



Senate

General Assembly

File No. 16

January Session, 2009

Substitute Senate Bill No. 767

Senate, February 26, 2009

The Committee on Higher Education and Employment Advancement reported through SEN. HANDLEY of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE EXCLUSION OF TITLE IV FINANCIAL AID FROM ELIGIBILITY FOR REFUNDS FROM THE STUDENT PROTECTION ACCOUNT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10a-22v of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2009*):

3 Any student enrolled in a private occupational school authorized in
4 accordance with the provisions of sections 10a-22a to 10a-22o,
5 inclusive, who is unable to complete a course or unit of instruction at
6 such school because of the insolvency or cessation of operation of the
7 school and who has paid tuition for such course or unit of instruction,
8 may make application to the Commissioner of Higher Education for a
9 refund of tuition from the account established pursuant to section 10-
10 22u to the extent that such account exists or has reached the level
11 necessary to pay outstanding approved claims, except that in the case
12 of correspondence and home study schools authorized in accordance

13 with the provisions of sections 10a-22a to 10a-22o, inclusive, only
14 Connecticut residents enrolled in such schools may be eligible for such
15 refund. Upon such application, the commissioner shall determine
16 whether the applicant is unable to complete a course or unit of
17 instruction because of the insolvency or cessation of operation of the
18 school to which tuition has been paid. The commissioner may summon
19 by subpoena any person, records or documents pertinent to the
20 making of a determination regarding insolvency or cessation of
21 operation. For the purpose of making any tuition refund pursuant to
22 this section, a school shall be deemed to have ceased operation
23 whenever it has failed to complete a course or unit of instruction for
24 which the student has paid a tuition fee and, as a result, the school's
25 authorization has been revoked pursuant to section 10a-22f. If the
26 commissioner finds that the applicant is entitled to a refund of tuition
27 because of the insolvency or cessation of operation of the school, the
28 commissioner shall determine the amount of an appropriate refund
29 which shall be equal to or a portion of the tuition paid for the
30 uncompleted course or unit of instruction. Thereafter the
31 Commissioner of Higher Education shall direct the State Treasurer to
32 pay, per order of the Comptroller, the refund to the applicant or
33 persons, agencies or organizations indicated by the applicant who
34 have paid tuition on the student's behalf. If the student is a minor,
35 payment shall be made to the student's parent, parents or legal
36 guardian. In no event shall a refund be made from the student
37 protection account for any financial aid provided to or on behalf of any
38 student in accordance with the provisions of Title IV, Part B of the
39 Higher Education Act of 1965, as amended from time to time. Each
40 recipient of a tuition refund made in accordance with the provisions of
41 this section shall assign all rights to the state of any action against the
42 school or its owner or owners for tuition amounts reimbursed
43 pursuant to this section. Upon such assignment, the state may take
44 appropriate action against the school or its owner or owners in order
45 to reimburse the student protection account for any expenses or claims
46 that are paid from the account and to reimburse the state for the
47 reasonable and necessary expenses in undertaking such action. Any

48 student who falsifies information on an application for tuition
49 reimbursement shall lose his or her right to any refund from the
50 account.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	10a-22v

HED *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill prohibits the Private Occupational School Student Protection Account from being used to repay federal student aid. The bill is not anticipated to result in a fiscal impact.

The Out Years

None

OLR Bill Analysis**sSB 767*****AN ACT CONCERNING THE EXCLUSION OF TITLE IV FINANCIAL AID FROM ELIGIBILITY FOR REFUNDS FROM THE STUDENT PROTECTION ACCOUNT.*****SUMMARY:**

By law, the Private Occupational School Student Protection Account is used to make tuition refunds to students who are unable to complete a course at a private occupational school because the school becomes insolvent or ceases operating. This bill prohibits the account from being used to repay federal student loans.

EFFECTIVE DATE: July 1, 2009

BACKGROUND***Federal Student Loan Discharge for School Closure***

The U.S. Department of Education discharges a student's obligation to repay federal student loans if he or she cannot complete a program of study due to a school's closure. The loan discharge application requires applicants to assign and transfer to the department any right to a refund on the discharged loans made by a third party, including those made by a tuition recovery program.

Student Protection Account

This account is funded by (1) quarterly assessments on private occupational schools' tuition revenue received from Connecticut students and (2) other fees related to the schools' operations.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 16 Nay 0 (02/17/2009)