

BILL ANALYSIS

C.S.H.B. 2784
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Economic & Small Business Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Many observers believe that the current refund policy for courses at career schools and colleges is outdated and overly complex.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 the 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.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2784 amends the Education Code to revise required elements of a refund policy for courses or programs, rather than courses, each career school or college must maintain as a condition for certification. The bill makes specified effective dates of termination for refund purposes, required as an element of the refund policy, apply to residence programs and synchronous distance education courses or programs, rather than to residence career schools or colleges. The bill clarifies that the date of termination determined by the date of receipt of written notice applies to receipt of written notice of withdrawal from the student.

C.S.H.B. 2784 sets a cap of \$100 on the amount of administrative fees charged that a career school or college is authorized to retain for a student who enters a residence program or a synchronous distance education course or program and who withdraws or is otherwise terminated, rather than authorizing the school or college to retain \$100 of the tuition and fees, and removes language limiting that authority to such a program of not more than 12 months in length. The bill sets the minimum refund of the remaining tuition and fees at an amount equal to 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 paid 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 paid. The bill removes provisions of law setting the minimum refund for a student who terminates or withdraws from a residence program or synchronous distance education course of not more than 12 months or of more than 12 months in length.

C.S.H.B. 2784 requires the refund policy of a career school or college to provide that 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. The bill, in provisions of law setting the effective date of termination for refund purposes in asynchronous distance education courses or programs as the earliest of the date of receipt of written notice from the student or certain other dates, establishes that the date of receipt of written notice applies to receipt of written notice of withdrawal from the student. The bill replaces references to lessons with references to courses in provisions relating to the refund policy for certain courses or

programs at career schools and colleges.

C.S.H.B. 2784 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 under certain circumstances and removes language requiring a grade of incomplete to be recorded for a student who withdraws but is not entitled to a refund under those same circumstances. The bill authorizes such a student who re-enrolls in the program to pay the amount of tuition refunded to the student under applicable provisions of law and removes language specifying that a student is authorized to re-enroll and complete those subjects without payment of additional tuition.

C.S.H.B. 2784 specifies that, for a student who fails to enter a program that is 40 hours or less of course time, or a seminar or workshop, or who withdraws or is discontinued from the program, the refund amount to which the student is entitled based on a pro rata portion of tuition, fees, and other charges applies to such charges that the number of hours remaining in the portion of the program for which the student paid after the effective date of termination bears to the total number of hours in the portion of the program for which the student paid. The bill removes language making the refund amount the pro rata portion of the charges that the number of hours of course time remaining in the student's program after that date bears to the total number of hours of course time in the program. The bill makes conforming and nonsubstantive changes.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2784 differs from the original by applying its provisions to the refund policy for courses and programs at career schools and colleges, whereas the original applies to the refund policy for courses at career schools and colleges.

C.S.H.B. 2784 differs from the original by setting the effective date of termination for refund purposes in residence programs and synchronous distance education courses or programs, whereas the original sets the effective date of termination for refund purposes in residence career schools or colleges.

C.S.H.B. 2784 differs from the original by setting a cap on the amount of administrative fees charged that a career school or college is authorized to retain for a student who enters a residence program or a synchronous distance education course and who withdraws or is otherwise terminated, whereas the original sets a cap on the amount of tuition and fees that the school or college is authorized to retain for such a student. The substitute differs from the original by setting the minimum refund of the remaining tuition and fees for such a student as the pro rata portion of certain charges that the number of hours remaining in the portion of the course or program for which the student paid 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 paid, whereas the original sets the refund as the pro rata portion of the 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. The substitute omits a provision included in the original providing an exception to the eligibility of the student to collect a refund based on the student completing 75 percent or more of the total number of hours of course time in the program on the effective date of termination.

C.S.H.B. 2784 differs from the original by addressing the consummation of refunds based on enrollment in residence and synchronous distance education courses or programs, whereas the original addresses the consummation of refunds based on enrollment in residence and synchronous distance education schools or colleges. The substitute differs from the original by clarifying the effective date of termination for refund purposes in asynchronous distance

education courses or programs, whereas the original clarifies the effective date of termination for refund purposes in residence programs and synchronous and asynchronous distance education courses. The substitute differs from the original by referring to courses in provisions relating to the refund policy for certain courses or programs at career schools and colleges, whereas the original refers to lessons.

C.S.H.B. 2784 contains provisions not included in the original relating to the eligibility of a student who receives a grade of incomplete to re-enroll in a program and pay the amount of tuition refunded to the student. The substitute contains provisions not included in the original relating to the refund policy for a program that is 40 hours or less of course time.

C.S.H.B. 2784 differs from the original in nonsubstantive ways by conforming to certain bill drafting conventions.