

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 2784
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Economic Development
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Many observers believe that the current refund policy for courses at career schools and colleges is outdated and overly complex. Students and staff alike have difficulty in calculating the proper refund amount under current policy. C.S.H.B. 2784 attempts to simplify the refund policy for a student who enters a residence program or a synchronous distance education course and subsequently terminates enrollment.

C.S.H.B. 2784 amends current law relating to the refund policy for courses and programs at career schools and colleges.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 132.061(b), (f), and (g), Education Code, as follows:

(b) Requires each career school or college, except as provided by Subsection (g), as a condition for granting certification, to maintain a policy for the refund of the unused portion of tuition, fees, and other charges in the event the student, after expiration of the 72-hour cancellation privilege, fails to enter a program in which the student is enrolled or withdraws or is discontinued from the program at any time prior to completion, and requires that such policy provide:

(1) refunds for resident programs and synchronous distance education courses or programs will be based on the period of enrollment computed on the basis of course or program time;

(2) the effective date of termination for refund purposes in residence programs and synchronous distance education courses or programs, rather than residence career schools or colleges, will be the earliest of the following:

(A) the last date of attendance, if the student is terminated by the school or college;

(B) the date of receipt of written notice of withdrawal from the student; or

(C) 10 school days following the last date of attendance;

(3) if tuition and fees are collected in advance of entrance, and if, after expiration of the 72-hour cancellation privilege, the student does not enter the residence career school or college, not more than \$100 shall be retained by the school or college;

(4) for the student who enters a residence program or a synchronous distance education course and who withdraws or is otherwise terminated, rather than for

the student who enters a residence program or a synchronous distance education course of not more than 12 months in length, terminates, or withdraws, the school or college may retain not more than \$100 of any administrative fees charged, rather than retain \$100 of tuition and fees, and the minimum refund of the remaining tuition and fees will be the pro rata portion of tuition, fees, and other charges that the number of hours remaining in the portion of the course or program for which the student has been charged after the effective date of termination bears to the total number of hours in the portion of the course or program for which the student has been charged, except that a student is prohibited from collecting a refund if the student has completed 75 percent or more of the total number of hours in the portion of the program for which the student has been charged on the effective date of termination;

Deletes existing text providing that the minimum refund of the remaining tuition and fees will be: during the first week or one-tenth of the program or course, whichever is less, 90 percent of the remaining tuition and fees; after the first week or one-tenth of the program or course, whichever is less, but within the first three weeks or one-fifth of the program or course, whichever is less, 80 percent of the remaining tuition; after the first three weeks or one-fifth of the program or course, whichever is less, but within the first quarter of the program or course, 75 percent of the remaining tuition and fees; during the second quarter of the program or course, 50 percent of the remaining tuition and fees; during the third quarter of the program or course, 10 percent of the remaining tuition and fees; or during the last quarter of the program or course, the student may be considered obligated for the full tuition and fees.

(5) refunds of items of extra expense to the student, such as instructional supplies, books, student activities, laboratory fees, service charges, rentals, deposits, and all other such ancillary miscellaneous charges, where these items are separately stated and shown in the data furnished the student before enrollment, will be made in a reasonable manner acceptable to the Texas Workforce Commission;

(6) refunds based on enrollment in residence and synchronous distance education courses or programs, rather than residence and synchronous distance education schools or colleges, will be totally consummated within 60 days after the effective date of termination;

(7) refunds for asynchronous distance education courses or programs will be computed on the basis of the number of lessons in the course or program;

(8) the effective date of termination for refund purposes in asynchronous distance education courses or programs will be the earliest of the following:

- (A) the date of notification to the student if the student is terminated;
- (B) the date of receipt of written notice of withdrawal from the student; or
- (C) the end of the third calendar month following the month in which the student's last lesson assignment was received unless notification has been received from the student that the student wishes to remain enrolled;

(9) if tuition and fees are collected before any courses, rather than before any lessons, for a program have been completed, and if, after expiration of the 72-hour cancellation privilege, the student fails to begin the program, not more than \$50 shall be retained by the school or college;

(10) in cases of termination or withdrawal after the student has begun the asynchronous distance education course or program, the school or college may

retain \$50 of tuition and fees, and the minimum refund policy must provide that the student will be refunded the pro rata portion of the remaining tuition, fees, and other charges that the number of courses completed and serviced by the school or college bears to the total number of courses in the program; and

(11) refunds based on enrollment in asynchronous distance education schools or colleges will be totally consummated within 60 days after the effective date of termination.

Deletes existing Subdivision (5) requiring that such policy provide for residence programs or synchronous distance education courses more than 12 months in length, the refund be applied to each 12-month period paid, or part thereof separately, and the student is entitled to a refund as provided by Subdivision (4). Makes nonsubstantive and conforming changes.

(f) Requires a career school or college to record a grade of "incomplete" for a student who withdraws during the last quarter of a course or program, rather than for a student who withdraws but is not entitled to a refund under Subsection (b)(4)(F), if the student requests the grade at the time the student withdraws and the student withdraws for an appropriate reason unrelated to the student's academic status. Authorizes a student who receives a grade of incomplete to re-enroll in the program during the 12-month period following the date the student withdraws, pay the amount of tuition refunded to the student under Subsection (b), and complete those incomplete subjects. Deletes existing text authorizing a student who receives a grade of incomplete to re-enroll without payment of additional tuition.

(g) Provides that a program that is 40 hours or less of course time, or a seminar or workshop, is exempt from the 72-hour rule provided by Subsection (a). Requires the career school or college to maintain a policy for the refund of the unused portion of tuition, fees, and other charges in the event the student fails to enter the program or withdraws or is discontinued from the program at any time before completion of the program as provided by this section. Requires that the policy provide that:

(1) refunds are based on the period of enrollment computed on the basis of course or program time;

(2) the effective date of termination for refund purposes is the earlier of:

(A) the last date of attendance; or

(B) the date the school or college receives written notice from the student that the student is withdrawing from the class; and

(3) the student will be refunded the pro rata portion of tuition, fees, and other charges that the number of hours remaining in the portion of the program for which the student has been charged after the effective date of termination bears to the total number of hours in the portion of the program for which the student has been charged, rather than the student will be refunded the pro rata portion of tuition, fees, and other charges that the number of hours of course time remaining in the student's program after the effective date of termination bears to the total number of hours of course time in the program.

SECTION 2. (a) Provides that the change in law made by this Act to Section 132.061, Education Code, applies only to the refund policy of a career school or college to which a certificate of approval is granted or for which a certificate of approval is renewed on or after the date this Act takes effect.

(b) Provides that the refund policy of a career school or college to which a certificate of approval is granted or for which a certificate of approval is renewed before the date this Act takes effect is governed by the law in effect on the most recent date the certificate of

approval was granted or renewed until the certificate of approval expires or is renewed on or after the date this Act takes effect, and the former law is continued in effect for that purpose.

SECTION 3. Effective date: September 1, 2011.