

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 18-0899.01 Conrad Imel x2313

SENATE BILL 18-177

SENATE SPONSORSHIP

Priola and Todd,

HOUSE SPONSORSHIP

(None),

Senate Committees
Education

House Committees

A BILL FOR AN ACT

101 CONCERNING PROCEDURES WHEN CERTAIN PRIVATE SCHOOLS CEASE
102 OPERATIONS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Under existing law, private occupational schools and certain private degree-granting schools are required to provide a bond or other form of surety that is used to facilitate transfer or to provide tuition and fee reimbursement for students in the event that the school closes. When a private occupational school closes, that school's records must be maintained by the private occupational school board in the division of

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

private occupational schools. The department of higher education (department) takes possession of the records from private degree-granting schools.

The bill allows the department to make a claim on a surety bond for reimbursement of actual administrative costs associated with a school closure. After the surety bond has been used to facilitate transfer or provide tuition and fee reimbursement for students, the department may retain any remaining amount as reimbursement for administrative costs associated with the school closure. In the instance of a closed private occupational school, the bill clarifies that the school's records may be maintained by the division of private occupational schools at any location.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 23-2-103.8, **amend**
3 (4) and (7)(a); and **add** (7)(c.5) as follows:

4 **23-2-103.8. Financial integrity - surety.** (4) The surety shall be
5 conditioned to provide indemnification to any student or enrollee, or to
6 any parent or legal guardian of a student or enrollee, that the commission
7 finds to have suffered loss of tuition or any fees as a result of any act or
8 practice that is a violation of this ~~article~~, and ARTICLE 2; to provide
9 alternate enrollment as provided in subsection (7) of this section for
10 students enrolled in an institution that ceases operation; AND TO
11 REIMBURSE THE DEPARTMENT FOR ANY ACTUAL ADMINISTRATIVE COSTS
12 ASSOCIATED WITH AN INSTITUTION CEASING OPERATION.

13 (7) (a) If a private college or university ceases operation, the
14 commission may make demand on the surety of the institution upon the
15 demand for a refund by a student or FOR the implementation of alternate
16 enrollment for the students enrolled in the institution, and MAY MAKE
17 DEMAND ON THE SURETY TO REIMBURSE THE DEPARTMENT FOR ACTUAL
18 ADMINISTRATIVE COSTS ASSOCIATED WITH THE INSTITUTION CEASING
19 OPERATION. IN SUCH CASE, the holder of the surety or, if the surety is a

1 bond, the principal on the bond shall pay the claim due in a timely
2 manner. To the extent practicable, the commission shall use the amount
3 of the surety to provide alternate enrollment for students of the institution
4 that ceases operation through a contract with another authorized private
5 college or university, a community college, an area technical college, or
6 any other arrangement that is acceptable to the department. The alternate
7 enrollment provided to a student replaces the original enrollment
8 agreement, if any, between the student and the private college or
9 university; except that the student shall make the tuition and fee payments
10 as required by the original enrollment agreement, if any.

11 (c.5) ANY AMOUNT OF THE SURETY THAT IS GREATER THAN THE
12 AMOUNT NECESSARY TO SATISFY COSTS TO PROVIDE ALTERNATE
13 ENROLLMENT FOR THE STUDENT PURSUANT TO SUBSECTION (7)(a) OF THIS
14 SECTION, AND ANY DEMAND FOR A REFUND BY A STUDENT PURSUANT TO
15 SUBSECTION (7)(b) OF THIS SECTION, MAY BE RETAINED BY THE
16 DEPARTMENT AS REIMBURSEMENT UP TO THE AMOUNT OF ANY ACTUAL
17 ADMINISTRATIVE COSTS INCURRED BY THE DEPARTMENT THAT ARE
18 ASSOCIATED WITH THE SCHOOL CLOSURE.

19 **SECTION 2.** In Colorado Revised Statutes, 23-64-121, **amend**
20 (2) and (5)(a); and **add** (5)(c.5) as follows:

21 **23-64-121. Bonds - definitions.** (2) At the time application is
22 made for a certificate of approval, the board shall require an applicant to
23 file with the division a surety bond in a sum as determined pursuant to
24 subsection (3) of this section. The bond shall be executed by the applicant
25 as principal and by a surety company authorized to do business in this
26 state. The bond shall be conditioned to provide indemnification to any
27 student or enrollee or to any parent or guardian of the student or enrollee

1 determined by the board to have suffered loss of tuition or any fees as a
2 result of any act or practice that is a violation of any minimum standard
3 as set forth in this article 64 or any criterion established pursuant thereto
4 by a school or its agents, ~~and~~ to provide train-out for students enrolled in
5 an approved school ceasing operation as provided in subsection (5) of this
6 section, AND TO REIMBURSE THE DEPARTMENT OF HIGHER EDUCATION FOR
7 ANY ACTUAL ADMINISTRATIVE AND RELATED COSTS ASSOCIATED WITH AN
8 APPROVED SCHOOL CEASING OPERATION. The bond shall be continuous
9 unless the surety is released as set forth in this section.

10 (5) (a) In the event that a private occupational school ceases
11 operation, the board is authorized to make demand on the surety of the
12 school upon the demand for a refund by a student or FOR the
13 implementation of a train-out for the students of the school, AND IS
14 AUTHORIZED TO MAKE DEMAND ON THE SURETY TO REIMBURSE THE
15 DEPARTMENT OF HIGHER EDUCATION FOR ACTUAL ADMINISTRATIVE COSTS
16 ASSOCIATED WITH THE SCHOOL CEASING OPERATION, and the surety shall
17 pay the claim due in a timely manner. To the extent practicable, the board
18 shall use the amount of the bond to provide train-out for students of the
19 private occupational school ceasing operation through a contract with
20 another approved private occupational school, a community college, an
21 area technical college, or any other training arrangement acceptable to the
22 board. The train-out provided to a student replaces the original enrollment
23 agreement or contract between the student and the private occupational
24 school ceasing operation; except that tuition and fee payments shall be
25 made by the student as required by the original enrollment agreement or
26 contract.

27 (c.5) ANY AMOUNT OF THE SURETY THAT IS GREATER THAN THE

1 AMOUNT NECESSARY TO SATISFY COSTS TO PROVIDE A TRAIN-OUT FOR
2 STUDENTS PURSUANT TO SUBSECTION (5)(a) OF THIS SECTION AND ANY
3 DEMAND FOR A REFUND BY A STUDENT PURSUANT TO SUBSECTION (5)(b)
4 OF THIS SECTION MAY BE RETAINED BY THE DEPARTMENT OF HIGHER
5 EDUCATION AS REIMBURSEMENT UP TO THE AMOUNT OF ANY ACTUAL
6 ADMINISTRATIVE COSTS INCURRED BY THE DEPARTMENT OF HIGHER
7 EDUCATION THAT ARE ASSOCIATED WITH THE SCHOOL CLOSURE.

8 **SECTION 3.** In Colorado Revised Statutes, 23-64-125, **amend**
9 (2) as follows:

10 **23-64-125. Preservation of records.** (2) In the event that it
11 appears to the board that any records of a school located in Colorado that
12 is ceasing operation are in danger of being destroyed, secreted, mislaid,
13 or otherwise made unavailable to the board, the board may seize and take
14 possession of the records upon making application to any court of
15 competent jurisdiction for an appropriate order. The board shall maintain
16 or cause to be maintained ~~in the division~~ a permanent file of any such
17 records.

18 **SECTION 4. Act subject to petition - effective date.** This act
19 takes effect at 12:01 a.m. on the day following the expiration of the
20 ninety-day period after final adjournment of the general assembly (August
21 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
22 referendum petition is filed pursuant to section 1 (3) of article V of the
23 state constitution against this act or an item, section, or part of this act
24 within such period, then the act, item, section, or part will not take effect
25 unless approved by the people at the general election to be held in
26 November 2018 and, in such case, will take effect on the date of the
27 official declaration of the vote thereon by the governor.