



Senate

General Assembly

File No. 86

February Session, 2016

Senate Bill No. 97

Senate, March 21, 2016

The Committee on Higher Education and Employment Advancement reported through SEN. BARTOLOMEO of the 13th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE PRIVATE OCCUPATIONAL SCHOOL STUDENT PROTECTION ACCOUNT.

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

1 Section 1. Subsection (a) of section 10a-22u of the 2016 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective July 1, 2016*):

4 (a) There shall be an account to be known as the private
5 occupational school student protection account within the General
6 Fund. Each private occupational school authorized in accordance with
7 the provisions of sections 10a-22a to 10a-22o, inclusive, shall pay to the
8 State Treasurer an amount equal to four-tenths of one per cent of the
9 tuition received by such school per calendar quarter exclusive of any
10 refunds paid, except that distance learning and correspondence [and
11 home study] schools authorized in accordance with the provisions of
12 sections 10a-22a to 10a-22o, inclusive, shall contribute to said account
13 only for Connecticut residents enrolled in such schools. Payments shall

14 be made by January thirtieth, April thirtieth, July thirtieth and October
15 thirtieth in each year for tuition received during the three months next
16 preceding the month of payment. In addition to amounts received
17 based on tuition, the account shall also contain any amount required to
18 be deposited into the account pursuant to sections 10a-22a to 10a-22o,
19 inclusive. Said account shall be used for the purposes of section 10a-
20 22v, as amended by this act. Any interest, income and dividends
21 derived from the investment of the account shall be credited to the
22 account. All direct expenses for the maintenance of the account may be
23 charged to the account upon the order of the State Comptroller. The
24 executive director may assess the account for all direct expenses
25 incurred in the implementation of the purposes of this section which
26 are in excess of the normal expenditures of the Office of Higher
27 Education.

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 Section 10a-22v of the general statutes is repealed and the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

30 Any student enrolled in a private occupational school authorized in
31 accordance with the provisions of sections 10a-22a to 10a-22o,
32 inclusive, who is unable to complete a course or unit of instruction at
33 such school because of the insolvency or cessation of operation of the
34 school and who has paid tuition for such course or unit of instruction,
35 may make application to the executive director for a refund of tuition
36 from the account established pursuant to section 10a-22u, as amended
37 by this act, to the extent that such account exists or has reached the
38 level necessary to pay outstanding approved claims, except that in the
39 case of distance learning and correspondence [and home study]
40 schools authorized in accordance with the provisions of sections 10a-
41 22a to 10a-22o, inclusive, only Connecticut residents enrolled in such
42 schools may be eligible for such refund. Upon such application, the
43 executive director shall determine whether the applicant is unable to
44 complete a course or unit of instruction because of the insolvency or
45 cessation of operation of the school to which tuition has been paid. The
46 executive director may summon by subpoena any person, records or
47 documents pertinent to the making of a determination regarding

48 insolvency or cessation of operation. For the purpose of making any
49 tuition refund pursuant to this section, a school shall be deemed to
50 have ceased operation whenever it has failed to complete a course or
51 unit of instruction for which the student has paid a tuition fee and, as a
52 result, the school's authorization has been revoked pursuant to section
53 10a-22f. If the executive director finds that the applicant is entitled to a
54 refund of tuition because of the insolvency or cessation of operation of
55 the school, the executive director shall determine the amount of an
56 appropriate refund which shall be equal to or a portion of the tuition
57 paid for the uncompleted course or unit of instruction. Thereafter the
58 executive director shall direct the State Treasurer to pay, per order of
59 the Comptroller, the refund to the applicant or persons, agencies or
60 organizations indicated by the applicant who have paid tuition on the
61 student's behalf. If the student is a minor, payment shall be made to
62 the student's parent, parents or legal guardian. In no event shall a
63 refund be made from the student protection account for any financial
64 aid provided to or on behalf of any student in accordance with the
65 provisions of Title IV, Part B of the Higher Education Act of 1965, as
66 amended from time to time. Each recipient of a tuition refund made in
67 accordance with the provisions of this section shall assign all rights to
68 the state of any action against the school or its owner or owners for
69 tuition amounts reimbursed pursuant to this section. Upon such
70 assignment, the state may take appropriate action against the school or
71 its owner or owners in order to reimburse the student protection
72 account for any expenses or claims that are paid from the account and
73 to reimburse the state for the reasonable and necessary expenses in
74 undertaking such action. Any student who falsifies information on an
75 application for tuition reimbursement shall lose his or her right to any
76 refund from the account.

77 Sec. 3. Section 10a-22w of the general statutes is repealed and the
78 following is substituted in lieu thereof (*Effective July 1, 2016*):

79 On or before June thirtieth of each year the State Treasurer shall
80 determine the balance of the account established pursuant to section
81 10a-22u, as amended by this act. [Following such determination by the

82 State Treasurer, if the balance of the account is more than two million
 83 five hundred thousand dollars, schools which began payments to the
 84 account on or before October 1, 1987, shall cease further payments to
 85 the account until it falls below five per cent of such annual net tuition
 86 income at which time payment shall be resumed pursuant to section
 87 10a-22u. Schools which begin payments to the account after October 1,
 88 1987, shall continue to make payments to the account when the balance
 89 of the account is six per cent or more of such annual net tuition income
 90 for a period of time equal to the number of calendar quarters from
 91 October 1, 1987, to the date on which the account first equaled said six
 92 per cent, provided such schools shall make payments to the account
 93 pursuant to said section 10a-22u when the account falls below five per
 94 cent of such annual net tuition income.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	10a-22u(a)
Sec. 2	<i>July 1, 2016</i>	10a-22v
Sec. 3	<i>July 1, 2016</i>	10a-22w

HED *Joint Favorable*

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:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Higher Ed., Off.	Private Occupational School Student Protection Acc - Potential Revenue Gain	Minimal	Minimal

Municipal Impact: None

Explanation

The bill requires all private occupational schools pay 0.4% of their tuition revenues into the private occupational school account (POSA), regardless of its balance. This could result in a potential minimal revenue gain to the POSA, as current law adjusts required payments once the account balance reaches \$2.5 million (the current account balance is approximately \$2.0 million).

The potential revenue gain is anticipated to be minimal as the current quarterly payments made to the POSA have decreased approximately 20-25% over the past year, due to declining enrollment at the post-secondary institutions.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to quarterly payments into the POSA.

OLR Bill Analysis**SB 97*****AN ACT CONCERNING THE PRIVATE OCCUPATIONAL SCHOOL STUDENT PROTECTION ACCOUNT.*****SUMMARY:**

This bill eliminates a provision in current law that adjusts private occupational schools' required payments to the private occupational school student protection account once the balance reaches \$2.5 million. Under current law, when the balance exceeds \$2.5 million, schools that began making payments to the account on or before October 1, 1987 cease making payments until its balance falls below 5% of the annual net tuition income. Schools that began payments after October 1, 1987 must continue making payments for the same number of calendar quarters as elapsed between October 1, 1987 and the date when the account balance first reached the 6% level. The bill instead requires that all schools pay 0.4% of their tuition revenues into the account in every quarter, regardless of its balance.

By law, the account is used to refund tuition to students unable to complete a course at a private occupational school because the school becomes insolvent or stops operating. It is funded by (1) quarterly assessments on private occupational schools' tuition revenue and (2) other fees related to the schools' operations.

Under existing law, correspondence schools must contribute to the account only for their enrolled Connecticut residents, and only the Connecticut residents enrolled in these schools are eligible for refunds from the account. The bill (1) specifies that these provisions also apply to distance learning programs and (2) removes obsolete references to home study schools.

EFFECTIVE DATE: July 1, 2016

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable

Yea 18 Nay 0 (03/03/2016)