



Senate

General Assembly

File No. 18

January Session, 2009

Substitute Senate Bill No. 801

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 FINANCIAL STATUS OF A SCHOOL
APPLYING FOR RENEWAL OF AUTHORIZATION TO OPERATE AS A
PRIVATE OCCUPATIONAL SCHOOL.***

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

1 Section 1. Subsection (c) of section 10a-22d of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2009*):

4 (c) Renewal of the certificate of authorization shall be granted only
5 upon (1) the annual fee payment to the Board of Governors of a
6 nonrefundable fee of two hundred dollars, and an additional fee of
7 two hundred dollars for each branch school under section 10a-22g, (2)
8 submission of any reports or audits concerning the fiscal condition of
9 the school or its continuing eligibility to participate in federal student
10 financial aid programs, (3) the filing with the commissioner of a
11 complete application for a renewed certificate of authorization not less
12 than one hundred twenty days prior to the termination date of the

13 most recent certificate of authorization, [and] (4) a determination that
14 the occupational school meets all the conditions of its recent
15 authorization, and (5) the filing of documentation with the
16 commissioner that the occupational school has a passing financial ratio
17 score as required by 34 CFR 668, as amended from time to time.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2009	10a-22d(c)

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 requires a private occupational school to submit documentation that it has a passing financial ratio score, when renewing its certificate of authorization. The bill conforms the law to the Department of Higher Education's current practice, and is not anticipated to result in a fiscal impact.

The Out Years

None

OLR Bill Analysis**sSB 801*****AN ACT CONCERNING THE FINANCIAL STATUS OF A SCHOOL APPLYING FOR RENEWAL OF AUTHORIZATION TO OPERATE AS A PRIVATE OCCUPATIONAL SCHOOL.*****SUMMARY:**

This bill requires a private occupational school, when renewing its certificate of authorization with the Department of Higher Education (DHE), to submit documentation that it has a passing score on the financial ratio test the U.S. Department of Education uses for institutions participating in federal student aid programs. The bill conforms the law to the department's current practice.

The law already requires schools to submit reports or audits concerning their fiscal condition and continuing eligibility in federal student aid programs.

EFFECTIVE DATE: July 1, 2009

BACKGROUND***Financial Ratio Scoring System***

The U.S. Department of Education uses a financial ratio scoring system as a measure of an institution's financial responsibility in determining its eligibility for participation in federal student aid programs. The system uses composite scoring, based on an institution's primary reserve, equity, and net income ratios, to measure its viability, profitability, liquidity, ability to borrow, and capital resources.

Related Bills

The Higher Education and Employment Advancement Committee reported several other bills related to private occupational schools:

SB 766 increases the letter of credit a new private occupational school must file with the DHE commissioner, requires it be issued by a bank with an office in the state, and extends the period for which the school must maintain it.

sSB 767 prohibits Student Protection Account funds from being used to refund federal student loans if a private occupational school becomes insolvent or ceases operating.

SB 796 prohibits the commissioner from issuing a certificate of authorization if the school does not have a director located at its main campus and each branch.

SB 797 revises the process for a private occupational school to appeal the commissioner's decision to deny or revoke its authorization or assess an administrative penalty.

SB 812 conforms to current practice the annual fee, change of ownership fee, and other fees a private occupational school must pay in applying for or renewing its certificate of authorization.

HB 6291 requires a private occupational school, when renewing its certificate of authorization, to submit financial reports or audits as the commissioner, or his designee, prescribes.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 16 Nay 0 (02/17/2009)