

1 **Fiscal Year 2019 Financial Statements Submitted by**
2 **Career Schools and Colleges**
3 **Discussion Paper**

4 **Background:**

5 Texas Education Code §132.055(b)(9) requires that the Texas Workforce Commission ensure
6 that career schools and colleges (CSCs) are financially sound. To that end, Texas Workforce
7 Commission Chapter 807 Career Schools and Colleges rules §807.32 through §807.37 specify
8 requirements for financial reporting. Reporting requirements are based on a school's federal tax
9 reporting and income status; reports are due no later than 180 days after the school's designated
10 fiscal year end (FYE) date. For most career schools, the FYE date is December 31, which means
11 that financial statements must be submitted by June 30 of the next year.

12 **Issue:**

13 As a result of the COVID-19 pandemic and the measures put in place to ensure public safety,
14 CSCs are experiencing significant hardships, including closures, decreases in student enrollment,
15 and reductions in income. This impact is particularly acute as the owners prepare to meet the
16 TWC financial reporting requirements deadline of June 30.

17 CSC owners have reported they are having difficulty with:

- 18 • securing a certified public accountant (CPA), as most Texas businesses have already engaged
19 CPAs in response to the pandemic; and
- 20 • planning funding for the expense of a financial audit.

21 Owners of large and small schools have notified CSC staff of the challenges they are
22 experiencing as they work to meet the financial reporting requirements while attempting to
23 reopen and return to normal school operations.

24 **Decision Point:**

25 TWC CSC staff seeks direction on the following actions to assist career schools and colleges
26 owners as they resume operations and recover from the hardships created by the COVID-19
27 pandemic:

- 28 • **Extension of the Fiscal Year 2019 (FY'19) Reporting Period.** Grant a 90-day (that is, 90
29 calendar days) financial reporting extension for CSCs with an FYE of December 31, 2019.
30 The 90-day extension will be applied to the original June 30, 2020, due date. The due date for
31 FY'19 financial statements will be September 28, 2020.