

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected		2. Date January 21, 2020
3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) SPS 401 and SPS 404 to 411		
4. Subject Educational Approval Program		
5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	6. Chapter 20, Stats. Appropriations Affected	
7. Fiscal Effect of Implementing the Rule <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget		
8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses (if checked, complete Attachment A)		
9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0		
10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
11. Policy Problem Addressed by the Rule 2017 Wisconsin Act 59 eliminated the Educational Approval Board and transferred all of its duties to the Department of Safety and Professional Services. The Legislative Reference Bureau renumbered the relevant chapters and corrected the code references to effectuate this transfer. The Educational Approval chapters were fully reviewed for consistency and clarity with statutory authority. Additionally, these chapters contain provisions that are obsolete, contain incorrect cross-references, and are not compliant with drafting standards.		
12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. This rule was posted to solicit economic impact comments from businesses, associations representing businesses, local government units, and individuals that may be affected by the proposed rule for 14 days on the department's website. No comments were received.		
13. Identify the Local Governmental Units that Participated in the Development of this EIA. None.		
14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred) None.		
15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule The benefits of implementing the rule are to ensure that the administrative code relating to the educational approval program is consistent with department structure and available processes. The alternative to implementing the rule would be to leave the code out of compliance with existing statute and department structure and available processes, resulting in unnecessary confusion that may slow processes or even risk uncertainty for schools applying for approval or Wisconsin students attending those schools.		
16. Long Range Implications of Implementing the Rule		

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The long range implication of implementing the rule will be to align the code with existing department structure and available processes.

17. Compare With Approaches Being Used by Federal Government

The U.S. Department of Education recognizes accreditation agencies that accredit colleges and schools that are eligible to receive federal student loans and grants. The U.S. Department of Education adopts administrative rules which requires that institutions are satisfying a set of conditions for borrower defense to prevent fraud and predatory practices, such as graduation rates.

Wisconsin is also a signatory to the State Authorization Reciprocity Agreement (SARA) which establishes a state-level reciprocity process that will allow institutions to enroll students in Wisconsin as long as that institution has complied with the state regulations in the state where that institution is based.

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Illinois: The Illinois Board of Higher Education (IBHE) regulates private vocational schools, providing schools with a permit of approval (23 Ill. Admin. Code s. 1095.20). IBHE rules do not specifically provide for a requirement that the school designate an agent for the service of process but do require that the school have a surety bond of no less than \$10,000 (23 Ill. Admin. Code s. 1095.210).

Iowa: Iowa state law requires all schools to register with the Iowa College Student Aid Commission (Iowa Code s. 261B.3). A surety bond of \$50,000 and the designation of a resident agent for the purpose of receiving service in civil actions are required. The Iowa Secretary of State may be served if service cannot otherwise be made (Iowa Code s. 714.18 (1) (a)).

Michigan: Michigan requires licensure of proprietary schools, which provide vocational training but do not confer degrees. Proprietary schools must provide surety of between \$200 and \$10,000 depending on the number of students and whether the school is accredited (Mich. Admin. Code s. R 390.562).

Minnesota: Minnesota law distinguishes between private for-profit schools that offer education at a level less than an associate degree, and those that confer associate degrees and higher.

Schools conferring degrees must register with the Minnesota Office of Higher Education. New schools that have been granted conditional approval for degrees, or have been notified by the U.S. Department of Education that they have fallen below minimum financial standards for continued participation in Title VI, must provide a surety bond of between \$10,000 and \$250,000, or an amount equal in cash, securities, or a letter of credit (Minn. Admin Code s. 136A.646).

Schools that offer educational programs that do not result in an associate degree or higher are required to post a bond, cash, or letter of credit in the amount of 10% of the school's preceding year's net income, or \$10,000, whichever is higher. If the school is located outside of Minnesota, it is required to designate a resident agent authorized to receive service of process. If the designated agent is absent, or the school fails to designate an agent, the secretary of state shall be the resident agent for the purpose of service of process (Minn. Admin. Code s. 136A.822 (6) and (7)).

19. Contact Name

Jon Derenne, Administrative Rules Coordinator

20. Contact Phone Number

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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