



DEVAL L. PATRICK
GOVERNOR

Commonwealth of Massachusetts
Division of Professional Licensure
Office of Private Occupational School Education
1000 Washington Street • Boston • Massachusetts • 02118

BARBARA ANTHONY
UNDERSECRETARY OF OFFICE
OF CONSUMER AFFAIRS AND
BUSINESS REGULATION

GREGORY BIALECKI
SECRETARY OF HOUSING
AND ECONOMIC DEVELOPMENT

MARK R. KMETZ
DIRECTOR, DIVISION OF
PROFESSIONAL LICENSURE

**PROPOSED FEE CHANGES FOR OCCUPATIONAL SCHOOLS
ANSWERS TO FREQUENTLY ASKED QUESTIONS (FAQs)**

On July 26, 2013, the Commonwealth of Massachusetts Executive Office of Administration and Finance, in conjunction with the Division of Professional Licensure (DPL), will hold a public hearing relative to proposed fee changes for private occupational schools licensed by DPL.

The proposed changes will replace the current renewal fee schedule, under which smaller schools paid a higher percentage of their revenue than did larger schools, with a uniform multiplier that will be applied against the Annual Adjusted Gross Revenue (AAGR) for the last completed fiscal year of each school. The multiplier will be adjusted every two years. The minimum two-year fee for school licensure renewal will remain \$250. Finally, the proposed changes also set a deadline for renewal applications and a late fee of \$200. All fees are commensurate with the cost of services provided by DPL in accordance with M.G.L. c. 112, § 263.

For more information on the proposed regulations, the public hearing scheduled for July 26, 2013, and the regulatory process, please review the answers to the “Frequently Asked Questions (FAQs)” below:

Q1: Why are the license renewal fees being changed?

A1: The proposed changes ensure that all schools are paying the same percentage of their revenue as a two-year renewal fee (subject to the \$250 minimum). Under the current fee structure, renewal fees for schools with an AAGR of more than \$1,000,000 range between .0018 and .0040 of the school’s AAGR. Renewal fees for schools with an AAGR of between \$50,000 and \$1,000,000 range between .0041 and .0066 of the school’s AAGR.

The changes also ensure revenues sufficient for DPL to effectively license and regulate private occupational schools. These revenues are deposited into a separate account for the oversight of occupational schools. DPL receives no other funding for the operating costs of the program.

Q2: How will the proposed changes affect my school?

A2: The license renewal fee is changing and a late fee is being added. This proposal does not change the initial application fees for schools, or any of the licensing fees for sales representatives.



Q3: *Based upon the proposed fee changes, how will I calculate the license renewal fee that my school will pay?*

A3: Each school will apply the same multiplier to its Annual Adjusted Gross Revenue from the school's last completed fiscal year,¹ as demonstrated by the example below:

School's AAGR:	\$586,500
Multiplier	x .0069
Renewal Fee:	\$4,046.85

For an explanation of how the multiplier is calculated, please see the next question. Please note that there is a minimum renewal fee of \$250; should the aforementioned formula result in a fee that is less than \$250, the school will be required to pay the minimum fee of \$250.

Q4: *How is the multiplier calculated?*

A4: The multiplier is calculated by taking the total cost of regulation (primarily staff salaries and related costs), subtracting all other licensing revenue received from occupational schools, and then dividing by the total Annual Adjusted Gross Revenue (AAGR) reported by all licensed schools to the Office of the State Auditor in the previous two fiscal years. For Fiscal Year 2014 and Fiscal Year 2015 (July 1, 2013 to June 30, 2015), the multiplier will be 0.0069.

The multiplier will be recalculated every two years, in July of the even-numbered fiscal year. (In Massachusetts, the state fiscal year begins on July 1 and ends on June 30. Currently, we are in Fiscal Year 2014.) The next recalculation will be done in July 2015.

Q5: *How does my school calculate its Annual Adjusted Gross Income (AAGR)?*

A5: The Annual Adjusted Gross Income (AAGR) includes the total revenue generated from tuition, fees and additional costs charged to the students by the school, and the sale of books and supplies (less the costs for the books and supplies). Revenue generated from tuition is the total of *any* funds paid to the school for the students' instruction; this includes tuition funds from all sources. For a more detailed explanation of how to calculate this number, please see the attached "Renewal Fee Calculation Worksheet."

Q6: *When will the proposed regulations take effect?*

A6: DPL anticipates that the proposed fee changes will take effect on August 31, 2013, making schools that have licenses expiring on September 30, 2013 subject to the new fees.

Schools that have licenses expiring on September 30, 2013 should submit their renewal applications by August 31, 2013, including the school's Renewal Fee Calculation Worksheet,

¹ A fiscal year, also known as a financial year, is a period used for calculating annual financial statements. A fiscal year may be the same as a calendar year, or may be a 12-month period defined by the business.

but should NOT submit the renewal fee at this time. After DPL reviews the school's application and verifies the AAGR against information held by the OSA, DPL will notify the school of the final amount of the fee that is due. Any fees submitted with the renewal application prior to this determination will be returned to the applicant. Schools will have 15 calendar days after this notification to submit the fee.

Q7: *Do the proposed regulations impose a late fee for renewal applications or fees submitted after the deadline?*

A7: Yes. The proposed regulations include a \$200 late fee to be assessed on schools that fail to submit their completed renewal application 30 days prior to the expiration of their license or fail to submit the renewal fee by the fee deadline. Note that the application and fee must be postmarked or hand-delivered to DPL on or before the deadline.

Q8: *Will there be a public hearing on the proposed fee changes?*

A8: Yes. DPL will hold a public hearing to solicit comments on the proposed fee changes. The date, time and location of the public hearing are as follows:

Friday, July 26, 2013
12:00 pm
1000 Washington Street, Room 1D
Boston, MA 02118-6100

Q9: *Can I submit oral or written comments on the proposed fee changes?*

A9: Yes. All interested parties attending the public hearing scheduled for July 26, 2013 will be given an opportunity to present oral testimony or to submit written testimony. If you are unable to attend the public hearing but wish to submit written testimony on the proposed fee changes, you may send them via e-mail to Rachael Phinney, Board Counsel for DPL's Office of Private Occupational School Education, at Rachael.Phinney@state.ma.us, or by first class mail to the following address:

Division of Professional Licensure
1000 Washington Street, Suite 710
Boston, MA 02118-6100
Attn: Rachael Phinney

All written testimony must be received by 5:00 pm on Wednesday, July 31, 2013.

Q10: *How can I obtain a copy of the proposed fee changes?*

A10: A PDF of the proposed changes to 801 CMR 4.02 is posted on DPL's main webpage, www.mass.gov/dpl/schools. A copy of the public hearing notice is also available through DPL's website.

Q11: *If I have questions about the proposed fee changes, the public hearing, or the regulatory process in general, who should I contact?*

A11: If you have any questions about the proposed fee changes, the public hearing, or the regulatory process in general, please contact Rachael Phinney, Board Counsel for DPL's Office of Private Occupational School Education at 617- 727-3074, or by e-mail at Rachael.Phinney@state.ma.us.

RENEWAL FEE CALCULATION WORKSHEET

Effective for All Schools Renewing During the Period of September 30, 2013 – June 30, 2015

The fee to renew the school's license is based on the school's Annual Adjusted Gross Revenue (AAGR) for tuition, fees, and sale of books and supplies as reported to the Office of the State Auditor (OSA) for the school's last completed fiscal year.¹ To determine the school's renewal fee, please complete this worksheet and submit to DPL with the school's application for renewal.

Calculating School's AAGR:		
The information below must reconcile with the school's financial information as reported to the OSA and with the information supplied to students in their enrollment agreements.		
1.	Tuition (net) – <i>(total of any funds paid to the school -for students' instruction)</i>	\$
2.	Fees (net) – <i>(any additional costs charged to students by the school)</i>	\$
<input type="checkbox"/> Check if entering \$0, which indicates that the school does not charge any additional fees as noted on students' enrollment agreements.		
3.	Profit on Books and Supplies-- <i>(net sales less cost of sales)</i>	\$
Schools cannot include cost of books in tuition; therefore, if the school charges students for books or any other supplies (massage tables, computers, software, etc.), this line must reflect the school's profit on these sales.		
<input type="checkbox"/> Check if entering \$0, which indicates that the school does not charge for books or supplies.		
AAGR <i>(add the lines above to get the AAGR for the school's last completed fiscal year)</i>		\$
Calculating School's Renewal Fee:		
Multiplier. Multiply the school's AAGR by .69%		x .0069
Renewal Fee. Submit a check for this amount made payable to the Commonwealth of Massachusetts with the school's application for renewal, which must be postmarked or hand-delivered to DPL by the due date.		\$

If the AAGR reported by the school on this worksheet differs from the revenue verified by the OSA, DPL will refund or invoice the difference as appropriate. Any additional fees invoiced will be due within 15 days, subject to a \$200 late fee. The invoice will be sent to the school via email.

The above financial information is, to the best of my knowledge, true and factual. I hereby sign this document under the penalties of perjury.

Signature*

Date

Title

School

*This document must be signed by the owner, director, or authorized agent.

ⁱ A fiscal year, also known as a financial year, is a period used for calculating annual financial statements. A fiscal year may be the same as a calendar year, or may be a 12-month period defined by the business.