

AN ACT

relating to the refund policy for courses and programs at career schools and colleges.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 132.061(b), (f), and (g), Education Code, are amended to read as follows:

(b) Except as provided by Subsection (g), as a condition for granting certification each career school or college must 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 such policy must 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 [~~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

1 withdrawal from the student; or

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

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

9 (4) for the student who enters a residence program or a
10 synchronous distance education course and who [~~of not more than 12~~
11 ~~months in length, terminates, or~~] withdraws or is otherwise
12 terminated, the school or college may retain not more than \$100 of
13 any administrative [~~tuition and~~] fees charged and the minimum
14 refund of the remaining tuition and fees will be the pro rata
15 portion of tuition, fees, and other charges that the number of hours
16 remaining in the portion of the course or program for which the
17 student has been charged after the effective date of termination
18 bears to the total number of hours in the portion of the course or
19 program for which the student has been charged, except that a
20 student may not collect a refund if the student has completed 75
21 percent or more of the total number of hours in the portion of the
22 program for which the student has been charged on the effective date
23 of termination[-

24 [~~(A) during the first week or one-tenth of the~~
25 ~~program or course, whichever is less, 90 percent of the remaining~~
26 ~~tuition and fees,~~

27 [~~(B) after the first week or one-tenth of the~~

1 ~~program or course, whichever is less, but within the first three~~
2 ~~weeks or one-fifth of the program or course, whichever is less, 80~~
3 ~~percent of the remaining tuition and fees;~~

4 ~~[(C) after the first three weeks or one-fifth of~~
5 ~~the program or course, whichever is less, but within the first~~
6 ~~quarter of the program or course, 75 percent of the remaining~~
7 ~~tuition and fees;~~

8 ~~[(D) during the second quarter of the program or~~
9 ~~course, 50 percent of the remaining tuition and fees;~~

10 ~~[(E) during the third quarter of the program or~~
11 ~~course, 10 percent of the remaining tuition and fees; or~~

12 ~~[(F) during the last quarter of the program or~~
13 ~~course, the student may be considered obligated for the full~~
14 ~~tuition and fees];~~

15 (5) ~~[for residence programs or synchronous distance~~
16 ~~education courses more than 12 months in length, the refund shall be~~
17 ~~applied to each 12-month period paid, or part thereof separately,~~
18 ~~and the student is entitled to a refund as provided by Subdivision~~
19 ~~(4);~~

20 ~~[(6)]~~ refunds of items of extra expense to the
21 student, such as instructional supplies, books, student
22 activities, laboratory fees, service charges, rentals, deposits,
23 and all other such ancillary miscellaneous charges, where these
24 items are separately stated and shown in the data furnished the
25 student before enrollment, will be made in a reasonable manner
26 acceptable to the commission;

27 (6) ~~[(7)]~~ refunds based on enrollment in residence and

1 synchronous distance education courses or programs [~~schools or~~
2 ~~colleges~~] will be totally consummated within 60 days after the
3 effective date of termination;

4 (7) [~~(8)~~] refunds for asynchronous distance education
5 courses or programs will be computed on the basis of the number of
6 lessons in the course or program;

7 (8) [~~(9)~~] the effective date of termination for refund
8 purposes in asynchronous distance education courses or programs
9 will be the earliest of the following:

10 (A) the date of notification to the student if
11 the student is terminated;

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

14 (C) the end of the third calendar month following
15 the month in which the student's last lesson assignment was
16 received unless notification has been received from the student
17 that the student wishes to remain enrolled;

18 (9) [~~(10)~~] if tuition and fees are collected before
19 any courses [~~lessons~~] for a program have been completed, and if,
20 after expiration of the 72-hour cancellation privilege, the student
21 fails to begin the program, not more than \$50 shall be retained by
22 the school or college;

23 (10) [~~(11)~~] in cases of termination or withdrawal
24 after the student has begun the asynchronous distance education
25 course or program, the school or college may retain \$50 of tuition
26 and fees, and the minimum refund policy must provide that the
27 student will be refunded the pro rata portion of the remaining

1 tuition, fees, and other charges that the number of courses
2 [~~lessons~~] completed and serviced by the school or college bears to
3 the total number of courses [~~lessons~~] in the program [~~course~~]; and

4 (11) [~~(12)~~] refunds based on enrollment in
5 asynchronous distance education schools or colleges will be totally
6 consummated within 60 days after the effective date of termination.

7 (f) A career school or college shall record a grade of
8 "incomplete" for a student who withdraws during the portion of a
9 course or program for which the student is not eligible to collect a
10 refund under Subsection (b)(4) [~~but is not entitled to a refund~~
11 ~~under Subsection (b)(4)(F)~~] if the student requests the grade at
12 the time the student withdraws and the student withdraws for an
13 appropriate reason unrelated to the student's academic status. A
14 student who receives a grade of incomplete may re-enroll in the
15 course or program during the 12-month period following the date the
16 student withdraws and complete those incomplete subjects without
17 payment of additional tuition for that portion of the course or
18 program.

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

27 (1) refunds are based on the period of enrollment

1 computed on the basis of course or program time;

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

4 (A) the last date of attendance; or

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

8 (3) the student will be refunded the pro rata portion
9 of tuition, fees, and other charges that the number of hours [~~of~~
10 ~~course time~~] remaining in the portion of the [student's] program
11 for which the student has been charged after the effective date of
12 termination bears to the total number of hours in the portion of [of
13 ~~course time in]~~ the program for which the student has been charged.

14 SECTION 2. (a) The change in law made by this Act to Section
15 132.061, Education Code, applies only to the refund policy of a
16 career school or college to which a certificate of approval is
17 granted or for which a certificate of approval is renewed on or
18 after the date this Act takes effect.

19 (b) The refund policy of a career school or college to which
20 a certificate of approval is granted or for which a certificate of
21 approval is renewed before the date this Act takes effect is
22 governed by the law in effect on the most recent date the
23 certificate of approval was granted or renewed until the
24 certificate of approval expires or is renewed on or after the date
25 this Act takes effect, and the former law is continued in effect for
26 that purpose.

27 SECTION 3. This Act takes effect September 1, 2011.

President of the Senate

Speaker of the House

I certify that H.B. No. 2784 was passed by the House on May 5, 2011, by the following vote: Yeas 146, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2784 on May 25, 2011, by the following vote: Yeas 144, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2784 was passed by the Senate, with amendments, on May 23, 2011, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor