

SENATE BILL No. 345

DIGEST OF INTRODUCED BILL

Citations Affected: IC 21-18-15.

Synopsis: For-profit postsecondary educational institutions. Requires for-profit postsecondary educational institutions to submit to the commission for higher education (commission) surety bonds or other forms of financial guarantee, as approved by the commission, in an amount determined by the commission. Requires, not later than October 1, 2019, and not later than October 1 each year thereafter, each for-profit postsecondary educational institution to pay an annual fee to the commission in an amount determined by the commission, except under certain circumstances. Establishes the for-profit postsecondary educational student reimbursement fund (fund) for the purpose of providing funds to reimburse a student who paid tuition and fees to a for-profit postsecondary educational institution that: (1) failed to perform faithfully an enrollment agreement or contract with the applicant and a refund of applicable tuition and fees incurred by the applicant has not been reimbursed or discharged; or (2) closed before the applicant completed the applicant's course of study, and a refund of applicable tuition and fees incurred by the applicant has not been reimbursed or discharged. Provides that the commission may award to an applicant an amount for reimbursement from the fund only if the surety bond of the for-profit postsecondary educational institution against which an applicant has filed a claim has been exhausted. Provides that money in the fund is continuously appropriated for the purposes of the fund. Requires the commission to submit a report to the governor and the general assembly concerning claims for reimbursement from the fund.

Effective: July 1, 2019.

Ford J.D.

January 10, 2019, read first time and referred to Committee on Education and Career Development.



First Regular Session of the 121st General Assembly (2019)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

SENATE BILL No. 345

A BILL FOR AN ACT to amend the Indiana Code concerning higher education and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 21-18-15 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2019]:

4 **Chapter 15. For-Profit Postsecondary Educational Student**
5 **Reimbursement Fund and Surety Bonds or Guarantees**

6 **Sec. 1. As used in this chapter, "for-profit postsecondary**
7 **educational institution" means a postsecondary educational**
8 **institution that:**

9 (1) **operates in Indiana, is incorporated in Indiana, or is**
10 **registered as a foreign corporation doing business in Indiana;**

11 (2) **offers a course of study that leads to an associate or**
12 **baccalaureate degree;**

13 (3) **receives financial aid administered or distributed by the**
14 **commission; and**

15 (4) **is not operated:**

16 (A) **by the state; or**

17 (B) **as a nonprofit entity.**



1 **Sec. 2.** As used in this chapter, "fund" refers to the for-profit
2 postsecondary educational student reimbursement fund established
3 by section 5 of this chapter.

4 **Sec. 3. (a)** Not later than October 1, 2019, each for-profit
5 postsecondary educational institution shall submit to the
6 commission a surety bond or other form of financial guarantee, as
7 approved by the commission, in an amount determined by the
8 commission. A surety bond or other form of financial guarantee
9 must be conditioned upon the for-profit postsecondary educational
10 institution performing faithfully all agreements and contracts the
11 institution makes with its students.

12 **(b)** A for-profit postsecondary educational institution
13 established after October 1, 2019, shall submit a surety bond or
14 other form of financial guarantee as described in subsection (a) not
15 later than sixty (60) days after the for-profit postsecondary
16 educational institution begins offering a course of study in Indiana.

17 **(c)** Each for-profit postsecondary educational institution shall
18 annually file information with the commission that evidences the
19 continuation of the surety bond.

20 **(d)** If the total claims filed against a surety bond or guarantee
21 exceed the amount of the surety bond or guarantee, the surety or
22 guarantor shall pay the amount of the bond or guarantee to the
23 commission for distribution to the claimants.

24 **Sec. 4. (a)** Except as provided under section 7 of this chapter,
25 not later than October 1, 2019, and not later than October 1 each
26 year thereafter, each for-profit postsecondary educational
27 institution shall pay an annual fee to the commission in an amount
28 determined by the commission.

29 **(b)** The commission shall, for each fiscal year, determine the
30 amount of the fee that a for-profit postsecondary educational
31 institution must pay under subsection (a) based on the probable
32 amount of money the commission determines is needed for the
33 purpose of reimbursing applicants who meet the requirements of
34 section 6 of this chapter.

35 **(c)** The commission shall deposit the fees collected under this
36 section into the fund.

37 **Sec. 5. (a)** The for-profit postsecondary educational student
38 reimbursement fund is established for the purpose of providing
39 funds to reimburse students who meet the requirements under
40 section 6 of this chapter.

41 **(b)** The fund consists of the following:

42 **(1)** Fees collected from for-profit postsecondary educational



- 1 institutions under section 4 of this chapter.
- 2 (2) Appropriations made by the general assembly.
- 3 (3) Gifts, grants, devises, or bequests made to the commission
4 to achieve the purposes of the fund.
- 5 (c) The commission shall administer the fund.
- 6 (d) The expenses of administering the fund shall be paid from
7 money in the fund.
- 8 (e) The treasurer of state shall invest the money in the fund not
9 currently needed to meet the obligations of the fund in the same
10 manner as other public funds may be invested. Interest that
11 accrues from these investments shall be deposited in the fund.
- 12 (f) Money in the fund at the end of a state fiscal year does not
13 revert to the state general fund but remains available to be used for
14 the purposes of this chapter.
- 15 (g) Money in the fund is continuously appropriated for the
16 purposes of this chapter.
- 17 Sec. 6. (a) Subject to subsection (c), the commission shall award
18 reimbursement to an applicant who meets all the following:
- 19 (1) The applicant submits a claim for reimbursement on a
20 form prescribed by the commission.
- 21 (2) The applicant paid tuition and fees to attend a for-profit
22 postsecondary educational institution within the immediately
23 preceding five (5) years.
- 24 (3) One (1) or more of the following apply:
- 25 (A) Beginning after June 30, 2019, the for-profit
26 postsecondary educational institution described in
27 subdivision (2) failed to perform faithfully an enrollment
28 agreement or contract with the applicant, and a refund of
29 applicable tuition and fees incurred by the applicant has
30 not been reimbursed or discharged.
- 31 (B) Beginning after June 30, 2019, the for-profit
32 postsecondary educational institution described in
33 subdivision (2) closed before the applicant completed the
34 applicant's course of study, and a refund of applicable
35 tuition and fees incurred by the applicant has not been
36 reimbursed or discharged.
- 37 (b) The commission shall determine the amount of
38 reimbursement that an applicant is eligible to receive under this
39 chapter based on:
- 40 (1) the amount of tuition and fees the applicant incurred that
41 were not reimbursed or discharged; and
- 42 (2) other factors the commission determines are relevant in



- 1 determining the applicant's loss for payment of tuition and
2 fees to attend the for-profit postsecondary educational
3 institution.
- 4 (c) The commission may award reimbursement to an applicant
5 from the fund only if the surety bond of the for-profit
6 postsecondary educational institution against which an applicant
7 has filed a claim has been exhausted.
- 8 Sec. 7. (a) Except as provided under subsection (b), if a
9 for-profit postsecondary educational institution has not had an
10 applicant receive reimbursement for a claim for tuition and fees
11 paid to the for-profit postsecondary educational institution
12 submitted under this chapter for three (3) consecutive years, the
13 for-profit postsecondary educational institution is exempt from
14 paying the annual fee under section 4 of this chapter.
- 15 (b) If a for-profit postsecondary educational institution is:
16 (1) exempt from paying the annual fee as provided under
17 subsection (a); and
18 (2) an applicant is subsequently awarded reimbursement
19 under this chapter for tuition and fees paid to the for-profit
20 postsecondary educational institution;
21 the for-profit postsecondary educational institution is no longer
22 exempt under subsection (a) and is required to pay the annual fee
23 until the for-profit postsecondary educational institution
24 subsequently qualifies for the exemption under subsection (a).
- 25 Sec. 8. (a) The commission shall prepare a report that includes
26 the following:
27 (1) The number of claims made against the fund.
28 (2) The names and number of students who attend the
29 for-profit postsecondary educational institution against which
30 the claims are made.
31 (3) The reason for each claim, including the following:
32 (A) Whether the for-profit postsecondary educational
33 institution closed.
34 (B) If the for-profit postsecondary educational institution
35 closed, the number, if any, of students who were able to
36 finish their program of study.
37 (C) The number of claims that were approved and the
38 amount paid from the fund for the associated claims.
39 (D) The number of claims that the commission denied.
- 40 (b) Not later than July 1 of each year, the commission shall
41 submit the report described in subsection (a) to the following:
42 (1) The governor.



1 **(2) The general assembly in an electronic format under**
2 **IC 5-14-6.**
3 **Sec. 9. The commission may adopt rules under IC 4-22-2**
4 **necessary to implement this chapter.**

