeable).
 - A joint complaint portal could be housed with the ombuds, who could then redirect the complaints to the appropriate place; WSAC has already done with internally within its own complaint structure.

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- The ombuds as an additional representative or advocate for students during the complaint process? There are varying opinions on this; the agencies are obligated to remain neutral when handling complaints, but is there a potential benefit to having an ombuds act as a student advocate?
- Potential middle ground: the ombuds assists students with navigating/understanding the complaint process but does not act as a representative or advocate. The complaint process has been described as “intimidating” or “daunting,” so some additional neutral guidance could be helpful here.
- Additional open questions or complications:
 - Is the ombuds related to all sectors of higher education, or just career colleges and for-profit degree grantors?
 - An ombuds won’t fix anyone’s problems if students don’t know the ombuds exists; this relates to the importance of disclosures and front-end student guidance (see below).
- The workgroup has come up with a lot of ideas and options about what the ombuds’ role could be; the group is moving forward, but needs to have additional conversations before it reaches any firm recommendations. As stated above, there’s potential for further work on this in Phase III.

Complaint procedures (and student guidance related to complaints):

- A one-stop complaint portal would be very helpful for students. Panelists are curious about what it would take to get this arrangement off the ground (see discussion under **Next Steps**).
- The ombuds could play a role (perhaps even hosting) this one-stop portal, as described above.
- Agencies are neutral when it comes to the complaint process: A student with a questionable complaint will receive the appropriate response (including being told to talk with the school if they have not done so already). Many problems are ultimately resolved in-house without a formal complaint ever being filed. Data gap: Agencies don’t have data showing how many times a particular school is the subject of an informal complaint call to the agencies that is ultimately resolved in house.
- Agency contact information (and the process for filing a complaint) is placed on enrollment agreements, along with examples of unfair business practices, etc. However, students often don’t read the agreement carefully, and those who do may forget about what they read since there is no “renewal” for an enrollment agreement in a multi-year program.
- This information also appears in program catalogs, but few people read those either.
- How far do agencies and schools have to go when making sure students know this information; if the students don’t want to read their catalog, what are the agencies’ or schools’ obligations? And what constitutes “due diligence” here?
- Students often need help navigating the complaint process.
- There are difficulties maintaining the proper paper trail, and sometimes there is poor communication or follow up. This makes it challenging to “make students whole” when an unfair business practice has occurred.
- Suggested mechanisms to improve this situation: Poster displays on site, or giving students this information as part of their school exit process (graduation or other withdrawal?)

Ongoing interagency work group: topics and structure:

- NCCF panelists express their organization’s interest in being involved in any ongoing interagency meeting arrangement. The NCCF works closely with its schools and can be a useful resource for these conversations.
- There will be value in convening an ongoing interagency effort separate from Phase III, including participation from all of the agencies involved in the current conversations. Topics include:

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- Responding to ongoing changes in the state's higher education landscape.
- Regularly scheduled conversations for agencies to discuss school compliance issues, school renewal, financial topics, or related issues.
- Continued work on interagency alignment, coordination, and process improvement.

General or miscellaneous comments:

- For schools, a big problem is multiple agencies doing different things (particularly related to data reporting); schools have an interest in correcting this, and want to see these interagency conversations continue.
- There are differences in the protections afforded to students in different schools. Attendees state that this is unacceptable and should be rectified.

Next steps and action items:

- The final report for Phase II is due on June 30; the Ruckelshaus Center will release a review draft by June 23, with comments due the following Wednesday.
- The report will include a few pages of overview/introduction/process description, work products, recommendations, the meeting notes, research materials, and a description of suggested next steps.
- The Center has drafted a Scope of Work for a potential Phase III. This has been shared with legislative staff and the appropriate budget proviso is under consideration by legislators.
- The Center's draft Phase III process design features an ongoing interagency work group with topic-specific subcommittees. Some topics will benefit from facilitation and others can likely be accomplished without the Center's involvement. The topics from both work groups that the agencies might reasonably address without facilitation include:
 - Building the new MOA
 - "Quality control" at-risk indicators, etc.
 - Surety bond/TRF topics
 - Ongoing interagency alignment and coordination, more broadly
- The agencies also need to consider appropriate stakeholder involvement for each conversation.
- There would need to be legislative action on some of these items, and any Phase III work (with or without the Center) would need to be mindful of legislative developments and timelines.
- Some topics, such as the one-stop data portal, require technology "infrastructure." Because of this, part of that scope of work would be figuring out what the resources and infrastructure requirements look like.
- Important to remember that the agencies have until mid-September to put out proposed legislation or budget requests. For items like the data portal, the work between July and September would need to focus on the IT infrastructure rather than getting the data metrics exactly defined.
- These items could be a report or set of recommendations that get picked up and proposed by a legislator.
- In the event that the Ruckelshaus Center is not funded for a Phase III:
 - Agency participants need to keep pushing forward with the authority they have, need to have a plan, and need to be committed to following up.
 - The items that don't need facilitation could still happen (the new MOA is already under development). Interagency meetings could continue to happen as well.
 - WSAC staff volunteers to convene the first post-June 30th meeting if the Center is not funded to continue working, with a suggestion for a rotating convening schedule. The agencies can start planning the quarterly meetings now, though some of the early work may require meeting more frequently than once per quarter.

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- Several attendees voice support for extending Phase III to the end of the next fiscal year, with an interim report to the legislature due at the end of December, with multiple benefits to extending beyond a six- month timeframe.

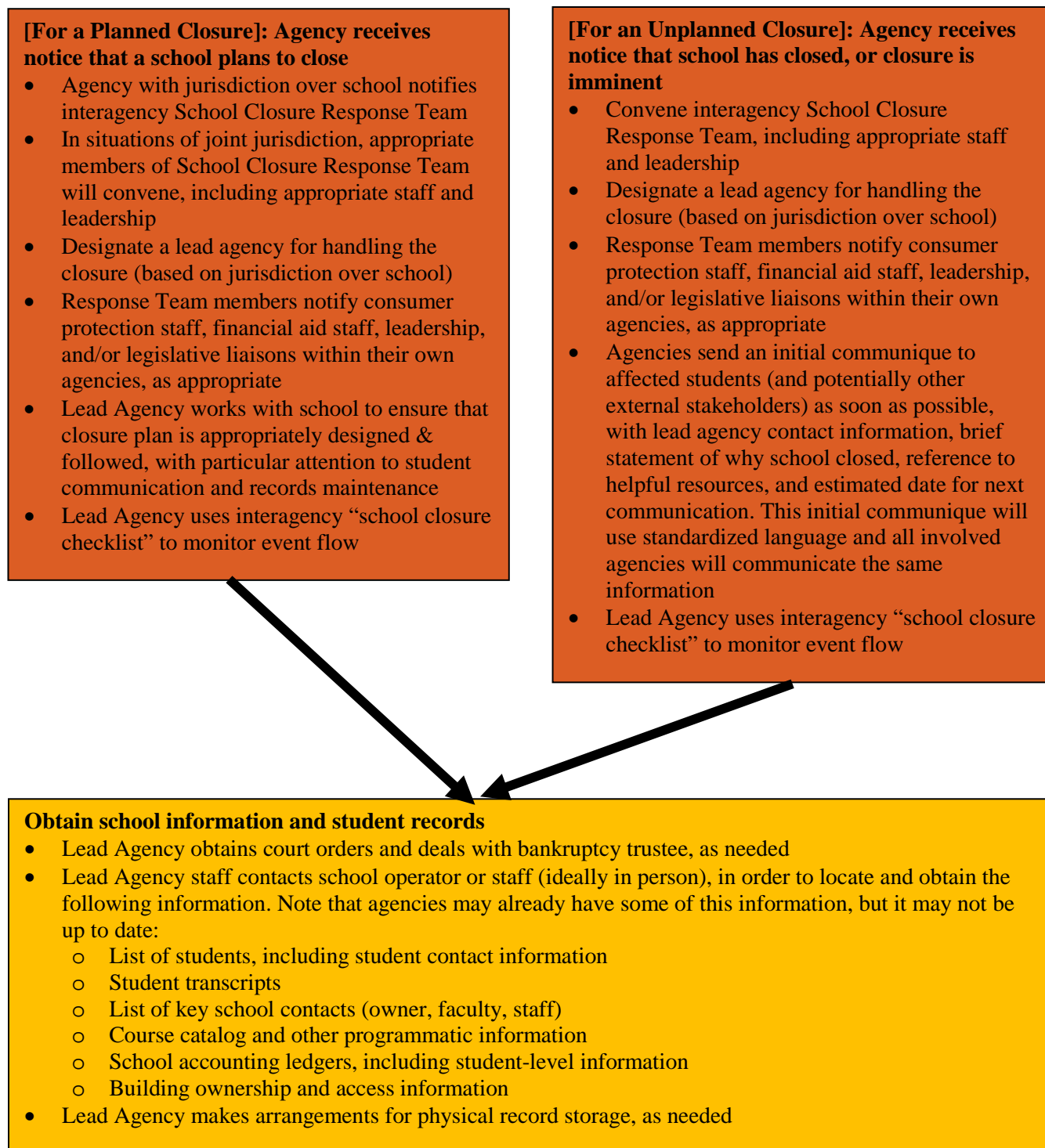
School Closure Work Group Accomplishments

SCWG Work Products

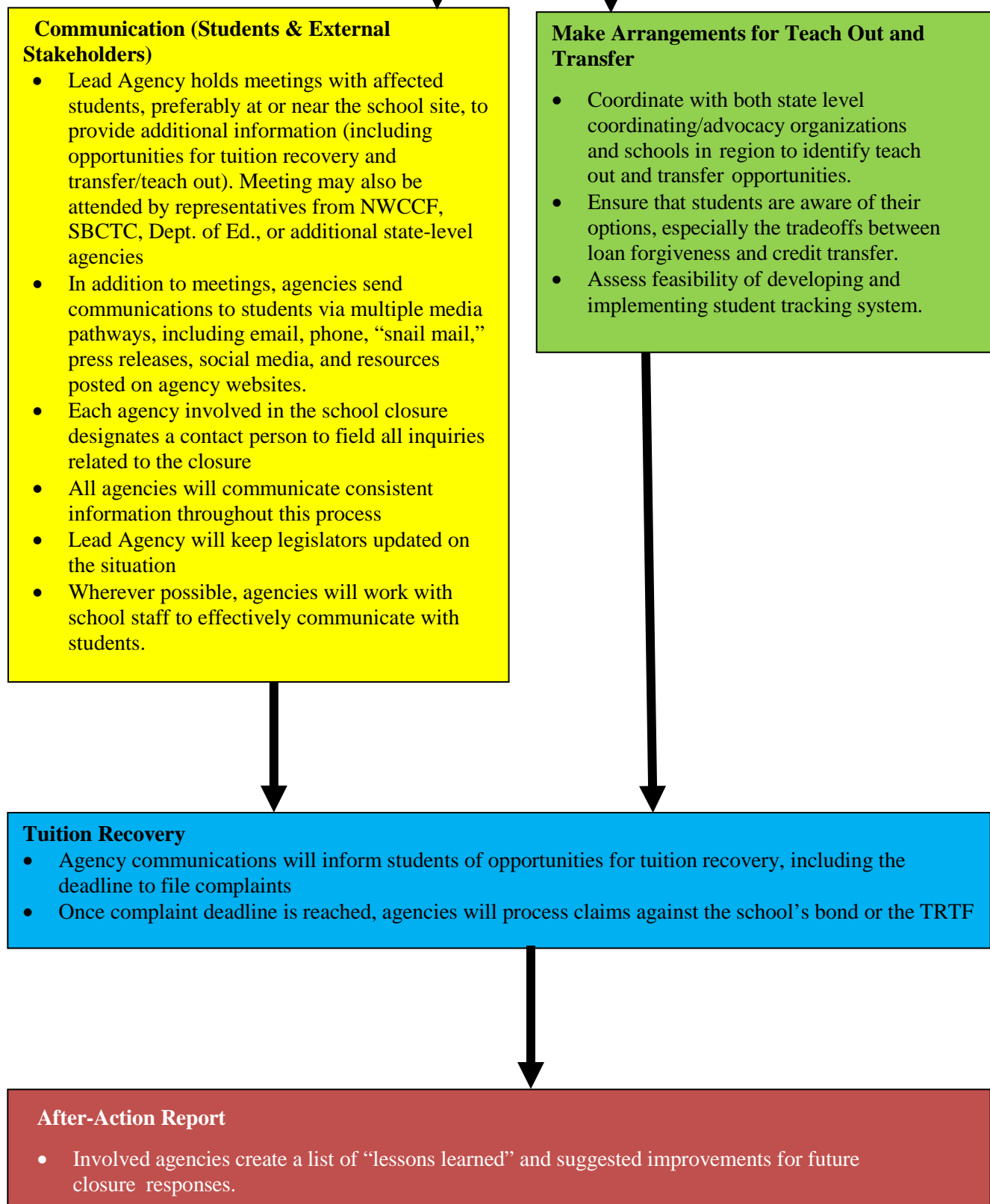
1. Event Flow and Communication Plan (*see next page*)

The most pressing need, for a coordinated and timely agency response to any closure event (whether unexpected or planned), including prompt and clear public communication, occupied a significant portion of SCWG's deliberations. The Workforce Board offered for consideration a box-and-arrow, color-coded schematic diagram that the agency uses to guide the steps it takes to effectively manage a planned school closure. The SCWG composed the following stepwise event flow (beginning on next page) by building on that diagram and adding steps and suggestions from other agencies (centered on establishing an interagency School Closure Response Team with clear communications protocols).

Interagency Event Flow for School Closure



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SCWG Recommendations

Hybrid Model for Tuition Recovery

As documented in the meeting notes below, several issues emerged related to the agencies' respective abilities (or lack thereof) to address financial difficulties stemming from school closures. These include costs related to obtaining student records, along with the funding needed to make students whole for tuition and/or other school-related expenditures (for which they did not receive what they were promised).

To address this, the SCWG recommends improving the agencies' approach to surety bonds and the Trust Fund overseen by the Workforce Board. The workgroup recommends the legislature consider financial support for a hybrid model that allows for bonds and Trust Funds to both be used (in sequence) for a closure event (Arizona and Wisconsin offer examples of different approaches to hybrid models). Additional work is needed to clarify the mechanics of a hybrid model for agencies in Washington. Education Northwest supplied research regarding other states' practices around surety bonds, student tuition recovery funds, and "hybrid models" that combine the two to inform the SCWG conversations and future activities (See "Research Materials for SCWG" section below).

Revisions to Agencies' At-Risk Criteria, Including Tiered Classifications and Agency Responses

The SCWG recommends improving the agencies' protocols for designating and responding to "at-risk" schools. This includes refining the indicators that constitute "at-risk" and aligning subsequent responses. The workgroup suggests developing a "tiered approach" involving multiple levels of "risk" (triggered by different indicators) with escalating agency and school responsibilities. The SCWG notes that it will not be possible for the agencies to implement a uniform and rigid set of interagency indicators and responses, but there are opportunities for alignment, particularly in cases where a school is subject to joint agency jurisdiction. The workgroup endorsed an emphasis on corrective (rather than punitive) agency responses to "at-risk" designations. Education Northwest provided research on practices from a select number of peer states to inform the SCWG conversations on this topic and supply potential criteria and consequences used by other states that could contribute to a tiered model (see "Research Materials for SCWG" section below).

Additional Authority and Resources for DOL

The workgroup recommends that DOL be granted additional authority and resources to proactively act on student complaints, and the ability to make students whole (via Trust Fund) in the event of closure. DOL's only authority is to require a bond, and that bond amount only covers one student's tuition, if that. This would need a legislative fix.

Establish a Centralized Point of Contact for Students that Could Serve as a Joint Complaint Portal

The SCWG recommends the creation of a centralized point of contact for students, which could serve as a joint complaint portal. This could be housed within a potential future ombuds office. The ombuds (or point of contact at another state agency) could then redirect the complaints the appropriate place (WSAC has already done this internally within its own complaint structure). Additional dialogue in the second half of 2017 could provide clarity on the specifics of where to house the central point of contact and how to fund it.

Ongoing Interagency Collaboration

The workgroup recommends that an ongoing, interagency workgroup be convened to continue addressing several topics relating to school closure planning and communication. This ongoing group could be a subset of the ongoing group for “coordination and alignment” as described in Item D of the “Vision, Principles, and

Opportunities” work group summary. Topics include:

- Additional fine-grained work on “at-risk” indicators and a “hybrid” surety bond/tuition recovery model
- Development of additional proactive student guidance and communication measures, with an emphasis on ensuring students know their rights and options both before and after a school closure
- Strategies for student records maintenance, particularly in bankruptcy scenarios
- The potential role of an ombuds

Notes on a Potential Ombuds Position

Both the VPOWG and the SCWG deliberated roles, structure, and function for a potential state ombuds position. While the work groups did not get to a fully-fledged, concrete recommendation on the ombuds, they did outline ideas and options about what the ombuds’ role could be. The collaborative group needs to have additional conversations before it reaches any firm recommendations, but organized its thinking into two basic categories:

- What new things might an ombuds position allow the state to do?
- What things are agencies currently doing that might be more appropriately shifted to an ombuds?

Notes from workgroups on a potential ombuds include, in those categories:

- *New things an ombuds position might allow the state to do:*
 - Potential role: “Initial triage and routing to a specific agency based on the nature of the complaint.” If there is an ombuds, that person should be involved in ongoing interagency conversations.
 - A joint complaint portal could be housed with the ombuds, who could then redirect the complaints to the appropriate place.
 - The ombuds could serve as an additional representative or advocate for students during the complaint process (agencies are required to remain neutral)
- *Things agencies are currently doing that might be more appropriately shifted to an ombuds:*
 - An ombuds could be a valuable resource to help students navigate school closure. A point of contact to direct consumers or students to the appropriate agency.
 - The ombuds assists students with navigating/understanding the complaint process but does not act as a representative or advocate. The complaint process has been described as “intimidating” or “daunting,” so some additional neutral guidance could be helpful here

Other points made during conversations about a potential ombuds:

- Most important is to have a central point of contact for students at the state level.
- Some (informational) functions could be performed by an ombuds or the respective agencies; the agencies will continue discussing to determine which roles best-fit agencies or a potential ombuds, and which roles are interchangeable.
- Would ombuds handle all sectors of higher education, or just career colleges and for-profit degree grantors?

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- An ombuds won't fix anyone's problems if students don't know the ombuds exists; this relates to the importance of disclosures and front-end student guidance.
- Accreditors do not have credit transfer rules that institutions must follow. Students need more information here; an ombuds with deep understanding of credit transfer options could be a great resource for students.
- Ombuds could help students navigate the decision on whether to take loan forgiveness or credit transfer.

Summary of Stakeholder Feedback

Panel participants expressed appreciation for the agencies' work. Related to school closure, they made clear that immediate and clear communication with students and the public is crucial in the event of an unplanned school closure. They agreed that a single point of first contact at the state level in the event of school closure makes sense, and suggested multiple tweaks to the event flow for school closure.

Additional panel comments included:

- Following a school closure, the decision to take loan forgiveness or credit transfer is tough and complex, but it's vital for students to understand this. Agencies can do more to help students navigate these choices, perhaps drawing on decision science to identify areas to make the most impact.
- Don't reference SBCTC as the only explicit partner organization in the "Make Arrangements for Teach Out and Transfer" stage. It's better to just say, "coordinate with other institutions in the region."
- In the "Make Arrangements for Teach Out and Transfer" stage, a phrase such as "provide opportunities" is better than "ensure" when talking about making students aware of their options.
- On-site advising is an important mechanism to increase student awareness at the front end; various strategies and media to consider moving forward.
- Importance of communications from Dept. of Ed. (Note that students do not regain Pell eligibility of GI Bill benefits, regardless of their decision.)
- It is an institution-level decision to accept credits for transfer (or not). Accreditation status of both institutions plays a major role, but accreditors do not have credit transfer rules that institutions must follow. Another area where students need more information here; an ombuds who really understands this stuff could be a great resource for students.
- Important consideration: frequency of data collection relating to at-risk indicators. This is often linked to a school's reauthorization process; agencies have different reauthorization intervals.
- There are similarities between Workforce Board's at-risk definitions and WSAC's at-risk definitions for state need grant. Both sets of protocols contain important indicators.
- Agencies' at-risk indicators should not send mixed messages to the institutions, so alignment (where appropriate) is important; where can the agencies align their indicators and related data?
- This conversation should also consider the accrediting agencies' at-risk indicators.
- Regarding indicators of being at-risk financially: A lot of schools are classified as HCM1 (Heightened Cash Monitoring Level 1) by virtue of how they operate. It isn't necessarily a sign of concern for that school, even though HCM1 is often been seen as a sign of poor financial health.

Meeting Notes

School Closure Work Group-Session 1

April 21, 2017, 1:00-3:30pm, WSAC Office

Attendees (in person):

Susan Collard – Washington state Department of Licensing (DOL)
Nova Gattman, Jim Parker, Marina Parr – Workforce Board
Sam Loftin, Deb O'Neill, Tivoli Sharpe, Randy Spaulding – WSAC
Kathryn Mahoney, State Board of Community and Technical Colleges (SBCTC)
Jennifer Wallace, Public Educator Standards Board (PESB)

Attendees (via phone):

Mindy Schnaffer-Nursing Commission
Erich Stiefvater-Education Northwest
Angela Roccograndi-Education Northwest

Facilitation Team: Chris Page, Phyllis Shulman, Trevor Robinson – Ruckelshaus Center

“What does success look like for this work group?” Key themes:

- Shared, identifiable, and accessible metrics for identifying at-risk schools.
- Early identification of red flags for at-risk schools, and clear response procedures so nobody is “blindsided” or unsure of what to do.
- Strategies or tools to address red flags and at-risk schools, prior to the point of dealing with a closure event.
- Internal (*interagency*) communication framework/plan (coordination among agencies with jurisdiction).
- External (shared) communication framework/plan (to legislators, schools, students, businesses, other parties).
- Close collaboration and coordination between agencies: before, during, and after a closure event.
- Schools have their own set of clear and well-defined protocols to follow before they close.
- Keep students well informed and minimize their frustration and uncertainty.
- Outreach to other institutions to help identify alternatives and landing places for affected students.
- Clarity on the rules and procedures for the collection and maintenance of student records.
- It should be apparent to outsiders that agencies know what to do and are responding appropriately.

Discussion re: “Current Landscape” or “What are agencies already doing on school closure?” Key Themes:

- Interagency Memorandum of Agreement (MOA, from October 1999). This could be updated, with opportunity to bring in additional partner agencies.
- DOL has an unofficial closure response process in place (new rules are in development, to add more detail and formality).
- Workforce Board has procedures for voluntary and involuntary school closure, driven by its Washington Administrative Code (WAC).
- WSAC also has WAC-based processes, for what school must do. WACs are less detailed on what agency must do; in the past it's been ad hoc; however, more frequent closures (or ownership changes) suggest a need for a more systemized process. WSAC is currently drafting an internal procedure.
- Many schools get a lot of money from federal student aid, so it's vital to connect with the US Dept. of Education during a school closure scenario. There has not historically been good communication between

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Dept. of Education and Washington state agencies—what state agencies have heard has come too late. Sometimes the first notice of a closure comes from students who arrived at school to find shut doors.

- Prior interactions for this project (Phase 1) have helped agency staff know who to contact in other agencies
- Things happening in other states (especially ID and OR) might affect WA. A tri-state arrangement could work. The Workforce Board contacts colleagues in Portland, OR when a Vancouver, WA school has issues.
- NCCF is a major player and needs to be in the loop.
- Someone has to store the transcripts collected (or seized) from a school in a closure scenario. But what happens to them? Who keeps them? Idea: a single list of who has records for which school.
- Credit transfer presents challenges. With no systematic approach for credit transfer, schools use different processes. Some CTCs accept transfer credit from for-profit institutions and career colleges, but others don't. Discussions may need to include the regional accreditor.
- Look into assistance with credit transfer, records, etc. from former staff and faculty at a closed school.
- Danger of smaller schools “slipping through the cracks” even though owners/operators have the best intentions for their students.

Key Components of School Closure

The group discussed a handout with this title, and participants suggested a handful of factors to add to this sheet (see *“School Closure Key Components_4-24 update”* document).

Discussion of ITT Closure

General Lessons Learned:

- Agencies were not prepared for an actual closure. In retrospect, agency staff needed to be on-site at the ITT campuses right away.
- Issues arose with the bankruptcy process and trustee seizing school records and firing staff who would have otherwise helped facilitate an orderly shutdown. Who has agency regulatory authority, state agency or bankruptcy procedure?
- Collection of complete records was very difficult.
- HCM1 and HCM2 designations: when should action be triggered? What should that response be?

What went well?

- Fast, efficient interagency collaboration. Immediate and coordinated cross-agency communications was vital, including displaying a united front and sharing information effectively through lots of emails and phone calls. After the Everest/Corinthian issue, the agencies saw the possibility of additional closures.
- Several CTCs and private colleges stepped up to place and assist new students. Seven schools identified on-campus points of contact for incoming ITT students.
- Proactive communication occurred, at an unprecedented scale (though it might not have happened had this been a smaller school). This included good informational webpages.
- CTCs implemented a coding structure for follow-up tracking of ITT students who transferred over.

Challenges:

- State agencies blamed for not stepping in earlier, though agencies lacked legal authority to take proactive measures. Agencies would need “serious legal protections” to enable preemptive measures (this gets especially complicated with loan and financial issues). Is there any additional authority here?
- Loan discharge vs. credit transfer for affected students: students are in a difficult position, most not understanding the full implications of this decision. Not much advising for students; who should provide that advising? Schools’ Campus Points of Contact were helpful, but not set up to answer these sorts of questions. Is there a benefit to creating a “decision tree” for students here?

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- Prior to closure, lack of communication from US Dept. of Ed. to students and state agencies.
- Similarly, WSAC, DOL, and Workforce Board do not always know when the state AG's office is investigating fraudulent behavior at a regulated school...is there a way to remedy this?
- Credit transferability was a major issue; Students at similar points in their education pathway got different experiences depending on the CTC they go to; should be consistency here. Also should have consistent experiences getting credit accepted.
- Lack of good alternative remedies; agencies only have instruments that make situation worse for school and create positive feedback that hastens shutdown.
- Time was lost waiting for agencies in ITT's home state to take a leadership role
- Agencies have limited staff resources to handle school closures of this size ("it took over our lives").

Research topics:

- Other states' that have criteria to designate a school at-risk, and consequences of the at-risk designation
- Other states' best practices regarding tuition recovery/surety bond arrangements
- Credit transfer best practices

Next meeting: Friday, April 28, 1:00-3:00pm, WSAC Office

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School Closure Work Group-Session 2

April 28, 2017, 1:00-3:00pm, WSAC Office

Attendees:

Susan Colard – Washington Department of Licensing (DOL)

Nova Gattman – Workforce Board

Gena Wikstrom – Northwest Career Colleges Federation (NCCF)

Tivoli Sharp, Deb O'Neill, Sam Loftin – WSAC

Mindy Schnaffer – Nursing Commission (by phone)

Justin Montermini – Professional Educator Standards Board (PESB)

Facilitation Team: Chris Page, Phyllis Shulman, Trevor Robinson – Ruckelshaus Center

“What is a reasonable set of targets for this group to accomplish by the end of June?” Key themes:

- The items the group generated during last meeting’s “*what does success look like?*” discussion can be a good guide, or perhaps a broad target list that the group can revisit later.
- Looking at the revised *Elements of School Closure* document, “Public Outreach Strategy” and “Interagency Coordination Strategy” are the two most important items, and provide a framework for addressing the other items on the list. It will be helpful for the work group to create a higher-level model of what these strategies look like. It is also important to think about sequencing here.
- This subject applies to both Title IV schools *and* other types of institutions.
- Agencies’ own internal school closure policies will not precisely match each other. The more-important topic is how agencies respond collectively when a single closing school is subject to jurisdiction from multiple agencies.
- Agency definitions of “at-risk,” how “at-risk” schools are identified, and responses to an “at-risk designation” are an important part of the conversation (refer to initial Ed NW research product. Agencies need to pay attention to Gainful Employment and Debt-to-Income earnings, because those problems can definitely lead to school closure due to failure to meet these standards.
- Some of this will require more time than two months, particularly relating to understanding agency resources and coming up with coordinated procedures.
- Important to differentiate between sudden and planning closures when having these conversations.
- Important to be careful with communication to students about schools in trouble, because it can create a panic and be the “nail in the coffin” leading to a closure. Workforce Board had a policy to work with students in these scenarios that’s been implemented in the past.
- An important item for this work group is coming up with a checklist for “if a school closes this is what we [as agencies] do.” What can agencies do together? [segue to the meeting’s next discussion topic]

School Closure Scenario: Key Elements and Action Items for Agencies’ Response

- Internal communication between agencies:
 - Convene meeting and/or phone call(s) involving key agency contacts and appropriate agency leadership
 - Face-to-face interactions are best, try to limit email exchanges
- Designate a lead agency for handling the school closure (based on jurisdiction over school)
- Locate and obtain:
 - List of key school contacts
 - List of students
 - Programmatic information
 - School accounting ledgers (with student-level information)

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- Building ownership and access information
- Identify an interagency work plan for addressing each of the “key elements of school closure” (including order of priority/sequencing). The “Public Outreach Strategy” and “Interagency Coordination Strategy” list items should include direction all of the other listed “key elements.” The Workforce Board’s pre-existing school closure sequencing plan might serve as a good guide for this, or at least a point of comparison with other agencies’ action plans
- Initial contact with students should contain
 - Lead agency contact information, down to a specific person for students to call (*who* that person is will depend on the nature of the situation, but those positions already exist)
 - A “we’re working on it” message, with brief statement of why the school closed, and indication that more information from the agency will be forthcoming
- Subsequent communications to students should entail:
 - Ongoing point of communication at lead agency
 - Coordinated and consistent information shared to all affected students by all agencies (framework crafted ahead of time as part of the interagency work plan)
 - Face-to-face meetings with affected students to offer guidance and assistance: These meetings should be held as soon as possible, ideally at the school building or at a location close by.
 - Representatives from partner agencies (including the federal Dept. of Ed and VA if possible), WorkSource, and other schools should be invited to attend any meetings with students, to the greatest extent possible
 - Written communications to students of their rights and options moving forward, plus a description of why the school closed.
- With all communications to students, it is important to use multiple mediums and ensure that all students receive at least one message. Email, “snail mail,” information on websites, in-person, and notices on school buildings.
- Agencies should also communicate updates to state legislators, congresspersons, the state attorney general, and the Better Business Bureau.
- Implement some kind of SBCTC-style tracking strategy to ensure that no affected students “fall through the cracks.” ERDC could also be a resource here.
- Agencies could create a checklist with key action items, as a tool to assess their school closure response
- Form a longer-term interagency work group that meets occasionally (perhaps quarterly?) to discuss recent events, fine-tune interagency coordination, assess what’s working and what needs revision. Include a provision to convene emergency meetings.

Additional notes and considerations from the “School Closure Scenario and Response Discussion:”

- This discussion is essentially the process for addressing the *content* in the “Key Components of School Closure” document
- Important for agency protocols to distinguish between “at-risk schools” and “schools that have closed or are going to close”
- Also need to be prepared for “expected” and “unexpected” scenarios
- Regarding face-to-face meetings with students:
 - Locating and obtaining student lists are especially critical for this purpose
 - Workforce Board already conducts these types of meetings, DOL and WSAC do not
 - These types of meetings require a lot of preparation and staff capacity, but they are very useful for students. It is harder for agencies to put on these events in unplanned school closure events
- Agencies may want to consider requiring schools to post highly visible signage indicating which agencies regulate/authorize them and listing contact information for those agencies. Agencies already require this

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disclosure in program catalogs but students often don't read them. Perhaps schools should be required to send additional notice of this information if they are designated as "at-risk;" this could be a fact-sheet or some kind of communication to students.

- DOL already collects a variety of student- and program-level data on a monthly basis. Workforce Board gets this information annually; WSAC must make a special request for this information. Workforce Board and WSAC should be able to obtain this information more regularly (could be a long-term goal for this work group?). This could also be facilitated by a single data portal that accessible for all agencies (with supporting MOUs/MOAs to enable this).
- Data collection or reporting periods will depend on the length of the education program. Perhaps an "at-risk" designation can trigger ability for agencies to seize student- and program-level information on demand. FL uses a "probationary status" for new schools, various levels for reporting requirements based on school's licensing status.
- What does the "conclusion" of a school closure event look like? How do agencies define a "satisfactory" conclusion or resolution?
- There have been instances where surety amounts were not sufficient to fully refund students. This is unfair and it's something that should be fixed.
- Interface as an example of a school that did things the "right way" when it closed, but this does not often happen.

Next Meeting: Monday, May 8, 1:00-3:00 pm, WSAC Office. Potential agenda items include:

- Go into more detail on an interagency communications plan
- Go back and look at what "teach out" means in each agency's WACs
- Discuss tuition recovery/reimbursement strategies
- Agency responses (what happens) when a school is identified as "at risk?"

May 8th, Education Northwest will also present its research on the two items specified in Meeting #1

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School Closure Work Group-Session 3

May 8, 2017, 1:00-3:00 PM, WSAC Office

Attendees

Tivoli Sharp, Sam Loftin, Deb O'Neill – WSAC
Jim Parker, Nova Gattman – Workforce Board
Susan Colard – WA Department of Licensing (DOL)
Adam Hall – WA State Senate Higher Education Committee (Staff-D)
Gena Wikstrom – Northwest Career Colleges Federation (NCCF)
Katherine Mahoney – State Board for Community & Technical Colleges (SBCTC)
Justin Montermini – Professional Educator Standards Board (PESB)
Bobbi Allison – WA Nursing Commission
Angela Roccograndi, Erich Stiefvater – Education Northwest

Facilitation Team: Chris Page, Phyllis Shulman, Trevor Robinson

Discussion of research materials prepared by Education Northwest:

Table of Criteria/Indicators & Consequences from 9 states (CA, ID, MA, MN, OH, OR, TN, WI, WV):

- WA agencies (particularly Workforce Board) already use some of these criteria/indicators.
- There tends to be more specificity in the rules for career schools versus degree-granting institutions; this holds true for Washington's WACs.
- Research request: Comparison of state rules and statutory language for three items in the "consequences" section. These three "consequence" actions are notable because they are less likely to jeopardize the survival of the school:
 - *Warning* (citation, notice, reprimand, or censure)
 - *Restrictions* (enrollment, marketing, instruction, collection of tuition/fees, or practices)
 - *Increased compliance monitoring or technical assistance* (improvement plan, increased training, or increased reporting)
- Discretion and specificity: On one hand, WACs allow agency discretion to take a variety of actions in response to a problem. Too much detail in the WACs might hinder discretion and flexibility, but not enough detail can leave agencies vulnerable in court. There should be consistency across areas with both discretion and explicitly written guidance.
- The Eligible Training Provider List (ETPL) could be a criteria or indicator of at-risk status, e.g. getting kicked off the ETPL (and not appealing it?) could be grounds for an at-risk indication, or a form of "early warning." This discussion relates to the schools' (and other stakeholders') interest in outcome-based measurement.
- Important to distinguish between accredited schools and non-accredited schools when looking at these indicators/criteria and consequences.
- Intersections with US Department of Education (DOE):
 - There are new DOE rules coming into effect regarding some of these criteria.
 - Are there concerns about the data that is linked to DOE reporting? The DOE provides "composite scores" that could be useful, but there are challenges due to delayed reporting (numbers for '14-'15 are currently available, '15-'16 numbers aren't expected until 2018). As a result, these composite scores don't give a clear and current picture of the situation.
 - State agencies don't always hear about DOE enforcement actions in advance; are there ways to improve this?
- Workforce Board improvement plans: listed under "corrective action" in the WAC. 490-105-175, Section 4 requires school leadership to meet with agency to discuss conditions that led to problems, and specifies

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items for a corrective action plan. Workforce Board staff are often on-site, working with school officials to write the plan; this process serves as a good tool for helping schools help themselves.

- This Workforce Board improvement plan process is similar to the Nursing Commission's practices: if a school is having problems, the agency has to do a site visit and help the school prepare a plan of correction. These plans are specific to each school, based on requirements in the RCWs. Nursing Commission staff offer to provide additional information on this process for the work group's reference.
- Some of DOL's authorities and practices in this area are not explicitly written out.
- Regarding communication:
 - Do schools know of changes to these criteria and indicators? Yes, the schools probably know when there are changes.
 - If a school has been found to be at risk, and is told to suspend enrollment, how are students informed about this? Are they informed at all? DOL and WSAC say no, Workforce Board can do so if the corrective action plan allows for it. Not put on website. Note that the release of a "school is in trouble" message will further jeopardize school's survivability.
 - The above point suggests the opportunity for a "tiered approach" to communication or disclosure, where a particularly worrisome situation triggers a more aggressive public disclosure of the situation. What are these tiers (re: triggers and responses)?

Summary of States' Tuition Recovery Fund Requirements

- This examination focused on seven states: TN, OH, MA, WI, OR, WA, and CA (note similarities between OR, WA, and TN).
- Most of these states have TRFs for career schools but not for degree-granting institutions. Why? WA considered creating a TRF for degree-grantors, but it was almost impossible due to the dollar amounts required, so the process was abandoned. Should this be revisited?
- Details on a few states:
 - CA uses a per-student rate to calculate the TRF amount; *theoretically* the student pays the fee, which is built into the cost of the program. Some pieces of the law are confusing, and the description on the state's website is convoluted.
 - MA bill related to TRF: status unclear, not sure where it currently is
 - WA: TRF is not as administratively complex as it looks on handout. It's actually fairly cheap for private vocational schools, and possibly more equitable because fees are based on size/income of the school.
- Suggestion: look at information re: income and payouts to these TRFs; are they being under- or overdrawn? Ed NW has information on which states haven't ever used their recovery funds, and Workforce Board can provide info on payout from their TRTF.
- Generally: attendees agree that the TRTF appears to work, even if there is not total agreement on how specifically should be used.

Summary of States' Surety Bond Requirements:

- The table displays information for nine states: WI, MA, OH, WA, MN, WV, ID, TN, and OR.
- How was/is the surety bond for ITT used? What is its status?
 - It's in progress; WSAC is working on accessing the funds. Currently, WSAC is allowed to use bond funds for loss of tuition and fees due to "unfair business practices," including closing mid-term. However, it's unclear if WSAC can use the funds to recover student records. The ITT case is a work in progress; the agency needs these records (some of which only exist in paper form), but the bankruptcy trustee wants to destroy them after one year.
 - This is the first time WSAC has had to tap a surety for closure, so there are still some uncertainties.

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- What is the processing time for the surety, or time it takes to rectify the situation for the student? It may depend on the insurance agency.
- WSAC has access to the surety bonds for one year from time after school closes (for filing and closing complaints). That's in the agency code. This is the first time WSAC has had to tap a surety for closure, so there are still some uncertainties. This timeframe extends to two years for non-closure complaints. Contrasts with Workforce Board process, which allows one year for students to file complaints towards the TRTF, but they don't have to close in one year.
- DOL's surety bonds would be hard-pressed to cover one student's claims.
- Important to note that the agencies have the right to the money in the surety bonds
- Payout from a bond can take up to one year.
- There are challenges when lots of students are making complaints: need to collect all complaints before payout, and will probably need to prorate payment amounts. Payout process is long and complicated. The WSAC surety bond is based on complaints only
- Note that can amounts over the "maximum" for the TRTF can go to "records maintenance." And at least one of the model states has language that also allows this for bonds.
- Other issues regarding bond payments and school closure:
 - Private loans issued by a closed school
 - Transferability of credits
 - Student notification (usually WSAC requires the school to tell students about the bond process)
 - Again, need for communication with DOE with regard to federal student loans

How will this information help the work group moving forward? What else would you like to see? Other comments?

- Several state have a "hybrid" model with for a TRF and surety bond required. How does this work? Which one is tapped first? In most cases, the bond is used first and the TRF is used as a last resort (it can be processed fairly quickly). Would WA want both? Schools might oppose this. The hybrid model could be appealing, and the work group would like more information on how they work (sequencing, funding amounts, how "good" and "bad" actors are treated, etc.).
- WA's TRTF serves students fairly rapidly, and offers flexibility. Getting all schools on a TRF would be an improvement for equity and fairness for students—this topic should be student focused. Bonds tend to be harder to access and insufficient.
- Note: DOL's bond serves as an asset in other types of complaints, so it could not be completely phased out in favor of a TRF.
- Another idea: OR requires schools to get letter of credit under at-risk conditions, in addition to surety.
- In a hybrid model, could the requirement to tap the surety first adversely affect the response time? WSAC suggests no, since agency would know that the TRTF is available as a backup.
- Recall the provision that Workforce Board can pay students directly, if school doesn't have sufficient funds.
- Potential challenge with WA's TRTF:
 - Schools "timing out"
 - A "fund sweep" by legislature
 - If a large school closes, the TRTF money can get used up quickly, so it is important to make sure the fund is "big enough" to cover all affected students.
- In at-risk scenario, what triggers bond requirements? But that needs to be protecting students, and it might have opposite effect.

Next Meeting: Wednesday May 24th, 1:00-3:00 PM, WSAC Office

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Education NW research action items, based on today's conversation:

1. Revise *criteria and consequences* document to add Washington state agencies (WSAC, Workforce Board, DOL, PESB, and Nursing Commission). Send out to School Closure Work Group participants as soon as it's updated.
2. Provide additional detail on criteria that can serve as "early warning indicators" and three of the *consequences* identified by the work group as high interest: warnings, restrictions, and increased compliance monitoring or technical assistance.
3. Provide more detail for an exploration of a "hybrid" model of surety bonds/tuition recover funds. For example, look at states that use both bonds and TRFs for more information about why they use both, how they are funded, when using one is used versus the other, etc.

Potential agenda items for next meeting:

- Continue discussion of tuition recovery arrangement, including review of Education Northwest research related to "hybrid models."
- Continue working on interagency communications plan.
- Continue refining school closure protocol, using Workforce Board school closure checklist.

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School Closure Work Group-Session 4

May 24, 2017, 1:00-3:00 PM, WSAC Office

Attendees:

Katherine Mahoney – State Board for Community & Technical Colleges (SBCTC)
Randy Spaulding, Becky Thompson, Tivoli Sharp, Sam Loftin, Deb O'Neill – WSAC
Nova Gattman, Jim Parker – Workforce Board
Justin Montermini – Professional Educator Standards Board (PESB)
Clint McCarthy – WA State Senate Higher Education Committee (Staff-nonpartisan)
James Crandall – WA State Senate Higher Education Committee (Staff-R)
Adam Hall – WA State Senate Higher Education Committee (Staff-D)

Special Appearance by Keith Blanchard – Arizona State Board for Private Postsecondary Education

Facilitation Team: Chris Page, Phyllis Shulman, Trevor Robinson

Education Northwest: Erich Stiefvater, Angela Roccograndi

High-level discussion of at-risk designations and a tiered approach to designations and responses:

- Generally, a tiered approach is preferable to a “one and done” response, which is too simplistic.
- Consistency is important but this arrangement can't be too formulaic across the board. Agencies might not be able to agree on a common/uniform set of criteria and consequences given differences in regulated schools, and there's a need to allow for some professional discretion.
- But agencies can come up with some commonality:
 - The agencies might not be able come up with “magic numbers where “X always leads to Y,” but they can come up with some indicators that suggest trouble.
 - Potential opportunity to come up with some common metrics across agencies to trigger agency review for shared jurisdiction of schools (shared, interagency communication can also play a role here).
 - Or perhaps the agencies can have agreement on reasonable actions at certain levels of risk.
 - Agencies may be able to achieve this without putting things to code or law, but by all being aware of what we they classify as at-risk. Maybe use the MOA to point out some common indicators or at-risk.
- This could be folded into larger discussions about the agencies all looking for better tools and trying to improve their joint performance. This connects to the VPOWG's idea of regular ongoing “compliance meetings”

Education Northwest presents its research materials on TRFs and surety bonds

- Erich S. and Angela R. looked at states that had both TRFs and bonds:
 - In some states, the TRFs and bonds were completely unrelated to each other.
 - A few had a setup where bond was to be used first, and a few others had a setup where the TRF was used first and reimbursed by bonds.
 - States had varying rules for what the TRFs and bonds could be used for. A number of states link teach out to students' access to the remediation funds
- WI requires surety bond to be used first, prior to TRF.
- AZ does the opposite (TRF used first and the school's bond reimburses the TRF).
- AZ says that students have a right to the recovery funds, and allows any student to be reimbursed through the TRF regardless of whether the school paid into it.
- On the other hand, in WI students do not have a right to the fund (so students can be denied access to money under certain circumstances).

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- Initial reaction: AZ model is good; it addresses a lot of issues the agencies had with ITT. The setup could solve cash flow issue, and it helpfully addresses record maintenance (another issue with ITT).

Phone Conversation with Keith Blanchard from AZ State Board for Private Postsecondary Education:

- Represents the only AZ agency with an STRF/bond arrangement. It is also the only agency that has oversight of the private and career schools, while other agencies handle the publics and CTCs.
- Fee structure and requirements for institutions: First, for bonds:
 - Non-accredited institutions and nationally accredited institutions must have a bond. Bond size is based on projected tuition revenue in a school's first year of operation. The minimum bond amount is 15k, and goes up from there.
- Fee structure and requirements for institutions: STRF:
 - The STRF is required by statute to have \$500k in its fund, and schools are not billed unless the fund goes below that level. If maximum bond amount for an institution is exceeded in a tuition recovery payout, then the agency digs into the STRF.
 - That \$500k mark is from a legislative decision. The non-accredited institutions and nationally-accredited institutions were sent invoice to raise the initial funds (usually at a rate of \$10/student).
 - Records maintenance is big cost, and the agency is hoping to start using the STRF for that work.
- AZ's experience with the ITT closure:
 - Keith's agency had a similar issue to the WA agencies with records and trustees, and struggles with getting and using federal data.
 - Records management has a very high cost and is time consuming; the agency now has a warehouse full of student records, and it wants expenses reimbursed through the STRF.
- AZ is not allowed to charge regionally accredited institutions for the STRF, because at the time of the legislation there were not any closures from this segment of sectors, so they got exempt. But if something does happen with a regionally accredited institution, those students can access the fund.
- However, students who live out of state but attend an online school based in AZ cannot access the STRF. WA (and probably most other states) has a similar arrangement.
- Interaction with SARA: Schools approved through AZ's version of SARA pay a bond [?].
- It is not difficult to use the bond to pay back the STRF. The agency typically files against the bond to get reimbursement; the filing happens towards the end of the post-event complaint window.
- If you could change anything about your program, what would it be? Amount of TRF should be higher, and it should be more broadly applicable toward repaying agency costs.

Debrief the Keith Blanchard call:

- Attendees were generally positive about the mechanics of this hybrid approach.
- Attendees did not like how the AZ STRF treated regionally accredited schools differently than non-accredited and nationally accredited.
- If the agencies wish to pursue this further, they will need to figure out how to structure and administer this hybrid arrangement. Key question: Do we continue to have each agency maintaining their own tuition recovery mechanism, or do we combine them? Attendees state that it should at least be the same approach across all agencies, even if there are separate funds.
- A move to a hybrid model would require legislative action to make changes.
- Note that the closure of a single large school could consume all of Workforce Board' current TRF (reassessed at \$1 million).
- Potential for pushback from schools if more claimants are added to a single preexisting fund. One way to improve this arrangement (from the schools' perspective) is promise that they won't have to keep paying into the TRF once it reaches a certain level.

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- Attendees liked the ability to apply the funds to records maintenance.
- Important not to overtop the TRF and incur a sweep by the legislature.
- Ed NW: In NC and NB, the balance of their TRF determines mandated value of the surety bonds.
- Attendees want to keep this conversation going, in terms of nuts and bolts.
- Need to work out mechanics of these funds in dual licensure situations.

Discussion and revisions to the event flow for school closure, based on prior meeting notes and Workforce Board's own school closure response plan:

- Note that a voluntary/planned school closure would have extra steps at the front end (including contacting the accrediting agency and asking the school for its plan to communicate with students).
- The event flow needs more detail on "records retention." This should be a very early step, and agencies need to figure out how this works in shared jurisdiction settings. And clarify who will obtain and maintain those records. Note that in its newer procedures, WSAC asks for records immediately, and asks for a plan for record retention (which may involve a third party service). WSAC can seek court order for records if needed [?].
- Add more detail about joint school visits.
- Add a provision for *public* communication; it may already be implicit, but it might need to be spelled out more clearly. Legislators' belief is that there wasn't enough external communication to the public early on; they wanted statements from agencies early on. This is a fair critique.
 - Potential strategy: The initial "we're working on it" communiqué to students could also go to public. This would also be agreed-upon boilerplate language, rather than getting too specific on the agencies' response right away.
- For the ITT closure, bankruptcy "changed the game," and agencies were caught unprepared. There will be more awareness of this in the future.
- There should also be plans for connectivity to other institutions for transfer/teach out options.
- *Action item for next meeting:* Ruckelshaus team will consolidate Workforce Board's flowchart, the "event flow" notes (Meeting #2), and today's comments into a revised interagency event flow document for review prior to the final meeting (6/16).

Discussion and revisions for the "initial contact to public" piece:

- The initial message should include boilerplate, generalized, and fairly standardized info on resources for students (with a date of when the next communication will occur). This first message can use standard language for different types of schools, including/excluding pre-written pieces as appropriate.
- Should agencies include any outreach to school employees? It would be helpful to provide some basic information to school and staff (point them to WDCs, etc.). The best format for this outreach might be a school staff-oriented informational bulletin on agency websites (with resources such as WDC contact info) rather than sending out emails. It would also be helpful to share this information with schools so they can pass it on to their staff.
- Contents of the letter to a closing school:
 - Workforce Board is required to send a "notice and letter to school" which details the information the agency wants to see, what records they want, and what to communicate to students (per their WAC, 490-105-210).
 - WSAC's financial aid division sends closing schools letters with instructions about what to tell students.
- [Echoing comments from an earlier meeting]: It's important to get agency staff on site at the school, get student contact information, and hold meetings with students (do all of this as early as possible)
- Use all forms of communication: Hard copy, telephone, email, site visits, and social media. School operators and faculty can be very helpful in that student outreach.

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- Interagency communication will also be happening, extensively, while this external outreach is going on.
- Notifications to partner agencies should also happen very quickly. SBCTC should be linked in as well, as soon as possible, because it's important that the right people at nearby campuses can prep for transfers, etc. PESB and both DOH should also be included when one of their schools closes.
- How broad do you cast the net for interagency coordination?
 - No more than is necessary, lean on the lead agency to field a lot of external communication?
 - More generally, status of school will drive who is at the table.
 - The main interagency work group dealing with a school closure should include legislative contacts, and someone from agencies' financial aid staff needs to be involved if a state aid school is closing.
- Intersection with identifying at-risk indicators.
- Open question: What kinds of expectations or procedures are communicated to schools ahead of time, before any closure event takes place? If anything is communicated ahead of time, when should this occur?
- Questions regarding tracking of students post-closure:
 - Can agencies use universal student ID numbers? What exactly is being tracked?
 - Do we need to do this here?
 - Could this post-closure tracking fall to an ombuds?
- Important that students be given the resources to understand the implications of credit transfer (or teach out) versus loan forgiveness. Note that a "teach out plan" implies that receiving school has agreed to accept credits of closed school, and will finish that student's education based on terms of their original contract.
- Interesting question: What happens if someone takes loan forgiveness, and then comes back years later and tries to get credit for prior learning? This is not technically the same as transferring credits.

Next Meeting: Friday, June 16th, 1:00-3:00 PM, WSAC Offices. Potential agenda topics and action items prior to June 16th.

- Work group presents products and preliminary recommendations to a panel of stakeholders:
 - Schools (several representatives from the NCCF)
 - AG's Office
 - Students
 - Legislative representatives: Need to be aware of ongoing budget talks, which may constrain staff and members' schedules. Caucus staff can potentially channel the views of their members, rather than providing their own feedback. Chris Page will follow up with the caucus staff, and the staff will consult with their members.
- Ruckelshaus team to prepare a short (1-2 page) summary of the work group's material (including interagency response plans, preliminary recommendations, and ombuds topics) to share with potential panelists ahead of time. This document will go out to panelists on June 16th; the Center will prepare a draft version and solicit feedback from work group members prior to this date.

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School Closure Work Group-Session 5

June 16, 2017, 1:00-3:00 PM, WSAC Office

Attendees:

Sam Loftin, Maddy Thompson, Deb O'Neill, Becky Thompson, Randy Spaulding, Tivoli Sharp – WSAC
Nova Gattman, Marina Parr, Jim Parker – Workforce Board
Katherine Mahoney – State Board for Community & Technical Colleges (SBCTC)
Mindy Schaffner – WA Nursing Commission
Susan Colard – WA Department of Licensing (DOL)
Gena Wikstrom, Coree Ferrell, Dion McNeeley – Northwest Career Colleges Federation (NCCF)
Adam Hall – WA State Senate Higher Education Committee (Staff-D)
Anna Nepomuceno – Student Representative

Facilitation Team: Chris Page, Phyllis Shulman, Trevor Robinson

Randy Spaulding (with input from a few others) presented the work group's major work products and recommendations, along with a brief background on the group's formation and activities:

- Usually, school closure is an orderly process. ITT does not represent a “normal” school closure; the process was orderly at first, but bankruptcy made things more difficult.
- During (and before) a closure, it is critical to have coordination across agencies and with other partner organizations.
- There is a recognition that some factors in a school closure will be beyond agencies' control.
- The work group has attempted to formalize processes that have previously happened on an ad hoc basis. The work group also sought to increase interagency coordination and alignment on a variety of topics. Work products, recommendations, and major discussion topics are listed below:
- The creation of an interagency “School Closure Response Team”.
- Agreement on the value of identifying a “Lead Agency” to handle closure events when multiple agencies have jurisdiction.
- Creating a checklist and interagency event flow (with embedded communication plan) to guide a school closure.
- Improving interagency communication, both internally and externally, including working with partners regarding teach out and transfer.
- Coordinating and aligning multi-agency procedures, generally.
- The work group noted the differences in TRF and surety bond procedures across agencies, and attendees expressed interest in making improvements there. There is interest in further exploration or development of a *hybrid* bond/TRF model, following AZ arrangement (TRF is used to refund students, and school's surety bond then refills TRF). A number of states are apparently interested in a hybrid model, drawing on lessons learned from the ITT closure. There are several open questions within this hybrid model, including:
 - How would this work for schools under joint agency jurisdiction?
 - Would the agencies have separate or a combined TRF?
- The protocol for records acquisition and maintenance was a reoccurring topic. Records acquisition is a crucial piece of the school closure process, but it can get held up by bankruptcy proceedings. Open questions and concerns include:

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- Records acquisition and maintenance is very expensive for the agencies; the agencies continue to receive requests for transcripts from closed schools, and WTECB (as an example) must retain records from closed schools for 50 years
- Is there a way to use TRF/surety bonds for records acquisition and storage? There is interest in exploring this, but it is unclear if that type of activity is currently allowed.
- Where do records live in the aftermath of a large school closure?
- What is/what should be the role of third party records maintenance outfits in this work?
- Challenges with acquiring student records from distance education institutions that are not based in Washington (example of challenges working with multi-state, corporate institutions).
- At-risk designations: The work group identified the need for further alignment of agencies' at-risk thresholds/triggers and subsequent responses. There's recognition that most of the available tools are blunt and draconian; the work group wants some other steps that can be used to help the schools, in addition to these more punitive actions. One potential option is increasing surety bond requirements (though this would further endanger a financially at-risk school). WSAC has recently created new procedures for at-risk designation

Questions, comments, and discussion on these items, organized according to work product, recommendation, or topic area:

Interagency Event Flow and Communication Plan for School Closure:

- Communication is particularly important in unplanned closure situations.
- Tuition recovery is one of the most challenging components of the event flow.
- Add an additional "After Action Report" stage at the end of the event flow, to be led by the Lead Agency and/or the School Closure Response Team.
- Site visits are important both planned and unplanned closure.
- Obtaining a court order should occur earlier within the "Obtain School Information and Student Records" stage of the event flow.
- Be careful with the distinction between "teach out" and "credit transfer".
- Teach out arrangements would come earlier in process for a planned closure, and parallel to "Communication" in an unplanned closure.
- Don't reference SBCTC as the only explicit partner organization in the "Make Arrangements for Teach Out and Transfer" stage. It's better to just say, "coordinate with other institutions in the region".
- For the TRTF, WTECB does not need to wait until "once the complaint deadline is reached" to process refund claims.
- In the "Make Arrangements for Teach Out and Transfer" stage, a phrase such as "provide opportunities" is better than "ensure" when talking about making students aware of their options.

Student Guidance, especially regarding credit transfer and loan forgiveness:

- On-site advising as an important mechanism to increase student awareness at the front end - need various strategies and media to consider moving forward.
- Following a school closure, the decision to take loan forgiveness or credit transfer is tough and complex, but it's very important for students to understand this. Often, students aren't aware of the full details due to poor communication. Agencies can do more to help students navigate these choices, perhaps drawing on decision science to identify areas to make the most impact. This could be a potential role for the ombuds.
- Even if there is credit transfer, no school takes 100% of credits for transfer.
- Importance of communications from Dept. of Ed. Note that students do not regain Pell eligibility of GI Bill benefits, regardless of their decision.

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- Credit transfer versus teach out is an important distinction. Teach out means that the student is finishing their program of study under the original contract with full carry over of earned credits.
- It is an institution-level decision to accept credits for transfer (or not). Accreditation status of both institutions plays a major role, but accreditors do not have credit transfer rules that institutions must follow. Another area where students need more information here; an ombuds who really understands this stuff could be a great resource for students.
- The recently developed “prior learning assessment” tool could be useful moving forward.
- It would be helpful to get a representative from the Dept. of Ed to come address the work group, to provide some information on these federal loan issues. Because it’s confusing for people in the business, even more so for students!
- The work group briefly discussed legislative revisions that clarify (and perhaps increase consistency) of schools’ policies for evaluation and acceptance of credit transfer. This is a topic for further discussion, and there would need to be a lot of attention to the wordsmithing of any legislative language here. Such a bill would face major hurdles.
- The legislature passed bill related to loan disclosure during the current session, it probably didn’t touch on loan forgiveness/credit transfer topics.

Agencies’ authorities:

- The work group briefly discussed the Nursing Commission’s authorities and functions in the higher education landscape, relating to nursing training programs, distance education, and clinical practice
- SARA discussion: SARA ensures that each participating state meets certain criteria for oversight.
- Under SARA, a school’s home state is in charge of jurisdiction (even for online students who aren’t residents of that home state). Important role of “home state entities.” Each state is supposed to report complaint information to the main SARA entity, and all states have a single portal to manage transfer of complaints. To date, WSAC has not received any SARA complaints.
- Issues with DOL resources and authorities: The agency’s only authority is to require a bond, and that bond amount only covers one student’s tuition, if that. There needs to be a legislative fix here.

Records:

- Brief discussion of schools using outside groups for records maintenance: Possibility of requiring “at-risk” schools to contract with an outside group for records maintenance (as an agency response to an at-risk designation), though this course of action might not be cost effective for the school (and especially damaging for a financially at-risk school).
- National organizations in this sector are having conversations about hybrid bonds/TRFs and using these resources for records maintenance. This should be a hot-button issue moving forward.

TRF/Bond:

- Attendees are in favor of continuing to develop options for hybrid TRF/bond strategy, noting how the current arrangement is not working for two out of the three major agencies involved.
- WSAC staff are interested in a TRF because it would allow the agency to be more responsive, and it’s more protective for students. The hybrid model then allows for the bond to repay the TRF, and this is also beneficial. Other attendees note how the TRF arrangement is more flexible and offers a quicker response time for reimbursement.
- Several weaknesses of DOL and WSAC surety bonds:
 - Agencies must often wait until the one-year complaint window closes before tapping the bond and issuing refunds to students.

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- If the bond amount is insufficient (as it often is), agencies have to either do a “first-come, first-serve” payout or do prorated amounts for everyone.
- See open questions discussed on page 2.
- Challenge and fairness issue: Potential for schools taking disproportionately large “bites” out of the TRTF, or closing before they’ve had a chance to appropriately contribute to the fund.
- Every claim against WTECB’s TRTF has made student whole, financially (reference to spreadsheet of claims paid out against TRTF over last five years). Most claims are from non-accredited schools.

At-risk designations:

- Important consideration: frequency of data collection relating to at-risk indicators. This is often linked to a school’s reauthorization process; agencies have different reauthorization intervals.
- More generally, timing is important: When do agencies find out that a school is “at-risk?” Sometimes it might be too late. This relates to the frequency of data collection and the type of data collected.
- There are similarities between WTECB’s at-risk definitions and WSAC’s at-risk definitions for state need grant. Both sets of protocols contain important indicators.
- The agencies don’t want their at-risk indicators to send mixed messages to the institutions, so alignment (where appropriate) is important; where can the agencies align their indicators and related data?
- This conversation should also consider the accrediting agencies’ at-risk indicators.
- Regarding indicators of being at-risk financially: A lot of schools are classified as HCM1 by virtue of how they operate. It isn’t necessarily a sign of concern for that school, even though HCM1 is often been seen as a sign of poor financial health.
- Need to continue convening these interagency conversations on this topic (and others!).

Miscellaneous:

- In general, there is an important distinction between unplanned and planned closures.
- For WTECB schools, 4-5 small schools are closing each month, but new schools are also opening all the time. The reason we don’t hear about most of these closures is because they’re orderly and planned; schools say “we’re done enrolling, we’re not going to re-up authorization, we’re going to do teach out as needed,” and agencies are able acquire records. If you don’t hear about a school closure, then it went OK.

Next Steps:

- The Phase II report is due June 30, and the Ruckelshaus Center will release a review draft by Friday, June 23 (with comments due by the following Wednesday).
- The Center has drafted a Scope of Work for a potential Phase III. Reiterating comments from the Vision work group, the Center’s draft process design features an ongoing interagency work group with topic-specific subcommittees. Some topics will benefit from facilitation and others can likely be accomplished without the Center’s involvement.

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Next Steps:

- The Phase II report is due June 30, and the Ruckelshaus Center will release a review draft by Friday, June 23 (with comments due by the following Wednesday)
- The Center has drafted a Scope of Work for a potential Phase III. Reiterating comments from the Vision workgroup, the Center's draft process design features an ongoing interagency workgroup with topic-specific subcommittees. Some topics will benefit from facilitation and others can likely be accomplished without the Center's involvement

Next Steps for Interagency Collaboration

Through the facilitated process, the state agencies have deepened their understanding of potential administrative process and policy changes that could contribute to improved alignment and service to students and schools. The two work groups built on past collaboration, and in the process identified additional agencies that would benefit from collaboration. The agencies are poised to make foundational improvements and identify policy changes that could bolster the state's system of oversight and strengthen accountability practices in ways that benefit both education consumers and providers.

The agencies have identified a number of next steps that will improve state practices and support cross-agency collaboration including the establishment of an on-going interagency work group and a revised MOA between agencies. Improvements to the overall system of oversight is a long-term commitment that will require on-going collaboration and the identification and implementation of new and modified practices as well as possible policy changes.

While long-term structure and focus for on-going collaboration would likely center on the three lead agencies (WSAC, Workforce Board, and DOL) and can be established without facilitation, there is shared sentiment among agencies and stakeholders involved in this process that the immediate effort would benefit from additional neutral facilitation and research during 2017 and 2018. The facilitation and research can help agencies and other key parties address challenging topics and lay the foundation for long-term collaborative effectiveness.

Potential Structure for July 2017 – June 2018

1. Establish an Interagency Work Group (IWG) that could include smaller task-oriented groups to:
 - Develop protocols for and focus on rewriting the MOA;
 - Establish a unified approach on general oversight and minimum performance standards;
 - Align how to designate a school “at risk” and what should happen once an “at risk” school is identified;
 - Provide a recommendation regarding a surety bond/trust fund “hybrid” approach and policy changes needs to implement;
 - Identify other policy changes needed to improve oversight;
 - Recommend WAC alignment; and
 - Define roles and responsibilities of an ombuds position and improved processes for handling complaints.

Participants in the IWG would include:

- WSAC
- Workforce Board
- DOL
- NCCF
- PESB
- WA Nursing Commission
- SBCTC
- AG's Office
- Where appropriate, student representatives (or student advocacy organizations).
- Additional participants would be identified upon establishment.

The IWG will identify additional topics for collaboration, plan agendas, and create and document key work products. If funding is available, outside research on key topics can complement the work of the IWG.

2. Establish a Data Collection and Reporting Subcommittee (DCRS) that would meet to align, develop protocols for, and improve data collection, reporting, and sharing. The DCRS would focus on:

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- Data collection/reporting including identifying/instituting common metrics and definitions;
- The development of a single data portal;
- Independent verification and minimum performance thresholds;
- Identification and management of barriers to data collection, sharing, and reporting;
- Use of the Eligible Training Providers List;
- Data sharing including systems that include secure data transfer and entry;
- Data-sharing agreements among the three core agencies and with partners agencies; and
- Protocols for sharing information across agencies to collectively identify “at risk” schools, and other suggested recommendations from the assessment.

Participants in the DCRS would include WSAC, Workforce Board, DOL, other agencies, NCCF, and others as needed. If funding is available, outside research on key topics can complement the work of the DCRS.

3. Establish a Student Guidance Subcommittee (SGS) that would meet to improve coordination on guiding and assisting current and prospective students and to develop strategies and tools for improved student guidance and information pre-enrollment as well as related to the complaint process. The SGS would also consider the potential role(s) of an ombuds. Topics would be informed by related recommendations from the assessment.

Participants in the DCRS would include WSAC, Workforce Board, DOL, NCCF, PESB, the WA Nursing Commission, SBCTC, and student representatives. If funding is available, outside research on key topics can complement the work of the DCRS.

The IWG and Subcommittees would provide interim policy recommendations for consideration to the State Legislature by the end of 2017.

4. Continue an IWG into the future for ongoing compliance review, consistency, and coordination. This IWG would include at a minimum WSAC, the Workforce Board, and DOL, but also should engage SBCTC, Nursing Commission, PESB, NCCF, and others as appropriate.

Appendices

Appendix A: Work Group Research Materials

Methodology

Education Northwest reviewed the rules and regulations governing the oversight exercised by regulators of postsecondary institutions, including both authorizers of degree-granting programs and licensors of non-degree programs, if these are performed by different agencies. The School Closure work group provided us with an initial sampling of states suggested by members—California, Idaho, Massachusetts, Minnesota, Ohio, Oregon, Tennessee, Wisconsin, and West Virginia—and we expanded this list as necessary to include others (namely, Arkansas, Arizona, Connecticut, Indiana, Kentucky, Maryland, Georgia, Louisiana, Nebraska, Nevada, North Carolina, and Virginia). We reviewed the rules and regulations for risk triggers and thresholds; consequences for institutions that were identified as at-risk, including adjustments to security bonds and/or student tuition recovery funds; surety bond requirements; and state tuition recovery fund requirements. When helpful, Education Northwest also reviewed agency documents that provided guidance for regulated schools. Education Northwest staff then sought interviews with regulatory agency staff in the selected states for additional details and context for at-risk criteria and consequences and surety bonds and/or student tuition recovery funds. Education Northwest also reviewed the relevant sections of the Revised Code of Washington and the Washington Administrative Code and identified potential opportunities for alignment. These agencies included the Washington Student Achievement Council, the Workforce Board, the Department of Licensing, the Professional Educators Standards Board, and the Nursing Commission. Finally, we reviewed secondary sources regarding standards and best practices on a variety of topics that emerged from work group member conversations.

Interviewees

- Juan Baez-Arevalo, Director of Private Postsecondary Education, Oregon Higher Education Coordinating Commission, interviewed June 2, 2017
- Keith Blanchard, Deputy Director, Arizona State Board for Private Postsecondary Education, interviewed May 23, 2017
- Derek Field, Program and Policy Analyst, Wisconsin Educational Approval Board, interviewed May 19, 2017
- Mark Stotler, Director of Academic Programming, West Virginia Higher Education Policy Commission/Council for Community and Technical College Education, interviewed May 18, 2017
- Betsy Talbot, Manager, Institutional Registration & Licensing, Minnesota Office of Higher Education, interviewed May 22, 2017
- John Ware, Director, Ohio State Board of Career Colleges and Schools, interviewed May 22, 2017
- Joanne Wenzel, Bureau Chief, California Bureau for Private Postsecondary Education, interviewed May 23, 2017

Secondary Sources

- Children’s Advocacy Institute (August 2014). For-Profit Postsecondary Schools: Oversight and Governing Statutes and Regulations. Online: https://www.dca.ca.gov/webapps/bppe/annual_report.php

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- Kelly, A., James, K., & Columbus, R. (2015). Inputs, Outcomes, Quality Assurance: A Closer Look at State Oversight of Higher Education. American Enterprise Institute. Retrieved May 18, 2017 from <https://www.aei.org/wp-content/uploads/2015/08/Inputs-Outcomes-Quality-Assurance.pdf>
- National Consumer Law Center (June 18, 2014). Ensuring Educational Integrity: 10 Steps to Improve State Oversight of For-Profit Schools. Online: <http://www.nclc.org/issues/ensuring-educational-integrity.html>
- State Higher Education Executive Officer's Association (May 2013). SHEEO State Authorization Survey and Reports: All agency responses. Online: <http://www.sheeo.org/sites/default/files/All%20Agency%20Responses%20-%20May%202013.pdf>
- Taylor, T., Coleman, A. Little, B., and Saddler, A. (2016). Getting Our House in Order: Clarifying the Role of the States in Higher Education Quality Assurance. Education Counsel. Retrieved May 12 from <http://educationcounsel.com/?publication=getting-house-order-clarifying-role-state-higher-education-quality-assurance>

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VPOWG Research Materials

Washington Career College Oversight Provider Purpose and Vision, Mission, and Values Statements

	Washington Department of Licensing (DOL)	Washington Student Achievement Council (WSAC)	Washington Workforce Training and Education Coordinating Board (Workforce Board)
Statutory Purpose and Authority (RCW excerpts)	The legislature recognizes that the practices of cosmetology, hair design, barbering, manicuring, and esthetics involve the use of tools and chemicals which may be dangerous when mixed or applied improperly, and therefore finds it necessary in the interest of the public health, safety, and welfare to regulate those practices in this state ¹ It is the intent of the legislature to consolidate disciplinary procedures for the licensed businesses and professions under the department of licensing . . . to assure the public of the adequacy of business and professional competence and conduct ² .	Guided by the state's overarching objective of substantially increasing educational attainment ... the council has a dual mission: (a) To propose to the governor and the legislature goals for increasing educational attainment in Washington, recommend the resources necessary to achieve the goals, and monitor progress toward meeting the goals; (b) To propose to the governor, the legislature, and the state's educational institutions, improvements and innovations needed to continually adapt the state's educational institutions to evolving educational attainment needs; and (c) To advocate for higher education through various means, with the goal of educating the general public on the economic, social, and civic benefits of postsecondary education, and the consequent need for increased financial support and civic commitment in the state ³ . . . The council . . . shall adopt by rule . . . minimum standards for degree-granting institutions concerning granting of degrees, quality of education, unfair business practices, financial stability, and other necessary measures to protect citizens of this state against substandard, fraudulent, or deceptive practices ⁴ .	It is the intent of this [RCW] chapter to protect against practices by private vocational schools which are false, deceptive, misleading, or unfair, and to help ensure adequate educational quality at private vocational schools ⁵ ... The legislature recognizes that we must make certain that our public and private institutions of education place appropriate emphasis on the needs of employers and on the needs of the approximately 80 percent of our young people who enter the world of work without completing a four-year program of higher education . We must make our workforce education and training system better coordinated, more efficient, more responsive to the needs of business and workers and local communities, more accountable for its performance, and more open to the needs of a culturally diverse population ⁶ .

¹ RCW 18.16.010

² RCW 18.235.005

³ RCW 28B.77.003

⁴ RCW 28B.85.020

⁵ RCW 28C.10.010

⁶ RCW 28C.18.005

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	Washington Department of Licensing (DOL)	Washington Student Achievement Council (WSAC)	Washington Workforce Training and Education Coordinating Board (Workforce Board)
Mission	With a strong commitment to great service, we advance public safety and consumer protection through licensing, regulation and education, and we collect revenue that supports our state's transportation system ⁷ .	We advance educational opportunities and attainment in Washington. In pursuit of our mission, the Washington Student Achievement Council: <ul style="list-style-type: none"> Leads statewide strategic planning to improve educational coordination and transitions. Supports Washingtonians through the administration of financial aid, a college savings plan, and support services. Advocates for the economic, social, and civic benefits of postsecondary education⁸. 	The Workforce Board shapes strategies to create and sustain a high-skill, high-wage economy . To fulfill this Mission, the Board will: <ul style="list-style-type: none"> Advise the Governor and Legislature on workforce development policy. Promote a system of workforce development that responds to the lifelong learning needs of the current and future workforce. Advocate for the nonbaccalaureate training and education needs of workers and employers. Facilitate innovations in workforce development policy and practices. Ensure system quality and accountability by evaluating results and supporting high standards and continuous improvement⁹.
Vision	Proudly earning Washington's confidence every day through the highest level of service and commitment to public safety ⁷ .	We inspire and foster excellence in educational attainment ⁸ .	Washington's [Workforce Board] is an active and effective partnership of labor, business, and government leaders guiding the best workforce development system in the world ⁹ .
Values	Integrity, inclusion, respect, results, service excellence ⁷ .		Talent and Prosperity for All ⁹

⁷ Washington Department of Licensing website, "Mission, vision, and values." Retrieved April 18, 2017 from <http://www.dol.wa.gov/about/mission.html>

⁸ Washington Student Achievement Council website, "Mission and Vision." Retrieved April 18, 2017 from <http://www.wsac.wa.gov/mission-and-vision>

⁹ Workforce Board website, "Workforce Board Vision and Mission." Retrieved April 18, 2017 from <http://www.wtb.wa.gov/OurVisionandMission.asp>

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Washington Career College Oversight Provider Purpose and Vision, Mission, and Values Statements (Continued)

	Washington Department of Licensing (DOL)	Washington Student Achievement Council (WSAC)	Washington Workforce Training and Education Coordinating Board (Workforce Board)
Statutory Purpose and Authority (RCW excerpts)	<p>The purpose of this [RCW] chapter is to provide for the dramatically increasing number of students requiring high standards of education either as a part of the continuing higher education program, or for occupational education and training, or for adult basic skills and literacy education, by creating a new, independent system of community and technical colleges which will:</p> <p>(1) Offer an open door to every citizen, regardless of his or her academic background or experience, at a cost normally within his or her economic means; (2) Ensure that each college district . . . shall offer thoroughly comprehensive educational, training, and service programs to meet the needs of both the communities and students served by combining high standards of excellence in academic transfer courses; realistic and practical courses in occupational education, both graded and ungraded; community services of an educational, cultural, and recreational nature; and adult education, including basic skills and general, family, and workforce literacy programs and services;</p> <p>(3) Provide for basic skills and literacy education, and occupational education and technical training in order to prepare students for careers in a competitive workforce¹⁰ . . .</p>	<p>The purpose of the professional educator standards board is to establish policies and requirements for the preparation and certification of educators that provide standards for competency in professional knowledge and practice in the areas of certification; a foundation of skills, knowledge, and attitudes necessary to help students . . . ; knowledge of research-based practice; and professional development throughout a career. The Washington professional educator standards board shall:</p> <p>(1) Establish policies and practices for the approval of programs of courses, requirements, and other activities leading to educator certification . . . (2) Establish policies and practices for the approval of the character of work required to be performed as a condition of entrance to and graduation from any educator preparation program including teacher, school administrator, and educational staff associate preparation program . . . (3) Establish a list of accredited institutions of higher education of this and other states whose graduates may be awarded educator certificates . . . (4) Establish policies for approval of nontraditional educator preparation programs¹¹ . . .</p>	<p>It is the purpose of the nursing care quality assurance commission to regulate the competency and quality of professional health care providers under its jurisdiction by establishing, monitoring, and enforcing qualifications for licensing, consistent standards of practice, continuing competency mechanisms, and discipline. Rules, policies, and procedures developed by the commission must promote the delivery of quality health care to the residents of the state of Washington¹² . . . An institution desiring to conduct a school of registered nursing or a school or program of practical nursing, or both, shall apply to the commission and submit evidence satisfactory to the commission that: (1) It is prepared to carry out the curriculum approved by the commission for basic registered nursing or practical nursing, or both; and (2) It is prepared to meet other standards established by law and by the commission¹³ . . . In addition to any other authority provided by law, the commission may: (1) Determine minimum nursing assistant education requirements and approve training programs; (2) Approve education and training programs and examinations for medication assistants¹⁴ . . .</p>

¹⁰ RCW 28B.50.020

¹¹ RCW 28A.410.210

¹² RCW 18.79.010

¹³ RCW 18.79.150

¹⁴ RCW 18.88A.060

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	Washington State Board for Community and Technical Colleges (SBCTC)*	Professional Educators Standards Board (PESB)	Nursing Care Quality Assurance Commission (Nursing Commission)
Mission	Our state's most urgent need is to educate more people to higher levels of skills and knowledge . This is the only way we can hope to sustain a prosperous economy that will provide opportunities for all of us, and our children ¹⁵ .	The mission of Washington's Professional Educator Standards Board is educator quality , recognizing that the highest possible standards for all educators are essential to ensuring attainment of high standards for all students ¹⁶ .	The mission of the Nursing Care Quality Assurance Commission is to assure safe/quality nursing care for the people of Washington State . This includes defining the scope and standards of practice, determining necessary qualifications for competency assurance in authorizing individuals the right to practice nursing, and limiting the practice of those individuals found to practice below minimum safe competent levels ¹⁷ .
Vision	Build strong communities, individuals and families , and achieve a greater global competitiveness and prosperity for the state and its economy by raising the knowledge and skills of the state's residents ¹⁵ .	Highly effective professional educators who meet the diverse needs of schools and districts and prepare all students to graduate able to succeed as learners and citizens ¹⁶ .	
Values			

*The SBCTC indirectly oversees a limited number of private career colleges through its administration of one federal and two state workforce (re-)training grants/programs in which private colleges can participate (WorkFirst, Opportunity Grants, and dislocated worker training).

¹⁵ SBCTC website, "Community and Technical Colleges at a Glance." Retrieved April 20, 2017 from <http://www.sbctc.edu/resources/documents/about/facts-pubs/community-and-technical-colleges-at-a-glance.pdf>

¹⁶ PESB website, "Vision and Mission Statements." Retrieved April 20, 2017 from <http://www.pesb.wa.gov/home/mission/statement>

¹⁷ Washington Department of Health Mission Statement (includes NCQAC mission statement). Retrieved April 20, 2017 from <http://www.doh.wa.gov/portals/1/Documents/6000/MissionStmt.pdf>

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SCWG Research Materials

Common At-Risk Indicators and Thresholds Utilized by Selected States

Indicator	Description/Thresholds Specified in Law or Rule
Violating or failing to comply with regulatory agency laws or regulations	Most state higher education regulatory agencies have at least some authority to bring enforcement action against institutions under their purview for violation of agency policies and requirements (some degree authorization agencies may have less explicit regulatory language than agencies overseeing non-degree programs).
Unethical, unlawful, or negligent business or trade practice	Most state higher education regulatory agencies have at least some authority to bring enforcement action against institutions under their purview for violation of consumer-protection laws and rules (licensors of non-degree programs and institutions typically have more explicit regulatory language and criteria than authorizers of degree programs).
Recent changes in institutional structure, governance, or operations	<ul style="list-style-type: none"> • Change in business organization (CA; OH) • Change of ownership or control (WA-DOL; CA; MN-DG; OH-DG; TN; WV-DG-2-year*) • Increase in, or consolidation of, the number of campuses (CA) • Changes in educational offerings (CA: "Increase;" MN-DG; WI); • Changes in enrollment (WA-Workforce Board: "Decrease of 50% or more or 25 students, whichever is greater;" CA: "Dramatic increase or decrease;" MN-DG; OR-NDG: "Decrease of 50% or more or 25 students, whichever is greater") • Staffing changes (WA-Workforce Board: "Turnover of 50% or more or 3 staff, whichever is greater;" WA-Nursing Commission: "Inability to secure or retain a nurse administrator, inability to secure or retain faculty, and insufficient faculty-staff ratios of 1:10 in pre-licensure programs or 1:6 in advanced practitioner programs;" OR-NDG: "Turnover of 50% or more or 3 staff, whichever is greater;" TN: "Significant staff changes in a short period of time")
Insufficient demonstration of financial stability or responsibility	<ul style="list-style-type: none"> • Inadequate assets-to-liabilities ratio (WA-Workforce Board: "Below 1.1;" CA: "Less than 1.0") • Inadequate USDOE Title IV Composite Score (CA: "For institutions participating in Title IV") • Overreliance on public student aid (CA: "Institution receiving more than 70% of revenues in public student aid") • Failure to maintain adequate financial resources (OH-DG & NDG) • Failure to meet the standards of financial responsibility (OR-DG & NDG) • Failure to cover refunds (WA-Workforce Board) • Net worth (WA-Workforce Board: "Negative") • Operating losses (WA-Workforce Board: "Over last two years") • Deficits/debt levels (WA-Workforce Board: "Exceeding 10% of net worth") • Cancellation of surety bond by bonding company (WV-DG 2-year & NDG)

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Indicator	Description/Thresholds Specified in Law or Rule
Student demographics, outcomes, and complaints	<ul style="list-style-type: none"> • ELL students (CA: “Institution offers only nonremedial education in English but enrolls students with limited or no English proficiency”) • Three-year cohort default rate on federal student loans (CA: “Above 15.5%”; MN-NDG: “Equal to or less than 15%”) • Student placement rate (CA: “Higher or lower than comparable programs;” MN-NDG: “Equal to or greater than 70%”) • Student completion rate (CA: “Higher or lower than comparable programs”) • Student withdrawal rate (MN-NDG: “Must not exceed 33% for the three most consecutive years”) • Student licensure rate (WA-Nursing Commission: “Failure to maintain average NCLEX pass rates;” CA: “Higher or lower than comparable programs;” MN-NDG: “Equal to or greater than 85% based on national or state pass rate”) • Student complaints (WA-Workforce Board: “Frequent substantiated complaints;” WA-PESB: “Serious complaint from any source;” WA-Nursing Commission; MN-NDG: “More than one unresolved complaint in preceding 12 months;” OR-NDG: “Frequent substantiated complaints”) • Lawsuits (TN)
Adverse action by oversight entities	<ul style="list-style-type: none"> • Sanction, restriction, or other adverse action by USDOE under Title IV (CA: “Placement on cash-reimbursement or heightened monitoring status;” MN-NDG: “Limitation, suspension, or termination by the USDOE within the last 5 years;” TN) • Sanction, restriction, or other adverse action by institutional or program accreditor (WA-Workforce Board; WA-Nursing Commission; CA; OH-DG; TN; WV-DG-4-year & DG-2-year & NDG) • Investigation, regulatory action, or judicial action by a government agency (WA-Workforce Board; WA-WSAC; CA; MA-NDG; OR-DG; TN; WV-NDG)

DG=Law/rule applies to degree-granting institutions or programs

NDG=Law/rule applies to non-degree-granting institutions or programs

*In West Virginia, institutions and programs granting degrees above the Associate’s level are overseen by the West Virginia Higher Education Policy Commission. Institutions granting degrees or certificates at or below the Associate’s level, and non-degree-granting/trade schools, are overseen by the West Virginia Council for Community and Technical College Education.

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Common Consequences for Schools Identified as At-Risk Utilized by Selected States

Consequence	Description/Details Specified in Law or Rule
Warning, citation, notice, reprimand, or censure	WA-Workforce Board; WA-WSAC (“Notification of deficiencies”); WA-DOL; WA-Nursing Commission (“Statement of deficiencies”); CA; MA-NDG
Restrictions on operations (enrollment, marketing, instruction, collection of tuition and fees, etc.)	WA-WSAC (“New programs”); WA-PESB (“Notice to students”); CA; MN-DG; OH-NDG; TN; WV-DG-4-year & DG-2-year
Increased compliance monitoring/reporting	WA-Workforce Board (“School improvement plan, monthly progress reports, provide copy of student directory”); WA-WSAC (“Additional and/or more frequent reporting”); WA-DOL (“Remedial education or treatment; monitoring of practice”); WA-PESB (“Site visits, written report addressing unmet standards, compliance agreement”); WA-Nursing Commission (“plan of correction or directed plan of correction”); MA-NDG (“Require training; practice under supervision”); MN-DG (“Increased reporting”); OR-DG (“Submit corrective action/school improvement plan; increased reporting”) & NDG (“Submit corrective action/school improvement plan”); WV-DG-4-year & DG-2-year (“Submit corrective action/school improvement plan”)
Reimburse students	CA (“Tuition refund”); MA-NDG (“Tuition refund”); WV-DG-4-year & DG-2-year (“Forfeit security bond; tuition refund”)
Increase student financial protections	WA-Workforce Board (“Line of credit”); WA-WSAC (“Security requirements may be increased”); OR DG (“Submit a revised/increased security bond; submit a letter of credit”) & NDG (“submit a letter of credit”)
Fines or penalties	WA-DOL (“Up to \$5,000 per violation”); CA (“\$50 to \$5,000 per violation”); MA-NDG (“Not more than \$5,000 per violation”); MN-DG & NDG (“Not to exceed \$500 per day per violation”); OH-NDG (“\$1,000 to \$3,500; not to exceed \$35,000 in a six-month period”); OR-NDG; TN (“\$500 per violation”); WI (“Not more than \$500”)
Legal action	CA; ID (“Cease and desist”); MA-NDG (“Cease and desist”); OH-NDG (“Cease and desist”); OR-DG; TN; WI (“Imprisonment of not more than 3 months”); WV-DG-4-year & DG-2-year
Probation	WA-Workforce Board; WA-DOL; CA; MA-NDG; OR-DG; WV-DG-4-year & DG-2-year
Suspend/restrict/revoke/refuse to re-approve authorization or license	Most state higher education regulatory agencies have at least some authority to restrict, suspend, cancel, or refuse to renew authorization or licensure of institutions under their purview (degree authorizing agencies may have less explicit regulatory language than agencies overseeing non-degree programs).

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Summary of Selected States' Surety Bond Requirements

	WI	MA	OH	MN	WV	ID	TN	MN	WV	WA	OR
Degree-granting	N	N	N	N	N	N	N & Y	Y	Y	Y	Y
Required to operate	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y
Minimum (thousands)	1	5	10	10	35		10	10	20	25	25
Maximum (thousands)	25 ⁱ	>5 ⁱⁱ	>10 ⁱⁱⁱ	250	400 ^{iv}		20 ^v	250 ^{vi}	100 ^{vii}	250	
Percentage of gross income/revenue from or total tuition, fees, and/or institutional charges, or prepaid tuition from preceding or	125%		50%	10% ^{viii}		100% ^{ix}				10% ^x	Rolling annual average ^{xi}
>100K prepaid tuition revenue			10K +50%								
+ Reduced when positive – Increased when negative											
Institutional longevity			+		+						+
Ownership stability			–		–/+						
Accreditation	+				–	+					+
Financial audit	+	–	–/+		–						–/+
State/SAA record											+
Federal record											+
Title IV eligible/audit			+		–			–			+
In state					+		+				
Out of state					–		–				+/-
Terminology & dual licensure				–/+							
Student outcomes	+										
Public/non-profit							+				+

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Notes

ⁱ The lesser of \$25,000 or 125% of unearned tuition (consists of payments of tuition, fees and other charges (including charges for required books and supplies) that Wisconsin students (or their sponsors) pay to the school to enroll in a program(s) for which the student has not yet received instruction). No surety bond may be less than \$1,000 or an amount equal to \$2,000 for each representative the school employs. The bonding requirements set forth in this section may be reduced upon a determination that they are excessive in relation to the risk of economic loss to which Wisconsin residents are exposed in the case of any particular school, based upon evidence of a stable fiscal history, satisfactory completion and placement rates, accreditation by a recognized accrediting body or other stability criteria the schools may offer for board review.

ⁱⁱ Not less than \$5,000 for a school's license, and not less than \$1,000 for a license for a sales representative of a private occupational school. Additional security shall be required if the state auditor determines that the cash resources of the licensee may not be sufficient to make tuition refunds to students as required under section 13K of chapter 255; and provided further, that the amount of the indemnification in the case of the private occupational school shall not exceed the anticipated maximum unearned tuitions.

ⁱⁱⁱ \$10,000; 50 percent of the school's prepaid tuition revenue as calculated by the board if the school fails to meet the board's standards of fiscal responsibility; or \$10,000 plus 50% of the school's prepaid tuition revenue that exceeds \$100,000 as calculated by board if the school maintains over \$100,000 in prepaid tuition revenue as calculated by the board and excluding prepaid tuition revenue that consists of government grants or federal student loans and grants authorized under Title IV of the "Higher Education Act of 1965," 20 U.S.C. 1070 et seq., as amended. The board may permit a school to cancel its bond if the school has been approved to participate in any federal student financial assistance program authorized under Title IV of the "Higher Education Act of 1965," 20 U.S.C.A. 1070 et seq., as amended, or if the school meets standards of financial responsibility otherwise established by the board. New schools registered with the board and the schools changing ownership on or after the effective date of this rule shall be required to maintain a bond for a minimum period of five years. After five years, a school may request that it permitted to cancel its bond. The board may allow any school that falls within the minimum bonding requirement of ten thousand dollars to cancel its bond if the school has demonstrated that it meets the board's standards of fiscal responsibility.

^{iv} A school located in the state shall submit with its initial or renewal application, the original fully executed continuous surety bond written by a company authorized to do business in this state in the sum of \$50,000 unless required otherwise by a provision of this section. Any school which has its physical facilities located in this state and has operated in this state under the present ownership, or ownership control within the immediate family, for at least ten (10) years as of June 10, 1994, is required to submit with its renewal application the original copy of a fully executed continuous surety bond written by a company authorized to do business in this state in the sum of \$35,000. Schools having branch campuses within this state shall provide one fully executed surety bond in the appropriate amount providing coverage for all campuses. A school whose physical facilities are located outside this state, and which applies for a permit to solicit students in this state, shall submit a fully executed surety bond in the sum of \$50,000. If the school is located outside this state, the school must show evidence of compliance with the laws and regulations in the state where the school is located. In addition, before the solicitation of students continues in this state, the school must submit a fully executed surety bond in the amount of \$50,000. The Council may increase the bond requirement of any school to \$150,000 if the school has its accreditation terminated or its institutional eligibility under the Higher Education Act of 1965, as amended, is terminated for cause. If, in accordance with the standards of the American Institute of Certified Public Accountants, the school's audited financial statements are qualified because the school's continued financial viability as an ongoing concern is in doubt, and the school is not financially sound as defined in Section 2 of this rule, the Council may require the surety bond be increased up to an amount not to exceed \$400,000 if the Council determines an increased bond is reasonably necessary to protect the financial obligations legally due to the students then enrolled at the institution. When a school is located in this state and has a change of ownership control and the new ownership control is outside of the immediate family of the previous owner, the school may continue to operate under the present permit. However, before the solicitation of students can continue, the school shall submit a fully executed surety bond in the amount of \$50,000.

^v \$10,000 for in-state institutions, institutions providing primarily religious instruction, not organized as private postsecondary educational institutions, or out-of-state public institutions; \$20,000 for out-of-state postsecondary educational institutions that provide all or part of their instruction in this state, begin operation of branch campuses in this state after July 1, 1989, or private institutions. Another sum may be provided by the commission.

^{vi} Equal to the "letter of credit" required by the United States Department of Education in the Letter of Credit Alternative. If the school has no binding agreement approved by the office for preserving student records, a continuous surety bond must be filed with the office in an amount not to exceed \$20,000.

^{vii} The Council, if it deems appropriate, may reduce the amount of the bond if an institution has less unearned tuition than \$100,000, but in no event shall be less than \$20,000.

^{viii} The amount of the surety bond shall be 10% of the preceding year's gross income from student tuition, fees, and other required institutional charges, but in no event less than \$10,000 nor greater than \$250,000, except that a private career school may deposit a greater amount at its own discretion. The gross tuition and fees used to determine the amount

For-Profit Degree-Granting & Private Vocational Schools: Phase II Work Groups Report

of the surety bond required for a private career school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the private career school by the students recruited from Minnesota. A person required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board shall be required to provide a school bond of \$10,000.

^{ix} Not less than the total tuition and fees to be collected by the school from its students, currently engaged in instructional activities, that covers the period from the beginning through completion of the course of instruction the student has contracted and paid for. This amount shall be based upon the projected tuition and fee revenue for the coming registration year, subject to modification in the event a school experiences significant changes in tuition and fee revenue during the current year.

^x Initial authorization: \$25,000; reauthorization: the surety bond or security amount shall be 10% of the preceding fiscal year's total tuition and fee revenue received for educational services in Washington, but not less than \$25,000 nor more than \$250,000. For private vocational schools that offer nondegree programs as well as degree programs, the amount required shall be based only on the degree program portion of its revenue from tuition and fees.

^{xi} (a) For a school that has operated in Oregon for one year or more, the rolling annual average of prepaid tuition is defined as half of the average of unearned tuition at the start of each term when tuition is due. Schools shall average the unearned tuition at the beginning of each semester or quarter for the prior year for which academic credit hours were awarded and/or authorized, and divide by two. At the discretion of the Commission the tuition income of non-Oregon based enrolled students may be part of the calculation of the rolling average. "Unearned tuition" is as is described in OAR 583-030-0035(18)(a). (b) For a school that has operated in Oregon for less than one year, the rolling annual average of prepaid tuition will be a reasonable amount established at the director's discretion based on the school's financial projections and estimate of the rolling average of Oregon enrollment and tuition income during the first year of operation, or \$25,000 whichever is greater. At the discretion of the Commission, the tuition income of non-Oregon based enrolled students may be part of the calculation of the rolling average. (c) For a non-Oregon publicly owned school, the rolling annual average of prepaid tuition is the gross tuition income received from all Oregon enrolled students from the previous year divided by four, or \$25,000 whichever is less. At the discretion of the Commission, the tuition income of non-Oregon based enrolled students may be part of the calculation of the rolling average. Schools receive up to a 50/75 percent reduction of its rolling annual average of prepaid tuition if it demonstrates to the Commission's satisfaction that it: a) has a Title IV composite score of at least 1.5 for the last two/five consecutive years; b) has not been sanctioned in the last two/five years, is not at risk, probation, suspension or revocation by the Commission or its institutional accreditor; c) is not under investigation by the United States Department of Education or any other federal agency for a violation that could result in loss of Title IV aid privileges and does not otherwise have any restrictions or warning pertaining to its eligibility for federal programs; d) is not under review for potential probation, suspension or revocation of its operational or degree-granting authority by any state; or e) it has an Oregon campus that does not participate in Federal Financial Aid, and meets the requirements set forth above in OAR 583-030-0054(2)(a)(A) through OAR 583-030-0054(2)(a)(D). The school has established a stable operation for the last two/five years, and demonstrates in its financial planning and audited financial statements that it has dedicated cash reserves for refunds, and demonstrates the capacity to refund unearned tuition. Publically owned institutions located outside of this state are required to issue a letter of credit or surety bond. The letter of credit can be issued by the authorizing agency in the state where the school is located, guaranteeing that the state of origin shall provide any refunds or other financial compensation required by Oregon law in the event that the institution cannot or declines to do so. A school unable to demonstrate financial strength may be required at the discretion of the Commission's Executive Director to increase the amount of its surety bond or letter of credit in an amount equal to the largest amount of prepaid tuition held at any time. The bond or letter of credit would be subject to claims for tuition refund only.

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Summary of Select States' State Tuition Recovery Funds

	TN	OH	MA (bill)
Applies to	Nonexempt postsecondary educational institutions	Career colleges and schools	Private, for profit post-secondary institutions
Fund min			Cannot satisfy duly authorized claims
Fund max		~1M	5M
Initial funding: Occurrence & Amount ***** ***** Ongoing funding: Occurrence & Amount	NA NA ***** Annually Based on gross tuition collected during assessment year: 1–25K: \$200 25K–50K: \$250 50K–100K: \$300 100K–200K: \$400 200K–300K: \$500 300K–400K: \$600 400K–500K: \$700 500K–750K: \$1K 750K–1M: \$1.25K 1M–1.5M: \$1.5K 1.5M–2M: \$ 2K >2M: \$2K plus 1/10th of 1% of all gross tuition over 2M	5 years \$500 ***** Annually Based on prior year's tuition receipts: 1K–400K: \$200 400K–700K: \$400 700K–1M: \$800 >1M: \$1K	Once 2.5K ***** Annually 1/1/18: 0.25 percent of the school's gross tuition and fees received by the school during the prior year; minimum of \$250 1/1/19 forward: in an amount determined by the AG as necessary to meet the fund's needs, provided that the amount shall not exceed 0.5 percent of a school's gross tuition and fees received by the school during the prior year; minimum of \$250
Fund exceeds maximum:	The board, may suspend collection of the fee	The authority may reduce or eliminate the annual contributions from institutions paying into the fund for at least 5 years	AG may not make an assessment against the schools
Fund drops below minimum:	The board may reinstitute collection of the fee	The authority may impose a special assessment on the schools in an amount up to the amount of an annual contribution if the draw on the money exceeds the money on hand	If the moneys in the fund are insufficient to satisfy duly authorized claims, the AG may reassess the schools as necessary, in addition to the annual assessment, and the schools shall pay the additional amounts assessed

For-Profit Degree-Granting & Private Vocational Schools: Phase II Work Groups Report

Summary of Select States' State Tuition Recovery Funds (continued)

	WI	OR	WA	CA
Applies to	Career schools	Career schools and schools teaching hair design, barbering, esthetics or nail technology	Career schools	Private post-secondary schools
Fund min	500K	500K to 1M	1M	20M
Fund max	1M	3M		25M
Initial funding: Occurrence & Amount *****	NA NA ***** Annually	Once Each career school shall pay to the Tuition Protection Fund an initial capitalization deposit, based on gross tuition income, in amounts and within time limits established by rule of the commission. *****	Once See below ***** Biannually	NA NA ***** Quarterly
Ongoing funding: Occurrence & Amount	Based on adjusted gross annual school revenue: \$0.50 per \$1K	14 semiannual payments; thereafter, each school shall make installment payments based on gross tuition income and a matrix adopted by rule of the commission: Gross Annual Tuition Income: Liability Limit / Capitalization Deposit / Semi-Annual Payment 0-10K: \$6,250 / \$250* / \$35.72 10K-50K: \$12,500/ \$250 / \$71.43 50K-100K: \$25,000/ \$500/ \$142.86 100K-200K: \$50,000/ \$1,000/ \$285.71 200K-300K: \$75,000/ \$1,498/ \$428.00 300K-500K: \$125,000/ \$2,496/ \$713.14 500K-700K: \$175,000/ \$3,496/	Total Annual Tuition Income: Prorated share / Initial deposit / Years 1-5 / Years 6-10 0-50K: 0.15% / \$305 / \$244 / \$122 50K-75K: 0.23% / \$457 / \$366 / \$183 75K-100K: 0.3% / \$609 / \$488 / \$244 100K-1.5K: 0.46% / \$914 / \$732 / \$366 1.5K-200K: 0.61% / \$1,219 / \$974 / \$974 200K-250K: 0.76% / \$1,523 / \$1,318 / \$1,318 250K-350K: 1.07% / \$2,133 / \$1,706 / \$1,706 350K-500K: 1.52% / \$3,046 / \$2,438 / \$2,438 500K-750K: 2.28% / \$4,570 / \$3,656 / \$3,656 750K-1M: 3.05% / \$6,093 / \$4,874 / \$4,874 1M-1.25M: 3.81% / \$7,616 / \$6,092 /	From a one-time fee from students based on an assessment of \$0 per \$1K of institutional charges, rounded to the nearest thousand dollars, from each student in an educational program who is a California resident or is enrolled in a residency program; for institutional charges of \$1K or less, the assessment is \$0.

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	WI	OR	WA	CA
		\$998.86 700K-1M: \$250,000/ \$4,994/ \$1,426.86 1M-1.25M: \$312,500/ \$6,242/ \$1,783.43 1.25M-1.5M: / \$375,000/ \$7,490/ \$2,140.00 1.5M-2M: \$500,000/ \$9,988/ \$2,853.71 *minimum for initial license	\$6,092 1.25M–1.5M: 4.57% / \$9,139 / \$7,312 / \$7,312 1.5M–1.75M: 5.33% / \$10,663 / \$8,530 / \$8,530 1.75M–2M: 6.1% / \$12,186 / \$9,748 / \$9,748 2M–2.25M: 6.86% / \$13,710 / \$10,966 / \$10,966 2.25M– 2.5M: 7.62% / \$15,233 / \$12,184 / \$12,184 >2.5M: 8.38% / \$16,757 / \$13,404 / \$13,404	
Fund exceeds maximum:	The board shall discontinue collecting annual student protection fees	The commission may reduce the schedule of deposits whether as to time, amount, or both; the commission may return any excess funds to currently licensed schools that have completed their required contributions to the fund.	The agency may, at its own option, reduce the schedule of deposits whether as to time, amount, or both.	The bureau temporarily stops collections
Fund drops below minimum:	The board, based on a multiplier equal to the percentage of all schools' total adjusted gross annual revenue, will apply a rate needed to bring the fund to \$500K; the assessment will not exceed \$10K for an individual school.	After disbursements made to settle claims reduce the operating balance below \$500K, and recovery of such funds has not been ensured by the affected school within 30 days, the commission shall assess each licensee a pro rata share of the amount required to restore the balance in the fund to \$500K. When calculating each share, the commission shall employ a pro rata percentage of liability.	The agency will assess each participating owner a pro rata share of the deficiency, based upon an incremental scale.	

For-Profit Degree-Granting & Private Vocational Schools: Phase II Work Groups Report

Summary of States with Surety Bond and State Tuition Recovery Fund Requirements (Hybrids)

Surety Bonds and State Tuition Recovery Funds	
<ul style="list-style-type: none"> • Apply to the same type of schools 	<ul style="list-style-type: none"> • Private postsecondary: AR, AZ, CT, MD, TN, WI <ul style="list-style-type: none"> ○ Non-public, and schools that offer 4-year degrees: NE • Career schools and colleges: OH • Proprietary schools: LA, NC <ul style="list-style-type: none"> ○ Nonpublic postsecondary: GA ○ Less than 4-year bachelor's degree: KY ○ Postsecondary credit bearing: IN • Postsecondary schools: VA
Surety Bonds	
• Unrelated to STRF	• AR, KY, MD, VA
• Must be paid first	• LA, NC, NE ¹⁸ , OH, TN, WI
• Can reimburse STRF	• AZ, CT, GA
• For any indemnification	• AR, AZ, KY, LA, NE ¹⁹ , NV, TN, WI
• For loss of unearned prepaid tuition only	• GA, OH, VA
• For loss of more than unearned prepaid tuition	• KY, NC
• Tied to the STRF balance	• NC, NE
• For closure only	• CT, NC

¹⁸ Surety is only required until the Tuition Recovery Cash Fund reaches the minimum level

¹⁹ Surety is only required until the Tuition Recovery Cash Fund reaches the minimum level

For-Profit Degree-Granting & Private Vocational Schools: Phase II Work Groups Report

Summary of States with Surety Bond and State Tuition Recovery Fund Requirements (Hybrids) (continued)

State Tuition Recovery Funds	
<ul style="list-style-type: none"> For closure 	<ul style="list-style-type: none"> AZ, CT, LA, NC, NE, OH, WI, VA AR, CT, TN – or bankruptcy/insolvency
<ul style="list-style-type: none"> For closure and... 	<ul style="list-style-type: none"> Not operating according to standards or misrepresentation to procure enrollment: IN Discontinuing a program, loss of license, or loss of accreditation: KY Failing to perform faithfully any agreement or contract with the student or comply with any provision of this article, or for any other function deemed appropriate: MD
<ul style="list-style-type: none"> Teach out involved 	<ul style="list-style-type: none"> Can cover additional costs and fees of new school: GA, WI If not available, can be accessed: LA, VA If available, cannot be accessed: AR, AZ, GA, NE, OH, TN Can be used to facilitate: CT
<ul style="list-style-type: none"> Other uses 	<ul style="list-style-type: none"> Records maintenance: AR, AZ, OH Administrative costs: AR, GA Consumer awareness: GA, OH
Other <ul style="list-style-type: none"> NH has a surety bond requirement, but repealed its STRF law IN and NV were states listed as having both a surety bond and STRF, but EdNW did not find reference to the STRF in the laws or regulations. 	

For-Profit Degree-Granting & Private Vocational Schools: Phase II Work Groups Report

Two States with Surety Bond and State Tuition Recovery Fund Requirements (Hybrids)

	Arizona	Wisconsin
Required by	<ul style="list-style-type: none"> Nationally accredited and non-accredited private postsecondary schools (degree and non-degree granting) 	<ul style="list-style-type: none"> Private postsecondary schools
Surety bond	<ul style="list-style-type: none"> For any indemnification Reimburse the STRF after payout 	<ul style="list-style-type: none"> For any indemnification Accessed before STRF
STRF	<ul style="list-style-type: none"> For closure only Prepaid tuition and fees (not Title IV) Record maintenance 	<ul style="list-style-type: none"> For closure only Debt or teach-out
Teach-out	<ul style="list-style-type: none"> If available, STRF cannot be accessed 	<ul style="list-style-type: none"> If available, STRF cannot be accessed (with some exceptions related to geography) Can be used to cover additional associated costs and fees
Student rights	<ul style="list-style-type: none"> The state will pay out to any AZ student regardless of whether the school paid into it or not (consumer protection) 	<ul style="list-style-type: none"> Students don't have any right to funds from either bonds or the protection fund
History	<ul style="list-style-type: none"> AZ has had the two sources of funding working together for about 20 years; Keith Blanchard has been at the agency 14 years and thinks the state put both in place at the same time 	<ul style="list-style-type: none"> Wisconsin originally used surety bonds without a cap on the amount (though usually bond companies would be reluctant to grant one higher than \$100,000 or so). This provided both a financial review of the institutions as well as some capital that could be used to refund "harmed" students in the event of a closure. However, losses from large closures far exceeded the amount that could be gathered by collecting on a school's bond. The Education Approval Board was also concerned that the high bond amounts faced by new start-up institutions was prohibiting some from starting their enterprise in Wisconsin. Thus, the protection fund was organized to relieve the pressure faced by schools with high bonds and to provide more money to help students whose institutions close. This effort was organized from 2002-2004.
Contact	Keith Blanchard, Deputy Director Arizona State Board for Private Postsecondary Education Keith.Blanchard@azppse.gov 602-542-5769	David Dies, Executive Secretary Wisconsin Educational Approval Board David.Dies@eab.wisconsin.gov 608-266-1996

Appendix B: Agency Documents

This report contains a small selection of agency documents that have been referenced in the work group meetings and may serve as useful guidance materials or models for subsequent discussions.

These items include (but may not be limited to):

- The 1999 MOA between the WTECB and HECB
- WTECB's sample enrollment agreement & disclosure forms, and customized school closure plan template
- Draft of DOL's IVIPS use and disclosure agreement
- DOL's amended WACs regarding the oversight of cosmetology schools



COPY

STATE OF WASHINGTON

WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD

Building 17, Airdustrial Park, P.O. Box 43105 • Olympia, Washington 98504-3105 • (360) 753-5662 • FAX (360) 586-5862

November 22, 1999

Marcus S. Gaspard, Executive Director
Higher Education Coordinating Board
Post Office Box 43430
Olympia, Washington 98504-3430

Dear Mr. Gaspard:

Enclosed are two of the signed originals of the revised Interagency Agreement between the Workforce Training and Education Coordinating Board and the Higher Education Coordinating Board regarding the jurisdiction over degree granting private vocational schools. We have retained one original for our files.

Thank you for your assistance in achieving this signed agreement. If you have questions, please call Walt Wong at (360) 753-5676.

Sincerely,

Arlene Kellerman
Secretary Administrative

Enclosures (2)

INTERAGENCY AGREEMENT

Revised October 1999

HIGHER EDUCATION COORDINATING BOARD WORKFORCE TRAINING & EDUCATION COORDINATING BOARD

The adoption of an Interagency Agreement to implement shared jurisdictions over degree granting private vocational schools by the Higher Education Coordinating Board (hereinafter referred to as HECB) and the Workforce Training & Education Coordinating Board (hereinafter referred to as WTECB) is mandated by RCW 28B.85.020(c) and RCW 28C.10.040(4). The following understandings are adopted to facilitate carrying forward those joint functions most efficiently in the public interest.

The shared functions implemented by this agreement are not intended to diminish or intrude upon the statutory mandates of either agency: responsibility for degree authorization granted to HECB under RCW 28B.85 and authority for private vocational school licensure granted to WTECB under RCW 28C.10 remain discrete and independent, to be administered unilaterally by each. The purpose of this agreement is to ensure that degree-granting private vocational schools are in compliance with applicable regulations of both agencies if the nature of their program offering(s) require(s) both HECB authorization and WTECB licensure.

I.

RCW 28B.85 and WAC 250-61 are administered by HECB. Their purposes are to establish minimum standards for degree-granting institutions concerning granting of degrees, quality of education, unfair business practices, financial stability, and other necessary measures to protect citizens of this state against substandard, fraudulent, or deceptive practices [RCW 28B.85.020].

II.

RCW 28C.10 and WAC 490-105 are administered by WTECB. Their purposes are to license and regulate the operation of any private vocational school offering to or providing postsecondary education in any form of manner for the purpose of instructing, training, or preparing persons for any vocation or profession [RCW 28C.10.020(7)]. The intent of such chapter and regulation is to protect against practices by private vocational schools which are false, deceptive, misleading, or unfair, and to help ensure adequate educational quality at private vocational schools [RCW 28C.10.010].

III.

Both parties concur that for the purposes of this agreement:

- A. The responsibilities referenced under Article I regarding HECB will be applied to authorizing private vocational schools offering associate, baccalaureate and/or

advanced degree programs consistent with the provisions of RCW 28B.85 and/or WAC 250-61; and,

- B. The responsibilities referenced under Article II regarding WTECB will be applied to licensing and regulating non-degreed programs offered by private vocational schools, consistent with the provisions of RCW 28C.10 and/or WAC 490-105.

IV

For purposes of this agreement, a "private vocational school" is an institution offering postsecondary education in any form or manner for the purpose of instruction, training or preparing persons for any vocation or profession. RCW28C.10.020(7). This definition is not intended to encompass the state's public colleges and universities.

V.

Consistent with the principles established under Article III, the respective agencies therefore agree to the following:

A. PRIVATE VOCATIONAL SCHOOLS OFFERING DEGREE PROGRAMS.

Pursuant to rules adopted by HECB, a private vocational school offering degree programs must meet the requirements of 28B.85 RCW and WAC 250-61 or be exempt under WAC 250-61-060. HECB will, in accordance with RCW 28B.85: (a) collect application fees and establish surety based on the tuition received or projected from enrollees into degreed program(s), calculated on a biennial basis; (b) approve or deny the application; and, (c) adjudicate any subsequent complaints received from degree seeking students

B. PRIVATE VOCATIONAL SCHOOLS THAT OFFER NON-DEGREE PROGRAMS.

The WTECB will secure the application of a private vocational school. WTECB will, in accordance with RCW 28C.10: (a) collect application fees [RCW 28C.10.070] and deposits into the Tuition Recovery Fund [RCW 28C.10.084], based on gross annual tuition derived from non-degreed program(s); (b) issue a license or deny the application; and, (c) process any subsequent complaints received from non-degree seeking students.

C. PRIVATE VOCATIONAL SCHOOLS THAT OFFER BOTH DEGREE AND NON-DEGREE PROGRAMS

1. HECB will secure an application from a private vocational school offering degree and non-degree programs for the degree programs. HECB will, in accordance with RCW 28B.85: (a) collect application fees and establish surety based on the tuition received or projected from enrollees into degreed program(s), calculated on a biennial basis; (b) approve or deny the application; and, (c) adjudicate any subsequent complaints received from degree seeking students.
2. WTECB will, secure an application from a private vocational school offering degree and non-degree programs for the non-degree programs. WTECB will, in accordance with RCW 28C.10: (a) secure an application for licensing from any such school that

offers non-degreed programs; (b) collect application fees [RCW 28C.10.070] and deposits into the Tuition Recovery Fund [RCW 28C.10.084] based on gross annual tuition derived from non-degreed program(s); (c) issue a license or deny the application; and, (d) adjudicate any subsequent complaints by students in non-degree programs [RCW 28C.10.120].

VI.

Any institution that is authorized or licensed by one agency initially and intends to offer programs falling outside the jurisdiction of that agency shall apply to the appropriate agency for program authorization or licensure. Authorization and licensure are programmatic.

VII.

This agreement shall be effective on the date of execution, as evidenced by the dates and signatures of both parties appearing below, is continuous in nature, but may be terminated by either party giving written notice one to the other no less than ninety days prior to the contemplated date of termination.

This agreement may be waived, changed, modified, or amended only by a written instrument signed and dated by both parties which shall thereupon be attached hereto and incorporated herein by reference.

This agreement is intended to benefit the parties to this agreement and is not intended to benefit any other person or entity.

AGREED FOR HECB by:

Name: Marcus A. Gaspard

Title: Executive Director

This 25 day of October 1999

AGREED FOR WTECB by:

Name: William Saunders

Title: Executive Director

This 18th day of November 1999

Attachment 8. Sample Enrollment Agreement & Contract Checklist (Item H)

ENROLLMENT AGREEMENT & CONTRACT CHECKLIST CHAPTER 28C.10.050, 060, 110 RCW; WAC 490-105-040, 130	
School Name: _____ Location: _____	
Check:	<i>The enrollment agreement/contract must contain the following:</i>
	Name and address of the school.
	Name and address of the student.
	The program or course title (as it appears in the catalog, date training begins, and the number of hours/lessons which the student is enrolled).
	Itemization of all charges and required purchases in order to complete training.
	The method of payment and payment schedule (if applicable).
	Language explaining that the agreement will be binding only when it is fully completed, signed and dated by the student and an authorized representative of the school <i>prior</i> to the time instruction begins.
	A statement that any changes in the agreement will not be binding on either the student or the school unless such changes are acknowledged in writing by an authorized representative of the school and by the student or the student's parent or guardian if he/she is a minor.
	School's cancellation and refund policy, in accordance with WAC 490-105-130.
	A statement that includes each of the following elements in a position above the space reserved for the student's signature: NOTICE TO THE BUYER: Do not sign this agreement before you read it or if it contains any blank spaces. This is a legal instrument. All pages of this contract are binding. Read both sides of all pages before signing. You are entitled to an exact copy of the agreement, school catalog, and any other papers you may sign, and are required to sign a statement acknowledging receipt of those. CANCELLATION OF CONTRACT: If you have not started training, you may cancel this contract by submitting written notice of such cancellation to the school at its address shown on the contract. The notice must be postmarked no later than midnight of the fifth business day (excluding Sundays and holidays) following your signing this contract; the written notice may also be personally or otherwise delivered to the school within that time. In event of dispute over timely notice, the burden to prove service rests on the applicant. UNFAIR BUSINESS PRACTICES: It is an unfair business practice for the school to sell, discount, or otherwise transfer this contract or promissory note without the signed written consent of the student or his/her financial sponsors if he/she is a minor, and a written statement notifying all parties that the cancellation and refund policy continues to apply.
	The statement: This school is licensed under Chapter 28C.10 RCW. Inquiries or complaints regarding this private vocational school may be made to: <div style="text-align: center;"> Workforce Training and Education Coordinating Board 128 – 10th Avenue Southwest Olympia, Washington 98504 360-709-4600 pvs@wtb.wa.gov </div>
	A copy of the school's Notice of Financial Obligation (see Attachment A)
	A copy of the school's Student Complaint Notice (see Attachment B)

Attachment 8. Sample Enrollment Agreement & Contract Checklist (Item H)

SAMPLE ENROLLMENT AGREEMENT

[School Name]

[Address]

[Address]

[Telephone]

This enrollment agreement is between the above named school and:

Student Name: _____ Telephone: _____

Physical Address: _____ City: _____ State: _____ Zip: _____

Start date: _____ Completion date: _____

Program consists of: _____ weeks x _____ hours/week = _____ total hours

The school agrees to provide the following training: _____

(Course or program title)

COST:

Registration Fee	\$
Tuition	\$
Books	\$
Supplies and Materials	\$
TOTAL	\$

METHOD OF PAYMENT:

I agree that the payment of program costs will be satisfied by (check all that apply):

☐Cash ☐Credit Card ☐Financial Aid ☐Scholarship ☐Third Party (e.g. VA, Voc. Rehab., L & I, Employer)

List third party payer: _____

Down Payment	\$
Monthly Payment(s)	\$
Loan Payment (if applicable)	\$

AGREEMENT NOTICE:

Attachment 8. Sample Enrollment Agreement & Contract Checklist (Item H)

This agreement will be binding only when it has been fully completed, signed, and dated by the student and an authorized representative of the school prior to the time instruction begins.

CHANGES TO AGREEMENT NOTICE:

Any changes in the agreement will not be binding on either the student or the school unless such changes are acknowledged in writing by an authorized representative of the school and by the student, or student's parent or guardian if he/she is a minor.

CANCELLATION AND REFUND POLICY:

1. The school must refund all monies paid if the applicant is not accepted. This includes instances where a starting class is cancelled by the school.
2. The school must refund all monies paid if the applicant cancels within five business days (excluding Sundays and holidays) after the day the contract is signed or an initial payment is made, as long as the applicant has not begun training.
3. The school may retain an established registration fee equal to ten percent of the total tuition cost, or one hundred dollars, whichever is less, if the applicant cancels past the fifth business day after signing the contract or making an initial payment. A registration fee is any fee charged by a school to process student applications and establish a student record system.
4. If training is terminated after the student enters classes, the school may retain the registration fee established under (3) of this subsection, plus a percentage of the total tuition as described in the following table:

If the student completes this amount of training:	School may keep this percentage of tuition:
One week or up to 10%, whichever is less	10%
More than one week (or 10%), whichever is less, but less than 25%	25%
25% through 50%	50%
More than 50%	100%

5. When calculating refunds, the official date of a student's termination is the last day of recorded attendance:
 - a. When the school receives notice of the student's intention to discontinue the training program; or,
 - b. When the student is terminated for a violation of a published school policy which provides for termination; or,
 - c. When a student, without notice, fails to attend classes for thirty calendar days.
6. All refunds must be paid within thirty calendar days of the student's official termination date.

NOTICE TO BUYER:

Do not sign this agreement before you read it or if it contains any blank spaces. This is a legal instrument. All pages of this contract are binding. Read both sides of all pages before signing. You are entitled to an exact copy of the agreement, school catalog, and any other papers you may sign, and are required to sign a statement acknowledging receipt of those.

CANCELLATION OF CONTRACT:

If you have not started training, you may cancel this contract by submitting written notice of such cancellation to the school at its address shown on the contract. The notice must be postmarked no later than midnight of the fifth business day (excluding Sundays and holidays) following your signing this contract; the written notice may also be personally or

Attachment 8. Sample Enrollment Agreement & Contract Checklist (Item H)

otherwise delivered to the school within that time. In event of dispute over timely notice, the burden to prove service rests on the applicant.

UNFAIR BUSINESS PRACTICES:

It is an unfair business practice for the school to sell, discount, or otherwise transfer this contract or promissory note without the signed written consent of the student or his/her financial sponsors if he/she is a minor, and a written statement notifying all parties that the cancellation and refund policy continues to apply.

CERTIFICATION:

I certify that I read and understand the cancellation and refund policy and the complaint procedure; I received a copy of the school catalog and I am entitled to an exact copy of this enrollment agreement, school catalog, and any other papers I sign.

Student:

Please print

Signature

Date

Parent or Guardian (if the student is under 18 years of age):

Please print

Signature

Date

Authorized School Representative:

As the authorized representative of the school, I hereby agree to the conditions set forth herein.

Please print

Signature

Date

This school is licensed under Chapter 28C.10 RCW. Inquiries or complaints regarding this private vocational school may be made to:

Workforce Training and Education Coordinating Board
128 – 10th Avenue SW

Attachment 8. Sample Enrollment Agreement & Contract Checklist (Item H)

Phone: 360-709-4600

Olympia, Washington 98501

Email: pvs@wtb.wa.gov

Web: wtb.wa.gov

Attachment A

[School Logo]

[Name of School]

[Address]

[Address]

NOTICE OF FINANCIAL OBLIGATION

Washington law requires the following information to be supplied to each student enrolling in a private vocational school licensed under Chapter 28C.10 RCW. One copy of this notice bearing original signatures must be attached by the school as addenda to that individual's enrollment agreement, as well as a copy provided to the enrollee by the school.

ACKNOWLEDGMENT BY ENROLLEE

1. I understand and accept that any contract for training I enter into with the above named school contains legally binding obligations and responsibilities.
2. I understand and accept that repayment obligations will be placed upon me by any loans or other financing arrangements I enter into as a means to pay for my training.
3. I understand that any enrollment contract I enter into will not be binding or take effect for at least five days, excluding Sundays and holidays, following the last date such a contract is signed by the school and me, provided that I have not entered classes.

Name: _____

Signature: _____

Dated this: _____ day of _____, 20____

ACKNOWLEDGMENT BY SCHOOL

Prior to being enrolled in this school, the applicant whose name and signature appears above has been made aware of the legal obligations he/she takes on by entering into a contract for training. Those discussions included cautions by the school about acquiring an excessive debt burden that might become difficult to repay given employment opportunities and average starting salaries in his/her chosen occupation.

Name: _____

Title: _____

Signature: _____

Dated this: _____ day of _____, 20____

Attachment 8. Sample Enrollment Agreement & Contract Checklist (Item H)

Attachment B

[School Logo]

[Name of School]

[Address]

[Address]

HOW TO FILE A COMPLAINT

Washington law requires private vocational schools to inform students how to file a complaint. By signing this form you acknowledge this process has been explained to you. Below are the next steps the school must take in discussing this policy with you, along with information about the complaint process.

DISCUSSION ABOUT COMPLAINT POLICY REQUIRED

First, a school representative must discuss the school's complaint policy with you. Following this discussion, you will be provided with this attachment to sign. After you sign this form, the school will give you a copy for your personal records. The school will also keep a copy on file.

ACKNOWLEDGMENT OF COMPLAINT PROCESS BY STUDENT

4. The school has described the grievance and/or complaint policy to me.
5. I understand that the policy can also be found in the school catalog.
6. I know I should first try to resolve a complaint or concern with my instructor or school administrator.
7. I understand nothing prevents me from contacting the Workforce Board at 360-709-4600 at any time with a concern or complaint, and complaint forms are: http://wtb.wa.gov/PCS_Complaints.asp.
8. I understand that I have one year to file a complaint from my last date of attendance.
9. I further understand that in the event of a school closure, I have 60 days to file a complaint.
10. I also understand that complaints are public records.
11. Finally, I acknowledge that details about the complaint process, my rights, and any restrictions on the time I have to file a complaint can be found at http://wtb.wa.gov/PCS_Complaints.asp

Name: _____ Signature: _____

Date: _____, 20__

ACKNOWLEDGMENT BY SCHOOL


Prior to being enrolled in this school, the applicant, whose name and signature appear above, has been made aware of the school's complaint policy.

Name: _____ Signature: _____

Attachment 8. Sample Enrollment Agreement & Contract Checklist (Item H)

Title: _____

Date: _____, 20__

	INTERNET VEHICLE/VESSEL INFORMATION PROCESSING SYSTEM (IVIPS) USE AND DISCLOSURE CONTRACT		New Account No.
			Renewal Account No.
Contract			
Contract start date Upon Mutual Execution		Contract end date	Contract amount Revenue – Varied amount
Licensee			
Licensee's Name, Including any DBA and FKA			
If Licensee Name is a corporate or legal entity, then include name of person			
Licensee physical address		Licensee mailing address	
Licensee contact name	Licensee contact telephone	Licensee fax	Licensee e-mail address
Department of Licensing (DOL)			
DOL administration Vehicle/Vessel Public Disclosure		DOL division Administrative Services Division	
DOL contact information Susan Mitchell or Orpha Zollars		DOL contact address Department of Licensing PO Box 2957 Olympia, WA 98507	
DOL contact telephone 360-359-4001	DOL contact fax 360-570-7895	DOL contact e-mail cpss@dol.wa.gov	
Attachments			
This contract consists of the following contracts and documents.			
<ol style="list-style-type: none"> 1. Attachment A, Data Security Requirements 2. Attachment B, User Access/Change Request 3. Attachment C, Information Request Log 4. Attachment D, Sample Notification Letters 5. Attachment F, Destruction of Data 			
<p>The terms and conditions of this Contract are an integration and representation of the final, entire and exclusive understanding between the parties superseding, all previous agreements, writings, and communications, oral or otherwise, regarding the subject matter of this Contract.</p> <p>The parties signing below execute this Contract, and affirm that they have fully read and understood the Contract and have the authority to bind their respective parties to the terms and conditions of this Contract.</p>			
Licensee signature	Date	DOL signature	Date
Legibly print name and title		Print name and title Terence Artz, Public Records Officer Administrative Services Division	
Phone		Phone	
Email Address		Email Address tartz@dol.wa.gov	

This Contract is between Department of Licensing (hereinafter referred to as "DOL") and the Licensee listed on page one (1), (hereinafter referred to as the "Licensee" or "User".)

The parties understand and agree to all terms and conditions of this Contract as set forth below, and to include all attachments and documents incorporated herein by reference.

UNDERLYING INFORMATION

1. BACKGROUND

In accordance with Chapter 46.12 Revised Code of Washington, certain business entities have the right to receive information maintained by the Department of Licensing, concerning the name and address of a vehicle or vessel owner. Specific business entities may request for the release of such information under specific circumstances and purposes relates to the normal course of their business. This Contract provides for the granting of access and the release of such confidential information pursuant to DOL's Contracted Plate Search System (hereinafter referred to as "CPSS," and formerly referred to as the Internet Vehicle/Vessel Information Processing System – IVIPS).

As a condition precedent to receiving access to CPSS, the business entity (hereinafter "Licensee") must fill-out an on-line questionnaire (hereinafter "Access Form") that identifies the Licensee's full name and other demographic information, the nature of the Licensee's business, the specific names of the Licensee's personnel who will access CPSS (hereinafter "Users"), and the legal justification for why the Licensee should be entitled to receive such information. All information is then reviewed by DOL. If all information is deemed correct, DOL may then contract with Licensee.

2. PURPOSE

The purpose of this Contract is to set out the terms and conditions under which DOL will provide Licensee with access to the CPSS and its related Data. The scope of this contract only provides the Licensee with the right of permissible use to the Data contained on the CPSS, and does not establish any agency relationship or independent contractor relationship between DOL and the Licensee. At all times DOL is the sole owner of the Data.

3. AUTHORITY

DOL has the authority to enter into this contract in accordance with the Revised Code Washington (RCW) Chapter 9.02, Statute 46.12.630-640, Chapter, 42.56, Washington Administrative Code (WAC) 308, and the Federal Driver Privacy Protection Act (DPPA).

4. DEFINITIONS

See Attachment D:

SPECIAL TERMS AND CONDITIONS:

5. GRANT OF ACCESS

Subject to the terms and conditions of this contract, DOL hereby grants Licensee with access to CPSS and with the limited permissible use to certain Data therein. This grant of access may be deemed as providing Licensee with any ownership rights to such Data; at all times DOL remains the sole owner of the Data.

6. USER ACCOUNTS

Licensee may extend access under this contract to any officers, directors, and employees of Licensee's business (hereinafter collectively referred to as "Users"). All Users must have a separate User Account electronically established in CPSS. User accounts are not interchangeable; only the identified established User for any account may use that account. Each User must also set up an own independent passcode for his or her account.

Users are not required to execute individual contracts. Licensee must establish and institute specific policies within its entity concerning the safeguarding and permissible use of all Confidential Information. Licensee, must also make sure that all Users fully understand and abide by all terms, conditions, and restrictions of this contract. Licensee is responsible for managing all Users and User accounts, including the creating, monitoring, and removing of accounts as appropriate.

Licensee is strictly responsible for all actions of the Users in connection with this contract.

7. CONTRACT TERM

The term of this contract is from the date of mutual execution as noted by the dates of the party-signatures on page one, and terminates on the end-date noted on page one (approximately five years hence), unless terminated sooner pursuant to the terms and conditions herein. This contract term may be extended for up to two additional five-year periods based on the mutual agreement of the parties; such extensions must be established in writing and executed as an amendment to this contract.

8. ACCESS PERIOD and ANNUAL RENEWAL

Notwithstanding the overall term of the contract, Licensee must also maintain an active "Access Period" in order to be granted continued access to CPSS. To maintain an active Access Period, Licensee must certify the information initially entered into CPSS every two years. If Licensee's Access Period becomes administratively inactive for ninety days or more, DOL may terminate this contract without additional notice. Licensee is solely responsible for making sure that it maintains its active access period information in a timely manner.

Licensee also has a continuing obligation to make sure its access information is true and correct at all times. If Licensee experiences any changes to its entity that alters from the information on file with CPSS, then Licensee must correct such information with CPSS within five business days. Violation of this requirement may result in an immediate suspension of accesses, or a possible termination of this contract.

9. TESTING AND TRAINING

DOL may require the Licensee and all Users to undergo systems testing and personnel training prior to gaining access to CPSS.

10. FEES

[as applicable]

11. BILLING PROCEDURES

DOL may submit monthly invoices to the Licensee, however, if a monthly bill totals \$4.50 (four dollars fifty cents) or less, DOL may withhold the invoice and carry the amount over to the following month's billing. Licensee shall pay invoices within fifteen (15) days of receipt. Payment must be sent, with a copy of the invoice to:

Department of Licensing, IVIPS
P.O. Box 3907
Seattle, WA 98124.

Washington State agencies may pay invoices using a journal voucher (JV) or by making an inter-agency payment (IAP) using the DOL Statewide Vendor Number SWV0011175-01.

If Licensee fails to pay the invoice within a timely fashion, then DOL . . .

[to be filled in].

If Licensee is sixty days past due on the payment of an invoice, or if Licensee is thirty days past due more than three times in any given twelve-month period, DOL may suspend Licensee's Access Period until such time that the invoice and all applicable fees are paid in full. If Licensee's Access Period is suspended twice in a two year period for late payment, then DOL may terminate the contract without further notice.

12. SAFEGUARDING OF CONFIDENTIAL INFORMATION

Data provided from CPSS includes Confidential and Personal Information (jointly "Confidential Information"). Licensee acknowledges and agrees that in addition to all terms and conditions contained and incorporated into this contract, it further has a continuing legal obligation to comply with all federal and state laws, regulations, and security standards, as now enacted or revised over time, regarding Data Security, electronic data interchange, and restricted Permissible Uses of confidential information.

Licensee shall protect and safeguard all Confidential Information against any and all unauthorized disclosure, use, or loss as set forth in Attachment A - *Data Security Requirements*.

13. PERMISSIBLE USE OF DATA

Licensee shall only use the Data for the permissible uses outlined by the Licensee, and accepted by DOL, as noted on Licensee's Access Form entered with CPSS. All other uses are strictly prohibited.

14. SECONDARY DISPLAY OF DATA

Licensee and all Users may not provide screen prints of CPSS records to any clients, customers, or other entities for any reason, even if the information is the client's/customer's personal information. Clients and customers must apply for information through a public disclosure request to obtain their own records from DOL. The only exception to this restriction is for attorneys and private investigators who may provide such information only to clients for whom the information was requested.

Improper secondary use or display of any Confidential Information, including screen prints, may result in the immediate termination of this agreement. However the filing of such information in a court proceeding is expressly allowed.

15. ATTORNEY OR PRIVATE INVESTIGATOR (RCW 46.12.635, WAC 308-10-075),

Licensee is responsible for understanding and following the notice provisions concerning the releasing of Data to Attorneys and/or Private Investigators. (See RCW 46.12.635, and WAC 308-10-075.) Failure to properly provide notices may be cause for suspension and/or termination of this contract.

- A. When Licensee provides information obtained through CPSS to an Attorney or Private Investigator the Licensee (as the releasing party) shall provide notification letters to the person whom the vehicle or vessel information applied. Such notification letter must strictly comply with the draft letter attached as Attachment B. The Notification Letter must be sent within five (5) business days; Licensee shall also send a copy of the notification letter to DOL by email cpss@dol.wa.gov or fax 360-570-7895.

- B. When the Licensee is an Attorney or a Private Investigator, notification letters will sent by DOL. DOL reserves the right to bill Licensee for the reimbursement of costs associated with the required mailing to include: postage, envelopes, paper, etc.

16. PERMISSIBLE USE OF DATA

Licensee shall only use the Data for the permissible uses outlined by the Licensee, and accepted by DOL, as noted on Licensee's Access Form entered with CPSS. All other uses are strictly prohibited

17. INFORMATION REQUEST LOGS

Licensee shall maintain an updated Information Request Log (hereinafter IRL) concerning all data inquiries made to CPSS. The IRL shall be in conformity with Attachment C, and must minimally include all information on that attachment. Licensee may maintain one continuous IRL for all Users, or may maintain separate IRLs for each user. In addition to being reviewable at any audit, DOL may request for copies of any or all IRLs at any time, and Licensee shall email a the same to the DOL's Contract Manager within three business days of receiving the request.

18. AUDITS

Licensee shall allow for audits pertaining to its policies and practices concerning the safeguarding, permissible use, retention, and disposal of any Data received under this contract. Such audits may be conducted by DOL, or by an independent auditor at DOL's discretion.

A. Audits by DOL:

DOL may institute a random audit once a year, or may institute and audit for cause whenever DOL receives information (verified or unverified) that Licensee or any of its Users may be acting in non-conformity with this contract.

Audits may review any matters related to the terms, conditions, and restrictions, of this contract, which specifically include without limitation, IRLs, Licensee Account Information, User Access and information, Subscriber Rosters, Subscriber Agreements, copies of notification letters, and all other matters relating to the safeguarding and permissible use of the data.

B. Independent Third Party Audits

At DOL's discretion, Licensee may be required to hire an external independent auditor to conduct an internal audit of all Users and Subscribers. Audits must be completed within thirty (30) business days of a request and are to include but not be limited to, the review of Users and Subscriber's:

Data protection,
Access,
Permissible use and appropriate use of data,
Security measures, and
Data recipients.

C. Cost of Auditor

Licensee will be responsible for all costs associated with audits. If DOL selects the auditor, Licensee will prepay the estimated audit costs. If Licensee objects to the payment of the audit, then Licensee's only recourse is to terminate this contract.

D. Corrective Action Plans

Corrective actions plans are required for all deficiencies identified in an audit, unless DOL deems

that the deficiencies warrant the termination of the contract.

DOL also has sole discretion on whether such deficiencies should immediately suspend Licensee's Access Period to Data. If DOL agrees to maintain access despite audit deficiencies, such access is contingent on the following:

Within a timeframe established by DOL, Licensee must submit a corrective action plan for each deficiency identified by the audit. For each deficiency, the corrective action plan must outline the steps to be taken to correct the deficiency, and a timeline for completing all corrective steps. Licensee must then execute its corrective action plan accordingly. DOL will determine whether Licensee is substantially complying with its approved corrective action plan. If Licensee is not in substantial compliance, DOL may then suspend Licensee's Access Period or take other actions as allowed in this Contract.

Licensee's only recourse to any disagreement with an audit finding and/or with a corrective action finding is to suspend using CPSS and seek to terminate this contract.

19. TERMINATION

Termination of this contract may be made unilaterally by the Licensee, mutually as agreed upon by both parties, administratively by DOL and unilaterally by DOL based on non-compliance of the Licensee. All of termination matters may be equally applied to a suspension of Licensee's Access Period instead of a termination, except that a suspension that lasts longer than ninety days are grounds to automatically terminate this contract.

A. Unilateral Termination by Licensee

Licensee may terminate this contract at any time and for any reason upon providing written notice to DOL. On the date of termination, DOL will not provide any further Data to Licensee, regardless of any pending request. Licensee's election to terminate the contract does not relieve the Licensee from any provisions that survive the termination of the contract. If at the time of termination Licensee was under a corrective action plan or cure process, DOL may refuse future access based on the incompleteness of such matters.

B. Mutual Termination by Agreement of the Parties

The parties may mutually agree to terminate this Contract at any time, and for any reason, with or without a finding of cause. The mutual agreement of the parties must be stated in writing and executed in accordance with the amendment process. Pursuant to the mutual agreement, the parties may complete any pending Data requests, but may not entertain new requests. The actual termination date will be the date agreed to in writing by the parties, and not Data will be provided on or after that date.

C. Administrative Terminations

If DOL's authority to actively engage in this contract is suspended or terminated, whether by DOL, by a lack of funding, or by any other governmental issue that causes the disruption of authority to engage in the required activity, such a termination or suspension will automatically cause a termination or suspension of this contract, even without advance notice; although DOL is to provide as much notice as possible when such termination or suspension appears eminent. This involuntary termination is without cause.

Additionally, if DOL, as a state agency, determines that the continuation of this contract no longer conforms to DOL's policy, and/or is no longer in the best interests of DOL or the State of Washington, DOL may terminate the contract for convenience by giving written notice to the other party at least fifteen (15) Business Days before the effective date of termination.

D. Termination for Cause

DOL's may terminate or suspend the contract if Licensee violates any material term, condition, or requirement of this contract. DOL has sole discretion on whether the Licensee's non-compliance is cause for an immediate termination or suspension of the contract, or whether the Licensee should be given a cure process to correct any such non-compliance. If DOL chooses for an immediate suspension or termination, DOL must be able to identify how Licensee's non-compliance could cause immediate harm to the rights or interests of DOL, the State of Washington, or any individuals of the general public.

For any determination of non-compliance on the part of Licensee, DOL must provide Licensee with a written statement identifying the full nature of Licensee's breach in compliance and further justifying DOL's reasoning for seeking immediate suspension, termination, or a cure process. However, DOL may suspend Licensee's Access Period during a cure process. If DOL allows for a cure process, the parties will work together to establish the process and timeline for the Licensee to cure all matters. The agreed upon cure process will be put in writing and acknowledged by both parties. If parties cannot mutually determine a cure process, or if Licensee does not substantially complete the cure process within the stated timelines, DOL then has the right to elevate the matter to a suspension or termination at its discretion.

20. POST TERMINATION PROCEDURES

Regardless of the type of termination, with or without cause, Licensee remains bound by all provisions that survive the termination or expiration of this contract, including obligations on the disposition of Data.

The rights and remedies of the parties as provided in this License, are not exclusive and are in addition to any other rights and legal remedies provided by law, including without limitation, the right to receive financial reimbursement for incurred damages.

After receipt of a notice of termination or suspension, and except as otherwise directed by DOL, the Licensee may not place any further orders Data, and must settle all outstanding liabilities and claims arising from any pending or prior Data requests.

21. DISPOSITION OF DATA

Within ten days of Licensee relinquishing its rights to any vehicle or vessel, Licensee will destroy and fully dispose of all data connected to such vehicle or vessel.

Within thirty days of the expiration or termination of this contract, Licensee will return all Data to DOL and/or will otherwise destroy and erase all remaining Data, as directed by DOL. This requirement includes the destruction of all paper documents as well as the complete deletion or destruction of all applicable electronic files. Licensee is further required to execute a sworn declaration acknowledging its return and/or destruction of all Data. This paragraph survives the termination of this contract until such time that all Data is properly disposed of and/or destroyed.

GENERAL TERMS AND CONDITIONS

22. AMENDMENTS

This Contract may only be amended by mutual agreement of the parties. Such amendments are not be binding unless they are in writing and signed by personnel who have authorized signature authority to bind each of the parties.

Only DOL's Director or designated delegate by writing has the expressed, authority to alter, amend, modify, or waive any clause or condition of this Contract. No assumed or implied authority in any other DOL employee is allowed for such purposes.

23. ASSIGNABILITY

The Licensee may not assign this License, nor any claim arising under this License without the prior written consent of DOL, which consent shall not be unreasonably withheld. For purposes of this paragraph, a change in a corporate entity ownership and/or in the directorship of such entity may be deemed by DOL, as being the equivalent of an assignment, and may be grounds for the termination of this contract. If Licensee intends a change in the ownership /or directorship, it must provide notice to DOL.

24. CONTRACT COMMUNICATIONS

The Licensee's License Manager listed on page one (1) is responsible for all communications and notices pertaining to this Contract.

The Licensee is required to notify DOL License Manager, or its delegate, in writing within three (3) Business Days of changes to: business name, ownership, business address, phone number, email address, or License Manager or his/her contact information. Changes in contract manager or contract information, which are only administrative changes, may be made by simply by providing notice and do not require a full contract amendment.

25. GOVERNANCE

This License shall be construed and interpreted in accordance with the laws of the state of Washington and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

26. INDEMNIFICATION

The Licensee shall defend, indemnify, and hold harmless DOL, and employees of the state of Washington, from and against all claims, suits or actions arising from any form of Data Security Breach of this Contract, caused by any negligent or intentional acts or omissions of the Licensee, or it's Subrecipients. Licensee is further responsible for safekeeping of DOL Data and will defend, indemnify and hold harmless DOL from and against all claims, suits or actions arising from any unauthorized use of Data provided under this License. Each party to this License is responsible for its own acts and/or omissions and those of its officers, employees and agents.

27. INTEGRITY OF DATA

DOL may not be held liable for any errors which occur in compilation of Data, nor may DOL be held liable for any delays in furnishing amended Data. DOL on occasions may have to amend Data to include updates, alterations, and corrections. Licensee must incorporate the amended Data into all copies maintained by the Licensee, and require the same of all Sub-recipients.

28. LEGAL COMPLIANCE REQUIREMENT

Licensee, as a party under contract with the DOL, must comply with all applicable local, State, and federal laws rules and regulations. Such compliance minimally includes without limitation, all applicable licensing requirements of the State of Washington, all civil rights and non-discrimination laws, the Americans With Disabilities Act (ADA) of 1990, and all federal and state employment laws. Failure to comply with this provision may be grounds for termination of this contract regardless of any affect it may have on the subject matter of this contract.

29. RECORDS, INSPECTIONS

DOL may monitor and investigate the use and/or storage of Data, reports, and other information provided, used or acquired by the Licensee through this Contract. Licensee and all Subrecipients, upon request, must provide the state of Washington or the federal government with immediate, access to all records and information related to any Data received pursuant to this Contract. At the discretion of DOL, such records must be made available for inspection, review, and/or copying at no

additional cost to DOL or the state of Washington.

30. RECORD RETENTION - DPPA REQUIREMENTS

All of Licensee's records pursuant to this Contract, including all IRLs, Subscriber Agreements must be retained for six (6) years after expiration or termination of this Contract. Additionally, Licensee will further maintain records in accordance with the Driver's Privacy Protection Act (DPPA), including all updates and revisions thereto.

For purposes of this paragraph, "records" refers to all documentation, recorded or transposed per any medium, that contain financial or other relevant information involving any actions concerning the receipt, use, safeguarding, and/or distribution of Data pursuant to this Contract. The actual Data itself, including all confidential and personal information therein, is not to be deemed as a record; such Data should be disposed of as set forth in this contract.

31. SEVERABILITY

If any provision of this Contract or any provision of any document incorporated by reference is held invalid, such invalidity does not affect the other provisions of this Contract which can be given effect without the invalid provision, and if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Contract.

32. SURVIVORSHIP

The terms and conditions contained in this License that concern data security permissible use, insurance, record retention, and record inspection, survive the expiration and/or termination of this contract to the extent necessary for the purposes noted under each respective paragraph. Furthermore, any additional the terms and conditions contained in this License that by their sense and context are reasonably intended to survive the expiration or termination of this Contract will so survive.

33. WAIVER

A failure by either party to exercise its rights under this License shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this License unless stated to be such in a writing signed by an authorized representative of the party and attached to the original License.

- a. Ensure that all Users have reviewed and agree to comply with this Contract and all Terms and Conditions of contained herein or incorporated by reference.
- b. Ensure all Users understand requirements to:
 1. Not share their Sub Account number or password,
 2. Change passwords every ninety (90) calendar days,
 3. Not use the Data for personal reasons,
 4. Ensure the confidentiality and privacy of all information accessed.
- c. Maintain an individual Information Request Log (IRL) for all the inquiries they do. Ensure each User maintains individual, legible Attachment C *Information Request Log(s) (IRL)* (available online at <https://fortress.wa.gov/dol/ivipsprod/>) for every inquiry. IRLs shall be maintained for a minimum of six (6) years. Licensee may use legible IRL of their choosing, provided the IRL contains all of the data fields set forth in Attachment C and are formatted so that all data fields regarding a single inquiry fit on the same page.
- d. Ensure each User includes ALL inquiries on their individual IRL, including inquiries that return:
 1. A vehicle or vessel record, or
 2. "No file" or "no record found".
- e. Notify DOL in writing of any changes to contact information within three (3) business days of the change;

i.e. change of: business name, ownership, business address, phone number, Licensee Contact, new User, or if a User no longer needs access or leaves employment.
- f. Upon request, provide at no charge to DOL, the following within five (5) business days:
 1. Completed legible Attachment C, *Information Request Log(s) (IRL)*.
 2. Un-redacted samples of all services performed and copies of work products provided or produced for anyone as a result of Data obtained from DOL for any reason.
 3. Un-redacted copies of all Subscriber Agreements that identifies: all Subscribers, the date of Subscriber Agreements, and Subscriber use of Data.
 4. Un-redacted Subscriber Roster with current, accurate, and verifiable information for each Subscriber.

Licensee may use the Subscriber Roster of their choosing, provided the Subscriber Roster is in a Microsoft Word or Excel and include all of the data field sets in the Subscriber Roster template posted online at <https://fortress.wa.gov/dol/ivipsprod/>.

 - Licensee shall maintain copies of the Subscriber Roster and notification letter sent by Subscribers for the term of the Contract and for six (6) years from termination of this Contract.
 - All Subscribers must be identified on the Subscriber Roster, even if Data is only provided to them once.
 - Licensee is responsible to ensure that Subscribers comply with Section 11 of this Contract and the Washington State law notification letter requirements. Subscriber must send a copy of the notification letters to the Licensee and copies shall be provided to DOL upon request.

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34. **DATA CLASSIFICATION DECLARATION**

Data described in this Contract *is assessed to be* in the following data classification:

Category 4 – Confidential Information Requiring Special Handling

Confidential information requiring special handling is specifically protected from disclosure by law, there

are especially strict handling requirements dictated by statutes, regulations, or agreements. Serious consequences could arise from unauthorized disclosure, such as threats to health and safety, or legal

sanctions. Confidential information may include but is not limited to:

- Names and addresses (not including 5-digit zip code).
- Personal Information about individuals, regardless of how that information is obtained.
- Information concerning employee personnel records.
- Information regarding IT infrastructure and security of computer and telecommunications systems.

35. **ACCESS TO DATA**

Method of Access

Requests for vehicle/vessel records may be made by:

- a. Online internet access to IVIPS is available on a non-guaranteed basis seven days a week (Sunday through Saturday), twenty-four (24) hours per day.
- b. In writing, including email faxrecords@dol.wa.gov and fax 360-570-7894 (\$2.00 per record fee may apply).

Authorized Access to Data

- a. Licensee shall maintain a record of those with authorized access to Data and **shall complete and return** to DOL with the signed Contract: Attachment B, *User Access/Change Request* (<https://fortress.wa.gov/dol/ivipsprod/ContractForms.aspx>)

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- b. DOL will assign a unique Sub-account number to employees listed on User Access/Change Request. User employees must use their own unique Sub-account number to access IVIPS. User employees shall keep their Sub-account number and password confidential.

Licensee's Subscribers Accessing Electronic Data

Licensee shall:

- a. Licensee shall maintain an accurate, verifiable Subscriber Roster as described in Section 5 above.
- b. Provide Records and Data ONLY to persons or entities authorized under this Contract. Authorized persons and entities include: Licensee, Users, and Subscribers (if applicable).
- c. Permit access to the Licensee's computer systems solely by those of its Subscribers agreeing in writing to abide by the terms and conditions contained herein.
- d. Ensure that each person accessing data as a Subscriber is assigned unique logon and password information.
- e. Ensure that each inquiry can be tracked to the specific Subscriber and person making the inquiry.

36. DESTRUCTION OF DATA

- a. Licensee shall dispose of Confidential and Personal Information when information is no longer needed as part of business purpose or upon termination of Contract whichever occurs first as described in Section 6 of Attachment E, *Data Security Requirements*.
- b. **Government agencies are exempt from the requirements of this section by statute and shall adhere to their designated destruction and retention schedules.**

Commented [GG(1)]: No. Governments are not exempt and Data requirements are different than record retention. Agencies can only maintain data as long as their permissible use is being fulfilled.

37. SECURITY OF DATA

Licensee agrees to comply with Attachment E, *Data Security Requirements*, for the duration of the Agreement as described herein and shall:

- a. Ensure that any person or entity the Licensee provides records to will comply with the same restrictions, conditions, safeguards, disclosure, and use requirements of this Contract.
- b. Report to DOL within three (3) working days of discovery of any breach, misuse, or unauthorized disclosure of Vehicle/Vessel Records.
- c. Only allow those members of its workforce with assigned User Sub-Account numbers to access IVIPS.
- d. Instruct and ensure that sharing assigned User Sub-Account numbers is strictly prohibited and may result in termination of the Contract.
- e. NOT provide screen prints from IVIPS to anyone.

38. AUDITS

- a. Licensee shall submit to audits conducted by DOL. All audits shall be conducted at no cost to DOL.
- b. Audits may include, and are not limited to, review of: IRLs, User Access/Change Requests, Subscriber Rosters, Subscriber Agreements, copies of notification letters, and items listed in Section 5.
- c. A breach in any term or condition of this Contract may result in a failed Audit.
- d. Three (3) failed audits will result in access termination for a period to be determined at the discretion of DOL and may result in Contract termination.
- e. Audit results may be carried forward to renewal contracts and to any assigned account numbers.
- f. Upon request, Licensee must provide DOL with copies of any internal audit results.
- g. At DOL's discretion, Licensee may be required to hire an external independent auditor to conduct an internal audit of all Users and Subscribers. Audits must be completed within thirty (30) business days of a request and are to include but not be limited to, the review of Users and Subscriber's:
 - 1. Data protection,
 - 2. Access,
 - 3. Permissible use and appropriate use of data,
 - 4. Security measures, and
 - 5. Data recipients.

These audits shall be conducted at no cost to DOL and are solely at the Licensee's expense. The Licensee must provide DOL with copies of each audit and the results within ten (10)

business days of audit completion and upon request.

h.

39. **ATTORNEY OR PRIVATE INVESTIGATOR** (RCW 46.12.635, WAC 308-10-075),

- a. Whenever the Licensee provides information to an Attorney or Private Investigator the releasing entity must provide notification letters, to the person the vehicle or vessel information applies, within five (5) business days, and shall also send a copy to DOL by email cpss@dol.wa.gov or fax 360-570-7895.
- b. Whenever a Subscriber provides information to an Attorney or Private Investigator the releasing entity must provide notification letters to the person the vehicle or vessel information applies within one (5) business days, and shall also send a copy to the Licensee to be kept for three (3) years.

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NOTIFICATION

- c. The notice must only include the information contained in the Attachment D, *Sample Notification Letter*, provided online at <https://fortress.wa.gov/dol/ivipsprod/>.
- d. **When the Licensee is an Attorney or a Private Investigator, notification letters will be mailed by DOL.** DOL reserves the right to bill Licensee for the reimbursement of costs associated with the required mailing to include, but not limited to: postage, envelopes, papers, etc.
- e. **This section (Section 11) does not apply to government entities.**

40. DISCLAIMER

The records received from DOL are produced from sources believed to be reliable. However, information provided to Licensee is on an "AS IS" basis. Content that is free and publicly available may one day be eliminated, restricted, or require a fee. Records can quickly become out-of-date and DOL does not guarantee that the records provided are error free. DOL shall not be liable for loss of any kind for any reason due to errors or information provided by DOL.

41. CONTRACT CONTACT

- a. The Contract Contact (Contract Manager) listed on page one (1) of this document, shall be responsible for all communications pertaining to this Contract.
- b. The Licensee is required to notify DOL in writing within three (3) business days of changes to: business name, ownership, business address, phone number, email address, Licensee Contact, Users (new Users, Users that no longer need access, or Users that leave employment and any changes to the Subscribers and Subscriber Roster.
- c. Failure to appropriately make written notification to DOL may result in access termination of IVIPS, for which DOL will not be liable, or may result in termination of this Contract.

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ATTACHMENT B
IVIPS USE AND DISCLOSURE CONTRACT USER/ACCESS REQUEST

It is the Licensee's responsible to:

- a. Read and review the IVIPS Use and Disclosure Contract with each employee listed,
- b. Instruct employees not to disclose or share User Sub-Account numbers and passwords, and
- c. Notify DOL in writing within three (3) business days of any changes to the Contact information (i.e. business owner, business address, phone number, Contract Contact, employee eligibility or if an employee with access leaves employment).

Failure to comply with the above may result in immediate access termination or termination of this Contract.

TYPE or PRINT Business Name	IVIPS Account Number
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Include ALL Current and New Users Requiring Access

1.Type or print Employee Name	User Sub-Account Number
2.Type or print Employee Name	User Sub-Account Number
3.Type or print Employee Name	User Sub-Account Number
4.Type or print Employee Name	User Sub-Account Number
5.Type or print Employee Name	User Sub-Account Number
6.Type or print Employee Name	User Sub-Account Number
7.Type or print Employee Name	User Sub-Account Number
8.Type or print Employee Name	User Sub-Account Number
9.Type or print Employee Name	User Sub-Account Number
10.Type or print Employee Name	User Sub-Account Number
11.Type or print Employee Name	User Sub-Account Number
12.Type or print Employee Name	User Sub-Account Number
13.Type or print Employee Name	User Sub-Account Number
14.Type or print Employee Name	User Sub-Account Number
15.Type or print Employee Name	User Sub-Account Number
16.Type or print Employee Name	User Sub-Account Number
17.Type or print Employee Name	User Sub-Account Number
18.Type or print Employee Name	User Sub-Account Number
19.Type or print Employee Name	User Sub-Account Number
20.Type or print Employee Name	User Sub-Account Number

NOTE: This Form may be duplicated

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WAC 308-20-010 Definitions. (1) "Chemical compounds formulated for professional use only" are those compounds containing hazardous chemicals in a form not generally sold to the public; including but not limited to, bulk concentrates of permanent wave solution, neutralizers, chemical relaxers, oxidizing agents, flammable substances, facial creams, or approved chemical compounds. These compounds must be designated for use on the hair, face, neck, skin, or scalp.

(2) "Monthly student report" are forms provided by the school, approved by the department, preprinted with the school name. The report must include the month, year and daily activities of the student in each subject, (i.e., number of shampoos, haircuts, perms, colors, etc.) within each course (i.e., barbering, manicuring, cosmetology, hair design, esthetics, master esthetics, or instructor-trainee).

(3) "Completed and graduated" is the completion of the school curriculum and the state approved minimum hourly course of training.

(4) "Apprentice salon/shop" is a location certified by the Washington state apprenticeship and training (~~committee~~) council, that provides training for individuals accepted into the apprenticeship program. Apprentice salon/shops shall not receive payment from the apprentice for training.

(5) "Apprentice trainer" is a person that is currently licensed and in good standing. This person provides training in a licensed shop approved for the apprenticeship program, who must have received journey level training and have held a license in the curriculum for which he or she is providing training for a minimum of three years.

(6) "Journey level training" is the completion of three years working as a licensed cosmetologist, hair designer, barber, manicurist, esthetician, or master esthetician.

(7) "Completion of the apprenticeship training" is the completion of the apprentice salon/shop curriculum that includes the state approved hourly course of training as described in WAC 308-20-080.

(8) "Monthly apprentice report" forms provided by the apprentice shop, approved by the department, printed with the shop name, for use in recording apprentice training hours and activities.

(9) "Online training" means an approved electronic learning environment through a licensed school in which a student is enrolled. This training is limited to theory only. Online training may be used for up to twenty-five percent of the approved course of study.

(10) "Accreditation" is a status granted to a postsecondary school by one or more of the accrediting organizations recognized and approved by the U.S. Secretary of Education. Accreditation is voluntary and does not imply automatic transfer of credits from one postsecondary school to another.

(11) "Admission requirements" means the specific minimum criteria a school must use when accepting a student into the school.

WAC 308-20-080 Minimum instruction guidelines for cosmetology, hair design, barbering, manicuring, esthetics and master esthetics training. The minimum instruction guidelines for training required for a student or apprentice to be eligible to take the license examination for the following professions shall include:

(1) For cosmetology:

(a) Theory of the practice of cosmetology including business practices and basic human anatomy and physiology;

(b) At least 100 hours of skills in the application of manicuring and pedicuring services;

(c) At least 100 hours of skills in the application of esthetics services;

(d) Shampooing including draping, brushing, scalp manipulations, conditioning and rinsing;

(e) Scalp and hair analysis;

(f) Hair cutting and trimming including scissors, razor, thinning shears and clippers;

(g) Hair styling including wet, dry and thermal styling, braiding and styling aids;

(h) Cutting and trimming of facial hair including beard and mustache design and eyebrow, ear and nose hair trimming;

(i) Artificial hair;

(j) Permanent waving including sectioning, wrapping, preperm test curl, solution application, processing test curl, neutralizing and removal of chemicals;

(k) Chemical relaxing including sectioning, strand test, relaxer application, and removal of chemicals;

(l) Hair coloring and bleaching including predisposition test and strand test, and measurement, mixing, application and removal of chemicals;

(m) Cleaning and disinfecting of individual work stations, individual equipment and tools and proper use and storage of linens;

(n) Diseases and disorders of the scalp, hair, skin and nails;

(o) Safety including proper use and storage of chemicals, implements and electrical appliances;

(p) First aid as it relates to cosmetology; and

(q) Not all training may be on mannequins.

(2) For hair design:

(a) Theory of the practice of hair design including business practices and basic human anatomy and physiology;

(b) Shampooing including draping, brushing, scalp manipulations, conditioning and rinsing;

(c) Scalp and hair analysis;

(d) Hair cutting and trimming including scissors, razor, thinning shears and clippers;

(e) Hair styling including wet, dry and thermal styling, braiding and styling aids;

(f) Cutting and trimming of facial hair including beard and mustache design and eyebrow, ear and nose hair trimming;

(g) Artificial hair;

(h) Permanent waving including sectioning, wrapping, preperm test curl, solution application, processing test curl, neutralizing and removal of chemicals;

- (i) Chemical relaxing including sectioning, strand test, relaxer application, and removal of chemicals;
- (j) Hair coloring and bleaching including predisposition test and strand test, and measurement, mixing, application and removal of chemicals;
- (k) Cleaning and disinfecting of individual work stations, individual equipment and tools and proper use and storage of linens;
- (l) Diseases and disorders of the scalp and hair;
- (m) Safety including proper use and storage of chemicals, implements and electrical appliances;
- (n) First aid as it relates to hair design; and
- (o) Not all training may be on mannequins.
- (3) For barbering:
 - (a) Theory of the practice of barbering services and business practices and basic human anatomy and physiology;
 - (b) Shampooing including draping, brushing, scalp manipulations, conditioning and rinsing;
 - (c) Scalp and hair analysis;
 - (d) Hair cutting and trimming including scissors, razor, thinning shears and clippers;
 - (e) Hair styling, wet, dry and thermal styling and styling aids;
 - (f) Cutting and trimming of facial hair including shaving, beard and mustache design and eyebrow, ear and nose hair trimming;
 - (g) Artificial hair;
 - (h) Cleaning and disinfecting of individual work stations, individual equipment and tools and proper use and storage of linens;
 - (i) Diseases and disorders of the skin, scalp and hair;
 - (j) Safety including proper use of implements and electrical appliances;
 - (k) First aid as it relates to barbering; and
 - (l) Not all training may be on mannequins.
- (4) For manicuring:
 - (a) Theory in the practice of manicuring and pedicuring services, business practices and basic human anatomy and physiology;
 - (b) Artificial nails including silk, linen, fiberglass, acrylic, gel, powder, extensions and sculpting, preparation, application, finish and removal;
 - (c) Cleaning, shaping and polishing of nails of the hands and feet and treatment of cuticles;
 - (d) Cleaning and disinfecting of individual work station, individual equipment and tools and proper use and storage of linens;
 - (e) Diseases and disorders of the nails of the hands and feet;
 - (f) Safety including proper use and storage of chemicals, implements and electrical appliances;
 - (g) First aid as it relates to manicuring and pedicuring; and
 - (h) Not all training may be on mannequins.
- (5) For esthetics:
 - Theory in the practice of esthetics services, business practices and basic human anatomy and physiology (750 hours):
 - (a) Care of the skin compresses, massage, facials, wraps, masks, exfoliation, use of electrical or mechanical appliances or chemical compounds;
 - (b) Temporary removal of superfluous hair of the skin by means including tweezing, waxing, tape, chemicals, lotions, creams, sugaring, threading, mechanical or electrical apparatus and appliances;
 - (c) Cleaning and disinfecting of individual work stations, individual equipment and tools and proper use and storage of linens;

- (d) Diseases and disorders of the skin;
 - (e) Safety including proper use and storage of chemicals, implements and electrical appliances;
 - (f) First aid as it relates to esthetics; and
 - (g) Not all training may be on mannequins.
- (6) Master esthetics (450 additional hours):

Theory in the practice of master esthetics, business practices, and basic human anatomy and physiology including all of subsection (4) of this section and the following:

- (a) Laser, light frequency, radio frequency, ultrasound, and plasma practices;
- (b) Medium depth chemical peels;
- (c) Advanced client assessment, documentation, and indications/contraindications;
- (d) Pretreatment and post-treatment procedures;
- (e) Lymphatic drainage and advanced facial massage;
- (f) Advanced diseases and disorders of the skin; and
- (g) Advanced theories; alternative, touch, and spa body treatments.

(h) The use of medical devices during instruction of the master esthetics curriculum must comply with state law and rules, including any laws that require delegation or supervision by a licensed health professional acting within the scope of practice of that health professional. A detailed written explanation of how the course will be taught must be submitted and approved by the department.

(7) Online training curriculums must be approved by the department.

AMENDATORY SECTION (Amending WSR 13-24-042, filed 11/26/13, effective 1/1/14)

WAC 308-20-091 Student credit for training in a licensed salon/shop. (1) A maximum ten percent of the total curriculum hours required may be earned by a student in a licensed salon/shop under a contract approved by the department signed by the student, the school owner, and the salon/shop manager.

(2) A copy of the signed contract shall be kept in the student file, kept on file at the salon shop and given to the student and shall be made available to the department on request.

(3) Only those hours of instruction a student is given under the direction of ~~((a-licensed))~~ an operator licensed in the curriculum in which the student is enrolled in the contracted licensed salon/shop, and in the subjects agreed to in the contract shall be credited towards completion of the course of study required in RCW 18.16.100.

(4) Students will not receive any wages or commission for hours of credit earned in a salon/shop.

(5) Salon/shops shall provide weekly reports to the school and student with hours the student earned in each area of agreed training.

(6) Weekly reports provided by salon/shops verifying hours student earns in salon training must be included in student's records and recorded on student's monthly and final reports.

(7) Licensed operators must be physically present where students are training.

(8) Students in training must wear identification visible to the public that states that they are students in training.

(9) Certified training hours expire three years after the last day of attendance. Any hours earned by a student that are more than three years old are considered by the department to be expired and will not be considered valid towards initial licensure.

AMENDATORY SECTION (Amending WSR 13-24-042, filed 11/26/13, effective 1/1/14)

WAC 308-20-101 Apprentice credit for training in an approved apprentice salon/shop. (1) A minimum of one trainer per apprentice is required.

(2) Only those hours of theory instruction given under the direction of an instructor licensed under chapter 18.16 RCW shall be credited towards completion of the apprentice curriculum requirements for theory hours. Cosmetologist, hair design, barber, manicurist ~~((and))~~, esthetician and master esthetician theory hours must be taught in a classroom setting under the ~~((direct))~~ supervision of an instructor licensed in the curriculum for which he or she is providing theory instruction.

(3) With the exception of theory hours, only those hours of instruction an apprentice is given under the direction of an apprentice trainer as defined in WAC 308-20-010 and in the standards developed by the apprenticeship program shall be credited toward completion of the apprenticeship training.

(4) When all of the apprenticeship program requirements have been met by the apprentice and within thirty days of an apprentice's completed training, the committee shall provide to the apprentice a copy of the apprentice's final report.

(5) An apprentice may transfer between shops only when the Washington state apprenticeship council or the Washington state department of labor and industries approves the transfer.

(6) Apprentice trainers and instructors must be physically present where apprentices are receiving practical training.

(7) Certified training hours expire three years from last date of attendance. Any hours earned by an apprentice that are more than three years old are considered by the department to be expired and will not be considered valid towards initial licensure.

AMENDATORY SECTION (Amending WSR 13-24-042, filed 11/26/13, effective 1/1/14)

WAC 308-20-107 Use and training of instructor-trainees. (1) Instructor-trainees shall be supervised at all times by a licensed instructor. The licensed instructor shall be physically present where the instructor-trainee is working and be available for consultation with the instructor-trainee. The instructor-trainee may not act as a substitute for the licensed instructor.

(2) Instructor-trainees shall hold a current Washington state cosmetology, hair design, barber, manicurist, esthetician, or master

esthetician license in good standing prior to enrolling in an instructor-trainee program. A copy of the instructor-trainee's valid Washington state operator license shall be kept in the student's file.

AMENDATORY SECTION (Amending WSR 16-02-033, filed 12/29/15, effective 1/29/16)

WAC 308-20-110 Minimum safety and sanitation standards for schools, cosmetologists, hair designers, manicurists, estheticians, master estheticians, barbers, instructors, salons/shops, mobile units and personal services. Every licensee shall maintain the following safety and sanitation standards. In addition, school instructors and apprentice trainers must assure persons training in a school or apprentice salon/shop will adhere to the following safety, sanitation and disinfection standards:

(1) **Requirements and standards.**

(a) All locations where chemical services are provided to clients must have a dispensing sink with hot and cold running water. Dispensing sinks are used for mixing chemicals, and disinfecting supplies, tools, equipment, and other materials. Dispensing sinks must be labeled "not for public use."

(b) On-site laundry facilities must be maintained in clean condition.

(c) Single-use hand soap and disposable or single-use hand-drying towels for customers must be provided.

(d) Use of bar soap or a common towel is prohibited.

(e) A licensee must not perform or continue services on a client with visible open sores, inflamed skin, rash, or parasitic infestations.

(f) No licensee who knowingly has open sores, or who is exhibiting symptoms of an infectious or contagious disease or a disorder of the skin or a parasitic infestation shall provide services in cosmetology, hair design, manicuring, barbering, esthetics, or master esthetics while the licensee has the above mentioned symptoms.

If a licensee or a client has exhibited the symptoms mentioned in (e) and (f) of this subsection, the area in which the affected individual received or provided services, and all equipment and implements that could have possibly been touched by that individual shall be cleaned and disinfected, including the work and waiting areas.

(g) All liquids, creams, and other cosmetic preparations including paraffin wax and depilatory wax must be kept in clean and closed containers.

(h) All bottles and containers must be distinctly and correctly labeled to disclose their contents. All bottles and containers containing poisonous substances must be additionally and distinctly marked as such.

(i) Items subject to possible cross contamination such as liquids, creams and lotions, cosmetic preparations and chemicals including paraffin wax and depilatory wax must be dispensed in a way that does not contaminate the remaining portion by using a disposable, or ((sanitized)) cleaned and disinfected applicator. Applicators shall not be redipped in product. Liquids must be dispensed with a squeeze bottle, pump, or spray. Any product that cannot be disinfected that

comes in contact with the client shall be discarded after use on that particular client.

(j) Pencil cosmetics must be sharpened before each use. Clean and disinfect or dispose of the sharpener after service on each client.

(k) A licensee must thoroughly wash his or her hands with soap and warm water or any equally effective cleansing agent immediately before providing services to each client, before checking a student's work on a client, or after smoking, eating, or using the restroom.

(l) A client's skin upon which services will be performed must be washed with soap and warm water or wiped and/or sprayed with antiseptic or waterless hand cleanser approved for use on skin before a service.

(m) After service on each client, hair and nail clippings must immediately be placed in a closed covered waste container.

(2) Articles in contact with a client.

(a) A neck strip or towel must be placed around the client's neck to prevent direct contact between a multiple use haircloth or cape and the client's skin, and must be in place during entire service.

(b) All items, which come in direct contact with the client's skin that do not require disinfecting, must be discarded after each use.

(3) Materials in contact with a client.

(a) Paraffin wax and depilatory wax must be covered in a manner to prevent contamination except during the waxing service, and maintained at a temperature specified by the manufacturer's directions.

(b) Paraffin wax and depilatory wax must be dispensed in a way that does not contaminate the remaining portion by using one of the following methods:

(i) Use a new spatula each time wax is removed from the pot;

(ii) Apply wax directly onto a disposable strip;

(iii) Use one dedicated spatula to remove wax from the pot, and then spread the wax with a second spatula. The first spatula should never come in contact with either the client's skin or the second spatula; or

(iv) Separate a quantity of wax from the main wax pot to use on a single client; this quantity should be placed in a small single-use container. Double-dipping is allowed from a single client-use container.

(c) All used wax that has been in contact with a client's skin shall not be reused under any circumstances and shall be disposed of immediately after each use.

(d) All wax pots shall be cleaned and disinfected according to manufacturer's directions. No applicators shall be left standing in wax at any time.

(4) Chemical use and storage.

(a) When administering services to a client that involve the use of chemicals or chemical compounds, all licensees must follow safety procedures according to manufacturer's directions or safety data sheets (SDSs), to prevent injury to the client's person or clothing.

(b) Salon shops, personal service, mobile units and schools shall have in the immediate working area access to all safety data sheets (SDSs) provided by manufacturers for any chemical products used.

(c) Flammable chemicals must be stored away from potential sources of ignition.

(d) Chemicals which could interact in a hazardous manner such as oxidizers, catalysts, and solvents, must be stored per manufacturer's instruction.

(e) Licensees using chemicals or chemical compounds when providing services to clients must store the chemicals so as to prevent fire, explosion, or bodily harm. All chemicals must be stored in accordance with the manufacturer's directions.

(5) Refuse and waste material.

(a) All waste must be deposited in a covered waste disposal container. Containers located in the reception or office area, which do not contain waste relating to the performance of services, are exempt from having covers.

(b) All chemical, flammable, toxic or otherwise harmful waste material must be disposed of in the manner required by local hazardous waste management regulations.

(c) All waste containers must be emptied when full. Surfaces of waste disposal containers must be kept clean.

(d) Any disposable sharp objects that come in contact with blood or other body fluids must be disposed of in a sealable rigid (puncture proof) labeled container that is strong enough to protect the licensee, client and others from accidental cuts or puncture wounds that could happen during the disposal process.

(e) Licensees must have sealable rigid containers available for use at all times services are being performed.

(6) Sanitation/disinfecting. Environmental Protection Agency (EPA) approved disinfectants are indicated by their registration number on the product label. The product's manufacturer's directions for use shall always be followed.

(a) All tools and implements must be cleaned and disinfected or disposed of after service on each client. Tools and implements not approved for disinfection and reuse under manufacturers' specifications must be given to the client or discarded after service on each client. These tools and implements include, but are not limited to: Nail files, cosmetic make-up sponges, buffer blocks, sanding bands, toe separators or sleeves, orangewood sticks, and disposable nail bits. Presence of used articles in the work area will be considered prima facie evidence of reuse.

(b) When used according to the manufacturer's directions, each of the following is an approved method of disinfecting tools and implements after they are cleaned of debris:

(i) Complete immersion or spray with an EPA-registered disinfectant solution of the object(s) or portion(s) thereof to be disinfected; or

(ii) Steam sterilizer, registered and listed with the U.S. Food and Drug Administration; or

(iii) Dry heat sterilizer, registered and listed with the U.S. Food and Drug Administration, or Canadian certification.

(c) All cleaned and disinfected tools and implements must be stored in a closed nonairtight container or UV sterilizer. UV sterilizers shall be used only for clean storage of already cleaned and disinfected tools and implements.

(d) All disinfecting solutions and/or agents must be kept at manufacturer recommended strengths to maintain effectiveness, be free from foreign material and be available for immediate use at all times the location is open for business and changed daily.

(e) All articles, which come in direct contact with the client's skin that cannot be cleaned and disinfected, must be disposed of in a waste receptacle immediately after service on each client. Presence of these articles in the work area will be considered prima facie evidence of reuse.

(f) Disposable protective gloves must be disposed of after service on each client.

(7) **Disinfecting nonelectrical tools and implements.**

(a) All tools and implements used within a field of practice must be cleaned and disinfected after service on each client in the following order:

- (i) **Remove** all hair and/or foreign material;
- (ii) **Clean** thoroughly with soap or detergent and water;
- (iii) **Rinse** thoroughly with clear, clean water; and
- (iv) **Disinfect** with an EPA-registered disinfectant with demonstrated bactericidal, fungicidal, and virucidal activity, used according to manufacturer's directions or in a steam sterilizer or dry heat sterilizer under subsection (6)(b)(ii) and (iii) of this section.

(b) Tools and implements without sharp edges or points, including but not limited to combs, brushes, rollers, rods, etc., must be totally immersed in an EPA registered disinfectant according to manufacturer's directions.

(c) Clips or other tools and instruments must not be placed in mouths, clothing, pockets or ((unsanitized)) unclean holders.

(d) A client's personal tools and instruments must not be used in the establishment except when prescribed by a physician.

(8) **Disinfecting electrical tools and implements.** Electrical tools and implements must be disinfected after service on each client in the following order:

- (a) Remove hair and/or foreign matter;
- (b) Disinfect with an EPA disinfectant specifically made for electrical tools and implements.

(9) **Storage of tools and implements.**

(a) New and/or cleaned and disinfected tools and implements must be stored separately from all other items.

(b) Used tools and implements must be stored in a labeled drawer or container at the work station.

(c) Roller storage receptacles and contents must be cleaned and disinfected and free of foreign material.

(d) Storage cabinets, work stations and storage drawers for cleaned and disinfected tools and implements must be free of debris and used only for cleaned and disinfected tools and implements.

(10) **Cleaning and disinfecting foot spas.**

(a) As used in this section, "foot spa" or "spa" is defined as any basin using circulating water.

(b) After each client:

(i) **Drain** the water from the foot spa basin and remove any visible debris;

(ii) **Clean** the surfaces of the foot spa with soap or detergent, rinse with clean water and drain;

(iii) **Disinfect** the surface with an EPA registered disinfectant according to the manufacturer's directions on the label. Surfaces must remain wet with disinfectant for ten minutes or the time stated on the label.

(c) Nightly:

(i) For whirlpool foot spas, air-jet basins, "pipeless" foot spas and other circulating spas:

(A) **Drain** the water from the foot spa basin or bowl and remove any visible debris.

(B) **Clean** the surfaces of the foot spa with soap or detergent, rinse with clean water and drain.

(C) **Disinfect** - Fill the basin with clean water, adding the appropriate amount of EPA registered disinfectant. Turn the unit on to circulate the disinfectant for the entire contact time according to the manufacturer's directions on the label.

(D) **Drain and rinse** the basin with clean water and allow to air dry.

(ii) For foot spas with filter screens, inlet jets and other removable parts that require special attention during the disinfecting process.

(A) **Drain** the water from the foot spa basin and remove any visible debris.

(B) **Remove** the filter screen, inlet jets and all other removable parts from the basin and clean out any debris trapped behind or in them.

(C) **Scrub** the removable parts using a brush and soap or detergent.

(D) **Rinse** the removed parts with clean water and replace them in the basin.

(E) **Clean** the surfaces of the foot spa with soap or detergent, rinse with clean water and drain.

(F) **Disinfect** - Fill the basin with clean water, adding the appropriate amount of EPA registered disinfectant. Turn the unit on to circulate the disinfectant for the entire contact time according to the manufacturer's directions on the label.

(G) **Drain and rinse** the basin with clean water and allow to air dry.

(d) A record must be made of the date and time of each cleaning and disinfecting as required by (c) and (d) of this subsection. This record must be made at the time of cleaning and disinfecting. Cleaning and disinfecting records must be made available upon request by either a client or a department representative.

(e) For simple basins and reusable liners (no circulation):

(i) **Drain** the basin and remove any visible debris.

(ii) **Scrub** the basin with a clean brush and soap or detergent following manufacturer's directions.

(iii) **Rinse** the basin with clean water and drain.

(iv) **Disinfect** basin surfaces with an EPA registered disinfectant following manufacturer's directions. Surfaces must remain wet with disinfectant for ten minutes or the contact time stated on the label.

(v) **Drain and rinse** the basin with clean water and allow to **air dry**.

(11) **Headrests, shampoo bowls, and treatment tables.**

(a) The headrest of chairs must be cleaned and disinfected after service on each client.

(b) Shampoo trays and bowls must be cleaned and disinfected after each shampoo, kept in good repair and in a clean condition at all times.

(c) All treatment tables must be cleaned, disinfected and covered with clean linens or examination paper, which must be changed after each service on a client.

(12) **Walls, floors, and ceilings.** Walls, floors, and ceilings must be cleaned and disinfected as necessary and kept clean and free of excessive spots, mildew, condensation, or peeling paint.

(13) **Towels, linens, capes and robes.** No towels, linens, capes, or robes shall be used more than once without proper laundering as described in this section.

(14) All towels, linens, capes, robes, and similar items shall be laundered in a washing machine with laundry detergent and chlorine bleach used according to manufacturer's directions for disinfecting purposes. A closed dustproof cabinet with solid sides and a top shall be provided for cleaned towels, linens, capes and robes. A hamper with solid sides or a receptacle that is closed and ventilated shall be provided for all soiled cloth towels, linens, capes and robes and never left overnight.

(15) **Prohibited hazardous substances - Use of products.** No establishment or school may have on the premises cosmetic products containing hazardous substances which have been banned by the U.S. Food and Drug Administration for use in cosmetic products. Use of 100% liquid methyl methacrylate monomer and methylene chloride products are prohibited. No product must be used in a manner that is disapproved by the U.S. Food and Drug Administration.

(16) **Prohibited instruments or practices.** Any razor-edged tool, which is designed to remove calluses.

(17) **Blood spills.** If there is a blood spill or exposure to other body fluids during a service, licensees and students must stop and proceed in the following order:

(a) Stop service;

(b) Put on gloves;

(c) Clean the wound with an antiseptic solution;

(d) Cover the wound with a sterile bandage;

(e) If the wound is on a licensee hand in an area that can be covered by a glove or finger cover, the licensee must wear a clean, fluid proof protective glove or finger cover. If the wound is on the client, the licensee providing service to the client must wear gloves on both hands;

(f) Discard all contaminated objects. Contaminated objects shall be placed in a sealed plastic bag and that bag must be placed inside another plastic bag and discarded;

(g) All equipment, tools and instruments that have come into contact with blood or other body fluids must be cleaned and disinfected or discarded;

(h) Remove gloves; and

(i) Wash hands with soap and water before returning to the service.

(18) **First-aid kit.** The establishment must have a first-aid kit that contains at a minimum:

- Small bandages;

- Gauze;

- Antiseptic; and

- A blood spill kit that contains:

 - Disposable bags;

 - Gloves.

(19) **Restroom.**

(a) All locations must have a restroom available. The restroom must be located on the premises or in adjoining premises, which is reasonably accessible.

(b) All restrooms located on the premises must be kept clean and in proper working order at all times.

AMENDATORY SECTION (Amending WSR 13-24-042, filed 11/26/13, effective 1/1/14)

WAC 308-20-115 Reciprocity—Persons licensed in other jurisdictions. The department shall issue a license to any person who is properly licensed in any state, territory, or possession of the United States, or foreign country if the applicant submits:

- (1) Application;
- (2) Fee;
- (3) Proof that he or she is currently licensed in good standing as a cosmetologist, hair designer, barber, manicurist, esthetician, master esthetician, instructor, or the equivalent in that jurisdiction;
- (4) Provides proof that he or she has passed an examination approved by the director.

AMENDATORY SECTION (Amending WSR 13-24-042, filed 11/26/13, effective 1/1/14)

WAC 308-20-120 Written and performance examinations. (1) The department shall administer or approve the administration of a written and performance license examination. The department may approve written or performance examinations given by department-approved examination providers.

(2) The written and performance examinations for cosmetologist, hair design, barber, manicurist, esthetician, and master esthetician shall reasonably measure the applicant's knowledge of safe and sanitary practice.

(3) The written and performance examinations for instructors shall be constructed to measure the applicant's knowledge of lesson planning and teaching techniques.

(4) In order to be eligible for licensure, a license applicant must pass both the written and performance examinations in the practice for which they are applying.

(5) The minimum passing score for both the written and performance examinations in all practices is a scaled score of 75.

(6) Examination results expire three years from the date of the examination. Examination results that are more than three years old are considered by the department to be expired and will not be considered valid towards initial licensure.

AMENDATORY SECTION (Amending WSR 03-14-046, filed 6/24/03, effective 7/25/03)

WAC 308-20-520 Minimum salon/shop, mobile unit, and personal services licensing standards. No person shall operate a cosmetology, hair design, barbering, esthetics, master esthetics, or manicuring salon/shop, mobile unit, or personal services business in this state unless the business has qualified for and has in their possession a

location license issued by the department of licensing. If the ownership of the business changes, a new complete application must be submitted for approval and license issuance. Licenses are not transferable.

(1) An operator that leases space must obtain both a valid operator and salon/shop license for that specific location.

(2) A business that has one or more branch locations shall obtain a separate salon/shop license for each location.

(3) A licensed operator who provides cosmetology, hair design, barbering, esthetics, master esthetics, or manicuring services to place-bound clients in the client's home or in a long or short term health care facility is not required to obtain a location license.

(4) A long or short term health care facility that establishes a salon/shop and operates it on a for profit basis for clients other than place-bound clients shall obtain a location license.

AMENDATORY SECTION (Amending WSR 13-24-042, filed 11/26/13, effective 1/1/14)

WAC 308-20-550 Posting of required licenses, registrations, permits, notice to consumers, and current inspection form. (1) Licenses, the consumer notice required by chapter 18.16 RCW, the apprentice salon/shop notice as defined in WAC 308-20-555, and the most current inspection form shall be posted in direct public view.

(2) Original operator licenses with an attached current photograph shall be posted in clear view of clients in the operator's work station.

(3) Original instructor licenses with an attached current photograph shall be posted in clear view of the public.

(4) Original school, instructor, salon/shop, and mobile unit licenses shall be posted in the reception area.

(5) Personal services shall display their licenses and consumer notice in direct view of their client.

(6) A pocket identification card may not be used in lieu of an original license.

(7) No license which has expired or become invalid for any reason shall be displayed by any operator, instructor, or business in connection with the practice of cosmetology, hair design, barbering, esthetics, master esthetics, or manicuring. Any license so displayed shall be surrendered to a department representative upon its request.

(8) Licenses issued by another state, territory, or foreign country shall not be displayed in any salon/shop.

(9) A receipt, issued by the department of licensing, showing the application for a duplicate license may be used if the original has been lost, stolen, or otherwise destroyed until the duplicate license is received.

NEW SECTION

WAC 308-20-571 Initial school licensure requirements. The education and experience of administrators, faculty, and other staff must

be adequate to ensure that students will receive educational services consistent with the stated program objectives. School directors/administrators must have at least two years of experience working in a school or in the business administration field. Prior to approval of application for licensure, any person wishing to operate a school shall meet the requirements in RCW 18.16.140 and provide the following to the department:

(1) An identification of owners, shareholders, and directors:

(a) Complete legal name, personal telephone number, and home mailing address of the owner, shareholders, and directors.

(b) The form of ownership; e.g., sole proprietorship, partnership, limited partnership, or corporation.

(c) Names, addresses, personal phone numbers, email addresses, and prior school affiliations if any, of all individuals with ten percent or more ownership interest.

(2) A school that is a corporation or a subsidiary of another corporation must submit:

(a) Current evidence that the corporation is registered with the Washington secretary of state's office;

(b) The name, address, and telephone number of the corporation's registered agent.

(3) Schools under common ownership may designate a single licensed location as the principal facility for recordkeeping via written notice to the department.

(4) If leasing a space, a copy of the rental agreement.

(5) A catalog, enrollment agreement and cancellation and refund policy in accordance with chapter 308-20 WAC.

(6) Sample of all monthly student reports.

(7) Listing of all instructors including license number and expiration date.

(8) A description of programs and course offerings in accordance with chapter 308-20 WAC.

(9) The school must furnish proof that they provide liability coverage for students.

(10) Days and hours of operation of the school.

(11) A signed fire inspection report from the local fire authority indicating all standards and requirements have been met.

(12) Schools must design and implement programs required under WAC 308-20-080 to include content, duration, appropriate entrance criteria, instructional materials, staff, equipment and facilities to prepare students for the program's occupational objectives.

(13) The school must submit an exact floor plan of the physical location which:

(a) Is drawn to scale showing placement of all equipment; areas designated for the clinic, dispensary, classroom, office and restrooms; and identify student capacity. The floor plan shall include the total square footage of the school.

(b) Is adequate to meet the needs of its students and the objectives of the program;

(c) Provides a learning environment with enough classroom, laboratory, and shop space for the number of students to be trained; and

(d) Is maintained in compliance with state laws and local ordinances related to safety and health.

(14) The school must have equipment, furniture, instructional devices and aids, machinery, and other physical features that are adequate to accommodate the enrolled students at all times.

(15) Schools shall only offer educational services that have been approved by the department: All new program or course approval and program revisions shall be submitted to the department in a format prescribed by the department for review and approval prior to the proposed date of implementation.

AMENDATORY SECTION (Amending WSR 13-24-042, filed 11/26/13, effective 1/1/14)

WAC 308-20-572 Inspection of schools. ~~((1))~~ All locations shall pass an inspection by a department representative which shall meet the following requirements prior to approval of application or renewal for licensure~~((, any person wishing to operate a school shall, meet the requirements in RCW 18.16.140; submit to an inspection of the site; and provide the following:~~

~~((a) Name of owner and current mailing and physical address if solely owned.~~

~~((b) Names of partners and current mailing and physical addresses if a partnership.~~

~~((c) Names of corporate officers and current mailing and physical addresses if a corporation.~~

~~((d) Name of the school, complete mailing address, and physical address.~~

~~((e) Days and hours of operation of the school.~~

~~((f) A signed fire inspection report from the local fire authority indicating all standards and requirements have been met.~~

~~((g) Listing of all instructors including license number and expiration date.~~

~~((h) Sample of all monthly student reports.~~

~~((i) Sample of student packet to be provided to student at enrollment that must contain, but is not limited to, a copy of the school's catalog, brochure, enrollment contract, and cancellation and refund policies.~~

~~((j) Floor plan drawn to scale showing placement of all equipment; areas designated for the clinic, dispensary, classroom, office and restrooms; and identify student capacity. The floor plan shall include the square footage of the school.~~

~~((2) All locations shall pass a prelicensing inspection by a department representative by meeting the following requirements)):~~

~~((a))~~ (1) A permanent entrance sign designating the name of the school.

~~((b))~~ (2) A time clock and time cards or other equipment necessary for verification of daily student attendance and hours earned.

~~((c))~~ (3) An adequate supply of hot and cold running water shall be available for school operation.

~~((d))~~ (4) Textbooks/teaching materials - Textbooks shall be required for each student in attendance.

~~((e))~~ (5) Lavatories with hot and cold running water, single-use hand soap and disposable or single-use hand drying towels or an automatic hand dryer.

~~((f) When a salon and school are under the same ownership in the same building, separate operation of the salon and the school must be maintained. Common reception areas and restrooms will be allowed; how-~~

~~ever, the salon and school must have separate entrances and meet location requirements identified in chapter 18.16 RCW.~~

~~((g))~~ (6) A school and salon/shop shall not be operated in the same location. A school and salon/shop shall have separate exterior entrances and shall not share an interior passageway.

(7) Emergency evacuation plans posted for staff and students.

~~((h))~~ (8) There must be a sufficient number of tables/desks and chairs to accommodate the registered students.

~~((i))~~ (9) Department of licensing safety and sanitation guidelines posted in all dispensaries and classrooms.

~~((j))~~ (10) Supplemental training space must be preapproved by the department.

~~((i))~~ (a) The supplemental training space must be located within two miles of the original facility of the licensed school.

~~((ii))~~ (b) A duplicate copy of the school license shall be posted at the supplemental training space.

~~((iii))~~ (c) A duplicate copy of each instructor's license with a current photograph shall be posted at the supplemental training space.

~~((iv))~~ (d) The supplemental training space shall bear the same name as the original licensed school.

~~((v))~~ (e) Supplemental training space is only approved for theory and/or practice rooms. No clinic services shall be provided in supplemental training space.

~~((k))~~ (11) Schools must post a sign that contains the words "work done exclusively by students" or "all work performed by students under supervision of a licensed instructor" in the reception or clinic area.

NEW SECTION

WAC 308-20-573 School catalog, enrollment agreement/contract and cancellation and refund policy minimum requirements. (1) Each school must publish a catalog that explains its operations and requirements. The catalog must be current, comprehensive, and accurate. The school must provide the following, in some combination of a catalog, brochure, or otherwise written material and disclose that information to each prospective student prior to completing an enrollment agreement. The catalog must include at least the following:

(a) Date of publication;

(b) Names, physical and mailing addresses, and telephone numbers of the school's administrative offices and all supplemental training spaces;

(c) Names and qualifications of faculty. The list must be accurate as of the date of catalog publication. Any changes in faculty must be noted on a catalog correction sheet;

(d) The school calendar, including hours of operation, holidays, courses, or programs as may be appropriate;

(e) Admissions procedures, including policies describing all prerequisites needed by entering students to successfully complete the programs of study in which they are enrolled;

(f) A description of the job placement assistance offered, if any. If no assistance is offered, the school must make that fact known;

(g) The school's policy regarding student conduct, including causes for dismissal and conditions for readmission;

(h) The school's grievance policy. The policy must be preceded by "Nothing in this policy prevents the student from contacting the Department of Licensing at any time with a concern or a complaint.";

(i) The school's policy regarding leave, absences, makeup work (if applicable), and tardiness;

(j) The school's policy regarding standards of progress required for the student;

(k) An accurate description of the school's facilities and equipment available for student use, and the student/teacher ratio;

(l) The total cost of training including registration fee if any, tuition, books, supplies, equipment, and all other charges and expenses necessary;

(m) A description of each program of instruction, including:

(i) Specific program objectives including the job titles for which the program purports to train;

(ii) The number of clock hours of instruction, the method of instruction (e.g., correspondence, classroom, lab, computer assisted), and the average length of time required for successful completion;

(iii) For schools offering online theory training, instructional sequences must be described in numbers of lessons.

(n) The scope and sequence of courses or programs required to achieve the educational objective;

(o) A statement indicating the type of educational credential that is awarded upon successful completion;

(p) The school's cancellation and refund policy;

(q) The following statement must appear prominently on either the first or last printed page or inside the front or back cover: "This school is licensed under chapter 18.16 RCW. Inquiries, concerns, or complaints regarding this school can be made to the Department of Licensing, (insert mailing address, email or by telephone).";

(r) The availability of financing, if any; and

(s) Supplements or correction sheets for the catalog and other written materials related to enrollment must be filed with the department prior to being used;

(i) The supplement or correction sheet must include its publication date;

(ii) In the event information on a supplement or correction sheet replaces information contained in the catalog, the insert must identify the information it replaces.

(2) An enrollment agreement/contract is any agreement that creates a binding obligation to purchase a course of instruction from a school. Each school must use an enrollment contract or agreement that includes:

(a) The school's cancellation and refund policy, in accordance with chapter 308-20 WAC.

(b) The following statement: This school is licensed under chapter 18.16 RCW. Inquiries, concerns, or complaints regarding this school can be made to the department of licensing, (insert mailing address, email or by telephone).

(c) Information that will clearly and completely define the terms of the agreement between the student and the school. The enrollment agreement must include at least the following:

(i) The name and address of the school and the student;

(ii) The program or course title as it appears in the school's catalog, date training is to begin, and the number of hours or units of instruction or lessons for which the student is enrolled;

(iii) Language explaining that the agreement will be binding only when it has been signed and dated by the student and an authorized representative of the school prior to the time instruction begins; and

(iv) A statement that any changes in the agreement will not be binding on either party unless such changes have been acknowledged in writing by an authorized representative of the school and by the student or the student's parent or guardian if he/she is a minor.

(d) The school must provide all students with a copy of the signed enrollment agreement, and any other documents related to their enrollment.

(3) The official date of termination or withdrawal of a student shall be determined in the following manner:

(a) The date on which the school recorded the student's last day of attendance;

(b) The date on which the student is terminated for a violation of a published school policy which provides for termination.

(4) Tuition/registration fees may be collected in advance of a student signing an enrollment agreement; however, all moneys paid by the student shall be refunded if the student does not sign an enrollment agreement and does not commence participation in the program.

(a) The school must refund all money paid if the applicant is not accepted. This includes instances where a starting class is canceled by the school;

(b) For discontinued programs: If instruction in any program is discontinued after training has begun or if the school moves from one location to another, it must either:

(i) Provide students pro rata refunds of all tuition and fees paid; or

(ii) If the school plans to discontinue a program, it must notify the department and affected students in advance in writing at a minimum of thirty days notice.

NEW SECTION

WAC 308-20-574 School closure process. (1) Ceases to provide educational services means that a stoppage of training has occurred because:

(a) Facilities are rendered continuously unusable for a period of thirty calendar days or more; or

(b) Faculty or qualified substitutes assigned to a specific class are not available or otherwise fail to perform instructional duties for five or more successive days of scheduled instruction; or

(c) Bankruptcy proceedings or other financial conditions exist that result in the school interrupting scheduled instruction for five or more successive days; or

(d) Adverse action has been taken by a federal, state, or local jurisdiction which results in the school interrupting scheduled instruction for five or more successive days.

(2) The school must take measures to protect the contractual rights of present and former students if it ceases to provide educational services.

(3) If the school ceases to provide educational services, either voluntarily or involuntarily, it must:

(a) Inform the department promptly by the most expeditious means available and send confirmation by certified mail within three business days;

(b) Provide the name, address, and telephone number of the person(s) designated to be responsible for fulfilling the requirements of this section;

(c) Provide the department with the following information for each student who has not completed a course or program:

(i) Name;

(ii) Social Security number;

(iii) Address and telephone number of record;

(iv) Program name and amount of tuition and fees charged;

(v) Amount of tuition and fees paid to date;

(vi) Amount of class time left to complete the course or program;

and

(vii) If the tuition and fees were paid through federal student aid, the amount and type of aid.

(d) A written notice must be distributed to all enrolled students at least three business days prior to a planned interruption or closure. The notice must explain the procedures students are to follow to secure refunds or continue their education. A copy of the notice must also be submitted to the department within three business days;

(e) File with the department procedures for disbursement of refunds to students and set a date no longer than thirty calendar days from the last day of instruction to issue refund checks in the full amount for which students are entitled.

(4) File with the department its plans if any, for teach-out; ensuring that all affected students will continue to receive training at another institution of the similar quality and content as that for which they contracted:

(5) Refunds must be paid to the individual based on a day-by-day proportion of the services provided compared to the total length of the program.

(6) Make specific arrangements to transfer transcripts and other student records described under chapter 308-20 WAC to the department's custody.

(7) Remove or shutdown the school's web site and cease advertising.

(8) File with the department any information needed to complete the closure of the school.

AMENDATORY SECTION (Amending WSR 13-24-042, filed 11/26/13, effective 1/1/14)

WAC 308-20-575 School license renewal process. (1) Each school license shall be renewed on a yearly basis. In addition to the site inspection, the renewal request, along with the fee, shall be accompanied by:

(a) Certification of annual gross tuition and surety bond in an amount equal to ten percent of the annual gross tuition, but not less than ten thousand dollars or more than fifty thousand dollars;

~~(b) ((Current copies of curriculum, catalogs, and brochures;))~~
Copy of the school's catalog, enrollment agreement/contract, curricu-
lums, student monthly reports, current and accurate floor plan;
(c) Current list of instructor names and license numbers;
(d) Updated school information on forms provided by the depart-
ment including the days and hours of operation of the school; ~~((and))~~
(e) Verification of current student/instructor ratio;
(f) An identification of owners, shareholders, and directors:
(i) Complete legal name, personal telephone number, and home
mailing address of the owner, shareholders, and directors;
(ii) The form of ownership; e.g., sole proprietorship, partner-
ship, limited partnership, LLC, or corporation; and
(iii) Names, addresses, personal phone numbers, and prior school
affiliations if any, of all individuals with ten percent or more own-
ership interest.
(g) A school that is a corporation or a subsidiary of another
corporation must submit:
(i) Current evidence that the corporation is registered with the
Washington secretary of state's office; and
(ii) The name, address, and telephone number of the corporation's
registered agent.
(h) A signed fire inspection report from the local fire authority
indicating all standards and requirements have been met; and
(i) The school must submit an exact floor plan of the physical
location which is drawn to scale showing placement of all equipment;
areas designated for the clinic, dispensary, classroom, office and
restrooms; and identify student capacity. The floor plan shall include
the square footage of the school.
(2) Licenses must be renewed on or before the expiration date.
Failure to renew the license by the expiration date shall result in a
penalty. If not renewed on or before the expiration date, the school
shall not credit students any hours until the license has been re-
newed.
(3) Failure to receive a notice of license renewal from the de-
partment does not constitute cause for failure to renew.