COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF EDUCATION
December 4, 1989

SUBJECT: Private Licensed Schools Memorandum #52

TO: Chief Executive Officers/Directors
Licensed/Registered Private Schools

FROM: James G. Hobbs, Chief,
Division of Private Licensed Schools

PRIVATE LICENSED SCHOOLS MEMORANDUM #52 - SCHOLARSHIP POLICY

The State Board of Private Licensed Schools (Board) has revised its scholarship policy effective February 19, 1998. This policy replaces the one adopted on October 10, 1996, under Private Licensed Schools Memorandum #50.

Regulation 73.138: A school may not grant a scholarship without prior approval of the Board.

Policy: The Board has adopted the following policy governing the approval of scholarships. This policy applies to any new scholarship awarded by a school or to any existing scholarship awarded by a school which does not have Board approval.

Value of Scholarships: Scholarships awarded by schools are to be valued at no less than 25% of the full tuition for a program of study.

1. Scope of Policy - This policy applies to scholarships awarded by schools. (In contrast with scholarships awarded by outside organizations or individuals).
2. Consumer Information - A school'scatalog/student information publication shall describe (or be supplemented to describe) scholarships awarded by schools, to include at a minimum the following information:
    1. The number of awards made
    2. Dollar amount
    3. Selection criteria
3. Potential Misuse of Scholarships - A scholarships not to be used as a premium, special endorsement or discount for prospective students.
4. Approval of Scholarships - The Board's staff will review requests for scholarships and ensure that all policy and consumer information has been submitted by the institution.

Board Approval of Scholarships: A request for approval of scholarships should be submitted well in advance of the date when a school intends to award them. No special form is required for submitting requests for approval; however, the request shall include the following:

1. Program(s) for which scholarship(s) will be awarded
2. Number of scholarships to be awarded

3. Dollar value and percent of total tuition
4. Selection criteria: the selection criteria must be approved by the Board. The reasons for the scholarship, the criteria that will be used to award the scholarship, and the people who will evaluate the applicants and make the award, must be included in the materials sent to the Board
5. A copy of the student information publication or insert containing the required consumer information (2, 3, 4 above)
6. A signed verification (School Director or Chief Executive Officer) that the school does not intend to use a scholarship as a premium, special endorsement or discount.

Financial Criteria: The school will submit a letter along with its financial statements of its most recent fiscal year and interim financial statements of the date closest to the filing of the application with the Board to the Finance Committee of the Board. The Finance Committee will review the financial data and determine that the criteria of the Board has been met. The Finance Committee will report to the full Board that the school meets the financial criteria. The financial criteria the Board would consider in making its decision for a school seeking approval to grant scholarships is as follows:

1. Any school on financial reporting requirements of the Board cannot request approval for scholarships
2. The following criteria is currently being used by the Finance Committee to evaluate the financial stability of a school:
    1. A working capital ratio of 1 to 1
    2. Positive net worth
    3. Income in one of the last three fiscal years
3. The Board, at its discretion, may alter the financial criteria used to evaluate a school's scholarship proposal

Other: The staff of the Department of Education, State Board of Private Licensed Schools, will make such tests as they deem appropriate when making site visits and/or inspections that the schools are complying with the policy. The school will prepare a list of all scholarships awarded, including dollar amount of the scholarship awarded and other items needed to document the scholarship award. As a part of its Report on a Site Visit, the staff will indicate that a review of scholarships was performed and they will conclude if the policy of this Board and the selection criteria approved by this Board are being followed. The Board will be notified of any violation of its policy.

If you have any questions about the scholarship policy, please contact your designated Board Administrator at (717) 783-8228.

Date: _____

Name of School: _____

Address: _____

_____

Telephone #: _____

Scholarship Dollar Value	Program (s)	Number	% Value of Total Tuition	Total

Please check off each item below as it is completed and attached:

_____ Selection Criteria

_____ Student Catalog or Student Information Publication insert containing consumer information

_____ A signed verification (School Director or Chief Executive Officer) that the school does not intend to use a scholarship as a premium, special endorsement or discount

_____ Financial Criteria (attached documents)