



General Assembly

**Substitute Bill No. 998**

January Session, 2021



**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2 repealed and the following is substituted in lieu thereof (*Effective July 1,*  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 the date on which it is due may result in  
67 the loss of authorization under section 10a-22f, as amended by this act.  
68 The executive director of said office may deny the renewal of such  
69 certificate of authorization if there exists a failure to file such renewal  
70 application by the date on which it is due, or the end of any period of  
71 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, and (2) how such  
210 institution will manage student records, provide a continuity of  
211 education for enrolled students and administer student financial aid  
212 and refunds. An independent institution of higher education that is  
213 regionally accredited may comply with the requirements of this

214 subsection by submitting to said office the same closure plan that the  
215 institution submitted to the regional accreditation agency. If an  
216 independent institution of higher education updates its closure plan,  
217 then such institution shall submit such updated closure plan not later  
218 than thirty days after the governing board of such institution approves  
219 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" for clarity and in Section 8, subdiv. (c)(1), "that impacts the operations of such institutions" was inserted for clarity.

**HED**      *Joint Favorable Subst.*