

APPENDIX F FEES and SURETY BONDS

I. Fees

The fees identified in this section are used to offset the cost involved with the processing and reviewing of applications for certification. All fees are non-refundable.

Payment of fees does not guarantee certification but is considered to be a part of the cost for processing.

There is not a recertification/renewal or exemption fee. There is no fee for Letters of Notification (Form 2)

A. Processing Fee

A processing fee based on the number of course/degree programs submitted will be required with each application submitted for program certification and certification of a new institution. The processing fee and the surety bond (minimum \$5,000 unless the institution maintains a minimum federal financial responsibility composite score of 1.5) must be submitted with the application (see pages 2 and 3).

Checks should be made payable to the Arkansas Division of Higher Education and submitted to:

**Arkansas Division of Higher Education
Attn: ICAC
#4 Capitol Mall, Box 21
Little Rock, AR 72201**

Institutions authorized to offer college-level courses and academic degrees in any state (Based on number of college-level courses/degree programs submitted, submit processing fee with application)	Processing Fee
Certification Fee per degree	\$500
Certification Fee for 1-3 courses	\$100
Individuals seeking AHECB authorization to create a new Arkansas college or university <u>with a physical campus</u> (and the proposed college/university is not authorized or located in another state)	Processing Fee
Certification Fee for Institutional Planning and Development to Create New College or University in Arkansas	\$1,000 + review expenses (if any)

II. Surety Bonds for Certified Institutions

In an effort to protect Arkansas students from financial hardship and loss due to the unexpected closure of an institution certified by the Arkansas Higher Education Coordinating Board (AHECB), postsecondary institutions certified to offer college-level course/degree programs in Arkansas will maintain a surety bond during operations in Arkansas unless the institution maintains a minimum financial responsibility composite score of 1.5 determined by the U.S. Department of Education.

A surety bond is a contract between an institution, the Arkansas Division of Higher Education (ADHE), and a surety insurer (bond company) to provide protection for the enrolled student in the case of a financial loss due to the closure of the institution. The required bond will be maintained to protect only Arkansas residents who are students at the time of closure of a certified institution and only for the amount of prepaid and unused tuition.

An out-of-state public postsecondary institution must provide a letter from an official of the appropriate state government entity backing the institution. Public institutions are not required to maintain a surety bond.

A. Bond Requirements

AHECB certified non-public institutions are required to maintain a bond that provides cumulative unearned prepaid tuition for the Arkansas students at any one time with a minimum bond amount of \$5,000 unless the institution maintains a minimum federal financial responsibility composite score of 1.5. Institutions with more than one campus in Arkansas may choose to maintain one bond for each Arkansas campus or have one bond for all Arkansas campuses. For AHECB certified non-public institutions not yet collecting tuition from Arkansas residents, the minimum bond amount is \$5,000. If an institution is located outside the state of Arkansas, the institution will be required to maintain a bond equal to the gross tuition collected from Arkansas students during the previous fiscal year.

All institutions are required to submit an annual report of gross tuition collected during the previous year. Proof of bond, federal financial score or home state financial backing must be submitted to ADHE by August 1st of each year. The institution's report of gross tuition and proof of bond/financial responsibility must be submitted on Form 15 to:

**Arkansas Division of Higher Education
Attn: ICAC
#4 Capitol Mall, Box 21
Little Rock, AR 72201**

The signature, or stamp and seal, of the bond company's attorney-in-fact must be included on the surety bond form. If the bond company uses an officer or director as the attorney-in-fact for the bond power, that official must be listed in the company's Arkansas Department of Insurance file as an approved signatory.

B. Claims Against the Institution's Bond

A student will be eligible for restitution of unused tuition from the institution's bond when:

1. Due to closure of the AHECB certified institution, the student can no longer continue his/her education at the AHECB certified institution and has prepaid but unused tuition requiring reimbursement; and/or
2. Due to closure of the AHECB certified institution, no viable alternative for restitution is available, as determined by the Arkansas Division of Higher Education (ADHE).

Unused tuition will be defined as payment for classes in which the student was enrolled but were not completed because of the closure of the institution.

Within 30 days of closure, the institution will submit a list to ADHE of students owed unused tuition. The list must include a current address for the student and the amount of tuition owed to the student. ADHE will forward the list to the institution's bonding company. The bonding company will be responsible for payment under the terms of the bond.

C. Termination of Bond

An institution's certification will be revoked if the institution fails to maintain a surety bond equal to the previous year's gross tuition receipts, with a minimum bond amount of \$5,000. If a surety bond is cancelled, a cease and desist notice will be issued for the institution and decertification/closure procedures will be started by ADHE.

If a bond company chooses to cancel an institution's bond, the bond company may not be relieved of the liability of the bond unless it gives the institution and ADHE 30 days written notice of the company's intent to cancel the bond. If the institution does not file a new bond within 30 days of receiving the suspension/bond cancellation notice, a cease and desist notice will be issued for the institution and decertification/closure procedures will be started by ADHE.