



State of Connecticut  
Department of Higher Education

Testimony by  
**Michael P. Meotti**  
Commissioner of Higher Education  
Before the Higher Education and Employment Advancement Committee  
10:30 a.m. – LOB Room 2E  
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**Senate Bill 136 (Raised), An Act Concerning New and Revised Academic Programs of Nonprofit Independent Institutions of Higher Education** seeks to deregulate private, not-for-profit colleges in Connecticut by removing the authority of the Board of Governors of Higher Education to license new programs offered by these schools. In my view, a policy of deregulation would be a disservice to Connecticut students, taxpayers and employers; and would create a loophole that out of state “for profit” institutions could use to create risk where none currently exists.

Connecticut’s current authority has been in place for more than sixty years – and for good reason. This form of consumer protection has protected our citizens and students from abuses that steadily capture news headlines in other states to this day.

Comparing state policies in higher education does not make sense unless one takes into account the extraordinary differences across the country. The size of the private sector varies dramatically from state to state. States with high enrollment in private colleges, such as Connecticut with 36% of enrollment in private institutions, tend to engage in strong regulatory scrutiny of their private sector. It stands to reason that those states with just a fraction of Connecticut’s share of private enrollment (some in the low single digits) would have less – if any – regulatory authority.

A state’s interest in consumer protection usually increases with the level of activity and risk associated with the industry at issue. Approximately 13,000 Connecticut residents attend the private institutions affected by this bill and pay nearly \$300 million each year in tuition. The percentage of Connecticut residents at these schools ranges from 96 percent to 28 percent with an average instate enrollment of 45 percent.

Connecticut’s program licensure authority is the only type of consumer protection that exists to assure students, parents, employers and taxpayers of the rigor and validity of programs offered by our colleges. We review applications for new programs to make sure their faculty, resources and quality are up to the level of standards that our families, businesses and society expect from degree-granting institutions.



Without some form of regulation, Connecticut students would face at least three risks: 1) the risk of diploma mills entering our state – those entities that essentially sell a degree with little or no work required, 2) the risk of training or continuing education programs masquerading as college degree-granting programs – which command a higher price for supposed higher value, and 3) the risk of runaway marketing in which general education programs are sold as specific career preparation programs without meeting state occupational licensing requirements.

At this time, Connecticut has a regulatory framework to minimize these risks. But, as you well know from your own constituents, students and parents often voice concerns about mid-program changes in grade requirements and what they perceive to be unfair campus policies and practices. Such cases are routinely referred to our agency, as the regulating agency, for further investigation and action – an approach that would be lost with the passage of this bill.

States frequently regulate those activities that expose consumers to some form of financial risk. This practice is particularly appropriate for those services for which the consumer pays for long in advance. In these cases, we demand that the seller has the financial wherewithal to stand by its promises, whether it is a business or an industry such as a hospital, an insurance company or a bank. Should we not ask the same of our higher education institutions? Students and their families, after all, invest substantial amounts of money and time studying for their college degree.

Institutions that are private are not exempt from regulation simply because they are private; in fact, government regulation developed to deal with private entities. Likewise, we don't exempt non-profit organizations within regulated industries just because they are non-profit. If we did, Connecticut would not regulate any of our acute care hospitals; nor would we regulate the non-profit financial institutions that serve residents' banking and insurance needs.

At one time, states might have been able to rely on non-profit status as a proxy for quality of higher education institutions. If that were ever a sufficient or constitutionally permissible reason for exempting non-profits, it certainly no longer applies today. The national higher education scene is rife with for-profit colleges taking control over non-profit colleges to secure some form of added recognition (such as regional accreditation) held by the non-profit institution.

This trend recently reached New England where a national for-profit higher education corporation took control over the non-profit Daniel Webster College which is accredited by the New England Association of Schools and Colleges (NEASC). As reported by the highly-respected Bloomberg news service, "By exploiting *loopholes in government regulation* (emphasis added) and an accreditation system that wasn't designed to evaluate for-profit takeovers, they're [for-profit higher education companies] acquiring struggling nonprofit and religious colleges – and their coveted accreditation. Typically, the goal is to transform the schools in to online behemoths at taxpayer expense."

Some might argue that an institution's good reputation renders regulation unnecessary. Indeed, Connecticut is fortunate to have, in general, a strong private college sector that's due, most likely, to a combination of the region's deep roots in higher education and our good regulatory approach. But significant differences exist among our non-profit colleges, and not all of them are the members of Connecticut Conference of Independent Colleges (CCIC) who are promoting this bill, nor are all of them accredited by NEASC. Some of these differences pose risks for Connecticut residents and students.

State regulation doesn't come into play only in industries where most entities are up to no good. I think we would agree that most regulated organizations and businesses in Connecticut are law-abiding corporate citizens which provide quality goods and services to state residents. This doesn't call for deregulation; rather, it calls for a regulatory approach that protects the public while not unreasonably burdening the regulated entities.

The Board of Governors and Department of Higher Education have an extraordinary record of doing just that. I don't think there is another regulatory agency that can meet our standards for timely review or active engagement with our regulated community. Over the past six years:

- 94 percent of applications from CCIC institutions have been acted on in nine months or less,
- 80 percent in six months or less, and
- 48 percent in less than 90 days.

The applications that last longer than nine months tend to involve significant institutional change such as opening a new professional school (such as pharmacy) or adding a baccalaureate degree at an institution that had only offered associates degrees in the past.

Our licensing review includes the active engagement of our Advisory Committee on Accreditation (ACA) which advises the Department and Board of Governors on all new program licensure applications. ACA members include faculty, provosts, campus presidents and other leaders – with five representatives each from the public and private higher education sectors.

We are confident that the Board of Governors and the Department of Higher Education maintain a valuable and reasonable regulatory approach that is consistent with the goals of the elected leadership of our state and the expectations of our citizens: to protect the interests of students and residents of Connecticut without unduly burdening our colleges as they respond to student and state needs.

Thank you.