



Substitute Senate Bill No. 998

Public Act No. 21-45

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:

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 Subsection (c) of section 10a-22b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(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

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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 management and reviewed or audited, or, for a nonaccredited school annually [enrolling fewer than ten students] receiving less than fifty thousand dollars in tuition revenue, 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. Any application for initial authorization that remains incomplete six months after the date such application was first submitted to the Office of Higher Education shall expire and the office shall not approve such expired application for authorization.

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 Subsection (g) of section 10a-22d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(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 annually [enrolling fewer than ten students]

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receiving less than fifty thousand dollars in tuition revenue, 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. 3. Section 10a-22d of the general statutes is amended by adding subsection (h) as follows (*Effective July 1, 2021*):

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

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 Subsection (a) of section 10a-22f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) A certificate of authorization issued to a private occupational school pursuant to sections 10a-22a to 10a-22o, inclusive, as amended by this act, and sections 10a-22u to 10a-22w, inclusive, as amended by

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this act, may be revoked by the executive director if such school (1) ceases to meet the conditions of its authorization; (2) commits a material or substantial violation of sections 10a-22a to 10a-22o, inclusive, as amended by this act, or sections 10a-22u to 10a-22w, inclusive, as amended by this act, or the regulations prescribed thereunder; (3) makes a false statement about a material fact in application for authorization or renewal; [or] (4) fails to make a required payment to the private occupational school student protection account pursuant to section 10a-22u, as amended by this act; or (5) fails to submit a complete application for a renewed certificate of authorization pursuant to section 10a-22d, as amended by this act.

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

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

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

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

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

(a) There shall be an account to be known as the private occupational school student protection account within the General Fund. Each private occupational school authorized in accordance with the provisions of sections 10a-22a to 10a-22o, inclusive, as amended by this act, shall pay to the State Treasurer an amount equal to four-tenths of one per cent of the tuition received by such school per calendar quarter exclusive of any refunds paid, except that distance learning and correspondence schools authorized in accordance with the provisions of [sections 10a-22a to 10a-22o, inclusive,] section 10a-22h, as amended by this act, shall contribute to said account only for Connecticut residents enrolled in such schools. Payments shall be made by January thirtieth, April thirtieth, July thirtieth and October thirtieth in each year for tuition received during the three months next preceding the month of

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payment. In addition to amounts received based on tuition, the account shall also contain any amount required to be deposited into the account pursuant to sections 10a-22a to 10a-22o, inclusive, as amended by this act. Said account shall be used for the purposes of section 10a-22v, as amended by this act. Any interest, income and dividends derived from the investment of the account shall be credited to the account. All direct expenses for the maintenance of the account may be charged to the account upon the order of the State Comptroller. The executive director may assess the account for all direct expenses incurred in the implementation of the purposes of this section which are in excess of the normal expenditures of the Office of Higher Education.

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

Any student enrolled in a private occupational school authorized in accordance with the provisions of sections 10a-22a to 10a-22o, inclusive, as amended by this act, who is unable to complete an approved course or unit of instruction at such school because of the insolvency or cessation of operation of the school and who has paid tuition for such course or unit of instruction, may, not later than two years after the date on which such school became insolvent or ceased operations, make application to the executive director for a refund of tuition from the account established pursuant to section 10a-22u, as amended by this act, to the extent that such account exists or has reached the level necessary to pay outstanding approved claims, except that in the case of distance learning and correspondence schools authorized in accordance with the provisions of [sections 10a-22a to 10a-22o, inclusive,] section 10a-22h, as amended by this act, only Connecticut residents enrolled in such schools may be eligible for such refund. Upon such application, the executive director shall determine whether the applicant is unable to complete a course or unit of instruction because of the insolvency or cessation of operation of the school to which tuition has been paid. The executive

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director may summon by subpoena any person, records or documents pertinent to the making of a determination regarding insolvency or cessation of operation. For the purpose of making any tuition refund pursuant to this section, a school shall be deemed to have ceased operation whenever it has failed to complete a course or unit of instruction for which the student has paid a tuition fee and, as a result, the school's authorization has been revoked pursuant to section 10a-22f, as amended by this act. If the executive director finds that the applicant is entitled to a refund of tuition because of the insolvency or cessation of operation of the school, the executive director shall determine the amount of an appropriate refund which shall be equal to the tuition paid for the uncompleted course or unit of instruction. Thereafter the executive director shall direct the State Treasurer to pay, per order of the Comptroller, the refund to the applicant or persons, agencies or organizations indicated by the applicant who have paid tuition on the student's behalf. If the student is a minor, payment shall be made to the student's parent, parents or legal guardian. In no event shall a refund be made from the student protection account for any financial aid provided to or on behalf of any student in accordance with the provisions of Title IV, Part B of the Higher Education Act of 1965, as amended from time to time. Each recipient of a tuition refund made in accordance with the provisions of this section shall assign all rights to the state of any action against the school or its owner or owners for tuition amounts reimbursed pursuant to this section. Upon such assignment, the state may take appropriate action against the school or its owner or owners in order to reimburse the student protection account for any expenses or claims that are paid from the account and to reimburse the state for the reasonable and necessary expenses in undertaking such action. Any student who falsifies information on an application for tuition reimbursement shall lose his or her right to any refund from the account.

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

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(NEW) (c) Not later than January 1, 2022, each independent institution of higher education shall submit to the Office of Higher Education a closure plan, which shall include, but need not be limited to, (1) how such institution will respond to a natural disaster, pandemic, data security threat or other catastrophic event that impacts the operations of such institution, and (2) how such institution will manage student records, provide a continuity of education for enrolled students and administer student financial aid and refunds. An independent institution of higher education that is regionally accredited may comply with the requirements of this subsection by submitting to said office the same closure plan that the institution submitted to the regional accreditation agency. If an independent institution of higher education updates its closure plan, then such institution shall submit such updated closure plan not later than thirty days after the governing board of such institution approves such updated closure plan.

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

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