

165A.450 Licensed schools to contribute to a student protection fund -- Purposes -- Minimum balance -- Fee structure.

All licensed schools, resident and nonresident, shall be required to contribute to a student protection fund. The fund shall be used to pay off debts, including refunds to students enrolled or on leave of absence by not being enrolled for one (1) academic year or less from the school at the time of the closing, incurred due to the closing of a school, discontinuance of a program, loss of license, or loss of accreditation by a school or program. The Kentucky Commission on Proprietary Education shall promulgate administrative regulations in accordance with KRS Chapter 13A to:

- (1) Ensure that there is a renewable fund maintained solely to reimburse eligible Kentucky students, the balance of which shall not fall below five hundred thousand dollars (\$500,000);
- (2) (a) Impose an equitable scaled structure of fees assessed upon schools licensed by the commission when the balance of the fund drops below the minimum balance specified in subsection (1) of this section. The fee structure shall take into account:
 1. The number of students enrolled in the school;
 2. The tuition and fees charged to students;
 3. A school's prior contribution to the fund;
 4. Adjustments in fees to replace disbursements from the fund; and
 5. Whether the licensed school is located within the state or outside the state.
- (b) The commission shall cease imposing the assessment described in paragraph (a) of this subsection when the balance of the fund is replenished to the required minimum balance specified in subsection (1) of this section;
- (3) Ensure that repayment to the fund is made if, after having received payment from the fund, a student receives a financial settlement, including but not limited to a bankruptcy payout, forgiveness of loan debt, payout of bond, or payment from another state from its student protection fund;
- (4) Establish requirements for a licensed school to notify the commission and to remit documentation of student records prior to its closing, including penalties such as fines or restrictions on future licensing assessed to owners that do not meet these requirements;
- (5) Require licensed institutions to make all students aware of the student protection fund and establish the process for filing claims;
- (6) Impose a time frame after a school closes during which a student may file a claim against the fund; and
- (7) Establish an appeals process for students who disagree with a commission decision.

Effective: July 12, 2012

History: Amended 2012 Ky. Acts ch. 76, sec. 12, effective July 12, 2012. -- Created 1990 Ky. Acts ch. 79, sec. 5, effective July 13, 1990.