

**2003 DRAFTING REQUEST**

**Senate Amendment (SA-SB44)**

Received: **05/09/2003**

Received By: **rnelson2**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-9915**

By/Representing: **Renner**

This file may be shown to any legislator: **NO**

Drafter: **rnelson2**

May Contact:

Addl. Drafters:

Subject: **Veterans - miscellaneous**

Extra Copies:

Submit via email: **YES**

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**Pre Topic:**

LFB:.....Renner -

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**Topic:**

Cap assessments for educational approval board student protection fund

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	rnelson2 05/09/2003	jdyer 05/09/2003	jfrantze 05/09/2003	_____	mbarman 05/09/2003		
		jdyer 05/09/2003		_____			
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FE Sent For:

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/1	rnelson2	1 5/9 jld 5/9		Self 5/9			

FE Sent For:

<END>



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 7, 2003

Joint Committee on Finance

Paper #810

### **Educational Approval Board Student Protection Fund (Veterans Affairs -- General Agency Provisions)**

[LFB 2003-05 Budget Summary: Page 460, #13]

#### **CURRENT LAW**

The Educational Approval Board (EAB) regulates more than 125 for-profit postsecondary schools, in-state nonprofit postsecondary institutions incorporated after January 1992, and out-of state nonprofit colleges and universities. The operation of the EAB is supported from a variety of fixed and variable fees.

The Board charges fixed fees for such actions as the approval of new schools and the approval of new or revised programs of study. The amount of the fee is based on the type of degree program being offered.

The general costs of EAB's operations are supported by annual renewal fees that are comprised of: (1) a fixed \$500 payment; and (2) a proportionate fee sufficient to cover the Board's regulatory costs, less revenues from all other fees. Each institution's fee is based on its proportionate share of adjusted gross annual revenue to total adjusted gross annual revenues of all regulated schools times an annual assessment factor set to generate the required funding need. Currently, this assessment factor is \$4.8711 per \$1,000 of an institution's adjusted gross annual revenues.

The statutes also authorize the EAB to require regulated schools to post surety bonds. EAB requires most institutions to provide a surety bond equal to 125% of the amount of tuition collected. The purpose of the bond is to reimburse students, parents, or other sponsoring agents if the institution is unable to fulfill its contractual education obligations to the student.

Base level funding for the EAB is \$433,900 PR annually. The Board is attached administratively to the Department of Veterans Affairs.

Committee could conclude that the problems the fund is intended to address are so infrequent that the creation of the fund and the associated regulatory and assessment mechanisms would not be warranted.

14. However, if the Committee chooses to approve the Governor's recommendation and establish a student protection fund, the Committee may also wish to establish a limit on the amounts that may be assessed for the fund. The Board has indicated that a fund of approximately \$1,000,000 appears reasonable. The Committee could include language limiting the Board from making further annual assessments for the fund any time the balance in the fund exceeds \$1,000,000. With this type of limitation, any time the fund might be drawn down below the \$1,000,000 threshold, the Board could resume assessments to replenish the fund.

**ALTERNATIVES**

1. Approve the Governor's recommendation providing \$60,300 PR in 2004-05 under a new PR, continuing student protection fund appropriation under EAB, authorizing the Board to make payments from the fund to students and others for full or partial tuition losses arising from the closure of a proprietary school, and authorizing the establishment of a fee, by administrative rule, that proprietary schools must into the fund.

② In addition to Alternative 1, include language limiting the Board from making annual assessments for the student protection fund any time the balance in the fund exceeds \$1,000,000.

3. Delete provision.

<u>Alternative 3</u>	<u>PR</u>
2003-05 REVENUE (Change to Bill)	- \$60,300
2003-05 FUNDING (Change to Bill)	- \$60,300

Prepared by: Darin Renner

- MO# 2
- Darling Y N
  - Welch Y N
  - Fitzgrid Y N
  - Lazich Y N
  - Harsdorf Y N
  - Kanavas Y N
  - Decker Y N
  - Moore X N
  - Kaufert Y N
  - Huebsch Y N
  - Ward Y N
  - Stone Y N
  - Rhoades Y N
  - Meyer Y N
  - Coggs Y N
  - Schooff Y N

15-1



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRBb0154/1

RPN: x:....

jld

LFB:.....Renner – Cap assessments for educational approval board student protection fund

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO 2003 SENATE BILL 44

1 At the locations indicated, amend the bill as follows:

2 1. Page 526, line 12: after that line insert:

3 "SECTION 1095m. 45.54 (10) (cm) of the statutes is created to read:

4 45.54 (10) (cm) *Limit on student protection fee.* The board shall discontinue

5 collecting annual student protection fees under par. (c) 4. during the period that the

6 balance in the fund created by those fees exceeds \$1,000,000."

7 (END)



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRBb0154/1  
RPN:jld:jf

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