



General Assembly

January Session, 2009

Raised Bill No. 809

LCO No. 2780

02780_____HED

Referred to Committee on Higher Education and Employment
Advancement

Introduced by:
(HED)

**AN ACT CONCERNING FINANCIAL STATEMENTS OF PRIVATE
OCCUPATIONAL SCHOOLS.**

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

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 Section 10a-22b of the general statutes is repealed and the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

3 (a) No person, board, association, partnership, corporation, limited
4 liability company or other entity shall offer instruction in any form or
5 manner in any trade or in any industrial, commercial, service,
6 professional or other occupation unless such person, board,
7 association, partnership, corporation, limited liability company or
8 other entity first receives from the commissioner a certificate
9 authorizing the occupational instruction to be offered.

10 (b) Except for initial authorizations, the commissioner shall accept
11 institutional accreditation by an accrediting agency recognized by the
12 United States Department of Education, in satisfaction of the
13 requirements of this section and section 10a-22d, as amended by this
14 act, including the evaluation and attendance requirement, unless the

15 commissioner finds reasonable cause not to rely upon such
16 accreditation.

17 (c) Each person, board, association, partnership, corporation, limited
18 liability company or other entity which seeks to offer occupational
19 instruction shall submit to the commissioner, or the commissioner's
20 designee, in such manner as the commissioner, or the commissioner's
21 designee, prescribes, an application for a certificate of authorization
22 which includes, but need not be limited to, (1) the proposed name of
23 the school; (2) ownership and organization of the school including the
24 names and addresses of all principals, officers, members and directors;
25 (3) names and addresses of all stockholders of the school, except for
26 applicants which are listed on a national securities exchange; (4)
27 addresses of any building or premises on which the school will be
28 located; (5) description of the occupational instruction to be offered; (6)
29 the proposed student enrollment agreement, which includes for each
30 program of occupational instruction offered a description, in plain
31 language, of any requirements for employment in such occupation or
32 barriers to such employment pursuant to state law or regulations; (7)
33 the proposed school catalog, which includes for each program of
34 occupational instruction offered a description of any requirements for
35 employment in such occupation or barriers to such employment
36 pursuant to state law or regulations; (8) financial statements detailing
37 the financial condition of the school pursuant to subsection (d) of this
38 section and subsection (f) of section 10-22d, as amended by this act,
39 prepared by management and reviewed or audited by an independent
40 licensed certified public accountant or independent licensed public
41 accountant; and (9) an agent for service of process. Submitted with an
42 application for initial authorization shall be a nonrefundable
43 application fee in the amount of two thousand dollars made payable to
44 the private occupational school student protection account.

45 (d) Each person, board, association, partnership, corporation,
46 limited liability company or other entity seeking to offer occupational
47 instruction shall have a net worth consisting of sufficient liquid assets

48 or produce other evidence of fiscal soundness to demonstrate the
49 ability of the proposed private occupational school to operate, achieve
50 all of its objectives and meet all of its obligations, including those
51 concerning staff and students, during its period of authorization.

52 [(d)] (e) Upon receipt of a complete application pursuant to
53 subsection (c) of this section, the commissioner shall cause to be
54 conducted an evaluation of the applicant school. Thereafter, the
55 commissioner shall advise the applicant of authorization or
56 nonauthorization not later than one hundred twenty days following
57 the completed appointment of an evaluation team pursuant to
58 subsection [(e)] (f) of this section. The commissioner may consult with
59 the Labor Department and may request the advice of any other state
60 agency which may be of assistance in making a determination. In the
61 event of nonauthorization by the commissioner, he shall set forth the
62 reasons therefor in writing and the applicant school may request in
63 writing of the Board of Governors a hearing pursuant to chapter 54.

64 [(e)] (f) For purposes of an evaluation of an applicant school, the
65 commissioner, or the commissioner's designee, shall appoint an
66 evaluation team which shall include (1) at least two members
67 representing the Board of Governors, and (2) at least one member for
68 each of the areas of occupational instruction for which authorization is
69 sought who shall be experienced in such occupation. The applicant
70 school shall have the right to challenge any proposed member of the
71 evaluation team for good cause shown. A written challenge shall be
72 filed with the commissioner within ten business days following the
73 appointment of such evaluation team. In the event of a challenge, a
74 decision shall be made thereon by the Commissioner of Higher
75 Education within ten business days from the date such challenge is
76 filed, and if the challenge is upheld the Commissioner of Higher
77 Education shall appoint a replacement. Employees of the state or any
78 political subdivision of the state may be members of evaluation teams.
79 The commissioner, or the commissioner's designee, shall not appoint
80 any person to an evaluation team unless the commissioner, or such

81 designee, has received from such person a statement that the person
82 has no interest which is in conflict with the proper discharge of the
83 duties of evaluation team members as described in this section. The
84 statement shall be on a form prescribed by the commissioner and shall
85 be signed under penalty of false statement. Members of the evaluation
86 team shall serve without compensation. Except for any member of the
87 evaluation team who is a state employee, members shall be reimbursed
88 for actual expenses, which expenses shall be charged to and paid by
89 the applicant school.

90 ~~[(f)]~~ (g) The evaluation team appointed pursuant to subsection ~~[(e)]~~
91 ~~(f)~~ of this section shall: (1) Conduct an on-site inspection; (2) submit a
92 written report outlining any evidence of noncompliance; (3) give the
93 school sixty days from the date of the report to provide evidence of
94 compliance; and (4) submit to the commissioner a written report
95 recommending authorization or nonauthorization not later than one
96 hundred twenty days after the on-site inspection. The evaluation team
97 shall determine whether (A) the quality and content of each course or
98 program of instruction, including, but not limited to, residential, on-
99 line, home study and correspondence, training or study shall
100 reasonably and adequately achieve the stated objective for which such
101 course or program is offered; (B) the school has adequate space,
102 equipment, instructional materials and personnel for the instruction
103 offered; (C) the qualifications of directors, administrators, supervisors
104 and instructors shall reasonably and adequately assure that students
105 receive education consistent with the stated objectives for which a
106 course or program is offered; (D) students and other interested persons
107 shall be provided with a catalog or similar publication describing the
108 courses and programs offered, course and program objectives, length
109 of courses and programs, schedule of tuition, fees and all other charges
110 and expenses necessary for completion of the course or program, and
111 termination, withdrawal and refund policies; (E) upon satisfactory
112 completion of the course or program, each student shall be provided
113 appropriate educational credentials by the school; (F) adequate records
114 shall be maintained by the school to show attendance and grades, or

115 other indicators of student progress, and standards shall be enforced
116 relating to attendance and student performance; (G) the applicant
117 school shall be financially sound and capable of fulfilling its
118 commitments to students; and (H) any student housing owned, leased,
119 rented or otherwise maintained by the applicant school shall be safe
120 and adequate. The evaluation team may also indicate in its report such
121 recommendations as may improve the operation of the applicant
122 school.

123 [(g)] (h) Any hospital offering instruction in any form or manner in
124 any trade, industrial, commercial, service, professional or other
125 occupation for any remuneration, consideration, reward or promise,
126 except to hospital employees, members of the medical staff and
127 training for contracted workers, shall obtain a certificate of
128 authorization from the Commissioner of Higher Education for the
129 occupational instruction offered. Each hospital-based occupational
130 school submitting an application for initial authorization shall pay an
131 application fee of two hundred dollars made payable to the private
132 occupational school student protection account. The commissioner
133 shall develop a process for prioritizing the authorization of hospital-
134 based occupational schools based on size and scope of occupational
135 instruction offered. Such schools shall be in compliance with this
136 section when required pursuant to the commissioner's process, or by
137 2012, whichever is earlier.

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

140 (a) No certificate to operate a private occupational school shall be
141 authorized by the commissioner, or the commissioner's designee, if (1)
142 any principal, officer, member or director of the applicant school has
143 acted in a similar capacity for a private occupational school which has
144 had its authorization revoked pursuant to section 10a-22f; (2) the
145 applicant school does not have a net worth consisting of sufficient
146 liquid assets or other evidence of fiscal soundness to operate for the

147 period of time for which authorization is sought; (3) the applicant
148 school or any of its agents engages in advertising, sales, collection,
149 credit or other practices which are false, deceptive, misleading or
150 unfair; (4) the applicant school has any policy which discourages or
151 prohibits the filing of inquiries or complaints regarding the school's
152 operation with the commissioner; (5) the applicant school fails to
153 satisfactorily meet the criteria set forth in subsection [(f)] (g) of section
154 10a-22b, as amended by this act; or (6) a private occupational school
155 that has previously closed fails to follow the procedures for school
156 closure under section 10a-22m.

157 (b) The commissioner may deny a certificate of authorization if the
158 person who owns or intends to operate a private occupational school
159 has been convicted in this state, or any other state, of larceny in
160 violation of section 53a-122 or 53a-123; identity theft in violation of
161 section 53a-129b or 53a-129c; forgery in violation of section 53a-138 or
162 53a-139; or has a criminal record in this state, or any other state, that
163 the commissioner reasonably believes renders the person unsuitable to
164 own and operate a private occupational school. A refusal of a
165 certificate of authorization under this subsection shall be made in
166 accordance with the provisions of sections 46a-79 to 46a-81, inclusive.

167 (c) No certificate to operate a private occupational school shall be
168 issued by the commissioner pursuant to section 10a-22d, as amended
169 by this act, until such private occupational school seeking
170 authorization files with the commissioner certificates indicating that
171 the buildings and premises for such school meet all applicable state
172 and local fire and zoning requirements. Such certificates shall be
173 attested to by the fire marshal and zoning enforcement officer within
174 the municipality in which such school is located.

175 (d) No certificate to operate a new private occupational school shall
176 be issued by the commissioner pursuant to section 10a-22d, as
177 amended by this act, until such private occupational school seeking
178 authorization files with the commissioner an irrevocable letter of credit

179 in the penal amount of twenty thousand dollars guaranteeing the
180 payments required of the school to the private occupational school
181 student protection account in accordance with the provisions of section
182 10a-22u. The letter of credit shall be payable to the private
183 occupational school student protection account in the event that such
184 school fails to make payments to the account as provided in subsection
185 (a) of section 10a-22u or in the event the state takes action to reimburse
186 the account for a tuition refund paid to a student pursuant to the
187 provisions of section 10a-22v, provided the amount of the letter of
188 credit to be paid into the private occupational school student
189 protection account shall not exceed the amounts owed to the account.
190 The letter of credit required by this subsection shall be released eight
191 years after the date of initial approval, provided evidence of fiscal
192 soundness has been verified.

193 (e) The commissioner shall notify the applicant private occupational
194 school, by certified mail, return receipt requested of the decision to
195 grant or deny a certificate of authorization not later than sixty days
196 after receiving the written report of the evaluation team appointed
197 pursuant to subsection [(e)] (f) of section 10a-22b, as amended by this
198 act.

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

201 (a) After the initial year of approval and for the next three years of
202 operation as a private occupational school, authorization shall be
203 required annually.

204 (b) Following the fourth year of continuous authorization, a renewal
205 of the certificate of authorization, if granted, shall be for a period not to
206 exceed five years and may be subject to an evaluation pursuant to
207 subsections [(e)] (f) and [(f)] (g) of section 10a-22b, as amended by this
208 act, provided no private occupational school shall operate for more
209 than five additional years from the date of any renewal without the
210 completion of an evaluation pursuant to subsections [(e)] (f) and [(f)]

211 (g) of section 10a-22b, as amended by this act.

212 (c) Renewal of the certificate of authorization shall be granted only
213 upon (1) the annual fee payment to the Board of Governors of a
214 nonrefundable fee of two hundred dollars, and an additional fee of
215 two hundred dollars for each branch school under section 10a-22g, as
216 amended by this act, (2) submission of any reports or audits
217 concerning the fiscal condition of the school or its continuing eligibility
218 to participate in federal student financial aid programs, (3) the filing
219 with the commissioner of a complete application for a renewed
220 certificate of authorization not less than one hundred twenty days
221 prior to the termination date of the most recent certificate of
222 authorization, and (4) a determination that the occupational school
223 meets all the conditions of its recent authorization.

224 (d) If the commissioner, or the commissioner's designee, determines,
225 at any time during a school's authorization period, that such school is
226 out of compliance with the conditions of authorization under sections
227 10a-22a to 10a-22o, inclusive, as amended by this act, and any
228 applicable regulations of Connecticut state agencies, the school may be
229 placed on probation for a period not to exceed one year. If, after the
230 period of one year of probationary status, the school remains out of
231 compliance with the conditions of authorization, the commissioner
232 may revoke such school's certificate of authorization to operate as a
233 private occupational school pursuant to section 10a-22f. During the
234 school's period of probation, the school shall post its probationary
235 certificate of authorization in public view. The Department of Higher
236 Education may publish the school's probationary certificate of
237 authorization status.

238 (e) Notwithstanding the provisions of sections 10a-22a to 10a-22o,
239 inclusive, as amended by this act, the commissioner may authorize the
240 extension of the most recent certificate of authorization for a period not
241 to exceed sixty days for good cause shown, provided such extension
242 shall not change the date of the original certificate's issuance or the

243 date for each renewal.

244 (f) Each private occupational school shall keep financial records in
245 conformity with generally accepted accounting principles. An annual
246 financial statement detailing the financial status of the school shall be
247 prepared by school management and reviewed or audited by a
248 licensed certified public accountant or licensed public accountant in
249 accordance with standards established by the American Institute of
250 Certified Public Accountants. A copy of such financial statement shall
251 be filed with the commissioner on or before the last day of the fourth
252 month following the end of the school's fiscal year, except in the case
253 of a nationally accredited school recognized by the United States
254 Department of Education, in which case such financial statement shall
255 be due on or before the last day of the sixth month following the end of
256 the school's fiscal year. Only audited financial statements shall be
257 accepted from a nationally accredited school. Upon a nonaccredited
258 school's written request, the commissioner may authorize, for good
259 cause shown, a filing extension for a period not to exceed sixty days.
260 No filing extensions shall be granted to a nationally accredited school.

261 Sec. 4. Subsection (b) of section 10a-22g of the general statutes is
262 repealed and the following is substituted in lieu thereof (*Effective July*
263 *1, 2009*):

264 (b) The buildings and premises for such additional classroom site or
265 branch school shall meet all applicable state and local fire and zoning
266 requirements, and certificates attesting the same signed by the local
267 fire marshal and zoning enforcement officer shall be filed with the
268 commissioner prior to offering such occupational instruction. The
269 additional classroom site or branch school shall be in compliance with
270 the relevant requirements set forth in subsection [(f)] (g) of section 10a-
271 22b, as amended by this act. A nonrefundable fee in the amount of two
272 hundred dollars for each branch school shall be paid annually into the
273 private occupational school student protection account.

274 Sec. 5. Section 10a-22y of the general statutes is repealed and the

275 following is substituted in lieu thereof (*Effective July 1, 2009*):

276 Notwithstanding the provisions of section 10a-22d, as amended by
 277 this act, the authorization period for each hospital-based occupational
 278 school described in subsection [(g)] (h) of section 10a-22b, as amended
 279 by this act, shall be three years. Each hospital-based occupational
 280 school shall pay a fee of two hundred dollars for renewal of its
 281 certificate of authorization. Such fee shall be payable to the private
 282 occupational school student protection account. Each hospital-based
 283 occupational school shall pay one-half of one per cent of its net tuition
 284 revenue received by such school per calendar quarter into the private
 285 occupational school student protection account, in accordance with
 286 section 10a-22u.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	10a-22b
Sec. 2	<i>July 1, 2009</i>	10a-22c
Sec. 3	<i>July 1, 2009</i>	10a-22d
Sec. 4	<i>July 1, 2009</i>	10a-22g(b)
Sec. 5	<i>July 1, 2009</i>	10a-22y

Statement of Purpose:

To increase the timeframe for private occupational schools to submit their annual financial information and to require that accredited occupational schools submit this information in the form of an audited financial statement only.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]