

Idaho Office of the State Board of Education
INSTRUCTIONS for SURETY BOND WORKSHEET (Proprietary Schools)

Title 33, Chapter 24, Idaho Code changed significantly during the 2009 Legislature. The Surety Bond requirement has expanded to cover repayment of Outstanding Student Tuition in case of a school closure or default. (This is not the same thing as having a School Refund Policy that applies when a student voluntarily withdraws.)

- Key Factors:** (consumer protection) * Student tuition reimbursement must now cover total tuition and fees collected through course completion/receipt of Certificate.
 * Schools must show proof of a valid and current bond with each annual registration application. Use only the 2009 revised bond form from the OSBE web page; bonds on older forms must be re-accomplished.
 * Each school must calculate their own unique and specific bond value.

Program Note: Accurate risk assessment must recognize that receiving only half the required training for certification really counts for nothing. A school closure or default before the program is completed provides the student ZERO value for class time and all tuition spent. Therefore, prorating tuition reimbursement after a school defaults is **unjustified**.

New Surety Bond Formula: (example chart below) Tuition per Student, X Maximum No. Students per Class (school capacity), X Total No. Classes in Session at one time, = Maximum Tuition \$\$ Liability, per each course taught. Round that figure Up to next \$5,000 increment, = Required Bond.

Course Title: [List each course being taught on the same day on a separate line.] Course Title / Length of Course - days, weeks, etc / Qualification level	1. \$\$ Tuition per Student	(X) 2. <u>Maximum</u> # Students per Class	(=) 3. Total \$\$ Tuition per Class	(X) 4. Maximum # Classes in session	(=) 5. Maximum Tuition Liability (= Req'd Bond \$Value)	(Set at next higher \$5,000 increment) (=) 6. \$\$ Value of Required Bond
* [example-1] Diesel engine mechanic basic qualification crs 12 week session, leads to Basic Qualification Certificate <i>[or Anticipated significant program adjustments, with justifications]</i>	5225	20	104,500	2	209,000	210,000
*[example-2] Basic Accounting Course, for small businesses	500	10	5,000	3	15,000	15,000
Abbreviated Formula: Col 1 x 2 = 3. Col 3 x 4 = 5. Col 5 rounded up to next \$5000 increment = required \$\$ Bond Value. Total of all courses offered in one session equals New Surety Bond Requirement.						(Total \$\$ Bond Value to cover All courses above ...)

Quick Directions to Complete this Worksheet:

- Review the detailed Surety Bond Worksheet Instructions carefully. (Call OSBE/Registration Program Manager 208.332-1587, if you still have questions.)
- Column 1. List ALL courses the school teaches At The Same Time/On Any Given School Day. (If needed, use page 2 Expanded Worksheet, or attach additional sheets.)
 -- Fill in this column first -top to bottom, then complete each Column 1 thru 6 the same way
- Column 2. means the maximum number of students the school will accept/is able to teach, per class, for this course, (not the physical capacity of classrooms, but the max # you "intend" to teach. Numbers "enrolled" will vary from time to time, Not all classes might be Full on any given day, but you should plan as if they will be, just to be safe.)
- Column 4. means the maximum number of classes per course being taught at the same time during the school session.
- Column 6. Round Col 5 Up to the next higher \$5000 increment. This equals the required Bond to Cover this individual Course/Classes.
- Then Add all Col 6 figures at bottom. This figure is the Required Surety Bond the school must obtain and show proof of at Registration.

* [describing the example chart above] A Diesel Mechanics course is offered at School "A". They charge each student \$5,225 for the course. Even though the classroom could hold 40 seats, the school will only Accept 20 students per class. School "A" has the capacity to teach 2 classes per session. Therefore the maximum Tuition Liability is calculated to be \$209,000. Rounded up to the next \$5000 increment = \$210,000. School "A" must obtain a Surety Bond for \$210,000, valid through the entire registration year, and show proof of that Bond at Registration.

SURETY BOND WORKSHEET (Proprietary Schools)

Name of School / City Location: _____

Course Title: [List each course being taught on the same day on a separate line.] Course Title / Length of Course - days, weeks, etc / Qualification level	1. \$\$ Tuition per Student	(X) 2. Maximum # Students per Class (capacity)	(=) 3. Total \$\$ Tuition per Class	(X) 4. Maximum # Classes in session	(=) 5. Maximum Tuition Liability (= Req'd Bond \$Value)	(Set at next higher \$5,000 increment) (=) 6. \$\$ Value of Required Bond
Abbreviated Formula: Col 1 x 2 = 3. Col 3 x 4 = 5. Col 5 rounded up to next \$5000 increment = required \$\$ Bond Value. Total of all courses offered in one session equals New Surety Bond Requirement.						

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- Column 4. means the maximum number of classes per course being taught at the same time during the school session.
- Column 6. Round Col 5 Up to the next higher \$5000 increment. This equals the required Bond to Cover this individual Course/Classes.
- Then Add all Col 6 figures at bottom. This figure is the Required Surety Bond the school must obtain and show proof of at Registration.

Key Factors: (emphasis on consumer protection) * Student Tuition Liability must cover total tuition costs through course completion/receipt of Certificate.

* Schools that will pay higher Bond costs are those that are already receiving higher tuition revenues.

* Schools must show proof of the new bond with each annual registration.

* Each school must calculate their specific liability based on their Total Course Offerings and Total Course Length / Teaching Sessions during the year.

Program Note: Accurate risk assessment must recognize that receiving only half the required training for certification really counts for nothing. A school closure or default before the program is completed provides the student ZERO value for class time and all tuition spent. Therefore, prorating tuition reimbursement after a school defaults is **unjustified**.

** This is not the same thing as having a School Refund Policy that applies when a student voluntarily withdraws.

SURETY BOND Expanded WORKSHEET (Proprietary Schools)

Name of School / City Location: _____

Course Title: [List each course taught at the same time/same day on a separate line.]	1. \$\$ Tuition per Student	(X) 2. <u>Maximum</u> # Students per Class (capacity)	(=) 3. Total \$\$ Tuition per Class	(X) 4. Maximum # Classes in session	(=) 5. Maximum Tuition Liability (= Req'd Bond \$Value)	(Set at next higher \$5,000 increment) (=) 6. \$\$ Value of Required Bond
Abbreviated Formula: Col 1 x 2 = 3. Col 3 x 4 = 5. Col 5 rounded up to next \$5000 increment = required \$\$ Bond Value. Total of all courses offered in one session equals New Surety Bond Requirement.						