

Statutory Protections for Private Career School Students

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Issue

Describe statutory protections for private career school students, including if a school abruptly closes. This report updates, in part, OLR Report [2018-R-0337](#).

Summary

Private career schools are privately controlled and offer instruction in trades or industrial, commercial, professional, or service occupations for remuneration.

These schools are regulated by and must have a certificate of authorization from the Office of Higher Education (OHE). By law and regulation, OHE establishes application requirements, fees, fines, and other payments. Private career schools must also disclose the nature and status of certain legal claims against them as part of their applications to OHE for licensure, accreditation, or certificates of authorization, and OHE is allowed to investigate and take punitive action against schools for noncompliance, including denying licensure, accreditation, or certificates of authorization.

There are several laws designed to protect students enrolled in private career schools, including if these institutions close with little or no notice. State law requires these schools to:

1. file an irrevocable letter of credit issued by a bank with a main office or branch located in Connecticut guaranteeing required payments to the private career school student protection account and
2. set application requirements, fees, fines, and other payments in regulations.

State law protects students enrolled in these schools by:

1. safely storing student records,
2. allowing OHE to facilitate a “teach-out” to help students complete their program of study, and
3. allowing students to apply for a tuition refund from the state.

Certification Process

Application

A potential private career school must apply to OHE in a way the executive director determines and pay the nonrefundable \$500 application fee, which is set in regulations for new schools ([CGS § 10a-22b\(c\)](#) and [Conn. Agencies Regs., § 10-a-22k-3](#)).

Approved certificates must be renewed annually for the first four years ([CGS § 10a-22d\(a\)](#)). Starting on the fifth year, renewals may be valid for up to five years, and OHE may conduct another evaluation. However, the law prohibits any school from operating for more than five additional years without an evaluation.

Evaluation

Each applicant is evaluated by a team, which conducts an on-site inspection and submits a written report to the OHE executive director recommending authorization or nonauthorization of a private career school. State law establishes the team’s membership and duties, which include: (1) conducting on-site inspections, (2) submitting noncompliance reports, (3) giving the school 30 days to provide evidence of compliance, and (4) submitting a final recommendation within 120 days after the inspection ([CGS § 10a-22b\(f\) & \(g\)](#)). The law also establishes a process for an applicant to challenge any proposed membership of the evaluation team for good cause shown.

The evaluation team must determine, among other things, whether:

1. each course or program’s content and quality reasonably and adequately achieves the stated objective of the course or program;
2. the school has adequate space, equipment, instructional materials, and personnel for the instruction offered;
3. the qualifications of directors, administrators, supervisors, and instructors reasonably and adequately assures that students will receive education consistent with the course or program objectives;
4. the applicant school is financially sound and capable of fulfilling its commitments to students; and

5. the school and any branch of the school in the state has a director located at the school or branch who is responsible for daily oversight of the school's or branch's operations ([CGS § 10a-22b\(g\)](#)).

Denial

The OHE executive director must notify the applicant within 60 days of receiving the evaluation team's report of her decision to grant or deny authorization. The notice must be by certified mail with return receipt requested ([CGS § 10a-22c\(e\)](#)).

A private career school's certificate to operate may be denied for any of the following reasons:

1. any principal, officer, member, or director of the school has acted in a similar capacity for a private career school that has had their authorization revoked;
2. the school does not have a sufficient net worth;
3. the applicant school or any of its agents engages in advertising, sales, collection, credit, or other practices which are false, deceptive, misleading, or unfair;
4. the school has any policy which discourages or prohibits the filing of inquiries or complaints regarding the school's operation with the executive director;
5. the school fails to meet the evaluation team's criteria (see above);
6. a private career school that has previously closed fails to follow the procedures for school closure (see below); or
7. the school does not have a director located at the school and at each of its branches in the state ([CGS § 10a-22c\(a\)](#)).

The executive director may deny a school's authorization to operate if the person who owns or intends to operate it has been convicted in any state of 1st or 2nd degree larceny, identity theft, or forgery. The executive director may also deny the authorization of the person has a criminal record the commissioner believes make them unsuitable to own and operate a school. The refusal for any criminal reasons must be made according to the laws governing denial of employment based on prior conviction.

Fees

OHE must establish certain fees, fines, penalties, and other payments in regulations, including the following:

1. renewing a certificate (\$100, [CGS § 10a-22d](#) and [Conn. Agencies Regs., § 10a-22k-7](#));
2. changing ownership ([CGS § 10a-22e](#));

3. violating laws or regulations governing private career schools (up to \$100 or \$500 per violation per day, [CGS § 10a-22i](#) and [Conn. Agencies Regs., § 10a-22k-12](#));
4. operating without a certificate of operation ([CGS § 10a-22l](#)); and
5. failing to comply with school closure requirements ([CGS § 10a-22m](#)).

Required Disclosures

Private career schools must make certain disclosures when applying to OHE for initial or renewed licensure, accreditation, or certificates of authorization if they require students to enter into an enrollment agreement that contains any provision (1) limiting participation in a class action suit against the institution; (2) limiting any claim students may have against the institution or the damages associated with the claim; or (3) requiring students to bring claims against the institution in a forum that is less convenient, more costly, or slower-moving than an in-state judicial forum.

Any private career school with a student enrollment agreement containing any of the above provisions must disclose the following to OHE in its application for initial or renewed licensure, accreditation, or certificate of authorization: (1) the number and status of claims made against the institution by current or former students, including those made against any subsidiary or parent organization, and (2) a description of the nature of the rights asserted ([CGS § 10a-34g\(a\)](#)).

Enforcement Action

OHE has the authority to take enforcement action against private career schools.

Denial of Licensure, Accreditation, or Certificate of Authorization. The OHE executive director can deny a school's initial or renewed application for licensure or accreditation if (1) the school fails to include the required disclosures about legal claims in its application or (2) he determines, upon reviewing the required disclosures, that a denial is warranted to protect student interests. The director may also deny a private career school's initial or renewed application for a certificate of authorization under the same circumstances ([CGS § 10a-34g\(b\)](#)).

Monetary Penalties. The OHE executive director may also withhold state and federal funding from a private career school under either of the same two circumstances that allow him to deny the school's licensure, accreditation, or certificate of authorization (see above) ([CGS § 10a-22p\(b\)](#)). He may also assess an administrative penalty of up to \$500 per day against those schools, presumably for failure to include the required disclosures in the above applications. The aggrieved parties may request a hearing before OHE ([CGS §§ 10a-34a\(d\)](#) & [-22i\(d\)](#)).

Court Orders. The OHE executive director, through the attorney general, may also seek a court order through the Superior Court to prevent any private career school from failing to include the required disclosures in application for certificates of authorization ([CGS § 10a-22j](#)).

Student Records Storage

State law requires private occupational schools to preserve and protect all school records. This includes student or academic transcripts, in duplicate; attendance records or other indicators of student progress; copies of individual enrollment agreements or contracts; and evidence of tuition payments.

If a private occupational school closes, it must immediately send all student or academic transcripts to OHE and either (1) keep the office's executive director informed about the location of all other student records or (2) file all other records with the executive director for storage ([CGS § 10a-22n](#)).

School Closures

Private occupational schools must notify OHE 60 days before closing, and provide evidence that:

1. students will complete their course work,
2. no students are owed refunds,
3. student records will be maintained as required by law (see above),
4. final payments have been made to the private career school student protection account (see below),
5. a designation of service form has been filed with OHE, and
6. the certificate of authorization has been returned.

Teach-outs

If a private career school closes prior to graduating all students, the OHE executive director has the authority to facilitate a “teach-out” of remaining students, which allows students to complete a course or program of study in which a student was enrolled ([CGS § 10a-22m\(d\)](#)). OHE may issue completion certificates to students who have successfully completed their course of study under the teach-out. OHE can fund a teach-out using the private career school student protection account ([CGS § 10a-22c\(d\)](#)).

Private Career School Student Protection Account

All private career schools must pay 0.4% of their tuition revenues into the private career school student protection account quarterly, which is maintained by the state ([CGS § 10a-22u](#)). (Distance learning and correspondence schools, however, must only contribute for Connecticut students enrolled.) If a school closes prior to graduating all students, OHE has the authority to seize the letter of credit filed by the school, with the credit payable to the protection account. There is no time limit

on the irrevocable letter of credit, and OHE must set the amount of the letter of credit in regulations ([CGS § 10a-22c\(d\)](#)).

Tuition Refunds

State law allows any student who paid tuition for an approved course or unit of instruction at a private career school but could not complete it because the school became insolvent or closed abruptly, to apply to OHE for a tuition refund. A student has two years from the date of closure to apply for the refund.

OHE's executive director reviews the applications and determines the validity of the refund claim and the amount to refund to the student. Tuition refunds are financed by the private career school student protection account. The student or any person or organization who paid tuition on the student's behalf receives a refund from the state, to the extent the account has the necessary funds ([CGS § 10a-22v](#)).

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