

TO: Roger Breed, Ed.D.
Commissioner of Education

FROM: Sharon Katt, Administrator
Adult Program Services

SUBJECT: Approve Rule 42 (92 NAC 42), *Private Postsecondary Career Schools Agents and Issuance of Certificates of Approval to Recruit.*

PROPOSED BOARD ACTION

It is recommended that the State Board of Education approve the revisions of Rule 42 (92 NAC 42), *Private Postsecondary Career Schools Agents and Issuance of Certificates of approval to Recruit.*

BACKGROUND INFORMATION

The hearing was held on February 18, 2011 to hear testimony concerning the proposed revisions to [Rule 42](#). No one appeared to testify at the hearing. [Testimony](#) in support of the revisions to Rule 42 was provided by Carol Grell, Program Director, Private Postsecondary Career Schools. [Rule 42 hearing summary](#) is attached.

The following changes, if approved, will become effective July 1, 2011 or the effective date of this Chapter:

- The changes to [Appendix A of Rule 42](#) will increase, by 30% and will be rounded to the nearest dollar, the fees paid by Private Postsecondary Careers Schools for the purpose of administering the Private Postsecondary Career School Act. This fee increase is being proposed in accordance with [85-1643](#), (4) (a), R.R.S., which states "...Beginning with fiscal year 2006-07 and each year thereafter, the board in consultation with the advisory council shall establish fees sufficient to cover the total cost of administration, except that such fees shall not exceed one hundred ten percent of the previous year's total cost.
- The Private Postsecondary Career Schools Advisory Council met on December 6, 2010 and unanimously voted to forward these proposed changes to the Board.

Estimated Cost

\$700 for filing of public notice and printing copies of rule once adopted.

Supporting Documentation Included: Rule 42 Hearing Summary, Rule 42, Carol Grell Testimony, and Statute 85-1643.

For additional information on this item: Call Carol Grell (402) 471-4825 or e-mail carol.grell@nebraska.gov

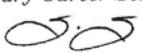


Roger D. Breed, Ed.D. COMMISSIONER
Scott Swisher, Ed.D. DEPUTY COMMISSIONER

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TO: State Board of Education

FROM: Scott Summers, Legal Counsel III, Commissioner's Appointed Staff Person to Conduct a Rule Hearing on Title 92, Nebraska Administrative Code, Chapter 42, *Private Postsecondary Career Schools Agents and Issuance of Certificates of Approval to Recruit* 

DATE: February 18, 2011

RE: Summary of rule-making hearing on Proposed Revisions to 92 NAC 42

On January 7, 2011, the State Board of Education approved a hearing draft and authorized the Commissioner to set a hearing date and location as well as designate a staff person to conduct a hearing on the adoption of proposed revisions to Title 92, Nebraska Administrative Code, Chapter 42. By a memorandum dated January 7, 2011, the Commissioner appointed me to conduct the hearing on this Rule on February 18, 2011, commencing at 10:00 a.m. After the proper legal notice was published, the hearing was held at the Nebraska State Office Building, Nebraska Department of Education, 301 Centennial Mall South, State Board Meeting Room, Sixth Floor, Lincoln, Nebraska. Pursuant to State Board of Education Policy B9, what follows is a written summary of the hearing testimony.

An audio recording of the hearing is available if any members of the Board wish to hear the tape.

**SUMMARY OF TESTIMONY ON THE PROPOSED REVISIONS TO 92 NAC 42,
Private Postsecondary Career Schools Agents and Issuance of Certificates of
Approval to Recruit**

Scott Summers, staff attorney and the hearing official, called the hearing to order, read into the record the name of the newspaper in which a legal notice of the hearing was published and the date the notice appeared, outlined the procedures for the hearing and introduced **Carol Grell, Director, Private Postsecondary Career Schools and Veterans Education, Nebraska Department of Education.**

Ms. Grell introduced and explained the proposed revisions to Title 92, Nebraska Administrative Code, Chapter 42 and offered her written testimony summarizing the proposed revisions. A copy of Ms. Grell's testimony is attached to this memo.

Susan Geschwender, President, Randall School of Real Estate, Inc., provided written testimony in support of the proposed 30% increase in fees charged annually to the Private Postsecondary Career Schools. A copy of Ms. Geschwender's testimony is attached.

To lead and support the preparation of all Nebraskans for learning, earning, and living.

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February 18, 2011

Kim Guyer, Executive Director, Creative Center College of Art & Design, provided written testimony in support of the proposed revisions to Rule 42.

Sharon Katt, Senior Administrator, Adult Program Services, NDE, testified in support of the proposed revision for increasing fees. Ms. Katt stated that the proposed increased fee is critical for maintaining services and it is important to assure that Private Postsecondary Career Schools are available for all Nebraska adult students.

No other oral or written testimony was received.

RULE 41:

Good morning. My name is Carol Grell. I am the Director of the Private Postsecondary Career Schools and Veterans Education section of this department.

It is recommended that the State Board of Education approve the proposed changes to Appendix A of Rule 41 (92 NAC 41), *Regulations for Private Postsecondary Career Schools Authorization to Operate*.

The changes to Appendix A of Rule 41 will increase, by 30%, the fees paid by Private Postsecondary Career Schools for the purpose of administering the Private Postsecondary Career School Act. This fee increase is permitted by Statute 85-1643, (4)(a), R.R.S., which states, "Beginning with fiscal year 2006-07 and each year thereafter, the board in consultation with the advisory council shall establish fees sufficient to cover the total cost of administration, except that such fees shall not exceed one hundred ten percent of the previous year's total cost."

This will be the third increase provided by this statute since 2007. (10% in 2007 & 2009)

The proposed fee increase was presented at a meeting of the Private Postsecondary Career Schools Advisory Council on December 6, 2010 and was approved by a unanimous vote. On January 7, 2011, the State Board of Education approved a hearing draft.

I would be happy to answer any questions at this time.

RULE 42:

Good morning. My name is Carol Grell. I am the Director of the Private Postsecondary Career Schools and Veterans Education section of this department.

It is recommended that the State Board of Education approve proposed revisions to Rule 42 (92 NAC 42), *Regulations Governing the Registration of Agents for Private Postsecondary Career Schools and the Issuance of Certificates of Approval to Recruit*.

The changes to Appendix A of Rule 42 will increase, by 30%, the fees paid by Private Postsecondary Career Schools for the purpose of administering the Private Postsecondary Career School Act. This fee increase is permitted by Statute 85-1643, (4)(a), R.R.S., which states, "Beginning with fiscal year 2006-07 and each year thereafter, the board in consultation with the advisory council shall establish fees sufficient to cover the total cost of administration, except that such fees shall not exceed one hundred ten percent of the previous year's total cost."

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I would be happy to answer any questions at this time.



RANDALL SCHOOL
of
REAL ESTATE, INC.

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February 16, 2011

Nebraska State Board of Education
c/o Carol Grell, Director
Private Postsecondary Career Schools
PO Box 94987
Lincoln, NE 68509-4987

Dear Board Members,

I am writing on behalf of the Advisory Council to encourage you to vote for the 30% increase in the fees charged annually to Private Postsecondary Career Schools. The Advisory Council voted unanimously in favor of this increase for several reasons.

First, the fees have not increased on a regular basis, making it difficult to cover the administrative costs in licensing postsecondary career schools.

Secondly, state statute requires that the fees charged to the schools be adequate to cover the administrative costs – a requirement that is not being met.

Thirdly, and most importantly, the Advisory Council strongly believes in the accreditation of private postsecondary career schools by the Nebraska Department of Education. By its careful regulation and accreditation process, the Department of Education is helping to assure postsecondary career students that the education they obtain from private postsecondary career schools in Nebraska will be of a high quality to help them achieve their goals.

Thank you for your consideration.

Sincerely,

Susan Geschwender, President
Randall School of Real Estate
Member, Advisory Council



January 20, 2010

Re: Support for a 30% fee increase for PPCS

This letter is in support of the 30% fee increase by the PPCS. As a member of the Advisory Committee, I have had the opportunity to be intimately involved in the discussions regarding this increase. As representatives of colleges, obviously we don't wish our costs to rise, and so it forced us, as a committee, to truly discover if there were any alternatives to this option. We approved the fee increase for the following reasons:

1. The PPCS is a fundamental part of Nebraska Education, assuring that not only students but also existing training institutions are protected against unscrupulous programs that try to take advantage of Nebraska citizens.
2. The PPCS is fees-based, which means they do not receive any funding from the state of Nebraska; all their operational costs must be derived from the fees they charge to approved institutions.
3. The PPCS has not significantly raised their fees in several years in an attempt to assist current schools with their cost maintenance. Unfortunately, this policy has led to the depletion of reserve funds; without a fee increase the PPCS is looking at certain extinction.

As a college offering both an Associate of Occupational Studies and also a Bachelor of Fine Arts, we at the Creative Center are held to regulations by both the PPCS and also the CCPE (Coordinating Commission for Postsecondary Education). While having two "State bosses" can cause duplication at times, we understand that the regulations, policies, paperwork and coordination in place are by no means a malicious attempt to derive profit from unsuspecting institutions. We understand that there must be some State oversight in place.

PPCS fills this role admirably, and this fee increase is not only sensible but also critical to their survival.

Sincerely,

Kim Guyer
Executive Director

CREATIVECENTER
COLLEGE OF ART & DESIGN

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85-1643 Private Postsecondary Career Schools Cash Fund; created; use; fees; schedule; no refund.

(1) The Private Postsecondary Career Schools Cash Fund is created. All fees collected pursuant to the Private Postsecondary Career School Act shall be remitted to the State Treasurer for credit to the fund. The fund shall be used only for the purpose of administering the act. No fees shall be subject to refund.

(2) Except as provided in subsection (4) of this section, fees collected pursuant to the act shall be the following:

- (a) Initial application for authorization to operate, two hundred dollars plus twenty dollars per program of study offered;
- (b) Renewal application for authorization to operate, one hundred dollars plus twenty dollars per program of study offered;
- (c) Approval to operate a branch facility, one hundred dollars;
- (d) Late submission of application, fifty dollars;
- (e) Initial agent's permit, fifty dollars;
- (f) Agent's permit renewal, twenty dollars;
- (g) Accreditation or reaccreditation, one hundred dollars;
- (h) Initial authorization to award an associate degree, one hundred dollars;
- (i) Initial authorization to offer a baccalaureate degree, two hundred dollars;
- (j) Significant program change, fifty dollars;
- (k) Change of name or location, twenty-five dollars; and
- (l) Additional new program, one hundred dollars.

(3) Fees for out-of-state schools may include, but shall not exceed the following:

- (a) Certificate of approval to recruit, five hundred dollars annually;
- (b) Initial agent's permit, one hundred dollars; and
- (c) Agent's permit renewal, forty dollars.

(4) (a) The board shall consult with the advisory council established pursuant to section 85-1607 regarding any increase in fees under the act. The board may increase fees by not more than twenty percent for each year of fiscal years 2003-04, 2004-05, and 2005-06. Beginning with fiscal year 2006-07 and each year thereafter, the board in consultation with the advisory council shall establish fees sufficient to cover the total cost of administration, except that such fees shall not exceed one hundred ten percent of the previous year's total cost. Such fees shall be set out in the rules and regulations adopted and promulgated by the board.

(b) Total cost shall be determined by an annual audit of:

- (i) Salaries and benefits or portions thereof for those department employees who administer the act;
- (ii) Operating costs such as rent, utilities, and supplies;
- (iii) Capital costs such as office equipment, computer hardware, and computer software;
- (iv) Costs for travel by employees of the department, including car rental, gas, and mileage charges; and
- (v) Other reasonable and necessary costs as determined by the board.

TITLE 92 - NEBRASKA DEPARTMENT OF EDUCATION
CHAPTER 42 - PRIVATE POSTSECONDARY CAREER SCHOOLS AGENTS AND
ISSUANCE OF CERTIFICATES OF APPROVAL TO RECRUIT

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001 General Information

001.01 Statutory Authority. This chapter is adopted pursuant to sections 85-1601 through 85-1653 of the Revised Statutes of Nebraska, (R.R.S.). Such sections may be cited as the Private Postsecondary Career School Act.

001.02 Scope of this Chapter. This chapter provides the procedures for the granting of permits for agents representing private postsecondary career schools in Nebraska and for the standards for issuance of certificates of approval to recruit.

001.03 Related Chapters. Chapter 41 of Title 92 of the Nebraska Administrative Code (92 NAC 41) provides the procedures for authorization to operate, and accreditation, of private postsecondary career schools in Nebraska, and granting of authority to award associate degrees. The procedures for hearings arising under this chapter is contained in 92 NAC 43. 92 NAC 44 contains the procedures for administration of the Tuition Recovery Cash Fund. Copies of these related regulations are available from the Nebraska Department of Education.

001.04 Implementation Date. The implementation date will be July 1, 2007 or the effective date of this Chapter, whichever is later.

002 Definitions. As used in this chapter:

002.01 Act shall mean the Private Postsecondary Career School Act.

002.02 Administrative Staff shall mean those persons hired by the resident director to perform administrative duties for the school.

002.03 Agent shall mean any person who owns any interest in, is employed by, or regularly represents for remuneration a private postsecondary career school located within or outside this state who

002.03A by solicitation made in this state enrolls or seeks to enroll a resident of this state for education offered by such school,

002.03B offers to award educational credentials for remuneration on behalf of any such school, or

002.03C holds himself or herself out to residents of this state as representing such a school.

002.04 Agent's Permit shall mean a nontransferable, written authorization issued to a natural person by the department which allows that person to solicit or enroll any resident of this state for education in a private postsecondary career school.

002.05 Authorization to Operate means approval by the Department to operate a private postsecondary career school in this state.

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002.06 Board means the State Board of Education.

002.07 Branch Facility means a facility which:

002.07A is separate from a principal facility;

002.07B offers a full program and full student services;

002.07C is under the supervision of an onsite director or administrator,

002.07D the ownership, management, and control of which are the same as the principal facility, and

002.07D1 which principal facility is responsible for the delivery of all services, or

002.07D2 at which education is offered by a franchisee of a franchisor authorized to operate as a private postsecondary career school pursuant to the act if the franchisor establishes the course curriculum and guidelines for teaching at the franchisee's facility.

002.08 Calendar Year means a 12-month period beginning January 1 and ending December 31.

002.09 Certificate of Approval to Recruit means annual approval by the Department for out-of-state schools to recruit students in this state.

002.10 Commissioner means the Commissioner of Education.

002.11 Course of Study or Instruction means a program of study, training, or instruction consisting of a series of lessons or classes which are coordinated as a curriculum or program of instruction to prepare or qualify individuals or improve or upgrade the skills needed for employment, career opportunities, or any specific occupation.

002.12 Delivery mode means classroom instruction, home study, or both which is delivered in any of the following manners: resident, independent study, practical training, correspondence or distance learning technology.

002.13 Department means the State Department of Education.

002.14 Distance Learning means a teaching and learning situation in which (i) the instructor and the learner are geographically separated; and, (ii) instruction and materials are delivered or exchanged by mail, electronic devices, or other means.

002.15 Education or Educational Services means any class, course, or program of occupational training, instruction, or study.

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002.16 Entity means any individual, company, firm, society, group, association, partnership, corporation, trust, or other person.

002.17 Fiscal Year means a period of time consisting of 12 consecutive months as defined by the accounting practices of the individual school.

002.18 Grant with respect to educational credentials, means award, sell, confer, bestow, or give.

002.19 Home Study School means a school which provides correspondence lesson materials prepared in a sequential and logical order for study and completion by a student on his or her own, with completed lessons returned by the student to the school for evaluation and subsequent return to the student, including those schools which offer instruction by home study in combination with inresidence training.

002.20 Nationally Accredited means accreditation of institutions and programs that have been approved by an accrediting body or bodies of national scope, which have been recognized by the U.S. Department of Education (USDE), based on prescribed accreditation criteria and standards and a peer evaluation process or a performance-based review process.

002.21 Offer includes, in addition to its usual meaning, advertising, publicizing, soliciting, or encouraging any person, directly or indirectly, in any form, to perform a described act.

002.22 Out-of-State School means any school which has its place of instruction or its principal location outside the boundaries of this state and which offers or conducts courses of instruction or subjects on the premises of the school, or provides correspondence or home study lesson materials or offers or provides Nebraska students with courses of instruction or subjects through activities engaged in or conducted outside the boundaries of Nebraska.

002.23 Principal Facility or Main School means a private postsecondary career school located and authorized to operate in the State of Nebraska.

002.24 Private Postsecondary Career School means any organization or business enterprise which is not specifically exempt under the Act which offers courses or subjects for which tuition is charged, and at the place of business of which a course of instruction is available through classroom instruction, home study, or both to a person for the purpose of training, preparing, or improving the person for an occupation even though the organization's or business enterprise's principal efforts may not be exclusively educational in nature.

002.25 Program means the complete body of prescribed subjects or studies for the purpose of training, preparing, or improving the person for an occupation.

002.26 Regionally Accredited means accreditation of institutions and programs that have been approved by an accreditation body of regional scope, which have been

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recognized by the U.S. Department of Education (USDE), based on prescribed accreditation criteria and standards and a peer evaluation process or a performance-based review process.

002.27 Resident Director means an individual entrusted with the direction and operation of a school. He or she shall have administrative responsibilities for the educational programs and policy making authority in curriculum, appointment of instructional staff, and scheduling of classes.

002.28 Resident School means any school offering courses of instruction to its students on the school's premises.

002.29 Separate Classroom means a supplemental training space

002.29A which is located near the main school for the purpose of expanding the educational offerings or for training an overflow of students who cannot be accommodated at the main school;

002.29B which is close enough to the main school to assure immediate supervision and administration of all essential student services by the main school and ready access by students to the student services available, and

002.29C in which the only required on-site services is teaching.

002.30 Short-term training means classes, courses, or programs of instruction or study that are offered for the purpose of training, preparing, or improving a person for an occupation when (a) the total hours of instruction required for completion is sixteen clock hours or less and (b) no final course grade is given to persons enrolled.

002.31 Tuition Recovery Cash Fund means a fund established pursuant to Section 85-1654 R.R.S. from the assessment of private postsecondary career schools for use in settling claims made by a claimant injured due to termination of operation of a private postsecondary career school for tuition and fees paid to the school for which classes were not offered and no refunds made.

002.32 Unearned Tuition and Fees means money paid by an individual to a school for classes which will be held in a future attendance period or for classes which are no longer available due to termination of operation of the school.

003 Education and Schools Exempted. No entity of whatever kind, alone or in concert with others, shall offer, as or through an agent, unless such agent is a natural person and has a currently valid agent's permit issued pursuant to this chapter, enrollment or instruction in or the granting of educational credentials from a private postsecondary career school not exempted from the act, whether such institution is within or outside this state, nor accept contracts or enrollment applications from any person who does not have a current agent's permit, but the board may adopt and promulgate rules and regulations to permit the rendering of legitimate public information services without such permit to operate, in the State of Nebraska, a

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private postsecondary career school which is not exempt unless the school has a currently valid authorization to operate.

003.01 The following education and schools are exempted from the provisions of the Act and this chapter:

003.01A Schools exclusively offering instruction at any or all levels from preschool through the twelfth grade;

003.01B Education sponsored by a bona fide trade, business, professional, or fraternal organization which is offered solely for that organization's membership or offered without charge;

003.01C Education provided by or funded by an employer and offered solely to its employees for the purpose of improving such persons in such employment;

003.01D Education solely avocational or recreational in nature as determined by the department;

003.01E Educational programs offered by a charitable institution, organization, or agency as long as such education or training is not advertised or promoted as leading toward occupational objectives;

003.01F Public postsecondary schools established, operated, and governed by this state or its political subdivisions;

003.01G Schools or organizations which offer education or instruction and which are licensed and regulated solely by an agency of the federal government with respect to curriculum and qualifications of instructional staff; and

003.01H Not-for-profit private colleges, universities, and entities (a) which awarded baccalaureate or higher degrees prior to May 27, 2003 which maintain and operate educational programs for which credit is given, and which are in compliance with sections 85-1105 to 85-1111 R.R.S. or (b) which award baccalaureate or higher degrees, which maintain and operate educational programs for which credit is given, which are in compliance with sections 85-1105 to 85-1111 R.R.S., and which are regionally accredited;

003.01I For-profit colleges, universities, and entities which award baccalaureate or higher degrees, which are in compliance with sections 85-1105 to 85-1111 R.R.S., and which are regionally accredited;

003.01J Institutions which have previously been regulated as private postsecondary career schools pursuant to the Private Postsecondary Career School Act, which have become regionally accredited, and which have been approved by the Coordinating Commission for Postsecondary Education to

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offer baccalaureate degrees or higher pursuant to sections 85-1105 to 85-1111 R.R.S. Institutions which have previously been regulated as private postsecondary career schools and which have been approved by the commission to offer baccalaureate degrees pursuant to sections 85-1105 to 85-1111 R.R.S. but which have not become regionally accredited shall remain under the jurisdiction of the State Department of Education and subject to the Private Postsecondary Career Schools Act; and

003.01K Entities exclusively offering short-term training.

003.02 Except as provided in section 003.01H, schools or organizations offering education or instruction which are licensed and regulated by agencies of this state other than the department, as of September 12, 1977, are exempt from the Act, except that such schools or organizations shall not be exempt from the provision of the Act with respect to agents' permits and the Tuition Recovery Cash Fund. Such schools are, thus, not exempt from this chapter.

004 Student Recruitment. It is the responsibility of each school to conform with the laws and regulations of this state, and in particular to see that each of its agents working in this state is properly authorized as required by the law.

004.01 A private postsecondary school is held accountable to ensure that ethical practices and procedures are maintained in the recruitment of students. Ethical procedures include, but are not limited to, the following:

004.01A A school will permit recruitment only by persons who are under their direct control and who adhere to the policies and procedures of the school;

004.01B A school is responsible to its students and prospective students for the representations made by its agent and therefore selects each agent with the utmost care, provides them with adequate training and arranges for constant and proper supervision of their work.

004.02 If an agent is authorized to prepare and/or run advertising, or to use promotional materials, the school accepts full responsibility for the materials used and must approve them in advance before they are used;

004.03 No agent is permitted to use the title of "counselor," or "advisor," while recruiting.

004.04 No agent shall discredit other schools falsely by imputing to them dishonorable conduct, inability to perform contracts or questionable credit standing; or make other false representations; or falsely disparage the character, nature, quality, value or scope of their courses of instruction or services; or demean their students because of race, creed, color, sex or national origin;

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004.05 No agent shall knowingly influence any student to leave another school nor encourage a person to change plans after signing an enrollment application and paying the registration fee of another school;

004.06 An agent is not allowed to recruit prospective students within 100 feet of any federal, state, or local government office which offers financial assistance unless:

004.06A The agent is an employee of the school;

004.06B The agent clearly identifies the name of the school he or she represents.

004.06C The agent has the written permission and approval of the governmental agency located at the premises; and

004.06D The school is authorized to operate or recruit in Nebraska.

004.07 When money is collected from an applicant for enrollment, the applicant is provided with a receipt issued by the school for the money collected and a copy of the enrollment agreement;

004.08 A student who has not visited the school facility prior to enrollment will be given an opportunity to withdraw without penalty within three days following either the regularly scheduled orientation procedures or following a tour of the school facilities and inspection of equipment.

005 Procedures for Application for Agent's Permit. An applicant for an agent's permit shall be an individual of good reputation and character, and shall represent only private postsecondary career schools which meet the minimum standards established pursuant to 92 NAC 41;

005.01 Application. An individual shall fully complete an application form provided by the department.

005.01A An applicant shall be required to obtain a separate agent's permit for each school represented.

005.01B Failure of an applicant to disclose all criminal convictions, including misdemeanors, shall be evidence of the lack of good reputation and character, and shall be cause for the Commissioner to deny any application or revoke any existing permit.

005.02 Materials that Shall Accompany the Application for an Agent's Permit.

005.02A Application Fee. The application shall be accompanied by an application fee. All fees collected pursuant to this section shall be remitted by the Department to the State Treasurer for credit to the Private

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Postsecondary Career Schools Cash Fund. No fee shall be subject to refund. Application fees are provided for in Appendix A.

005.02B Surety Bond. The application for an agent's permit shall be accompanied by a good and sufficient surety bond in a penal sum of five thousand dollars (\$5,000.00) as detailed below:

005.02B1 The bond shall be executed by the applicant as principal and by a surety company qualified and authorized to do business in this state. The bond may be in blanket form to cover more than one agent for a private postsecondary career school, but it shall cover each agent for the school in a penal sum of five thousand dollars (\$5,000.00). Bonds in blanket form shall be executed by the school as principal.

005.02B2 The bond shall be conditioned to provide indemnification to any student or enrollee or his or her parent or guardian determined to have suffered loss or damage as a result of any act or practice which is a violation of the Act by the agent and that the surety shall pay any final judgement rendered by any court of this state having jurisdiction upon receipt of written notification of the judgement. Regardless of the number of years that such bond is in force, the aggregate liability of the surety thereon shall in no event exceed the penal sum thereof. The bond may be continuous.

005.02B3 The surety bond shall cover the period of the agent's permit, as appropriate, except when a surety is released as provided in this section. A surety on any bond filed under section 005.02 may be released therefrom after such surety serves written notice thereof on the department thirty (30) days prior to the release. Such release shall not discharge or otherwise affect any claim theretofore or thereafter filed by a student or enrollee or his or her parent or guardian for loss or damage resulting from any act or practice which is a violation of the Act alleged to have occurred while the bond was in effect or for a school's ceasing operations during the term for which tuition has been paid while the bond or agreement was in force.

005.02B4 A single agent's permit and surety bond for one school with one or more branch facilities shall extend to cover all branch facilities.

005.02B5 Until the Tuition Recovery Cash Fund initially reaches the minimum fund level prescribed in section 85-1656 R.R.S., an agent's permit shall be suspended by operation of law when the school or agent is no longer covered by a surety bond or agreement as required by sections 85-1639 and 85-1640 R.R.S. The commissioner shall cause the school and agent to receive at least thirty (30) days written notice prior to the release of the surety to the effect that the permit shall be

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suspended by operation of law until another surety bond is filed in the same manner and like amount as the bond being terminated.

005.02C School Safety. The application shall be accompanied by a statement of assurance signed by the Resident Director or a member of the school's administrative staff stating that the school complies with all applicable health, fire, safety, and sanitation laws and regulations.

005.02D Financial Stability. The school shall have adequate revenues and assets to meet the school's financial obligations; to provide adequate services to its students and prospective students; to provide refunds when students have justifiable claims against the school, and to refund all unearned tuition and other charges within a reasonable period of time if the school is dissolved.

005.02D1 At a minimum, a school shall submit financial statements prepared in accordance with the Generally Accepted Accounting Principles (GAAP) for the school's most recently completed fiscal year. Schools that prepare audited financial statements must submit the audited financial statements. If the school is affiliated with a corporation/parent organization, a copy of the parent organization's most recent financial statements prepared by an independent CPA shall be submitted.

005.02D2 In evaluating the financial statements, a school must meet at least one of the following criteria:

005.02D2a The financial statements must demonstrate a minimum ratio of current assets to current liabilities of at least 1:1 for an institution's latest fiscal or calendar year. Asset Ratio is calculated by adding cash and cash equivalents to current accounts receivable and dividing the sum by total current liabilities.

005.02D2b The school must have a positive net worth in which total assets exceed total liabilities for its latest fiscal or calendar year.

005.02D2c The school shall show a profit for the most recent fiscal or calendar year or two previous fiscal years combined.

005.02E Contracts. The application shall be accompanied by copies of enrollment agreements and retail installment contracts to be used in Nebraska.

005.02E1 Enforcement of Contract. At the option of the student or his/her parent or guardian, all contracts entered into by any student, or his/her parent or guardian, or given them by an individual who

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does not possess a current and valid permit, and any non-negotiable promissory note or other non-negotiable indebtedness taken in lieu of

cash by such an individual, may be declared invalid by the department and all monies paid recovered from the school he/she represents.

005.02F Evidence of a Refund Policy. The application shall be accompanied by evidence that the school has and adheres to a reasonable refund policy of unearned tuition and fees paid in advance by an enrollee who fails to enter, or withdraws, or is discontinued therefrom prior to completion of the study. Refunds of unearned tuition, fees, and other charges shall be made in the following manner within sixty (60) days of termination:

005.02F1 If cancellation occurs within seventy-two (72) hours of enrollment, all monies paid shall be refunded.

005.02F2 If cancellation occurs after seventy-two (72) hours of enrollment, but before classes at the resident school begin or home study materials are delivered, a refund shall be made of all tuition paid except a registration fee not to exceed one hundred fifty (\$150.00).

005.02F3 If cancellation occurs after classes at the resident school have begun or after home study materials have been delivered, the school shall adhere strictly to the refund policy published in the school's catalog or in the enrollment agreement. Once books and supplies have been issued, they become the property of students and any refunds on them shall be at the discretion of the school.

005.02F4 A full refund is due students whose contracted educational services are denied as a result of intentional deception, or misrepresentation of facts, or the use of advertising which is known to be false, inaccurate, or misleading.

005.02F5 A full refund is due an individual whose admission is denied by the school.

005.02F6 The school shall make all refunds due within sixty (60) days following a student's official drop date, or in the case of a student who does not return to school at the expiration of an approved leave of absence, within sixty (60) days following the last day of that leave of absence.

005.02F6a The school shall maintain accurate records of attendance to assist in establishing the last day of attendance of any student enrolled at the school.

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005.02G Descriptive Literature. The application shall be accompanied by descriptive literature published or proposed to be published by the school. This shall include copies of all brochures, catalogs, promotional materials,

written scripts, media advertising, and promotional literature that may be used to induce students to enroll in courses of instruction.

005.02H Advertising. All advertising and promotional materials shall include the full and correct name and location of the school.

005.02H1 All materials used in this state shall be completely truthful and shall refrain from giving any false, misleading, or exaggerated impression with respect to the school, its personnel, its courses and services, or the occupational opportunities for its graduates.

005.02H2 When using the classified column of a newspaper or other publications to recruit students, the school shall use only headings such as "Education," "Schools," or "Instruction," rather than "Help Wanted," "Employment," or "Business Opportunities."

005.02H3 During recruitment, no statement or representation shall be made that students will be guaranteed employment nor shall any school or a representative thereof falsely represent opportunities concerning income.

005.02H4 No dollar amounts shall be quoted in any advertising as representative or indicative of the earning potential of graduates, unless the facts are substantiated and the supporting data made available for inspection.

005.02H5 The school's representatives shall refrain from using unethical, deceptive, or derogatory practices in recruiting students or in any reference to competitors.

005.02H6 All advertising or promotional materials shall clearly identify any branch facility as such and shall not portray it as a separate stand alone campus facility.

005.02I Out of State Schools; Certificate of Approval to Recruit. If any school which the applicant intends to represent is an out-of-state school, the application for an agent's permit shall be accompanied by:

005.02I1 the information required of schools making application for authorization to operate and evidence to show that its place of business outside this state has been licensed or approved for operation by the appropriate state agency in the state in which it is domiciled,

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005.0211a The information required above shall consist of the information required of schools applying for authorization to operate in this State as provided in 92 NAC 41, Sections 005.01 through 005.09A and Section 005.09C.

005.0212 an application for a Certificate of Approval to Recruit; and,

005.0213 and a fee as provided for in Appendix A.

005.0214 If the state of domicile of the school has no authorization law for private postsecondary career schools, or no such law applies to a particular school or course of study or instruction concerning which the applicant intends to act as an agent, the school shall:

005.0214a submit all information required in Section 005.0211a above and show evidence that it has been accredited by an accrediting agency recognized by the United States Department of Education as specified in section 85-1609 and,

005.0214b file with the department a school bond in at least the amount required by section 85-1639 R.R.S.

005.0214b1 The school bond shall be a surety bond in the penal sum of \$20,000, executed by the out-of-state school as principal and by a surety company qualified and authorized to do business in this state. The bond shall be conditioned to provide indemnification to any student or enrollee who is a resident of this state at the time of enrollment, or to his or her parent or guardian, who is determined to have suffered loss of damage due to the school not performing all agreements and contracts entered into with such students or parents/guardians.

005.0215 Term of Certificate of Approval To Recruit. The term of the Certificate of Approval To Recruit is based upon a term beginning on the date of issuance and ending December 31 of the same year.

006 Review of Application. Following review of an application for an agent's permit and any further information submitted by the applicant or required by the department and following such investigation of the applicant as the department may deem necessary or appropriate, the commissioner shall either grant or deny an agent's permit to the applicant.

006.01 Agent's Permit. The term for which an agent's permit is issued shall not extend for more than three (3) calendar year(s). All agents permits shall expire on December 31 of the second year following the year of issuance. The agent's permit shall be in a

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form approved by the department and shall state in a clear and conspicuous manner at least the following information:

006.01A The date of issuance, effective date and term;

006.01B The correct name and address of the agent; and

006.01C The school which such agent is authorized to represent.

007 Applicant Fails to Qualify. Upon review and consideration of an application for an agent's permit, if the department determines that the applicant fails to meet the standards established in the Act, the department shall:

007.01 So notify the applicant, setting forth the reasons therefore in writing, and shall deny the application;

007.02 Notify the school which the agent represented or proposed to represent, according to the records of the department, including the reasons for denial.

007.03 Extension of Time. The commissioner may grant to an applicant for an agent's permit an extension of time of reasonable duration in which the applicant may eliminate the reasons for denial contained in the statement of denial if the applicant has demonstrated to the satisfaction of the commissioner the desire to meet the standards established, and if, in the judgement of the commissioner, it would be reasonably possible for the applicant to meet such requirements and standards within such time.

007.04 Right of Hearing. Any person aggrieved by a decision of the commissioner respecting denial of or the placing of conditions on an agent's permit shall have the right to a hearing and review of such decision by the board as provided in sections 007.04A thru 007.04C.

007.04A If, upon written notification of any such action taken by the commissioner, the aggrieved party desires a hearing and review, such party shall so notify the board in writing within ten (10) business days after the giving of notice of such action was received. If such notice is not given, the action shall be deemed final. Upon receipt of such notice from the aggrieved party, the board shall fix the time and place for a hearing and shall notify the aggrieved party by certified mail.

007.04B At such hearing, the party may employ counsel, shall have the right to hear the evidence upon which the action is based, and may present evidence in opposition to the commissioner's action or in extenuation or mitigation. The hearing shall be conducted in accordance with 92 NAC 61. Any member of the board may preside except when a clear conflict of interest may be demonstrated.

007.04B1 The board shall adopt and promulgate rules and regulations for such hearings and may utilize hearing officers to conduct the

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hearings and present recommendations, including findings of fact and conclusions of law, to the board for final decision.

007.04C Finality of Board Decision. A decision of the board following a hearing shall be deemed final subject to the right of judicial review provided in 92 NAC 61. All matters presented at any such hearing shall be acted on promptly by the board, and the board shall notify all parties in writing of its decision, which

shall include a statement of findings and conclusions upon all material issues of fact, law, or discretion presented at the hearing, and the appropriate rule, order, sanction, relief, or denial thereof.

008 Renewal Process. At least thirty (30) days prior to the expiration of an agent's permit, the agent shall complete and file with the department an application form for renewal thereof. The renewal application shall be reviewed and acted upon as provided for an initial application.

009 Effect of Revocation. Any agent having a permit revoked, shall be prohibited from soliciting students in this state for any school governed by these regulations for a period of not less than one (1) year following the date of formal action of revocation.

FEEES

Initial agent's permit for school located in Nebraska, ~~one hundred fourteen dollars and ninety-nine cents (\$114.99)~~ one hundred forty-nine dollars (\$149.00).

Agent's permit renewal for school located in Nebraska ~~forty-five dollars and ninety-nine cents (\$45.99)~~ sixty dollars (\$60.00).

Certificate of Approval to Recruit, ~~one thousand one hundred forty-nine dollars and ninety-eight cents (\$1,149.98)~~ one thousand four hundred ninety-five dollars (\$1,495.00).

Initial agent's permit for out-of-state schools, ~~two hundred twenty-nine dollars and ninety-nine cents (\$229.99)~~ two hundred ninety-nine dollars (\$299.00).

Agent's permit renewal for out-of-state schools, ~~ninety-one dollars and ninety-nine cents (\$91.99)~~ one hundred twenty dollars (\$120.00).