

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 173
SEPTEMBER 26, 2013**

**PRIVATE VOCATIONAL SCHOOLS ACT:
PROPOSED AGENCY REQUEST LEGISLATION**

At the July Workforce Board Retreat, Board staff presented policy options to address concerns about consumer protection for students attending private vocational schools. This tab includes a summary of the proposed legislation, the bill draft, the fiscal note for the Board's consideration, agency and stakeholder responses, and at the end of the tab, a KOMO news article about an issue with one of the private vocational schools. If the Board chooses to request this legislation it will then be submitted to the Office of Financial Management and Governor's Office for approval.

The Workforce Board is the agency responsible for licensing and regulating private vocational schools that do not offer degrees. The agency protects consumers against unfair business practices, adopts minimum standards for private vocational schools including financial viability and qualifications of instructors, investigates schools involved in student complaints, issues licenses to schools meeting minimum standards, and provides tuition reimbursement to students when schools close unexpectedly.

Earlier this year the agency discovered a loophole in its authority to address student concerns, after an injured worker whose training was funded by the state's Department of Labor and Industries was unable to file a complaint with the Board alleging that their training was insufficient to find employment.

Under the Workforce Board's statutes, the agency has the authority to license schools serving students paid for by a public agency. But the statutes do not authorize the Workforce Board to accept and act on complaints from students whose training is funded by a public agency, or to provide tuition reimbursement to a public agency in the event of a school closure. Even so, there is a public perception that the Workforce Board has the authority to act on all complaints filed against schools that the Workforce Board licenses.

This led Workforce Board staff to begin a thorough review of the Private Vocational Schools Act. The proposed bill provides increased consumer protection for students attending private vocational schools and helps ensure the quality and reputation of the private vocational school sector.

At the September Board meeting, staff will brief Board members on the proposed agency request legislation.

Board Action Requested: Adoption of Recommended Motion.

RECOMMENDED MOTION

WHEREAS, Private vocational schools are a significant component of our state’s postsecondary education and training capacity, offering an array of diverse and specialized programs—many not available through other institutions; and

WHEREAS, The vast majority of private vocational schools perform well, providing education and training that enables their students to gain employment in their chosen field; and

WHEREAS, Sudden or unannounced school closures, and operators that are not competent to provide the education promised, can harm students and undermine the reputation of the private vocational school sector; and

WHEREAS, The Workforce Board is the agency charged with licensing and regulating non-degree granting private vocational schools; and

WHEREAS, The intent of the Private Vocational Schools Act is to ensure that students attending private vocational schools are protected against practices by private vocational schools that are false, deceptive, misleading, or unfair, and to help ensure adequate educational quality at private vocational schools; and

WHEREAS, Workforce Board staff have worked with the affected stakeholders to craft legislation that reasonably extends consumer protection for private vocational school students without placing undue burdens on licensed schools; now

THEREFORE, BE IT RESOLVED, The Workforce Training and Education Coordinating Board submits the draft agency request legislation to the Office of Financial Management for the Governor’s approval.

DRAFT BILL SUMMARY

Summary of Major Changes to Current Law

1. Allow students whose tuition and fees are paid for by an agency to file complaints. Currently, only students who pay their own tuition and fees may file complaints.
 - RCW 28C.10.120 (1)
 2. Authorize the Tuition Recovery Trust Fund (TRTF) to reimburse agency-paid tuition and fees. Currently TRTF may only reimburse students. Schools would pay into TRTF based on tuition and fees received from either students or agencies.
 - RCW 28C.10.84 (10)
 3. When a school closes, if a student can provide evidence to the agency of the inability to continue their program of study at another institution, the TRTF can be used to reimburse students for the full value of tuition and fees already paid.
 - RCW 28C.10.84 (4 and 10c)
-

Full Overview of Changes

RCW 28C.10.010 (Intent)

- Language added that recognizes the value of private vocational schools, and indicates that the purpose of this Act is to increase consumer protections for students.

RCW 28C.10.030 (Application of chapter)

- Clarifies that trade, business, professional or fraternal organizations conducting or offering educational programs primarily for that organization's membership or offered by that organization on a no-fee basis are exempt from the chapter. The current language refers only to sponsoring organizations. Clarifies that entities that only offer courses for continuing education for professional licensure or skill improvement for an existing career are exempt.

RCW 28C.10.050 (Minimum standards)

- Schools must notify students that students may bring concerns or complaints to the Workforce Board. Current language refers only to inquiries.

RCW 28C.10.060 (Licenses—requirements—renewal)

- Corrects the title of the Tuition Recovery Trust Fund.

RCW 28C.10.082 (Tuition Recovery Trust Fund—created)

- Corrects the title of the Tuition Recovery Trust Fund.
- Authorizes disbursements from the Tuition Recovery Trust Fund to reimburse agencies that paid tuition and fees for students. Provides discretion to the Workforce Board for students living in border areas of the state.

RCW 28C.10.084 (Tuition Recovery Trust Fund—deposits—operation—claims)

- The Tuition Recovery Trust Fund can be used to reimburse agencies that paid tuition and fees for a student as well as the existing reimbursement potential for current or former students.
- Includes fees as acceptable for reimbursement from the fund.
- The Tuition Recovery Trust Fund liability is limited to unearned prepaid tuition and fees.
 - However, if the student can furnish evidence of their inability to continue their program of study at another institution, the Tuition Recovery Trust Fund may be used to reimburse up to the full value of tuition and fees paid to date.
 - Flexibility is given to the agency to use the Tuition Recovery Trust Fund to pay for a prior learning assessment (if needed) for a student who chooses to continue their education at another institution.
- Removes the clause that stated that the tuition has to currently be in the possession of the owner.
- Allows a student paid for by an agency to make a claim against the Tuition Recovery Trust Fund to reimburse the agency that made the investment.
- Provides discretion to the agency for students with unusual circumstances making a claim against the fund after the 30 day requirement.

RCW 28C.10.110 (Unfair business practices)

- The first part of this section is moved from the end of the section to better clarify the importance and subject for this section.
- Adds misrepresenting the number of faculty as an unfair business practice.

RCW 28C.10.120 (Complaints)

- Makes eligible a current or former student—regardless of the type of payment used to pay for their education—to file a complaint with the Workforce Board if they were harmed by an unfair business practice.
 - This is a change from the previous language that only allowed the Workforce Board to accept complaints from a student claiming a loss of tuition or fees, which had the effect of barring any formal complaints being filed by a student whose education or training was agency paid.

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0508.4/13 4th draft

ATTY/TYPIST: SCG:eab

BRIEF DESCRIPTION: Concerning private vocational schools.

1 AN ACT Relating to private vocational schools; and amending RCW
2 28C.10.010, 28C.10.030, 28C.10.050, 28C.10.060, 28C.10.082, 28C.10.084,
3 28C.10.110, and 28C.10.120.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 28C.10.010 and 1986 c 299 s 1 are each amended to read
6 as follows:

7 ~~((It is the intent of this chapter))~~ Private career and vocational
8 schools are a significant component of the state's postsecondary
9 education and training capacity, offering an array of diverse and
10 specialized programs, many of which are not available through other
11 institutions. The vast majority of private vocational schools perform
12 well, providing education and training that enables their students to
13 gain employment in their chosen field. Yet, sudden or unannounced
14 school closures and operators that are not competent to provide the
15 education promised can harm students and undermine the solid reputation
16 of the private vocational school sector. It is the intent of this
17 chapter to increase the state's consumer protections for private
18 vocational school students, to protect against practices by private

1 vocational schools (~~which~~) that are false, deceptive, misleading, or
2 unfair, and to help ensure adequate educational quality at private
3 vocational schools.

4 **Sec. 2.** RCW 28C.10.030 and 2012 c 229 s 576 are each amended to
5 read as follows:

6 This chapter does not apply to:

7 (1) Bona fide trade, business, professional, or fraternal
8 organizations (~~sponsoring~~) conducting educational programs primarily
9 for that organization's membership or offered by that organization on
10 a no-fee basis;

11 (2) Entities offering education that is exclusively avocational or
12 recreational;

13 (3) Education not requiring payment of money or other consideration
14 if this education is not advertised or promoted as leading toward
15 educational credentials;

16 (4) Entities that are established, operated, and governed by this
17 state or its political subdivisions under Title 28A(~~(7)~~) or 28B(~~(7) or~~
18 ~~28C~~) RCW or this title;

19 (5) Degree-granting programs in compliance with the rules of the
20 student achievement council;

21 (6) Any other entity to the extent that it has been exempted from
22 some or all of the provisions of this chapter under RCW 28C.10.100;

23 (7) Entities not otherwise exempt that are of a religious
24 character, but only as to those educational programs exclusively
25 devoted to religious or theological objectives and represented
26 accurately in institutional catalogs or other official publications;

27 (8) Entities offering only courses certified by the federal
28 aviation administration;

29 (9) Barber and cosmetology schools licensed under chapter 18.16
30 RCW;

31 (10) Entities (~~which~~) that only offer courses approved to meet
32 the continuing education requirements for professional licensure
33 (~~(under chapter 18.04, 18.79, or 48.17 RCW)~~) or skill improvement for
34 an existing career; and

35 (11) Entities not otherwise exempt offering only workshops or
36 seminars lasting no longer than three calendar days.

1 **Sec. 3.** RCW 28C.10.050 and 2013 c 39 s 15 are each amended to read
2 as follows:

3 (1) The agency shall adopt by rule minimum standards for entities
4 operating private vocational schools. The minimum standards shall
5 include, but not be limited to, requirements to assess whether a
6 private vocational school is eligible to obtain and maintain a license
7 in this state.

8 (2) The requirements adopted by the agency shall, at a minimum,
9 require a private vocational school to:

10 (a) Disclose to the agency information about its ownership and
11 financial position and to demonstrate to the agency that the school is
12 financially viable and responsible and that it has sufficient financial
13 resources to fulfill its commitments to students. Financial
14 disclosures provided to the agency shall not be subject to public
15 disclosure under chapter 42.56 RCW;

16 (b) Follow a uniform statewide cancellation and refund policy as
17 specified by the agency;

18 (c) Disclose through use of a school catalog, brochure, or other
19 written material, necessary information to students so that students
20 may make informed enrollment decisions. The agency shall specify what
21 information is required;

22 (d) Use an enrollment contract or agreement that includes: (i) The
23 school's cancellation and refund policy, (ii) a brief statement that
24 the school is licensed under this chapter and that inquiries, concerns,
25 or complaints may be made to the agency, and (iii) other necessary
26 information as determined by the agency;

27 (e) Describe accurately and completely in writing to students
28 before their enrollment prerequisites and requirements for (i)
29 completing successfully the programs of study in which they are
30 interested and (ii) qualifying for the fields of employment for which
31 their education is designed;

32 (f) Comply with the requirements of RCW 28C.10.084;

33 (g) Assess the basic skills and relevant aptitudes of each
34 potential student to determine that a potential student has the basic
35 skills and relevant aptitudes necessary to complete and benefit from
36 the program in which the student plans to enroll, including but not
37 limited to administering a United States department of education-
38 approved English as a second language exam before enrolling students

1 for whom English is a second language unless the students provide proof
2 of graduation from a United States high school or proof of completion
3 of a high school equivalency certificate as provided in RCW 28B.50.536
4 in English or results of another academic assessment determined
5 appropriate by the agency. Guidelines for such assessments shall be
6 developed by the agency, in consultation with the schools;

7 (h) Discuss with each potential student the potential student's
8 obligations in signing any enrollment contract and/or incurring any
9 debt for educational purposes. The discussion shall include the
10 inadvisability of acquiring an excessive educational debt burden that
11 will be difficult to repay given employment opportunities and average
12 starting salaries in the potential student's chosen occupation;

13 (i) Ensure that any enrollment contract between the private
14 vocational school and its students has an attachment in a format
15 provided by the agency. The attachment shall be signed by both the
16 school and the student. The attachment shall stipulate that the school
17 has complied with (h) of this subsection and that the student
18 understands and accepts his or her responsibilities in signing any
19 enrollment contract or debt application. The attachment shall also
20 stipulate that the enrollment contract shall not be binding for at
21 least five days, excluding Sundays and holidays, following signature of
22 the enrollment contract by both parties; and

23 (j) Comply with the requirements related to qualifications of
24 administrators and instructors.

25 (3) The agency may deny a private vocational school's application
26 for licensure if the school fails to meet the requirements in this
27 section.

28 (4) The agency may determine that a licensed private vocational
29 school or a particular program of a private vocational school is at
30 risk of closure or termination if:

31 (a) There is a pattern or history of substantiated student
32 complaints filed with the agency pursuant to RCW 28C.10.120; or

33 (b) The private vocational school fails to meet minimum licensing
34 requirements and has a pattern or history of failing to meet the
35 minimum requirements.

36 (5) If the agency determines that a private vocational school or a
37 particular program is at risk of closure or termination, the agency
38 shall require the school to take corrective action.

1 (1) The agency shall establish, maintain, and administer a tuition
2 recovery trust fund. All funds collected for the tuition recovery
3 trust fund are payable to the state for the benefit and protection of
4 any student or enrollee of a private vocational school licensed under
5 this chapter, (~~or~~) in the case of a minor, his or her parents or
6 guardian, or a public agency that paid tuition and fees on behalf of
7 Washington state students, for purposes including but not limited to
8 the settlement of claims related to school closures under subsection
9 (10) of this section and the settlement of claims under RCW 28C.10.120.
10 The fund shall be liable for settlement of claims and costs of
11 administration but shall not be liable to pay out or recover penalties
12 assessed under RCW 28C.10.130 or 28C.10.140. No liability accrues to
13 the state of Washington from claims made against the fund.

14 (2) By June 30, 1998, a minimum operating balance of one million
15 dollars shall be achieved in the fund and maintained thereafter. If
16 disbursements reduce the operating balance below two hundred thousand
17 dollars at any time before June 30, 1998, or below one million dollars
18 thereafter, each participating owner shall be assessed a pro rata share
19 of the deficiency created, based upon the incremental scale created
20 under subsection (6) of this section for each private vocational
21 school. The agency shall adopt schedules of times and amounts for
22 effecting payments of assessment.

23 (3) In order for a private vocational school to be and remain
24 licensed under this chapter each owner shall, in addition to other
25 requirements under this chapter, make cash deposits on behalf of the
26 school into a tuition recovery trust fund as a means to assure payment
27 of claims brought under this chapter.

28 (4) The amount of liability that can be satisfied by this fund on
29 behalf of each private vocational school licensed under this chapter
30 shall be the amount of unearned prepaid tuition (~~in possession of the~~
31 ~~owner~~) and fees. If the claimant provides evidence to the agency of
32 the inability to continue his or her program of study at another
33 institution, the agency's executive director or the executive
34 director's designee has the authority to reimburse the student or
35 public agency up to the full value of tuition and fees paid to date.
36 The agency may use the fund to pay for prior learning assessments for
37 students who choose to attend another institution.

1 (5) The fund's liability with respect to each participating private
2 vocational school commences on the date of the initial deposit into the
3 fund made on its behalf and ceases one year from the date the school is
4 no longer licensed under this chapter.

5 (6) The agency shall adopt by rule a matrix for calculating the
6 deposits into the fund on behalf of each vocational school. Proration
7 shall be determined by factoring the school's share of liability in
8 proportion to the aggregated liability of all participants under the
9 fund by grouping such prorations under the incremental scale created by
10 subsection (4) of this section. Expressed as a percentage of the total
11 liability, that figure determines the amount to be contributed when
12 factored into a fund containing one million dollars. The total amount
13 of its prorated share, minus the amount paid for initial
14 capitalization, shall be payable in up to twenty increments over a ten-
15 year period, commencing with the sixth month after the initial
16 capitalization deposit has been made on behalf of the school.
17 Additionally, the agency shall require deposits for initial
18 capitalization, under which the amount each owner deposits is
19 proportionate to the school's share of two hundred thousand dollars,
20 employing the matrix developed under this subsection.

21 (7) No vested right or interests in deposited funds is created or
22 implied for the depositor, either at any time during the operation of
23 the fund or at any such future time that the fund may be dissolved.
24 All funds deposited are payable to the state for the purposes described
25 under this section. The agency shall maintain the fund, serve
26 appropriate notices to affected owners when scheduled deposits are due,
27 collect deposits, and make disbursements to settle claims against the
28 fund. When the aggregated deposits total five million dollars and the
29 history of disbursements justifies such modifications, the agency may
30 at its own option reduce the schedule of deposits whether as to time,
31 amount, or both and the agency may also entertain proposals from among
32 the licensees with regard to disbursing surplus funds for such purposes
33 as vocational scholarships.

34 (8) Based on annual financial data supplied by the owner, the
35 agency shall determine whether the increment assigned to that private
36 vocational school on the incremental scale established under subsection
37 (6) of this section has changed. If an increase or decrease in gross
38 annual tuition income has occurred, a corresponding change in the

1 school's incremental position and contribution schedule shall be made
2 before the date of the owner's next scheduled deposit into the fund.
3 Such adjustments shall only be calculated and applied annually.

4 (9) If the majority ownership interest in a private vocational
5 school is conveyed through sale or other means into different
6 ownership, all contributions made to the date of transfer remain in the
7 fund. The new owner shall continue to make contributions to the fund
8 until the original ten-year cycle is completed. All tuition recovery
9 trust fund contributions shall remain with the private vocational
10 school transferred, and no additional cash deposits may be required
11 beyond the original ten-year contribution cycle.

12 (10) To settle claims adjudicated under RCW 28C.10.120 and claims
13 resulting when a private vocational school ceases to provide
14 educational services, the agency may make disbursements from the fund.
15 Students enrolled under a training contract executed between a school
16 and a ((public or)) private agency or business are not eligible to make
17 a claim against the fund. In addition to the processes described for
18 making reimbursements related to claims under RCW 28C.10.120, the
19 following procedures are established to deal with reimbursements
20 related to school closures:

21 (a) The agency shall attempt to notify all potential claimants.
22 The unavailability of records and other circumstances surrounding a
23 school closure may make it impossible or unreasonable for the agency to
24 ascertain the names and whereabouts of each potential claimant but the
25 agency shall make reasonable inquiries to secure that information from
26 all likely sources. The agency shall then proceed to settle the claims
27 on the basis of information in its possession. The agency is not
28 responsible or liable for claims or for handling claims that may
29 subsequently appear or be discovered.

30 (b) Thirty days after identified potential claimants have been
31 notified, if a claimant refuses or neglects to file a claim
32 verification as requested in such notice, the agency ((shall)) may be
33 relieved of further duty or action on behalf of the claimant under this
34 chapter. The executive director of the agency or the executive
35 director's designee will determine if an exemption to the thirty days
36 shall be granted if the claimant furnishes proof of an extraordinary or
37 exigent circumstance.

1 (c) After verification and review, the agency may disburse funds
2 from the tuition recovery trust fund to settle or compromise the claims
3 for an amount up to the value of unearned prepaid tuition and fees. If
4 the claimant provides evidence to the agency of the inability to
5 continue his or her program of study at another institution, the
6 agency's executive director or the executive director's designee has
7 the authority to reimburse the student or public agency up to the full
8 value of tuition and fees paid to date. The agency may use the fund to
9 pay for prior learning assessments for students who choose to attend
10 another institution. ((However, the liability of the fund for claims
11 against the closed school shall not exceed the amount of unearned
12 prepaid tuition in the possession of the owner.))

13 (d) In the instance of claims against a closed school, the agency
14 shall seek to recover such disbursed funds from the assets of the
15 defaulted owner, including but not limited to asserting claims as a
16 creditor in bankruptcy proceedings.

17 (11) When funds are disbursed to settle claims against a licensed
18 private vocational school, the agency shall make demand upon the owner
19 for recovery. The agency shall adopt schedules of times and amounts
20 for effecting recoveries. An owner's failure to perform subjects the
21 school's license to suspension or revocation under RCW 28C.10.050 in
22 addition to any other available remedies.

23 (12) For purposes of this section, "owner" includes, but is not
24 limited to, a person, company, firm, society, association, partnership,
25 corporation, or trust having a controlling ownership interest in a
26 private vocational school.

27 **Sec. 7.** RCW 28C.10.110 and 2001 c 23 s 3 are each amended to read
28 as follows:

29 (1) It is a violation of this chapter for an entity operating a
30 private vocational school to engage in an unfair business practice.
31 The agency may deny, revoke, or suspend the license of any entity that
32 is found to have engaged in a substantial number of unfair business
33 practices or that has engaged in significant unfair business practices.

34 (2) It is an unfair business practice for an entity operating a
35 private vocational school or an agent employed by a private vocational
36 school to:

- 1 ~~((1))~~ (a) Fail to comply with the terms of a student enrollment
2 contract or agreement;
- 3 ~~((2))~~ (b) Use an enrollment contract form, catalog, brochure, or
4 similar written material affecting the terms and conditions of student
5 enrollment other than that previously submitted to the agency and
6 authorized for use;
- 7 ~~((3))~~ (c) Advertise in the help wanted section of a newspaper or
8 otherwise represent falsely, directly or by implication, that the
9 school is an employment agency, is making an offer of employment or
10 otherwise is attempting to conceal the fact that what is being
11 represented are course offerings of a school;
- 12 ~~((4))~~ (d) Represent falsely, directly or by implication, that an
13 educational program is approved by a particular industry or that
14 successful completion of the program qualifies a student for admission
15 to a labor union or similar organization or for the receipt of a state
16 license in any business, occupation, or profession;
- 17 ~~((5))~~ (e) Represent falsely, directly or by implication, that a
18 student who successfully completes a course or program of instruction
19 may transfer credit for the course or program to any institution of
20 higher education;
- 21 ~~((6))~~ (f) Represent falsely, directly or by implication, in
22 advertising or in any other manner, the school's size, location,
23 facilities, equipment, faculty qualifications, number of faculty, or
24 the extent or nature of any approval received from an accrediting
25 association;
- 26 ~~((7))~~ (g) Represent that the school is approved, recommended, or
27 endorsed by the state of Washington or by the agency, except the fact
28 that the school is authorized to operate under this chapter may be
29 stated;
- 30 ~~((8))~~ (h) Provide prospective students with any testimonial,
31 endorsement, or other information which has the tendency to mislead or
32 deceive prospective students or the public regarding current practices
33 of the school, current conditions for employment opportunities, or
34 probable earnings in the occupation for which the education was
35 designed;
- 36 ~~((9))~~ (i) Designate or refer to sales representatives as
37 "counselors," "advisors," or similar terms which have the tendency to

1 mislead or deceive prospective students or the public regarding the
2 authority or qualifications of the sales representatives;

3 ~~((+10+))~~ (j) Make or cause to be made any statement or
4 representation in connection with the offering of education if the
5 school or agent knows or reasonably should have known the statement or
6 representation to be false, substantially inaccurate, or misleading;

7 ~~((+11+))~~ (k) Engage in methods of advertising, sales, collection,
8 credit, or other business practices which are false, deceptive,
9 misleading, or unfair, as determined by the agency by rule; or

10 ~~((+12+))~~ (l) Attempt to recruit students in or within forty feet of
11 a building that contains a welfare or unemployment office. Recruiting
12 includes, but is not limited to canvassing and surveying. Recruiting
13 does not include leaving materials at or near an office for a person to
14 pick up of his or her own accord, or handing a brochure or leaflet to
15 a person provided that no attempt is made to obtain a name, address,
16 telephone number, or other data, or to otherwise actively pursue the
17 enrollment of the individual.

18 ~~((It is a violation of this chapter for an entity operating a
19 private vocational school to engage in an unfair business practice.
20 The agency may deny, revoke, or suspend the license of any entity that
21 is found to have engaged in a substantial number of unfair business
22 practices or that has engaged in significant unfair business
23 practices.))~~

24 **Sec. 8.** RCW 28C.10.120 and 2007 c 462 s 3 are each amended to read
25 as follows:

26 (1) Complaints may be filed under this chapter only by a ~~((person
27 claiming loss of tuition or fees as a result of))~~ current student or
28 exiter of a program or training affected by an unfair business
29 practice. The complaint shall set forth the alleged violation and
30 shall contain information required by the agency on forms provided for
31 that purpose. A complaint may also be filed with the agency by an
32 authorized staff member of the agency or by the attorney general.

33 (2) The agency shall investigate any complaint under this section
34 and shall first attempt to bring about a negotiated settlement. The
35 agency director or the director's designee may conduct an informal
36 hearing with the affected parties in order to determine whether a
37 violation has occurred.

1 (3) If the agency finds that the private vocational school or its
2 agent engaged in or is engaging in any unfair business practice, the
3 agency shall issue and cause to be served upon the violator an order
4 requiring the violator to cease and desist from the act or practice and
5 may impose the penalties provided under RCW 28C.10.130. If the agency
6 finds that the complainant has suffered loss as a result of the act or
7 practice, the agency may order the violator to pay full or partial
8 restitution of any amounts lost. The loss may include any money paid
9 for tuition, required or recommended course materials, and any
10 reasonable living expenses incurred by the complainant during the time
11 the complainant was enrolled at the school.

12 (4) The complainant is not bound by the agency's determination of
13 restitution. The complainant may reject that determination and may
14 pursue any other legal remedy.

15 (5) The violator may, within twenty days of being served any order
16 described under subsection (3) of this section, file an appeal under
17 the administrative procedure act, chapter 34.05 RCW. Timely filing
18 stays the agency's order during the pendency of the appeal. If the
19 agency prevails, the appellant shall pay the costs of the
20 administrative hearing.

21 (6) If a private vocational school closes without providing
22 adequate notice to its enrolled students, the agency shall provide
23 transition assistance to the school's students including, but not
24 limited to, information regarding: (a) Transfer options available to
25 students; (b) financial aid discharge eligibility and procedures; (c)
26 the labor market, job search strategies, and placement assistance
27 services; and (d) other support services available to students.

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Individual State Agency Fiscal Note Summary

Bill Number: Z-0508.2/13	Title: An act related to private vocational schools
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Estimated Cash Receipts

Agency Name	2013-15			2015-17			2017-19		
	GFS	TRTF	Total	GFS	TRTF	Total	GFS	TRTF	Total
Workforce Training Board	116,950	105,028	221,978	237,409	219,509	456,918	244,531	232,112	476,643
Total \$	116,950	105,028	221,978	237,409	219,509	456,918	244,531	232,112	476,643

Estimated Expenditures

Agency Name	2013-15				2015-17				2017-19			
	FTEs	GFS	TRTF	Total	FTEs	GFS	TRTF	Total	FTEs	GFS	TRTF	Total
Workforce Training Board	1.5	73,345	107,385	180,730	1	120,128	189,229	309,357	1	126,503	197,677	324,180
Total	1.5	73,345	107,385	180,730	1	120,128	189,229	309,357	1	126,503	197,677	324,180

Estimated Capital Budget Impact

none

Prepared by: Glena Red Elk, Chief Financial Officer	Phone: 360 709-4620	Date: 9/11/13
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Part II: Narrative Explanation

II. A.- Brief Description of What the Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 5

Allows for agencies who paid for education or training for a private vocational school student to be eligible for reimbursement from the Tuition Recovery Trust Fund (TRTF). The TRTF is currently only available to reimburse self-pay students. The Workforce Board prorates payments to the Tuition Recovery Trust Fund from licensed schools to only account for tuition received from students who are self-pay. A change to allow agencies to be reimbursed from the fund would result in requiring schools to pay into the Tuition Recovery Trust Fund (TRTF) based on all tuition received – whether from self-pay or public sources. Estimated receipts for the Tuition Recovery Trust Fund from licensed schools will increase by \$105,028; while estimated expenditures to students or agencies from the fund will increase by \$34,040. The agency would incur higher staffing needs to process changes in Tuition Recovery Trust Fund payments for existing schools with agency paid students.

Section 6

The maximum level of reimbursement from the TRTF of unearned prepaid tuition and fees is unchanged, but this section provides the flexibility for the agency to reimburse the student for the full value of prepaid tuition and fees if the student is able to provide proof of an inability to continue their education at a similar institution. This section also provides the ability for the agency to use the fund to pay for a prior learning assessment for students who choose to attend another institution.

Section 8

Allows for students with education or training paid for by a public agency to file formal complaints with the Workforce Board. The Workforce Board is currently unable to accept complaints from agency paid students, and has not historically licensed schools with only agency paid students. For those schools that are currently licensed, the Workforce Board prorates licensing fees to only account for tuition received from students who are self-paid. Under this section, annual license fees would be higher for some schools, since fee levels are currently based only on self-pay students. The agency would need an additional 1.5 FTE to respond to an increase in inquires and formal complaints, license new schools, and process changes in licensing fees for existing schools with agency paid students.

II.B.- Cash Receipt Impact

The Workforce Board currently has 324 private career schools licensed. Surveys of Labor and Industries, Workforce Development Councils, DSHS-Division of Vocational Rehabilitation and Department of Services for the Blind, indicate there are approximately an additional 157 schools to be licensed. Adding 157 schools to be licensed is a 48% increase in the number of schools, and will result in an increase in licensing revenue of 44.93%, from an annual amount of \$260,315 to an annual amount of \$377,625.

Sections 5, 6 & 8

A 48% increase in the number of schools required to pay into the trust fund for the next ten years will increase tuition recovery revenue by 48%, from an annual amount of \$218,809 to an annual amount of \$323,837.

II.C.- Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditure (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Sections 5, 6 & 8

The Workforce Board currently employs 3.12 FTEs for the administration of private career school licensing and the Tuition Recovery Trust Fund. These 3.12 FTEs serve 324 schools with an estimated 26,243 self-paying students. They bill and collect an average of \$505,634 annually. They adjudicate approximately 23 formal complaints from students each year, respond to 45 inquires and have paid out an average of \$212,000 annually for 10 years. Because of their diligence in licensing and fiscal monitoring of private career schools, tuition reimbursement claims have fallen in the past two years to \$63,500 annually. The Workforce Board is a small agency with a limited number of staff that cannot absorb a 48% increase to the workload. Adding the workload of an additional 157 schools will require an additional full-time permanent professional staff on an on-going basis, as well as a temporary or project administrative support staff, part time for the first year, to assist with writing regulations and initiating the changes. Increasing the number of licensed schools and the number of students potentially increases the number of tuition reimbursement claims and legal fees for counsel. It is estimated that an additional \$34,040 will be paid out from the Tuition Recovery Trust Fund.

Part III: Expenditure Detail

III.A.- Expenditures by Object or Purpose

	FY2015	2013-2015	2015-17	2017-19
FTE	1.5	1.5	1	1
A-Salaries and Wages	86,682	86,682	136,825	145,035
B-Employee Benefits	30,340	30,339	47,889	50,763
C-Professional Service Contracts				
E-Goods and Other Services	11,500	11,500	23,345	24,045
G-Travel	9,500	9,500	19,285	19,864
J-Capital Outlays	-	-	-	
N-Grants & Client Services	34,040	34,040	69,101	71,174
T-Indirect	8,668	8,668	12,912	13,299
Total:	180,730	180,729	309,357	324,180

III.B. - Detail *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I.*

Job Classification	Salary	FY2015	2013-2015	2015-17	2017-19
Voc Ed Program Specialist	66,420	66,420	66,420	136,825	145,035
Administrative Assistant 3	40,524	20,262	20,262	-	-
Total	106,944	86,682	86,682	136,825	145,035

Part IV: Capital Budget Impact

None

Part V: New Rule Making *Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

WAC 490-105-080, WAC 490-105-130 and WAC 490-105-210 would need to be modified to address Section 6, which involves the flexibility of the agency to reimburse students or agencies for the full value of tuition and fees if the student is unable to continue their education at another institution.

WAC 490-105-180 would need to be modified to address Section 8, which would allow agency paid students to file an official complaint with the Workforce Board in the event of a concern with a private vocational school.



September 16, 2013

Ms. Eleni Papadakis
Workforce Training and Education Coordinating Board
PO Box 43015
Olympia, WA 98504

Dear Ms. Papadakis,

I would like to thank you and staff for the opportunity to work collaboratively on the issues identified by the agency as possible statutory changes to strengthen student protection provisions. We appreciate the agency's recognition that the vast majority of licensed schools do an exceptional job educating and preparing students for work. We understand that the agency experiences isolated incidences related to certificate-issuing schools that prompt review of practices and, if deemed necessary, modifications to strengthen responsibilities to students.

The majority of the changes proposed in the Bill Request relate to the Tuition Protection Trust Fund (TRTF) provisions and we are generally in support of the proposed changes.

In review of the TRTF pay-out history and consistent fund balance growth, it is no longer relevant to continue the \$5 million ceiling cited in RCW 28C.10.084(7). In fact, \$2.5 million pulled from the fund in 2013 as part of a multiple fund "sweep" supports that the fund balance ceiling should be lowered to \$2.5 million; anything above that is excess funds. Such change would open the door now for the agency to develop a program to assist students with obtaining their education – a worthy use of continuous contributions made by schools – and maintain the financial strength of the TRTF to meet its purpose of tuition protection.

Sincerely,

A handwritten signature in cursive script that reads "LouGena J. Wikstrom".

LouGena J. Wikstrom
Executive Director



STATE OF WASHINGTON

DEPARTMENT OF LABOR AND INDUSTRIES

Government Affairs and Policy Division • Office PO Box 44001 • Olympia, Washington 98504-4001

September 13, 2013

Nova Gattman
Workforce Training and Education Coordinating Board
PO Box 43105
Olympia, WA 98504-3105

Nova,

Thank you for the opportunity to review and comment on the Workforce Board's potential agency request proposal for the 2014 session related to the Workforce Board's authority regarding private vocational schools. As you requested, a draft fiscal note is also attached.

Generally, the department does not indicate a fiscal impact. And, while the legislative proposal is largely technical in nature, the provisions allowing disbursement from the Tuition Recovery Trust Fund to public payers would provide some reimbursement to the department in very limited circumstances. Therefore, the department would be supportive of the measure.

L&I staff have appreciated the opportunity to work with staff from the Workforce Board in the development of this proposal. As we have discussed, the department's primary interest in this proposal is for the Workforce Board to clarify responsibility to accept complaints from any party, not only students. L&I has also requested that the Workforce Board ensure all schools they license are performing to established standards. We do understand these provisions place additional burdens on the Workforce Board staff. It is also a short session in 2014, which may make passage of these provisions more difficult.

Please let me know if you have questions. I can be reached at (360) 902-6805 or tammy.fellin@lni.wa.gov.

Sincerely,

Tammy Fellin

Tammy Fellin
Legislative Director

cc: Steve Reinmuth
Rich Wilson

Attachment

Individual State Agency Fiscal Note

Bill Number: TBD	Title: Changes to Workforce Board statutory authority over private vocational schools	Agency: 235-Department of Labor and Industries
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Part I:

No Fiscal Impact

Estimated Cost Receipts to:

Fund	FY 2014	FY 2015	2013-15	2015-17	2017-19
609-Medical Aid Fund	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0
Totals \$	\$0	\$0	\$0	\$0	\$0

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years					
Fund					
001-1 General Fund-State					
Totals \$					

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates,

Check applicable boxes and follow corresponding instructions:

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date:
Agency Preparation: Melody Porter	Phone: (360) 902-6648	Date: September 4, 2013
Agency Approval: Randi Warick	Phone: (360) 902-4214	Date:
OFM Review:	Phone:	Date:

Part II: Explanation

This proposal amends RCW 28C.10.082 and 28C.10.084 (Private Vocational Schoolsⁱ) allowing the Workforce Board to reimburse a public payer for tuition and fees paid when a school has findings against it under the provisions of the Tuition Recovery Trust Fund (TRTF). Specific to the Department of Labor and Industries, this may occur based on a school that goes out of business that an injured worker is attending or where a complaint is filed by an injured worker.

This bill takes effect 90 days from sine die.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

None.

Currently if a school goes out of business the L&I injured worker is placed in another school with full retraining benefits restored. Under the bill amendment this procedure would continue, however there will be a credit applied to the claim where reimbursements occurred from the TRTF.

Based on experience, school closures and complaints are rare. We expect the potential for these occurrences to be minimal. Any added work related to cost recovery or processing reimbursements can be handled with existing resources. We do not anticipate an increase in non-appropriated Medical Aid funds.

II. B – Cash Receipt Impact

None.

II. C – Expenditures

None.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

ⁱ Tuition Recovery fund – Created – State treasurer custodian and Tuition Recovery Trust fund – Deposits – Operation -- Claims.

Nova Gattman - RE: Fwd: Private Schools

From: Nova Gattman
To: Andres F. (DSHS/DVR) Aguirre
Subject: RE: Fwd: Private Schools

Thank you!

>>> "Aguirre, Andres F. (DSHS/DVR)" aguira@dshs.wa.gov > 9/16/2013 4:51 PM >>

Hi Nova,

DVR supports the inclusion of language that gives WTECB the authority to reimburse state agencies that have paid tuition for students attending a private career school that goes broke. In addition, the language that strengthens student rights who attend private career schools is also very beneficial. Apart from these two favorable items, DVR has no concerns. Lorie will provide you a fiscal note tomorrow.

Andres Aguirre, M.S.

Department of Social and Health Services

Interim Director

Division of Vocational Rehabilitation

Work: 360-725-3610

Cell: 360-878-0224

andres.aguirre@dshs.wa.gov

Individual State Agency Fiscal Note

Bill Number: Z-0508.4	Title: PRIVATE VOCATIONAL SCHOOLS	Agency: 300-Dept of Social and Health Services
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Part I: Estimates

No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates,

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 09/16/2013
Agency Preparation: Tula Habb	Phone: 360-902-8182	Date: 09/16/2013
Agency Approval:	Phone:	Date:
OFM Review:	Phone:	Date:

Request # 14Z0508.4-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

283.10.082 RCW adds language that the Tuition Recovery Trust Fund shall only be used to reimburse students who are Washington State residents or public agencies that pay tuition and fees on behalf of Washington students. The bill also establishes minimum standards for private vocational school.

The DSHS Division of Vocational Rehabilitation (DVR) pays for its client's tuition and fees to attend private vocational schools. The bill allows DVR to receive funds paid on behalf its clients if the private vocational school closes for any reasons. This legislation has no fiscal impact to the DVR since the private vocational school rarely closes historically.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

From: "Hoover, Cathy (ESD)" <CHoover@ESD.WA.GOV>
To: "Gattman, Nova" <nova.gattman@wtb.wa.gov>
Date: 9/12/2013 9:45:23 AM
Subject: FW: Workforce Board Agency Request Legislation

Hi, Nova,

As you requested, I am attaching ESD's fiscal note on the Board's agency request legislation, as well as data concerning ESD-funded training at private vocational schools.

Our policy folks did not have any comments on the bill.

A word about the data. The timeframe is program year 2012/FY13. The column on the right represents whether the provider is on the Eligible Training Provider list. We pulled this from our workforce system database (SKIES). Because the training provider data is a free-form text box that is not required, we found that approximately 10% of program year 2012 training participants did not have a provider documented in the system.

Please let me know if you have questions or need additional information. Thank you!

Cathy Hoover
Director, Government Relations Office
Employment Security Department
Office: (360) 902-9407
Cell: (360) 688-6216
choover@esd.wa.gov<mailto:choover@esd.wa.gov>

Fiscal Note Request Number: 001-WTECB

Bill Number: XXXX

Bill Name: Private Vocational Schools (WTECB Agency Request)

Prepared By: Employment Security Department

Part II: Narrative Explanation

II. A - Brief Description of What the Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload and policy assumptions that have revenue or expenditure impact on the responding agency.

The Workforce Training and Education Coordinating Board (WTECB) propose several changes regarding private vocational schools. These changes include clarity and exemptions for continuing education for professional licensure or skill improvement; clarity around payments and recoveries to the Tuition Recovery Trust Fund and granting WTECB authority to address student complaints where other agencies paid for tuition.

Proposed amendments to RCW 28C.10.084 clarify that the Tuition Recovery Trust Fund can be used to reimburse public agencies that paid tuition for a student. Students, who had tuition paid by a public or private agency, would be able to make a claim against the Tuition Recovery Trust Fund.

Proposed amendments to RCW 28C.10.120 clarify that a current or former student (regardless of the type of payment used to pay for their education) would be eligible to file a complaint with WTECB if they were impacted by unfair business practices defined in proposed changes under RCW 28C.10.110.

II. B - Cash Receipts Impact

Briefly describe and quantify the cash receipt impact of the legislation on the responding agency, identifying the cash receipt provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipt impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Proposed changes to RCWs 28C.10.030; 28C.10.050; 28C.10.060; 28C.10.082; 28C.10.084; 28C.10.110; and 28C.10.120 do not pose a fiscal impact to the Employment Security Department (department) and related workforce development programs.

Amendments to RCW 28C.10.084—The department provides administrative oversight to the Workforce Investment Act (WIA), which provides local workforce development councils (WDCs) formula funds that assist in providing eligible Adult and Dislocated Workers funds for training. For participants that paid for tuition with program dollars for tuition in private vocational schools that had a successful complaint under RCW 28C.10.110, tuition can be reimbursed to the WDCs via the Tuition Recovery Trust Fund under these changes.

Amendments to RCW 28C.10.084—The department also manages the Trade Adjustment Assistance (TAA) program for workers who become unemployed after losing their jobs due to international trade. In addition to re-employment services in the One-Stop system in Washington—WorkSource—program dollars can be used for training for eligible workers. For workers in school paying for tuition for private vocational schools that had a successful complaint under RCW 28C.10.110, the TAA program could be reimbursed for funds paid out for tuition via the Tuition Recovery Trust Fund under these changes.

Amendments to RCW 28C.10.084—Similarly, for department employees that may have been approved for tuition reimbursement to assist in paying tuition in private vocational schools that had a successful complaint, the department may also be reimbursed via the fund under these changes.

Lastly, proposed changes in the WTECB agency request legislation may require adding a Question & Answer portion to technical assistance products the department manages. The department's WorkSource System Complaint manual

would need to articulate the proposed changes to tuition recovery and making claims against the Tuition Recovery Trust Fund. This work effort is negligible and would be absorbed through normal operating processes in maintaining technical assistance materials.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

From: "Durand, LouOma (DSB)" <louoma.durand@dsb.wa.gov>
To: "Nova Gattman (NGattman@wtb.wa.gov)" <NGattman@wtb.wa.gov>, "Gattman,Nova" <nova.gattman@wtb.wa.gov>
Date: 9/12/2013 11:17:30 AM
Subject: WTB Agency Request Legislation

[cid:image002.png@01CEAFA9.46554410]
STATE OF WASHINGTON
DEPARTMENT OF SERVICES FOR THE BLIND
3411 So. Alaska Street * Seattle, WA 98118-1631 * (206) 906-5500
(Toll Free) 1-800-552-7103 * FAX (206) 721-4103

September 10, 2013

Nova E. Gattman
Legislative Liaison /
Policy Analyst for Adult Workforce Issues
Workforce Training and Education Coordinating Board
P.O. Box 43105
Olympia, WA 98504-3105

Dear Nova:

The Department of Services for the Blind (DSB) supports the Workforce Training and Education Coordinating Board's intention of becoming an advocate for DSB and our customers, in the event that an agency paid program becomes insolvent or incapacitated.

DSB is very limited in the use of private vocational schools so we do not anticipate any financial impact for our agency. DSB understands the steps involved with the process and will coordinate with the Workforce Board if the need arises.

If you have any questions or need further information, please do not hesitate to contact me.

Sincerely,
[cid:image004.png@01CEAFA9.46554410]
Lou Oma Durand
Executive Director

Attachments

Nova Gattman - Changes to Private Vocational Schools Act

From: "Stolier, Dave (ATG)" <DaveS@ATG.WA.GOV>
To: <NGattman@wtb.wa.gov>
Date: 9/9/2013 11:27:58 AM
Subject: Changes to Private Vocational Schools Act

Nova, this is to memorialize that I reviewed proposed changes to RCW 28C.10 and that we had a subsequent discussion in which I provided some feedback that resulted in some additional edits to those changes. I have no additional comments at this time. It looks legally sound to me. Please feel free to contact me if any other questions arise.

David A. Stolier
Sr. Assistant Attorney General
Chief, Education Division
(360) 586-0279
daves@atg.wa.gov

Little to show for state-funded 'school of broken dreams'

By: Jeff Burnside • Published: April 25, 2013 at 4:05 PM PDT • Last Updated: April 26, 2013 at 1:42 PM PDT

Millions of dollars and six years later, the state has very little to show for a privately-owned vocational school set up to train injured workers for new careers.

Instead, unhappy workers say they're left with no training, no payments from the state and no jobs.

When an injury caused Yadira Avila to lose her job at Woodinville's Cuzina Foods, the state paid \$12,000 tuition to enroll her at the Computer Institute, which teaches computer repair, electronic assembly and secretarial work.

Critics say the school has done a lousy job, but has still taken in an estimated \$2 million in state tuition money.

And to make things worse, as soon as students get a diploma, the state cuts them off from short-term disability payments. The state saves millions and the school makes millions, but Avila and others say they're left with no training and no state payments.

Avila lost most of her right arm in an on-the-job accident, yet the Computer Institute said it would make her an office assistant and gladly accepted her \$12,000 tuition upfront in taxpayer money.

"I tried to get a job but, when the people see me, well, (they think) 'You don't have one hand.' And nobody gives me a job," Avila said.

The KOMO Problem Solvers obtained hidden camera video from a person posing as a prospective student at the school. She said several students told her the training is useless.

"When I come across this gentleman with the board, he tells me he doesn't know what he's doing, that I really shouldn't be there," the undercover prospective student said.

Other former students agree. KOMO surveyed other privately owned schools that claim about 90 percent of graduates find jobs. Owners at the Computer Institute, funded almost solely by tax dollars, concede their rate is just 50 percent.

Critics allege it's actually far lower.

Owner Luis Orna said his students are the tough cases.

"These students are coming here with a lot of issues" Orna said. "Like emotional issues, like financial issues, like psychological issues. It's hard to train these kinds of people. So we are trying our best to do that."

Brenda Cuellar is a former Computer Institute student who now works as a manager at the school.

"If I made it, you guys can make it, too," she said.

The Computer Institute claims it has had 232 students, and school officials sent KOMO a list of 28 names they say got jobs after graduation.

Vickie Kennedy from the state Department of Labor and Industries said she's not sure the school is the best use of the state's money.

"Well, I think that's exactly the kind of information we want so we can take a closer look," she said.

Kennedy, who is the state's top official on workers compensation, said the state doesn't require schools to track placement rates. She said she still expects good training that will lead to good jobs.

"That's our ideal, is to get these workers back to work," she said.

Cuellar points proudly to one graduate who now drives his own computer repair van, and she said a second passed a college soldering test. The problem is, that's just two out of more than 100 students.

"We are trying our best," Cuellar said.

That's not good enough for lawyer Betsy Rodriguez, who said the Computer Institute failed miserably to train several students she represents.

"It's not a language issue. It's a fraud issue," she said. "The institute isn't a real school. This institute is an unaccredited facility. It's a warehouse."

The fake applicant who brought an undercover camera into the school asked if the school would accept her even if she failed her admissions test. She said the school didn't care.

Just two percent of injured workers like Avila qualify for free training. It can keep them from welfare, Medicare and homelessness. Now she's nearly out of money, doesn't have adequate training and doesn't have a job. She's hoping for permanent disability money.

"It's killing me," she said. "If nobody give me the opportunity. I know I don't have one hand. But I have ideas. I have head."

State officials say they'll now examine how to hold schools more accountable.

"You've caused me to want to dive in a little deeper and take a look at some of these, frankly," Kennedy said.