

SENATE No. 2183

Senate, March 7, 2019 -- Message from His Excellency the Governor recommending legislation to support improved financial stability in higher education

The Commonwealth of Massachusetts



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KARYN POLITO
LIEUTENANT GOVERNOR

March 6, 2019

To the Honorable Senate and House of Representatives,

I am filing for your consideration a bill entitled “An Act to Support Improved Financial Stability in Higher Education.”

This legislation clarifies and enhances the authority of the Board of Higher Education (the “Board”) to monitor the financial health of Massachusetts colleges and universities and requires any institution that is facing severe financial challenges that may lead to closure to develop a comprehensive contingency plan that will protect the interests of students and staff in the event that financial liabilities require such a closure.

Recent events have highlighted the need for improved financial reporting provisions for colleges and universities. In particular, the sudden closure last year of Mount Ida College created significant negative consequences for enrolled and admitted students and for staff. Since that time, other colleges in Massachusetts and New England have indicated that they are facing similar financial challenges. The long-term demographic trends for traditional college-age students in the Commonwealth and the Northeast suggest that the financial difficulties now confronting some Massachusetts colleges and universities will not be isolated or momentary challenges.

The financial reporting provisions proposed in this bill will allow the Board to identify institutions that face severe financial challenges at a point early enough to allow the Board to

monitor the effectiveness of remedial measures. The bill also requires that any institution facing a high risk of closure provide sufficient notice to students and staff and make arrangements to ensure that students affected by the closure will be able to complete their programs of study with as little disruption as possible.

Importantly, the bill also ensures that financial information submitted by colleges and universities to the Board will be kept strictly confidential. This provision will avoid disclosures that could undermine an institution's ability to sustain operations and improve its fiscal condition as it engages in remedial measures.

Massachusetts is home to some of the finest public and private colleges and universities in the world. Higher education is also a major employer and a driver of business growth throughout the Commonwealth. We have an obligation to support and strengthen this crucial component of our economy and engine of opportunity for our people even as we take steps to protect the interests of students and families.

I urge your prompt enactment of this legislation.

Sincerely,

Charles D. Baker,
Governor

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In the One Hundred and Ninety-First General Court
(2019-2020)

An Act to support improved financial stability in higher education.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is to address the financial stability of institutions of higher education in the Commonwealth, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 69 of the General Laws is hereby amended by striking out section 31B and
2 inserting in place thereof the following section:-

3 Section 31B. Any institution of higher education with the power to grant degrees in the
4 commonwealth that has any known liabilities or risks which may result in the imminent closure
5 of the institution or jeopardize the institution's ability to fulfill its obligations to current and
6 admitted students shall (a) notify the board of higher education of such known liabilities or risks;
7 and (b) prepare and submit to said board, for its approval, a contingency closure plan which shall
8 include a process for providing enrolled and admitted students and staff with timely notification
9 of the institution's financial condition, accreditation status, and any outstanding compliance
10 issues regarding federal student aid programs; arrangements for enabling students to complete

11 their programs of study; and a plan for the transfer and long-term maintenance of student records
12 in the event that the institution ceases to exist.

13 The board of higher education may request from any institution of higher education with
14 the power to grant degrees in the commonwealth such information as is necessary to accurately
15 and fairly determine the institution's financial condition and to monitor such condition over time.
16 The board may also impose reasonable sanctions on any such institution that does not comply in
17 a timely manner with such notification requirements and requests. Information submitted under
18 this section by institutions of higher education shall not be considered a public record and shall
19 be exempt from disclosure under clause twenty-sixth of section 7 of chapter 4 and section 10 of
20 chapter 66.

21 The board of higher education shall establish regulations interpreting and applying this
22 section following consultation with representatives of public and private colleges and
23 universities.