



Senate

General Assembly

File No. 293

January Session, 2021

Substitute Senate Bill No. 998

Senate, April 6, 2021

The Committee on Higher Education and Employment Advancement reported through SEN. SLAP of the 5th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE RECOMMENDATIONS OF THE OFFICE OF HIGHER EDUCATION REGARDING PRIVATE OCCUPATIONAL SCHOOLS AND CLOSURE PLANS OF INSTITUTIONS OF HIGHER EDUCATION.

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

1 Section 1. Subsection (c) of section 10a-22b of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July 1,*
3 *2021*):

4 (c) Each person, board, association, partnership, corporation, limited
5 liability company or other entity which seeks to offer occupational
6 instruction shall submit to the executive director, or the executive
7 director's designee, in such manner as the executive director, or the
8 executive director's designee, prescribes, an application for a certificate
9 of authorization which includes, but need not be limited to, (1) the
10 proposed name of the school; (2) ownership and organization of the
11 school including the names and addresses of all principals, officers,

12 members and directors; (3) names and addresses of all stockholders of
13 the school, except for applicants which are listed on a national securities
14 exchange; (4) addresses of any building or premises on which the school
15 will be located; (5) description of the occupational instruction to be
16 offered; (6) the proposed student enrollment agreement, which includes
17 for each program of occupational instruction offered a description, in
18 plain language, of any requirements for employment in such occupation
19 or barriers to such employment pursuant to state law or regulations; (7)
20 the proposed school catalog, which includes for each program of
21 occupational instruction offered a description of any requirements for
22 employment in such occupation or barriers to such employment
23 pursuant to state law or regulations; (8) financial statements detailing
24 the financial condition of the school pursuant to subsection (d) of this
25 section and subsection (g) of section 10a-22d, as amended by this act,
26 prepared by management and reviewed or audited, or, for a
27 nonaccredited school annually [enrolling fewer than ten students]
28 receiving less than fifty thousand dollars in tuition revenue, compiled,
29 by an independent licensed certified public accountant or independent
30 licensed public accountant; and (9) an agent for service of process. Each
31 application for initial authorization shall be accompanied by a
32 nonrefundable application fee made payable to the private occupational
33 school student protection account in the amount of two thousand
34 dollars for the private occupational school and two hundred dollars for
35 each branch of a private occupational school in this state. Any
36 application for initial authorization that remains incomplete six months
37 after the date such application was first submitted to the Office of
38 Higher Education shall expire and the office shall not approve such
39 expired application for authorization.

40 Sec. 2. Subsection (g) of section 10a-22d of the general statutes is
41 repealed and the following is substituted in lieu thereof (*Effective July 1,*
42 *2021*):

43 (g) Each private occupational school shall keep financial records in
44 conformity with generally accepted accounting principles. An annual
45 financial statement detailing the financial status of the school shall be

46 prepared by school management and reviewed or audited, or, for a
47 nonaccredited school annually [enrolling fewer than ten students]
48 receiving less than fifty thousand dollars in tuition revenue, compiled,
49 by a licensed certified public accountant or licensed public accountant
50 in accordance with standards established by the American Institute of
51 Certified Public Accountants. A copy of such financial statement shall
52 be filed with the executive director on or before the last day of the fourth
53 month following the end of the school's fiscal year, except in the case of
54 a nationally accredited school recognized by the United States
55 Department of Education, in which case such financial statement shall
56 be due on or before the last day of the sixth month following the end of
57 the school's fiscal year. Only audited financial statements shall be
58 accepted from a nationally accredited school. Upon a nonaccredited
59 school's written request, the executive director may authorize, for good
60 cause shown, a filing extension for a period not to exceed sixty days. No
61 filing extensions shall be granted to a nationally accredited school.

62 Sec. 3. Section 10a-22d of the general statutes is amended by adding
63 subsection (h) as follows (*Effective July 1, 2021*):

64 (NEW) (h) The failure of any private occupational school to submit
65 an application to the Office of Higher Education for the renewal of a
66 certificate of authorization on or before the date on which it is due may
67 result in the loss of authorization under section 10a-22f, as amended by
68 this act. The executive director of said office may deny the renewal of
69 such certificate of authorization if there exists a failure to file such
70 renewal application by the date on which it is due, or the end of any
71 period of extension authorized pursuant to subsection (e) of this section.

72 Sec. 4. Subsection (a) of section 10a-22f of the general statutes is
73 repealed and the following is substituted in lieu thereof (*Effective July 1,*
74 *2021*):

75 (a) A certificate of authorization issued to a private occupational
76 school pursuant to sections 10a-22a to 10a-22o, inclusive, as amended
77 by this act, and sections 10a-22u to 10a-22w, inclusive, as amended by
78 this act, may be revoked by the executive director if such school (1)

79 ceases to meet the conditions of its authorization; (2) commits a material
80 or substantial violation of sections 10a-22a to 10a-22o, inclusive, as
81 amended by this act, or sections 10a-22u to 10a-22w, inclusive, as
82 amended by this act, or the regulations prescribed thereunder; (3) makes
83 a false statement about a material fact in application for authorization
84 or renewal; [or] (4) fails to make a required payment to the private
85 occupational school student protection account pursuant to section 10a-
86 22u, as amended by this act; or (5) fails to submit a complete application
87 for a renewed certificate of authorization pursuant to section 10a-22d,
88 as amended by this act.

89 Sec. 5. Section 10a-22h of the general statutes is repealed and the
90 following is substituted in lieu thereof (*Effective July 1, 2021*):

91 (a) No representative of a private occupational school not authorized
92 pursuant to sections 10a-22a to 10a-22o, inclusive, as amended by this
93 act, and sections 10a-22u to 10a-22w, inclusive, as amended by this act,
94 shall visit the residence of any prospective student, solicit enrollments,
95 sell occupational instruction in any form or manner, make
96 representations or give counsel to prospective students without first
97 obtaining a permit from the executive director. Such permit shall not be
98 represented to constitute approval of the school itself. Any contract
99 entered into in violation of this section shall not be enforceable by such
100 school.

101 (b) Any person seeking to represent an out-of-state private
102 occupational school not authorized pursuant to sections 10a-22a to 10a-
103 22o, inclusive, as amended by this act, and sections 10a-22u to 10a-22w,
104 inclusive, as amended by this act, shall file an application with the Office
105 of Higher Education on forms prescribed by the executive director.
106 Upon issuance of a permit, such representative shall pay a
107 nonrefundable fee of five hundred dollars into the private occupational
108 student protection account. The permit shall be valid for a period of one
109 year from date of issuance.

110 (c) Any out-of-state private occupational school that seeks to operate
111 a distance learning program in the state shall submit an application to

112 the Office of Higher Education in the form and manner prescribed by
113 the office. Each such private occupational school shall agree to abide by
114 standards established by the office. The office shall approve or reject
115 such private occupational school's application in accordance with the
116 standards established by the office. Authorization by the office to
117 operate a distance learning program in the state shall be valid for a
118 period of one year and may be renewed by the office for additional one-
119 year periods. The office shall establish a schedule of application and
120 renewal fees for all out-of-state private occupational schools that are
121 approved by the office. As used in this subsection, "distance learning
122 program" means a program of study in which lectures are broadcast or
123 classes are conducted by correspondence or over the Internet, without
124 requiring a student to attend in person.

125 Sec. 6. Subsection (a) of section 10a-22u of the general statutes is
126 repealed and the following is substituted in lieu thereof (*Effective July 1,*
127 *2021*):

128 (a) There shall be an account to be known as the private occupational
129 school student protection account within the General Fund. Each
130 private occupational school authorized in accordance with the
131 provisions of sections 10a-22a to 10a-22o, inclusive, as amended by this
132 act, shall pay to the State Treasurer an amount equal to four-tenths of
133 one per cent of the tuition received by such school per calendar quarter
134 exclusive of any refunds paid, except that distance learning and
135 correspondence schools authorized in accordance with the provisions of
136 [sections 10a-22a to 10a-22o, inclusive,] subsection (c) of section 10a-22h,
137 as amended by this act, shall contribute to said account only for
138 Connecticut residents enrolled in such schools. Payments shall be made
139 by January thirtieth, April thirtieth, July thirtieth and October thirtieth
140 in each year for tuition received during the three months next preceding
141 the month of payment. In addition to amounts received based on tuition,
142 the account shall also contain any amount required to be deposited into
143 the account pursuant to sections 10a-22a to 10a-22o, inclusive, as
144 amended by this act. Said account shall be used for the purposes of
145 section 10a-22v, as amended by this act. Any interest, income and

146 dividends derived from the investment of the account shall be credited
147 to the account. All direct expenses for the maintenance of the account
148 may be charged to the account upon the order of the State Comptroller.
149 The executive director may assess the account for all direct expenses
150 incurred in the implementation of the purposes of this section which are
151 in excess of the normal expenditures of the Office of Higher Education.

152 Sec. 7. Section 10a-22v of the general statutes is repealed and the
153 following is substituted in lieu thereof (*Effective July 1, 2021*):

154 Any student enrolled in a private occupational school authorized in
155 accordance with the provisions of sections 10a-22a to 10a-22o, inclusive,
156 as amended by this act, who is unable to complete an approved course
157 or unit of instruction at such school because of the insolvency or
158 cessation of operation of the school and who has paid tuition for such
159 course or unit of instruction, may, not later than two years after the date
160 on which such school became insolvent or ceased operations, make
161 application to the executive director for a refund of tuition from the
162 account established pursuant to section 10a-22u, as amended by this act,
163 to the extent that such account exists or has reached the level necessary
164 to pay outstanding approved claims, except that in the case of distance
165 learning and correspondence schools authorized in accordance with the
166 provisions of [sections 10a-22a to 10a-22o, inclusive,] subsection (c) of
167 section 10a-22h, as amended by this act, only Connecticut residents
168 enrolled in such schools may be eligible for such refund. Upon such
169 application, the executive director shall determine whether the
170 applicant is unable to complete a course or unit of instruction because
171 of the insolvency or cessation of operation of the school to which tuition
172 has been paid. The executive director may summon by subpoena any
173 person, records or documents pertinent to the making of a
174 determination regarding insolvency or cessation of operation. For the
175 purpose of making any tuition refund pursuant to this section, a school
176 shall be deemed to have ceased operation whenever it has failed to
177 complete a course or unit of instruction for which the student has paid
178 a tuition fee and, as a result, the school's authorization has been revoked
179 pursuant to section 10a-22f, as amended by this act. If the executive

180 director finds that the applicant is entitled to a refund of tuition because
181 of the insolvency or cessation of operation of the school, the executive
182 director shall determine the amount of an appropriate refund which
183 shall be equal to the tuition paid for the uncompleted course or unit of
184 instruction. Thereafter the executive director shall direct the State
185 Treasurer to pay, per order of the Comptroller, the refund to the
186 applicant or persons, agencies or organizations indicated by the
187 applicant who have paid tuition on the student's behalf. If the student is
188 a minor, payment shall be made to the student's parent, parents or legal
189 guardian. In no event shall a refund be made from the student
190 protection account for any financial aid provided to or on behalf of any
191 student in accordance with the provisions of Title IV, Part B of the
192 Higher Education Act of 1965, as amended from time to time. Each
193 recipient of a tuition refund made in accordance with the provisions of
194 this section shall assign all rights to the state of any action against the
195 school or its owner or owners for tuition amounts reimbursed pursuant
196 to this section. Upon such assignment, the state may take appropriate
197 action against the school or its owner or owners in order to reimburse
198 the student protection account for any expenses or claims that are paid
199 from the account and to reimburse the state for the reasonable and
200 necessary expenses in undertaking such action. Any student who
201 falsifies information on an application for tuition reimbursement shall
202 lose his or her right to any refund from the account.

203 Sec. 8. Section 10a-34e of the general statutes is amended by adding
204 subsections (c) and (d) as follows (*Effective July 1, 2021*):

205 (NEW) (c) Not later than January 1, 2022, each independent
206 institution of higher education shall submit to the Office of Higher
207 Education a closure plan, which shall include, but need not be limited
208 to, (1) how such institution will respond to a natural disaster, pandemic,
209 data security threat or other catastrophic event that impacts the
210 operations of such institution, and (2) how such institution will manage
211 student records, provide a continuity of education for enrolled students
212 and administer student financial aid and refunds. An independent
213 institution of higher education that is regionally accredited may comply

214 with the requirements of this subsection by submitting to said office the
 215 same closure plan that the institution submitted to the regional
 216 accreditation agency. If an independent institution of higher education
 217 updates its closure plan, then such institution shall submit such updated
 218 closure plan not later than thirty days after the governing board of such
 219 institution approves such updated closure plan.

220 (NEW) (d) Any independent institution of higher education that
 221 plans to close permanently shall submit a written notice to the Office of
 222 Higher Education not later than thirty days after the governing board of
 223 such institution authorizes such closure. Such written notice shall
 224 include, but need not be limited to, (1) the planned date of termination
 225 of operations; (2) the planned date and location for the transfer of
 226 student records; (3) the name and address of the organization that will
 227 receive and maintain student records; (4) the name and contact
 228 information of the designated office or official who will manage
 229 transcript requests; (5) the arrangement for the continued education of
 230 enrolled students through the facilitation of a teach-out, as defined in
 231 section 10a-22m, or other means; (6) evidence of communication with
 232 the United States Department of Education and said office regarding the
 233 management of student refunds, state or federal grants and scholarships
 234 and state loans; and (7) if such institution is regionally accredited,
 235 evidence of communication with the regional accreditation agency
 236 regarding such closure.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2021	10a-22b(c)
Sec. 2	July 1, 2021	10a-22d(g)
Sec. 3	July 1, 2021	10a-22d
Sec. 4	July 1, 2021	10a-22f(a)
Sec. 5	July 1, 2021	10a-22h
Sec. 6	July 1, 2021	10a-22u(a)
Sec. 7	July 1, 2021	10a-22v
Sec. 8	July 1, 2021	10a-34e

Statement of Legislative Commissioners:

In Section 3, "on the date" was changed to "on or before the date" and "the end of" was inserted before "any period" for clarity; in Sections 6 and 7, the brackets were moved to bracket "sections 10a-22a to 10a-22o, inclusive," and "subsection (c) of section 10a-22h, as amended by this act" was inserted to conform with changes being made to section 5 of this bill; and in Section 8(c)(1), "that impacts the operations of such institutions" was inserted for clarity.

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 makes various procedural and technical changes to private occupational schools, which do not result in a fiscal impact to the state or General Fund.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**sSB 998*****AN ACT CONCERNING THE RECOMMENDATIONS OF THE OFFICE OF HIGHER EDUCATION REGARDING PRIVATE OCCUPATIONAL SCHOOLS AND CLOSURE PLANS OF INSTITUTIONS OF HIGHER EDUCATION.*****SUMMARY**

This bill makes the following changes in the laws governing private occupational schools and higher education institution closures:

1. changes the threshold for when nonaccredited private occupational schools must include certain financial statements in their application to the Office of Higher Education (OHE) for a certificate of authorization and their annual financial status statement (§§ 1 & 2);
2. allows OHE's executive director to deny a private occupational school's certificate of authorization renewal or revoke its issued one if the school does not file its completed renewal application by its due date or extended due date (§§ 3 & 4);
3. requires out-of-state private occupational schools seeking to operate distance learning programs in Connecticut to follow an application process and standards established by OHE (§§ 5-7); and
4. requires private colleges and universities to submit a closure plan to OHE by January 1, 2022, describing the institution's specific plans for responding to emergency events and managing student-related closure issues (§ 8).

The bill also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2021

**§§ 1 & 2 — NONACCREDITED PRIVATE OCCUPATIONAL SCHOOL
OHE FILINGS**

By law, private occupational schools must send to OHE financial statements detailing their financial condition as part of their (1) application for a certificate of authorization and (2) annual financial status statement. The bill requires nonaccredited private occupational schools to compile their financial statements using a licensed certified public accountant or licensed public accountant, in accordance with American Institute of Certified Public Accountants standards, if the school receives less than \$50,000 in annual tuition revenue, rather than if the school annually enrolls fewer than 10 students, as under current law.

**§§ 5-7 — DISTANCE LEARNING PROGRAMS OFFERED BY OUT-
OF-STATE PRIVATE OCCUPATIONAL SCHOOLS**

The bill requires out-of-state private occupational schools seeking to operate a distance learning program in Connecticut to apply to OHE and follow its standards. The office must approve or reject each application in accordance with these standards. Under the bill, a “distance learning program” is a program of study that broadcasts lectures or conducts classes online or by correspondence and does not require in-person attendance.

Under the bill, OHE authorization to operate the distance learning program is valid for one year and may be renewed annually. The office must establish an application and renewal fee schedule for approved out-of-state private occupational schools.

§ 8 — PRIVATE COLLEGE AND UNIVERSITY CLOSURE PLANS

Submission

The bill requires each private higher education institution to submit a closure plan to OHE. The plan must address the institution’s (1) planned response to a natural disaster, pandemic, data security threat, or other catastrophic event and (2) management of student records, education continuity, and administration of financial aid and refunds.

The bill allows regionally accredited private institutions to comply with these requirements by submitting the same closure plan it submitted to the accreditation agency. It also requires these institutions to submit any closure plan updates within 30 days after the institution's governing board approves them.

Notice

Under the bill, a private higher education institution planning to close permanently must submit written notice of the closure to OHE within 30 days after its governing board authorizes the closure. The notice must contain the follow information:

1. planned date of operations termination;
2. planned date and location for the student records transfer;
3. organization's name and address that will receive and maintain the student records;
4. name and contact information of the designated office or official who will manage transcript requests;
5. arrangement to facilitate a teach-out to continue enrolled students' education;
6. evidence of communication with the U.S. Department of Education and said office about managing student refunds, state or federal grants and scholarships, and state loans (it is unclear to which office this refers); and
7. evidence of communication with the regional accreditation agency about the closure, if applicable.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 22 Nay 0 (03/18/2021)