

Agency Legislative Proposal - 2016 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc): 1111-161-OHE-PrivateOccupationalSchools

(If submitting electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Office of Higher Education

Liaison: Christon Kurker-Stewart

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Lead agency division requesting this proposal: Academic Affairs

Agency Analyst/Drafter of Proposal: Christon Kurker-Stewart

Title of Proposal: An Act Concerning Private Occupational Schools

Statutory Reference: 10a-22a, b, c, d, g, m

Proposal Summary:

This proposal makes technical changes to the statutes concerning private occupational schools and their students in Connecticut. Based on agency experience, adjustments and clarifications are made to streamline and strengthen the process by which schools are regulated and student protections are enforced.

PROPOSAL BACKGROUND

◇ **Reason for Proposal**

Please consider the following, if applicable:

- (1) *Have there been changes in federal/state/local laws and regulations that make this legislation necessary?*
- (2) *Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?*
- (3) *Have certain constituencies called for this action?*
- (4) *What would happen if this was not enacted in law this session?*

This is a resubmission of a bill that passed the House of Representatives unanimously in 2015. The bill makes various changes to laws regarding the authorization of private occupational schools. Under existing law, private occupational schools are privately controlled schools that offer instruction in trades or industrial, commercial, professional, service or other occupations for remuneration. Such schools are regulated by the Office of Higher Education (OHE).

◇ **Origin of Proposal**

New Proposal

Resubmission

If this is a resubmission, please share:

- (1) *What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?*
- (2) *Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?*
- (3) *Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?*
- (4) *What was the last action taken during the past legislative session?*

This proposal passed at the Higher Education Committee and the House of Representatives unanimously. It was not brought to the floor of the Senate and is therefore being resubmitted with the addition of clarifying accreditation language in 10a-22b(b). OHE is not aware of any opposition to the content of the bill.



PROPOSAL IMPACT

◇ **AGENCIES AFFECTED** *(please list for each affected agency)*

<p>Agency Name: No other agencies impacted.</p> <p>Agency Contact (name, title, phone): Click here to enter text.</p> <p>Date Contacted: Click here to enter text.</p> <p>Approve of Proposal <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Talks Ongoing</p>
<p>Summary of Affected Agency's Comments</p> <p>Click here to enter text.</p>
<p>Will there need to be further negotiation? <input type="checkbox"/> YES <input type="checkbox"/> NO</p>

◇ **FISCAL IMPACT** *(please include the proposal section that causes the fiscal impact and the anticipated impact)*

<p>Municipal <i>(please include any municipal mandate that can be found within legislation)</i></p> <p>None.</p>
<p>State</p> <p>Per OFA analysis in 2015, the proposal has an expected impact of \$850 in FY 16 and FY 17, respectively. A portion of the proposal addressing Sec. 10a-22b(f) includes language that allows OHE to compensate individuals who assist OHE personnel with school curriculum evaluations at the discretion of the OHE executive director. Current law prohibits such compensation.</p>
<p>Federal</p> <p>None.</p>
<p>Additional notes on fiscal impact</p> <p>Click here to enter text.</p>

◇ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

<p>The proposal seeks to make minor adjustments and clarifications only.</p>
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AN ACT CONCERNING PRIVATE OCCUPATIONAL SCHOOLS.

Section 10a-22b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(a) No person, board, association, partnership, corporation, limited liability company or other entity shall offer instruction in any form or manner in any trade or in any industrial, commercial, service, professional or other occupation unless such person, board, association, partnership, corporation, limited liability company or other entity first receives from the executive director a certificate authorizing the occupational instruction to be offered.

(b) Except for initial authorizations, the executive director shall accept institutional accreditation by an accrediting agency recognized by the United States Department of Education, in satisfaction of the requirements of this section and section 10a-22d, as amended by this act, including the evaluation and attendance requirement, unless the executive director finds reasonable cause not to rely upon such accreditation. In the case of instruction offered by a hospital pursuant to subsection (h) of this section, the executive director may, except for initial authorizations, accept programmatic accreditation in satisfaction of the requirements of this section and section 10a-22d, as amended by this act, unless the executive director finds reasonable cause not to rely upon such accreditation.

(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 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 prepared by management and reviewed or audited 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.

(d) Each person, board, association, partnership, corporation, limited liability company or other entity seeking to offer occupational instruction shall have a net worth consisting of sufficient liquid assets or produce other evidence of fiscal soundness to demonstrate the ability of the proposed private occupational school to operate, achieve all of its objectives and meet all of its obligations, including those concerning staff, [and] students and rent or mortgage payments, during the period of time for which the authorization is sought.

(e) Upon receipt of a complete application pursuant to subsection (c) of this section, the executive director shall cause to be conducted an evaluation of the applicant school. Not later than sixty days (1) after receipt of a complete application for initial authorization, or (2) prior to expiration of the authorization of a private occupational school applying to renew its certificate of authorization pursuant to section 10a-22d, as amended by this act, the executive director or a designee of the executive director shall appoint an evaluation team pursuant to subsection (f) of this section. Thereafter, the executive director shall [advise] notify the applicant of authorization or nonauthorization not later than one hundred twenty days following the completed appointment of [an] such evaluation team, [pursuant to subsection (e) of this section.] The executive director may consult with the Labor Department and may request the advice of any other state agency which may be of assistance in making a determination. In the event of nonauthorization, [by] the executive director [, he] shall set forth the reasons therefor in writing and the applicant school may request in writing a hearing before the executive director. Such hearing shall be held in accordance with the provisions of chapter 54.

(f) For purposes of an evaluation of an applicant school, the executive director, or the executive director's designee, shall appoint an evaluation team which shall include (1) at least two members representing the Office of Higher Education, and (2) at least one member for each of the areas of occupational instruction for which authorization is sought who shall be experienced in such occupation. The applicant school shall have the right to challenge any proposed member of the evaluation team for good cause shown. A written challenge shall be filed with the executive director within ten business days following the appointment of such evaluation team. In the event of a challenge, a decision shall be made thereon by the executive director within ten business days from the date such challenge is filed, and if the challenge is upheld the executive director shall appoint a replacement. Employees of the state or any political subdivision of the state may be members of evaluation teams. The executive director, or the executive director's designee, shall not appoint any person to an evaluation team unless the executive director, or such designee, has received from such person a statement that the person has no interest which is in conflict with the proper discharge of the duties of evaluation team members as described in this section. The statement shall be on a form prescribed by the executive director and shall be signed under penalty of false statement. [Members of the evaluation team shall serve without compensation.] Except for any member of the evaluation team



who is a state employee, members may be compensated for their service at the discretion of the executive director and shall be reimbursed for actual expenses, which expenses shall be charged to and paid by the applicant school.

(g) The evaluation team appointed pursuant to subsection (f) of this section shall: (1) Conduct an on-site inspection; (2) submit a written report outlining any evidence of noncompliance; (3) give the school [sixty] thirty days from the date of the report to provide evidence of compliance; and (4) submit to the executive director a written report recommending authorization or nonauthorization not later than one hundred twenty days after the on-site inspection. The evaluation team shall determine whether (A) the quality and content of each course or program of instruction, including, but not limited to, residential, on-line, home study and correspondence, training or study shall reasonably and adequately achieve the stated objective for which such course or program is offered; (B) the school has adequate space, equipment, instructional materials and personnel for the instruction offered; (C) the qualifications of directors, administrators, supervisors and instructors shall reasonably and adequately assure that students receive education consistent with the stated objectives for which a course or program is offered; (D) students and other interested persons shall be provided with a catalog or similar publication describing the courses and programs offered, course and program objectives, length of courses and programs, schedule of tuition, fees and all other charges and expenses necessary for completion of the course or program, and termination, withdrawal and refund policies; (E) upon satisfactory completion of the course or program, each student shall be provided appropriate educational credentials by the school; (F) adequate records shall be maintained by the school to show attendance and grades, or other indicators of student progress, and standards shall be enforced relating to attendance and student performance; (G) the applicant school shall be financially sound and capable of fulfilling its commitments to students; (H) any student housing owned, leased, rented or otherwise maintained by the applicant school shall be safe and adequate; and (I) the school and any branch of the school in this state has a director located at the school or branch who is responsible for daily oversight of the school's or branch's operations. The evaluation team may also indicate in its report such recommendations as may improve the operation of the applicant school.

(h) Any hospital offering instruction in any form or manner in any trade, industrial, commercial, service, professional or other occupation for any remuneration, consideration, reward or promise, except to hospital employees, members of the medical staff and training for contracted workers, shall obtain a certificate of authorization from the executive director for the occupational instruction offered. Each hospital-based occupational school submitting an application for initial authorization shall pay an application fee of two hundred dollars made payable to the private occupational school student protection account. The executive director shall develop a process for prioritizing the authorization of hospital-based occupational schools based on size and scope of occupational instruction offered. Such schools shall be in compliance with this section when required pursuant to the executive director's process, or by 2012, whichever is earlier.

(i) Any program, school or other entity offering instruction in any form or manner in barbering or hairdressing for any remuneration, consideration, reward or promise shall obtain a certificate of



authorization from the executive director of the Office of Higher Education for the occupational instruction offered. Each program, school or entity approved on or before July 1, 2013, by the Connecticut Examining Board for Barbers, Hairdressers and Cosmeticians pursuant to chapter 368 or 387 that submits an application for initial authorization shall pay an application fee of five hundred dollars made payable to the private occupational school student protection account. The executive director of the Office of Higher Education shall develop a process for prioritizing the authorization of such barber and hairdressing programs, schools and entities. Such programs, schools and entities shall be in compliance with this section on or before July 1, 2015, or when required pursuant to the executive director's process, whichever is earlier. No person, board, association, partnership corporation, limited liability company or other entity shall establish a new program, school or other entity that offers instruction in any form or manner in barbering or hairdressing on or after July 1, 2013, unless such person, board, association, partnership, corporation, limited liability company or other entity first receives from the executive director of the Office of Higher Education a certificate authorizing the barbering or hairdressing occupational instruction to be offered in accordance with the provisions of this section.

Sec. 2. Subsection (c) of section 10a-22d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(c) Renewal of the certificate of authorization shall be granted only upon (1) payment of a nonrefundable renewal fee to the Office of Higher Education in the amount of two hundred dollars for the private occupational school and two hundred dollars for each branch of a private occupational school, (2) submission of any reports or audits, as prescribed by the executive director or the executive director's designee, concerning the fiscal condition of the private occupational school or its continuing eligibility to participate in federal student financial aid programs, (3) the filing with the executive director of a complete application for a renewed certificate of authorization not less than one hundred twenty days prior to the termination date of the most recent certificate of authorization, and (4) a determination that the private occupational school meets all the conditions of its recent authorization, including, at the discretion of the executive director, evidence that such school is current on its rent or mortgage obligations, and the filing of documentation with the executive director that the private occupational school has a passing financial ratio score as required by 34 CFR 668, as amended from time to time.

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

(a) A private occupational school which is authorized by the executive director pursuant to sections 10a-22a to 10a-22o, inclusive, as amended by this act, and sections 10a-22u to 10a-22w, inclusive, may request authorization to establish and operate additional classroom sites or branch schools for the purpose of offering the occupational instruction authorized by the executive director, provided the additional classroom site or branch school complies with the provisions of subsection (b) of this section. Such school shall make such request for authorization to operate an additional classroom site



or branch school, in the manner and on such forms as prescribed by the executive director, at least [thirty] sixty days prior to the proposed establishment of such additional classroom site or branch school.

Sec. 4. Section 10a-22a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

As used in sections 10a-22a to 10a-22y, inclusive:

(1) "Private occupational school" means a postsecondary career school operated by a person, board, association, partnership, corporation, limited liability company or other entity offering instruction in any form or manner in any trade, industrial, commercial, service, professional or other occupation for any remuneration, consideration, reward or promise of whatever nature, including, but not limited to, a hospital-based occupational school, hairdressing school and barber school, except "private occupational school" shall not include (A) instruction offered under public supervision and control; (B) instruction conducted by a firm or organization solely for the training of its own employees or members; or (C) instruction offered by a school authorized by the General Assembly to confer degrees;

(2) "Additional classroom site" means a facility that (A) is geographically located close to the school or branch that oversees the site, such that students must utilize services provided at such school or branch, (B) conducts permanent or temporary educational activities, and (C) offers courses or full programs of study;

(3) "Branch" means a subdivision of a school (A) located at a different facility and geographical site from the school, except for a site that is an additional classroom site as determined by the executive director, or the executive director's designee, and (B) that (i) offers one or more complete programs leading to a diploma or certificate; (ii) operates under the school's certificate of operation; (iii) meets the same conditions of authorization as the school; and (iv) exercises administrative control and is responsible for its own academic affairs; [and]

(4) "Executive director" means the executive director of the Office of Higher Education; and

(5) "Postsecondary career school" means an institution authorized to operate educational programs beyond secondary education.

Sec. 5. Subsections (h) and (i) of section 10a-22b of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(h) Any hospital offering postsecondary career instruction in any form or manner in any trade, industrial, commercial, service, professional or other occupation for any remuneration, consideration, reward or promise, except to hospital employees, members of the medical staff and training for contracted workers, shall obtain a certificate of authorization from the executive director for the



occupational instruction offered. Each hospital-based occupational school submitting an application for initial authorization shall pay an application fee of two hundred dollars made payable to the private occupational school student protection account. The executive director shall develop a process for prioritizing the authorization of hospital-based occupational schools based on size and scope of occupational instruction offered. Such schools shall be in compliance with this section when required pursuant to the executive director's process, or by 2012, whichever is earlier.

(i) Any program, school or other entity offering postsecondary career instruction in any form or manner in barbering or hairdressing for any remuneration, consideration, reward or promise shall obtain a certificate of authorization from the executive director of the Office of Higher Education for the occupational instruction offered. Each program, school or entity approved on or before July 1, 2013, by the Connecticut Examining Board for Barbers, Hairdressers and Cosmeticians pursuant to chapter 368 or 387 that submits an application for initial authorization shall pay an application fee of five hundred dollars made payable to the private occupational school student protection account. The executive director of the Office of Higher Education shall develop a process for prioritizing the authorization of such barber and hairdressing programs, schools and entities. Such programs, schools and entities shall be in compliance with this section on or before July 1, 2015, or when required pursuant to the executive director's process, whichever is earlier. No person, board, association, partnership corporation, limited liability company or other entity shall establish a new program, school or other entity that offers instruction in any form or manner in barbering or hairdressing on or after July 1, 2013, unless such person, board, association, partnership, corporation, limited liability company or other entity first receives from the executive director of the Office of Higher Education a certificate authorizing the barbering or hairdressing occupational instruction to be offered in accordance with the provisions of this section.

Sec. 6. Subsection (d) of section 10a-22c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(d) No certificate to operate a new private occupational school shall be issued by the executive director pursuant to section 10a-22d until such private occupational school seeking authorization files with the executive director an irrevocable letter of credit issued by a bank with its main office or branch located within this state in the penal amount of forty thousand dollars guaranteeing the payments required of the school to the private occupational school student protection account in accordance with the provisions of section 10a-22u. The letter of credit shall be payable to the private occupational school student protection account in the event that such school fails to make payments to the account as provided in subsection (a) of section 10a-22u or in the event the state takes action to reimburse the account for a tuition refund paid to a student pursuant to the provisions of section 10a-22v, provided the amount of the letter of credit to be paid into the private occupational school student protection account shall not exceed the amounts owed to the account. In the event a private occupational school fails to close in accordance with the provisions of section 10a-22m, as amended by this act, the executive director may seize the letter of credit, which shall be made payable to the private occupational school student protection account. The letter of credit required by this subsection shall be



released twelve years after the date of initial approval, provided evidence of fiscal soundness has been verified.

Sec. 7. Section 10a-22m of the general statutes is amended by adding subsections (d) and (e) as follows (*Effective July 1, 2016*):

(NEW) (d) In the event a private occupational school fails to meet the requirements set forth in subsection (a) of this section and closes prior to graduating all current students, the executive director may seize the letter of credit filed by the private occupational school pursuant to subsection (d) of section 10a-22c, as amended by this act, and such letter of credit shall be made payable to the private occupational school student protection account. The executive director may expend funds from the private occupational school student protection account as necessary to facilitate a teach-out of any remaining students up to and including the issuance of a certificate of completion pursuant to subsection (e) of this section. For purposes of this subsection and subsection (e) of this section, (1) "teach-out" means the completion of instruction of a course or program of study in which a student was enrolled, provided the teach-out includes instruction of the entire program of study when a course is a part of such program of study, and (2) "certificate of completion" means the credential, documented in writing, that is issued to a student who completes a course or program of study offered by a private occupational school.

(NEW) (e) In the event of a private occupational school closure that fails to meet the requirements set forth in subsection (a) of this section, the executive director may issue a certificate of completion to each student it determines has successfully completed such student's course or program of study in which such student was enrolled at such private occupational school.



Agency Legislative Proposal - 2016 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc): 1111-162-OHE-Student Protection

(If submitting electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Office of Higher Education
Liaison: Christon Kurker-Stewart Phone: (860) 947-1820 E-mail: ckurker-stewart@ctohe.org
Lead agency division requesting this proposal: Academic Affairs
Agency Analyst/Drafter of Proposal: Christon Kurker-Stewart

Title of Proposal: An Act Concerning Technical Changes to the Private Occupational School Student Protection Account
Statutory Reference: 10a-22u, v, w
Proposal Summary: This proposal makes technical changes to the Private Occupational School Student Protection Account to better clarify required payments, calculations, and responsibilities.

PROPOSAL BACKGROUND

◇ Reason for Proposal

<i>Please consider the following, if applicable:</i> <ol style="list-style-type: none"> (1) Have there been changes in federal/state/local laws and regulations that make this legislation necessary? (2) Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)? (3) Have certain constituencies called for this action? (4) What would happen if this was not enacted in law this session? <p>This proposal addresses the modern private occupational school climate in Connecticut, and updates the obligations of schools paying into the account.</p>
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◇ **Origin of Proposal** **New Proposal** **Resubmission**

<i>If this is a resubmission, please share:</i> <ol style="list-style-type: none"> (1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package? (2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal? (3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation? (4) What was the last action taken during the past legislative session? <p>Included in this proposal are several changes previously submitted but inadvertently omitted from final passage during the 2015 session. Online schools are also added to reflect the current market.</p>



PROPOSAL IMPACT

◇ **AGENCIES AFFECTED** *(please list for each affected agency)*

Agency Name: None. Agency Contact (name, title, phone): Click here to enter text. Date Contacted: Click here to enter text. Approve of Proposal <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Talks Ongoing
Summary of Affected Agency's Comments Click here to enter text.
Will there need to be further negotiation? <input type="checkbox"/> YES <input type="checkbox"/> NO

◇ **FISCAL IMPACT** *(please include the proposal section that causes the fiscal impact and the anticipated impact)*

Municipal <i>(please include any municipal mandate that can be found within legislation)</i> None.
State None.
Federal None.
Additional notes on fiscal impact Click here to enter text.

◇ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

None.

Insert fully drafted bill here

Sec. 10a-22u. (Formerly Sec. 10-14i). Establishment of private occupational school student protection account. Treatment of overpayments and underpayments. (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, 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 [online and](#) correspondence [\[and home study\]](#) schools authorized in accordance with the provisions of sections 10a-22a to 10a-22o, inclusive, 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 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. Said account shall be used for the purposes of section 10a-22v. 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. 10a-22v. (Formerly Sec. 10-14j). Application for refund of tuition. Any student enrolled in a private occupational school authorized in accordance with the provisions of sections 10a-22a to 10a-22o, inclusive, who is unable to complete a 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 make application to the executive director for a refund of tuition from the account established pursuant to section 10a-22u to the extent that such account exists or has reached the level necessary to pay outstanding approved claims, except that in the case of [online and](#) correspondence [\[and home study\]](#) schools authorized in accordance with the provisions of sections 10a-22a to 10a-22o, inclusive, 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 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. 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 or a portion of 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. 10a-22w. (Formerly Sec. 10-14k). Treasurer to determine balance of account. [\[Payments to account dependent on balance.\]](#) On or before June thirtieth of each year the State Treasurer shall determine the balance



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



Agency Legislative Proposal - 2016 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc): 1111-163-OHE-GovScholarship

(If submitting electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Office of Higher Education
Liaison: Christon Kurker-Stewart Phone: (860) 947-1820 E-mail: ckurker-stewart@ctohe.org
Lead agency division requesting this proposal: Finance & Administration
Agency Analyst/Drafter of Proposal: Christon Kurker-Stewart

Title of Proposal: An Act Making Technical Changes to the Governor’s Scholarship Program
Statutory Reference: 10a-173
Proposal Summary: This proposal seeks to make several technical adjustments to the Governor’s Scholarship program, including changing the name from “Governor’s Scholarship Program” to “Governor’s Higher Education Assistance Program”, thereby incorporating the Governor’s Scholarship and Governor’s Grant programs; changing the date by which institutions must return unobligated funds from February 15th to June 30th; and modifying “audit” language to “review” to comport with agency resources.

PROPOSAL BACKGROUND

◇ Reason for Proposal

<p><i>Please consider the following, if applicable:</i></p> <ol style="list-style-type: none"> (1) <i>Have there been changes in federal/state/local laws and regulations that make this legislation necessary?</i> (2) <i>Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?</i> (3) <i>Have certain constituencies called for this action?</i> (4) <i>What would happen if this was not enacted in law this session?</i> <p>Currently, the Governor’s Scholarship Program does not differentiate, by name, the type of award a student receives. The program makes available to students either a need-merit award or a need-based award, yet both are called the Governor’s Scholarship. There is a very real difference between a need-merit award, which is a scholarship, and a need-only award, which is a grant. This modification of the name of the existing program will provide better clarification to students and schools regarding the type of award the student received from the state, as students may only receive one of the two types of awards available. Students would either receive a Governor’s Scholarship (need-merit based) or a Governor’s Grant (need-based). Both types of award would come from the proposed Governor’s Higher Education Assistance Program. Further, extending the date by which institutions must return unobligated funds allows for greater flexibility in disbursement analysis and planning, and switching from “audits” to “reviews” reflects agency capabilities.</p>
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◇ **Origin of Proposal** **New Proposal** **Resubmission**



If this is a resubmission, please share:

- (1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
- (2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
- (3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
- (4) What was the last action taken during the past legislative session?

The proposal makes changes to more correctly describe the structure of the program and clarify additional features.

PROPOSAL IMPACT

◇ AGENCIES AFFECTED *(please list for each affected agency)*

Agency Name: None. Agency Contact (name, title, phone): Click here to enter text. Date Contacted: Click here to enter text.
Approve of Proposal <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Talks Ongoing
Summary of Affected Agency's Comments Click here to enter text.
Will there need to be further negotiation? <input type="checkbox"/> YES <input type="checkbox"/> NO

◇ FISCAL IMPACT *(please include the proposal section that causes the fiscal impact and the anticipated impact)*

Municipal <i>(please include any municipal mandate that can be found within legislation)</i> None.
State None.
Federal None.
Additional notes on fiscal impact Click here to enter text.



◇ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

The proposal seeks to make technical changes only; no impact is anticipated.

Insert fully drafted bill here

Sec. 10a-173. Governor's Scholarship program. (a) For the purposes of this section:

(1) "Family contribution" means the expected family contribution for educational costs as computed from the student's Free Application for Federal Student Aid;

(2) "Full-time or part-time undergraduate student" means a student who is enrolled at an institution of higher education in a course of study leading to such student's first associate or bachelor degree and who is carrying, for a full-time student, twelve or more semester credit hours, or, for a part-time student, between six and eleven semester credit hours at such institution of higher education;

(3) "Independent institution of higher education" means a nonprofit institution established in this state (A) that has degree-granting authority in this state; (B) that has its main campus located in this state; (C) that is not included in the Connecticut system of public higher education; and (D) whose primary function is not the preparation of students for religious vocation;

(4) "Public institution of higher education" means the constituent units of the state system of higher education identified in subdivisions (1) to (4), inclusive, of section 10a-1 of the general statutes;

(5) "Eligible educational costs" means the tuition and required fees for an individual student that are published by each institution of higher education participating in the grant program established under this section, plus a fixed amount for required books and educational supplies as determined by the Office of Higher Education.

(b) The state, acting through the Office of Higher Education, shall establish the **[Governor's Scholarship]** **Governor's Higher Education Assistance** program to annually make need-based financial aid available for eligible educational costs for Connecticut residents enrolled at Connecticut's public and independent institutions of higher education as full-time or part-time undergraduate students beginning with new or transfer students in the fiscal year ending June 30, 2014. Any award made to a student in the fiscal year ending June 30, 2013, under the capitol scholarship grant program, established under section 10a-169 of the general statutes, revision of 1958, revised to January 1, 2013, the Connecticut aid to public college students grant program, established under section 10a-164a of the general statutes, revision of 1958, revised to January 1, 2013, Connecticut aid to Charter Oak, established under subsection (c) of section 10a-164a of the general statutes, revision of 1958, revised to January 1, 2013, or the Connecticut independent college student grant program, established under section 10a-36 of the general statutes, revision of 1958, revised to January 1, 2013, shall be offered under the **[Governor's Scholarship]** **Governor's Higher Education Assistance** program and be renewable for the life of the original award, provided such student meets and continues to meet the need and academic standards established for purposes of the program under which such student received the original award.



(c) Within available appropriations, the **[Governor's Scholarship]** Governor's Higher Education Assistance program shall be comprised of a need and merit-based grant, known as the Governor's Scholarship, a need-based grant, known as the Governor's Grant, **[, a Charter Oak grant,]** and a performance incentive pool, known as the Governor's Performance Incentive Grant. The need and merit-based **[grant]** Governor's Scholarship shall be funded at not less than twenty per cent of available appropriations. The need-based **[grant]** Governor's Grant shall be funded at up to eighty per cent of available appropriations. **[The]** Charter Oak **[grant]** shall **[be]** receive not less than one hundred thousand dollars of available appropriations as the Governor's Grant. The incentive pool Governor's Performance Incentive Grant shall be not less than two and one-half per cent of available appropriations. There shall be an administrative allowance based on one-quarter of one per cent of the available appropriations, but not less than one hundred thousand dollars. Not less than thirty-eight per cent of the annual appropriation shall be allocated to the independent institutions of higher education for the fiscal year ending June 30, 2014, and not less than thirty-six per cent of such appropriation shall be allocated to such institutions for the fiscal year ending June 30, 2015.

(d) The Governor's Scholarship need and merit-based grant shall be available to any Connecticut resident who is a full-time or part-time undergraduate student at any public or independent institution of higher education beginning in the fiscal year ending June 30, 2014. The Office of Higher Education shall determine eligibility by financial need based on family contribution and eligibility by merit based on either previous high school academic achievement or performance on standardized academic aptitude tests. The Office of Higher Education shall make awards according to a sliding scale, annually determined by said office, up to a maximum family contribution and based on available appropriations and eligible students. The Governor's Scholarship need and merit-based grant shall be awarded in a higher amount than the need-based **[grant]** Governor's Grant awarded pursuant to subsection (e) of this section. Recipients of the need and merit-based **[grant]** Governor's Scholarship shall not be eligible to receive an additional need-based Governor's Grant award. The accepting institution of higher education shall disburse sums awarded under such grant for payment of the student's eligible educational costs.

(e) The **[Governor's Scholarship]** need-based **[grant]**, Governor's Grant shall be available to any Connecticut resident who is a full-time or part-time undergraduate student at any public or independent institution of higher education beginning in the fiscal year ending June 30, 2014. The Office of Higher Education shall determine eligibility based on family contribution. The amount of the annual appropriation to be allocated to each institution of higher education shall be determined by its actual eligible enrollment based on family contribution during the fiscal year one year prior to the grant year. Participating institutions of higher education shall make awards according to a sliding scale, annually determined by the Office of Higher Education, up to a maximum family contribution and based on available appropriations and the number of eligible students. Each participating institution of higher education shall expend all of the moneys received under the **[Governor's Scholarship]** Governor's Grant program as direct financial assistance only for eligible educational costs based on the sliding scale determined by the Office of Higher Education and the maximum award amounts set by said office.

(f) Participating institutions of higher education shall annually provide the Office of Higher Education with data and reports on all Connecticut students who applied for financial aid, including, but not limited to, students



receiving [\[a Governor's Scholarship grant\]](#) [an award from the Governor's Higher Education Assistance program](#), in a form and at a time determined by said office. If an institution of higher education fails to submit information to the Office of Higher Education as directed, such institution shall be prohibited from participating in the [\[scholarship program\]](#) [Governor's Higher Education Assistance program](#) in the fiscal year following the fiscal year in which such institution failed to submit such information. Each participating institution of higher education shall maintain, for a period of not less than three years, records substantiating the reported number of Connecticut students and documentation utilized by the institution of higher education in determining eligibility of the student grant recipients. Such records shall be subject to [\[audit\]](#) [review](#). Funds not obligated by an institution of higher education shall be returned by [\[February\]](#) [June thirtieth](#) [\[fifteenth\]](#) in the fiscal year the grant was made to the Office of Higher Education for reallocation. Financial aid provided to Connecticut residents under this program shall be designated as [\[a grant from the Governor's Scholarship program\]](#) [a Governor's Scholarship or a Governor's Grant depending on the type of award received](#).

[\[\(g\) The Governor's Scholarship Charter Oak grant shall be available to any full-time or part-time undergraduate student enrolled in Charter Oak State College beginning in the fiscal year ending June 30, 2014. The Office of Higher Education shall allocate any appropriation to Charter Oak State College to be used to provide grants for eligible educational costs to residents of this state who demonstrate substantial financial need and who are matriculated in a degree program at Charter Oak State College. Individual awards shall not exceed a student's calculated eligible educational costs. Financial aid provided to Connecticut residents under this program shall be designated as a grant from the Governor's Scholarship program.\]](#)

[\[\(g\)\[\(h\)\] The \[\\[Governor's Scholarship incentive pool\\]\]\(#\) \[Governor's Performance Incentive Grant\]\(#\) shall be created to encourage retention and completion for any student who \(1\) receives the \[\\[Governor's Scholarship\\]\]\(#\) need-based \[\\[grant\\]\]\(#\) \[Governor's Grant\]\(#\), \(2\) returns with sufficient credits to complete such student's associate degree in two years or bachelor degree in four years, and \(3\) exceeds the minimum satisfactory academic performance standards as determined by the Office of Higher Education. Such student shall be eligible beginning in the second year of such student's need-based grant. The pool shall be distributed to participating institutions of higher education based on eligibility as determined by the Office of Higher Education.](#)

[\[\(h\)\[\(i\)\] In administering the \[\\[Governor's Scholarship\\]\]\(#\) \[Governor's Higher Education Assistance\]\(#\) program, the Office of Higher Education shall develop and utilize fiscal procedures designed to ensure accountability of the public funds expended. Such procedures shall include provisions for compliance \[\\[audits\\]\]\(#\) \[reviews\]\(#\) that shall be conducted by the Office of Higher Education on any institution of higher education that participates in the program. Commencing with the fiscal year ending June 30, 2015, and biennially thereafter, each such institution of higher education shall submit the results of an audit done by an independent certified public accountant for each year of participation in the program. Any institution of higher education determined by the Office of Higher Education not to be in substantial compliance with the provisions of the \[\\[Governor's Scholarship\\]\]\(#\) \[Governor's Higher Education Assistance\]\(#\) program shall be ineligible to receive funds under the program for the fiscal year following the fiscal year in which the institution of higher education was determined not to be in substantial compliance. Funding shall be restored when the Office of Higher Education determines that the institution of higher education has returned to substantial compliance.](#)