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An Act

SENATE BILL 18-177

BY SENATOR(S) Priola and Todd, Fields, Kagan, Kefalas, Martinez Humenik, Merrifield, Scott, Tate, Zenzinger;
also REPRESENTATIVE(S) Bridges and Sias, Garnett.

CONCERNING PROCEDURES WHEN CERTAIN PRIVATE SCHOOLS CEASE
OPERATIONS.

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

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

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

(7) (a) If a private college or university ceases operation, the

commission may make demand on the surety of the institution upon the demand for a refund by a student or FOR the implementation of alternate enrollment for the students enrolled in the institution, and MAY MAKE DEMAND ON THE SURETY TO REIMBURSE THE DEPARTMENT FOR ACTUAL ADMINISTRATIVE COSTS ASSOCIATED WITH THE INSTITUTION CEASING OPERATION. IN SUCH CASE, the holder of the surety or, if the surety is a bond, the principal on the bond shall pay the claim due in a timely manner. To the extent practicable, the commission shall use the amount of the surety to provide alternate enrollment for students of the institution that ceases operation through a contract with another authorized private college or university, a community college, an area technical college, or any other arrangement that is acceptable to the department. The alternate enrollment provided to a student replaces the original enrollment agreement, if any, between the student and the private college or university; except that the student shall make the tuition and fee payments as required by the original enrollment agreement, if any.

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

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

23-64-121. Bonds - definitions. (2) At the time application is made for a certificate of approval, the board shall require an applicant to file with the division a surety bond in a sum as determined pursuant to subsection (3) of this section. The bond shall be executed by the applicant as principal and by a surety company authorized to do business in this state. The bond shall be conditioned to provide indemnification to any student or enrollee or to any parent or guardian of the student or enrollee determined by the board to have suffered loss of tuition or any fees as a result of any act or practice that is a violation of any minimum standard as set forth in this article 64 or any criterion established pursuant thereto by a school or its agents, ~~and~~ to provide train-out for students enrolled in an approved school ceasing

operation as provided in subsection (5) of this section, AND TO REIMBURSE THE DEPARTMENT OF HIGHER EDUCATION FOR ANY ACTUAL ADMINISTRATIVE AND RELATED COSTS ASSOCIATED WITH AN APPROVED SCHOOL CEASING OPERATION. The bond shall be continuous unless the surety is released as set forth in this section.

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

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

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

23-64-125. Preservation of records. (2) In the event that it appears to the board that any records of a school located in Colorado that is ceasing operation are in danger of being destroyed, secreted, mislaid, or otherwise made unavailable to the board, the board may seize and take possession of

the records upon making application to any court of competent jurisdiction for an appropriate order. The board shall maintain or cause to be maintained ~~in the division~~ a permanent file of any such records.

SECTION 4. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless

approved by the people at the general election to be held in November 2018 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Kevin J. Grantham
PRESIDENT OF
THE SENATE

Crisanta Duran
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Effie Ameen
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO