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Int. No. 1142

By Council Members Rodriguez, Brewer, Comrie, Koo, Lander, Mark-Viverito, Wills and Barron

A Local Law to amend the administrative code of the city of New York, in relation to standards pertaining to the receipt of financial assistance for for-profit colleges and proprietary schools.

Be it enacted by the Council as follows:

Section 1. Chapter 1 of title 6 of the administrative code of the city of New York is amended by adding a new section 6-135 to read as follows:

§ 6-135 Financial Assistance to For-Profit Institutions of Higher Education

a. Definitions. For the purposes of this section, the following terms shall have the following meanings:

1. "City" means city of New York, and all subordinate or component entities or persons.

2. "City economic development entity" means a local development corporation, not-for-profit corporation, public benefit corporation, or other entity that provides or administers economic development benefits and with which the department of small business services serves as a liaison pursuant to paragraph b of

subdivision one of section 1301 of the New York city charter.

3. “Comptroller” means the comptroller of the city of New York and his or her authorized or designated agents.

4. “Entity” or “Person” means any individual, sole proprietorship, partnership, association, joint venture, limited liability company, corporation or any other form of doing business.

5. “City financial assistance” includes any loans, grants, tax credits, tax exemptions, tax abatements, subsidies, mortgages, debt forgiveness, land conveyances for less than appraised value, land value or other thing of value allocated, conveyed or expended by the city. Notwithstanding, city financial assistance shall include any discretionary assistance that is negotiated or awarded by the city or by a city economic development entity, and shall not include as-of-right assistance, tax abatements or benefits, such as those under the industrial and commercial abatement program, the J-51 program, and other similar programs.

6. “Financial assistance recipient” means any entity or person that receives financial assistance, or any assignee or successor in interest of real property improved or developed with financial assistance, including any entity to which financial assistance is conveyed through the sale of a condominium.

7. “For-profit institution of higher education” means any for-profit college, university or institute or any proprietary institution of higher education as defined in 34 CFR 600.5

8. “Project agreement” means a written agreement between the city or a city economic development entity and a financial assistance recipient pertaining to a project. A project agreement may include an agreement to lease property from the city or a city economic development entity.

b. Limitation on assistance. No for-profit institution of higher education shall be eligible for any city financial assistance unless such institution is in compliance with all applicable United States department of education regulations set forth in 34 CFR 600 and 34 CFR 668.

c. Certification of eligibility required. Any for-profit institution of higher education, upon executing a project agreement that includes city financial assistance, and annually thereafter for such agreement’s duration,

shall certify to the comptroller and either the city or the city economic development entity from which such institution seeks city financial assistance that such institution is in compliance with United States department of education regulations set forth in 34 CFR 600 and 34 CFR 668. Further, such institution shall certify that United States secretary of education has not deemed upon final determination such institution to be in violation of any provision of 34 CFR 668 during the immediately previous three years. Such institution shall make such certifications in writing under oath, signed by an officer of the institution, declaring the truth and correctness of such statements. Any person who signs such certification who makes any false statement material to the certification required under this subdivision shall be guilty of perjury.

d. Inclusion in agreements. The limitation of subdivision b of this section and the certification of subdivision c of this section shall be clearly stated in each loan agreement, development agreement or lease agreement pertaining to city financial assistance to a for-profit institution of higher education.

§ 2. This local law shall take effect ninety days after enactment.

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