



Substitute Senate Bill No. 26

Public Act No. 16-155

AN ACT CONCERNING PRIVATE OCCUPATIONAL SCHOOLS.

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

Section 1. Section 10a-22a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

As used in sections 10a-22a to 10a-22y, inclusive:

(1) "Private occupational school" means a postsecondary career school operated by a person, board, association, partnership, corporation, limited liability company or other entity offering instruction in any form or manner in any trade, industrial, commercial, service, professional or other occupation for any remuneration, consideration, reward or promise of whatever nature, including, but not limited to, a hospital-based occupational school, or any program, school or entity offering postsecondary instruction in barbering or hairdressing, except "private occupational school" shall not include (A) instruction offered under public supervision and control; (B) instruction conducted by a firm or organization solely for the training of its own employees or members; or (C) instruction offered by a school authorized by the General Assembly to confer degrees;

(2) "Additional classroom site" means a facility that (A) is

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geographically located close to the school or branch that oversees the site, such that students must utilize services provided at such school or branch, (B) conducts permanent or temporary educational activities, and (C) offers courses or full programs of study;

(3) "Branch" means a subdivision of a school (A) located at a different facility and geographical site from the school, except for a site that is an additional classroom site as determined by the executive director, or the executive director's designee, and (B) that (i) offers one or more complete programs leading to a diploma or certificate; (ii) operates under the school's certificate of operation; (iii) meets the same conditions of authorization as the school; and (iv) exercises administrative control and is responsible for its own academic affairs; [and]

(4) "Executive director" means the executive director of the Office of Higher Education; and

(5) "Postsecondary career school" means an institution authorized to operate educational programs beyond secondary education.

Sec. 2. Section 10a-22b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

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

(b) Except for initial authorizations, the executive director shall accept institutional accreditation by an accrediting agency recognized by the United States Department of Education, in satisfaction of the

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requirements of this section and section 10a-22d, as amended by this act, including the evaluation and attendance requirement, unless the executive director finds reasonable cause not to rely upon such accreditation. Except for initial authorizations, the executive director may accept programmatic accreditation in satisfaction of the requirements of this section and section 10a-22d, as amended by this act, with regard to instruction offered by a hospital pursuant to subsection (h) of this section unless the executive director finds reasonable cause not to rely upon such accreditation.

(c) Each person, board, association, partnership, corporation, limited liability company or other entity which seeks to offer occupational instruction shall submit to the executive director, or the executive director's designee, in such manner as the executive director, or the executive director's designee, prescribes, an application for a certificate of authorization which includes, but need not be limited to, (1) the proposed name of the school; (2) ownership and organization of the school including the names and addresses of all principals, officers, members and directors; (3) names and addresses of all stockholders of the school, except for applicants which are listed on a national securities exchange; (4) addresses of any building or premises on which the school will be located; (5) description of the occupational instruction to be offered; (6) the proposed student enrollment agreement, which includes for each program of occupational instruction offered a description, in plain language, of any requirements for employment in such occupation or barriers to such employment pursuant to state law or regulations; (7) the proposed school catalog, which includes for each program of occupational instruction offered a description of any requirements for employment in such occupation or barriers to such employment pursuant to state law or regulations; (8) financial statements detailing the financial condition of the school pursuant to subsection (d) of this section and subsection (g) of section 10a-22d, as amended by this act, prepared by

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management and reviewed or audited, or, for a nonaccredited school offering instruction in barbering or hairdressing and annually enrolling fewer than ten students, compiled, by an independent licensed certified public accountant or independent licensed public accountant; and (9) an agent for service of process. Each application for initial authorization shall be accompanied by a nonrefundable application fee made payable to the private occupational school student protection account in the amount of two thousand dollars for the private occupational school and two hundred dollars for each branch of a private occupational school in this state.

(d) Each person, board, association, partnership, corporation, limited liability company or other entity seeking to offer occupational instruction shall have a net worth consisting of sufficient liquid assets or produce other evidence of fiscal soundness to demonstrate the ability of the proposed private occupational school to operate, achieve all of its objectives and meet all of its obligations, including those concerning staff and students, during the period of time for which the authorization is sought.

(e) Upon receipt of a complete application pursuant to subsection (c) of this section, the executive director shall cause to be conducted an evaluation of the applicant school. [Thereafter] Not later than sixty days (1) after receipt of a complete application for initial authorization, or (2) prior to expiration of the authorization of a private occupational school applying to renew its certificate of authorization pursuant to section 10a-22d, as amended by this act, the executive director, or the executive director's designee, shall appoint an evaluation team, pursuant to subsection (f) of this section, to conduct such evaluation of the applicant school. Not later than one hundred twenty days following the completed appointment of the evaluation team, the executive director shall [advise] notify the applicant school of authorization or nonauthorization. [not later than one hundred twenty

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days following the completed appointment of an evaluation team pursuant to subsection (e) of this section.] The executive director may consult with the Labor Department and may request the advice of any other state agency which may be of assistance in making a determination. In the event of nonauthorization, [by] the executive director [, he] shall set forth the reasons therefor in writing and the applicant school may request in writing a hearing before the executive director. Such hearing shall be held in accordance with the provisions of chapter 54.

(f) For purposes of an evaluation of an applicant school, the executive director, or the executive director's designee, shall appoint an evaluation team which shall include (1) at least two members representing the Office of Higher Education, and (2) at least one member for each of the areas of occupational instruction for which authorization is sought who shall be experienced in such occupation. The applicant school shall have the right to challenge any proposed member of the evaluation team for good cause shown. A written challenge shall be filed with the executive director within ten business days following the appointment of such evaluation team. In the event of a challenge, a decision shall be made thereon by the executive director within ten business days from the date such challenge is filed, and if the challenge is upheld the executive director shall appoint a replacement. Employees of the state or any political subdivision of the state may be members of evaluation teams. The executive director, or the executive director's designee, shall not appoint any person to an evaluation team unless the executive director, or such designee, has received from such person a statement that the person has no interest which is in conflict with the proper discharge of the duties of evaluation team members as described in this section. The statement shall be on a form prescribed by the executive director and shall be signed under penalty of false statement. [Members of the evaluation team shall serve without compensation.] Except for any member of the

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evaluation team who is a state employee, members may be compensated for their service at the discretion of the executive director and shall be reimbursed for actual expenses, which expenses shall be charged to and paid by the applicant school.

(g) The evaluation team appointed pursuant to subsection (f) of this section shall: (1) Conduct an on-site inspection; (2) submit a written report outlining any evidence of noncompliance; (3) give the school [sixty] thirty days from the date of the report to provide evidence of compliance; and (4) submit to the executive director a written report recommending authorization or nonauthorization not later than one hundred twenty days after the on-site inspection. The evaluation team shall determine whether (A) the quality and content of each course or program of instruction, including, but not limited to, residential, on-line, home study and correspondence, training or study shall reasonably and adequately achieve the stated objective for which such course or program is offered; (B) the school has adequate space, equipment, instructional materials and personnel for the instruction offered; (C) the qualifications of directors, administrators, supervisors and instructors shall reasonably and adequately assure that students receive education consistent with the stated objectives for which a course or program is offered; (D) students and other interested persons shall be provided with a catalog or similar publication describing the courses and programs offered, course and program objectives, length of courses and programs, schedule of tuition, fees and all other charges and expenses necessary for completion of the course or program, and termination, withdrawal and refund policies; (E) upon satisfactory completion of the course or program, each student shall be provided appropriate educational credentials by the school; (F) adequate records shall be maintained by the school to show attendance and grades, or other indicators of student progress, and standards shall be enforced relating to attendance and student performance; (G) the applicant school shall be financially sound and capable of fulfilling its

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commitments to students; (H) any student housing owned, leased, rented or otherwise maintained by the applicant school shall be safe and adequate; and (I) the school and any branch of the school in this state has a director located at the school or branch who is responsible for daily oversight of the school's or branch's operations. The evaluation team may also indicate in its report such recommendations as may improve the operation of the applicant school.

(h) Any hospital offering postsecondary career instruction in any form or manner in any trade, industrial, commercial, service, professional or other occupation for any remuneration, consideration, reward or promise, except to hospital employees, members of the medical staff and training for contracted workers, shall obtain a certificate of authorization from the executive director for the occupational instruction offered. Each hospital-based occupational school submitting an application for initial authorization shall pay an application fee of two hundred dollars made payable to the private occupational school student protection account. The executive director shall develop a process for prioritizing the authorization of hospital-based occupational schools based on size and scope of occupational instruction offered. Such schools shall be in compliance with this section when required pursuant to the executive director's process, or by 2012, whichever is earlier.

(i) Any program, school or other entity offering postsecondary career instruction in any form or manner in barbering or hairdressing for any remuneration, consideration, reward or promise shall obtain a certificate of authorization from the executive director of the Office of Higher Education for the occupational instruction offered. Each program, school or entity approved on or before July 1, 2013, by the Connecticut Examining Board for Barbers, Hairdressers and Cosmeticians pursuant to chapter 368 or 387 that submits an application for initial authorization shall pay an application fee of five

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hundred dollars made payable to the private occupational school student protection account. The executive director of the Office of Higher Education shall develop a process for prioritizing the authorization of such barber and hairdressing programs, schools and entities. Such programs, schools and entities shall be in compliance with this section on or before July 1, 2015, or when required pursuant to the executive director's process, whichever is earlier. No person, board, association, partnership corporation, limited liability company or other entity shall establish a new program, school or other entity that offers instruction in any form or manner in barbering or hairdressing on or after July 1, 2013, unless such person, board, association, partnership, corporation, limited liability company or other entity first receives from the executive director of the Office of Higher Education a certificate authorizing the barbering or hairdressing occupational instruction to be offered in accordance with the provisions of this section.

Sec. 3. Subsection (c) of section 10a-22d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(c) Renewal of the certificate of authorization shall be granted only upon (1) payment of a nonrefundable renewal fee to the Office of Higher Education in the amount of two hundred dollars for the private occupational school and two hundred dollars for each branch of a private occupational school, (2) submission of any reports or audits, as prescribed by the executive director or the executive director's designee, concerning the fiscal condition of the private occupational school or its continuing eligibility to participate in federal student financial aid programs, (3) the filing with the executive director of a complete application for a renewed certificate of authorization not less than one hundred twenty days prior to the termination date of the most recent certificate of authorization, and (4) a determination that

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the private occupational school meets all the conditions of its recent authorization, including, but not limited to, at the discretion of the executive director, evidence that such school is current on its rent or mortgage obligations, and the filing of documentation with the executive director that the private occupational school has a passing financial ratio score as required by 34 CFR 668, as amended from time to time.

Sec. 4. Subsection (g) of section 10a-22d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(g) Each private occupational school shall keep financial records in conformity with generally accepted accounting principles. An annual financial statement detailing the financial status of the school shall be prepared by school management and reviewed or audited, or, for a nonaccredited school offering instruction in barbering or hairdressing and annually enrolling fewer than ten students, compiled, by a licensed certified public accountant or licensed public accountant in accordance with standards established by the American Institute of Certified Public Accountants. A copy of such financial statement shall be filed with the executive director on or before the last day of the fourth month following the end of the school's fiscal year, except in the case of a nationally accredited school recognized by the United States Department of Education, in which case such financial statement shall be due on or before the last day of the sixth month following the end of the school's fiscal year. Only audited financial statements shall be accepted from a nationally accredited school. Upon a nonaccredited school's written request, the executive director may authorize, for good cause shown, a filing extension for a period not to exceed sixty days. No filing extensions shall be granted to a nationally accredited school.

Sec. 5. Subsection (a) of section 10a-22g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July*

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1, 2016):

(a) A private occupational school which is authorized by the executive director pursuant to sections 10a-22a to 10a-22o, inclusive, as amended by this act, and sections 10a-22u to 10a-22w, inclusive, may request authorization to establish and operate additional classroom sites or branch schools for the purpose of offering the occupational instruction authorized by the executive director, provided the additional classroom site or branch school complies with the provisions of subsection (b) of this section. Such school shall make such request for authorization to operate an additional classroom site or branch school, in the manner and on such forms as prescribed by the executive director, at least [thirty] sixty days prior to the proposed establishment of such additional classroom site or branch school.

Sec. 6. Subsection (d) of section 10a-22c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(d) No certificate to operate a new private occupational school shall be issued by the executive director pursuant to section 10a-22d, as amended by this act, until such private occupational school seeking authorization files with the executive director an irrevocable letter of credit issued by a bank with its main office or branch located within this state in the penal amount of forty thousand dollars guaranteeing the payments required of the school to the private occupational school student protection account in accordance with the provisions of section 10a-22u. The letter of credit shall be payable to the private occupational school student protection account in the event that such school fails to make payments to the account as provided in subsection (a) of section 10a-22u or in the event the state takes action to reimburse the account for a tuition refund paid to a student pursuant to the provisions of section 10a-22v, provided the amount of the letter of credit to be paid into the private occupational school student

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protection account shall not exceed the amounts owed to the account. In the event a private occupational school fails to close in accordance with the provisions of section 10a-22m, as amended by this act, the executive director may seize the letter of credit, which shall be made payable to the private occupational school protection account. The letter of credit required by this subsection shall be released twelve years after the date of initial approval, provided evidence of fiscal soundness has been verified.

Sec. 7. Section 10a-22m of the general statutes is amended by adding subsections (d) and (e) as follows (*Effective July 1, 2016*):

(NEW) (d) In the event a private occupational school fails to meet the requirements set forth in subsection (a) of this section and closes prior to graduating all current students, the executive director may seize the letter of credit filed by the private occupational school pursuant to subsection (d) of section 10a-22c, as amended by this act, and such letter of credit shall be made payable to the private occupational school student protection account. The executive director may expend funds from the private occupational school student protection account up to the amount necessary to facilitate a teach-out of any remaining students up to and including the issuance of a certificate of completion pursuant to subsection (e) of this section. For purposes of this subsection and subsection (e) of this section, (1) "teach-out" means the completion of instruction of a course or program of study in which a student was enrolled, provided the teach-out includes instruction of the entire program of study when a course is a part of such program of study, and (2) "certificate of completion" means the credential, documented in writing, that is issued to a student who completes a course or program of study offered by a private occupational school.

(NEW) (e) In the event of a private occupational school closure that fails to meet the requirements set forth in subsection (a) of this section,

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the executive director may issue a certificate of completion to each student that, in the executive director's determination, has successfully completed the student's course or program of study in which the student was enrolled at the private occupational school.

Approved June 6, 2016