

1-1 By: Alonzo (Senate Sponsor - Hinojosa) H.B. No. 2784
1-2 (In the Senate - Received from the House May 6, 2011;
1-3 May 9, 2011, read first time and referred to Committee on Economic
1-4 Development; May 21, 2011, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
1-6 May 21, 2011, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 2784 By: Jackson

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the refund policy for courses and programs at career
1-11 schools and colleges.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Sections 132.061(b), (f), and (g), Education
1-14 Code, are amended to read as follows:

1-15 (b) Except as provided by Subsection (g), as a condition for
1-16 granting certification each career school or college must maintain
1-17 a policy for the refund of the unused portion of tuition, fees, and
1-18 other charges in the event the student, after expiration of the
1-19 72-hour cancellation privilege, fails to enter a program in which
1-20 the student is enrolled or withdraws or is discontinued from the
1-21 program at any time prior to completion, and such policy must
1-22 provide:

1-23 (1) refunds for resident programs and synchronous
1-24 distance education courses or programs will be based on the period
1-25 of enrollment computed on the basis of course or program time;

1-26 (2) the effective date of termination for refund
1-27 purposes in residence programs and synchronous distance education
1-28 courses or programs [~~career schools or colleges~~] will be the
1-29 earliest of the following:

1-30 (A) the last date of attendance, if the student
1-31 is terminated by the school or college;

1-32 (B) the date of receipt of written notice of
1-33 withdrawal from the student; or

1-34 (C) 10 school days following the last date of
1-35 attendance;

1-36 (3) if tuition and fees are collected in advance of
1-37 entrance, and if, after expiration of the 72-hour cancellation
1-38 privilege, the student does not enter the residence career school
1-39 or college, not more than \$100 shall be retained by the school or
1-40 college;

1-41 (4) for the student who enters a residence program or a
1-42 synchronous distance education course and who [~~of not more than 12~~
1-43 ~~months in length, terminates, or~~] withdraws or is otherwise
1-44 terminated, the school or college may retain not more than \$100 of
1-45 any administrative [~~tuition and~~] fees charged and the minimum
1-46 refund of the remaining tuition and fees will be the pro rata
1-47 portion of tuition, fees, and other charges that the number of hours
1-48 remaining in the portion of the course or program for which the
1-49 student has been charged after the effective date of termination
1-50 bears to the total number of hours in the portion of the course or
1-51 program for which the student has been charged, except that a
1-52 student may not collect a refund if the student has completed 75
1-53 percent or more of the total number of hours in the portion of the
1-54 program for which the student has been charged on the effective date
1-55 of termination[-

1-56 [~~(A) during the first week or one-tenth of the~~
1-57 ~~program or course, whichever is less, 90 percent of the remaining~~
1-58 ~~tuition and fees,~~

1-59 [~~(B) after the first week or one-tenth of the~~
1-60 ~~program or course, whichever is less, but within the first three~~
1-61 ~~weeks or one-fifth of the program or course, whichever is less, 80~~
1-62 ~~percent of the remaining tuition and fees,~~

1-63 [~~(C) after the first three weeks or one-fifth of~~

2-1 ~~the program or course, whichever is less, but within the first~~
2-2 ~~quarter of the program or course, 75 percent of the remaining~~
2-3 ~~tuition and fees;~~
2-4 ~~[(D) during the second quarter of the program or~~
2-5 ~~course, 50 percent of the remaining tuition and fees;~~
2-6 ~~[(E) during the third quarter of the program or~~
2-7 ~~course, 10 percent of the remaining tuition and fees; or~~
2-8 ~~[(F) during the last quarter of the program or~~
2-9 ~~course, the student may be considered obligated for the full~~
2-10 ~~tuition and fees];~~
2-11 (5) ~~[for residence programs or synchronous distance~~
2-12 ~~education courses more than 12 months in length, the refund shall be~~
2-13 ~~applied to each 12-month period paid, or part thereof separately,~~
2-14 ~~and the student is entitled to a refund as provided by Subdivision~~
2-15 ~~(4);~~
2-16 ~~[(6)]~~ refunds of items of extra expense to the
2-17 student, such as instructional supplies, books, student
2-18 activities, laboratory fees, service charges, rentals, deposits,
2-19 and all other such ancillary miscellaneous charges, where these
2-20 items are separately stated and shown in the data furnished the
2-21 student before enrollment, will be made in a reasonable manner
2-22 acceptable to the commission;
2-23 (6) ~~[(7)]~~ refunds based on enrollment in residence and
2-24 synchronous distance education courses or programs ~~[schools or~~
2-25 ~~colleges]~~ will be totally consummated within 60 days after the
2-26 effective date of termination;
2-27 (7) ~~[(8)]~~ refunds for asynchronous distance education
2-28 courses or programs will be computed on the basis of the number of
2-29 lessons in the course or program;
2-30 (8) ~~[(9)]~~ the effective date of termination for refund
2-31 purposes in asynchronous distance education courses or programs
2-32 will be the earliest of the following:
2-33 (A) the date of notification to the student if
2-34 the student is terminated;
2-35 (B) the date of receipt of written notice of
2-36 withdrawal from the student; or
2-37 (C) the end of the third calendar month following
2-38 the month in which the student's last lesson assignment was
2-39 received unless notification has been received from the student
2-40 that the student wishes to remain enrolled;
2-41 (9) ~~[(10)]~~ if tuition and fees are collected before
2-42 any courses ~~[lessons]~~ for a program have been completed, and if,
2-43 after expiration of the 72-hour cancellation privilege, the student
2-44 fails to begin the program, not more than \$50 shall be retained by
2-45 the school or college;
2-46 (10) ~~[(11)]~~ in cases of termination or withdrawal
2-47 after the student has begun the asynchronous distance education
2-48 course or program, the school or college may retain \$50 of tuition
2-49 and fees, and the minimum refund policy must provide that the
2-50 student will be refunded the pro rata portion of the remaining
2-51 tuition, fees, and other charges that the number of courses
2-52 ~~[lessons]~~ completed and serviced by the school or college bears to
2-53 the total number of courses ~~[lessons]~~ in the program ~~[course]~~; and
2-54 (11) ~~[(12)]~~ refunds based on enrollment in
2-55 asynchronous distance education schools or colleges will be totally
2-56 consummated within 60 days after the effective date of termination.
2-57 (f) A career school or college shall record a grade of
2-58 "incomplete" for a student who withdraws during the last quarter of
2-59 a course or program ~~[but is not entitled to a refund under~~
2-60 ~~Subsection (b)(4)(F)]~~ if the student requests the grade at the time
2-61 the student withdraws and the student withdraws for an appropriate
2-62 reason unrelated to the student's academic status. A student who
2-63 receives a grade of incomplete may re-enroll in the program during
2-64 the 12-month period following the date the student withdraws, pay
2-65 the amount of tuition refunded to the student under Subsection (b),
2-66 and complete those incomplete subjects ~~[without payment of~~
2-67 ~~additional tuition].~~
2-68 (g) A program that is 40 hours or less of course time, or a
2-69 seminar or workshop, is exempt from the 72-hour rule provided by

3-1 Subsection (a). The career school or college shall maintain a
3-2 policy for the refund of the unused portion of tuition, fees, and
3-3 other charges in the event the student fails to enter the program or
3-4 withdraws or is discontinued from the program at any time before
3-5 completion of the program as provided by this section. The policy
3-6 must provide that:

3-7 (1) refunds are based on the period of enrollment
3-8 computed on the basis of course or program time;

3-9 (2) the effective date of termination for refund
3-10 purposes is the earlier of:

3-11 (A) the last date of attendance; or

3-12 (B) the date the school or college receives
3-13 written notice from the student that the student is withdrawing
3-14 from the class; and

3-15 (3) the student will be refunded the pro rata portion
3-16 of tuition, fees, and other charges that the number of hours [~~of~~
3-17 ~~course time~~] remaining in the portion of the [student's] program
3-18 for which the student has been charged after the effective date of
3-19 termination bears to the total number of hours in the portion of [~~of~~
3-20 ~~course time in~~] the program for which the student has been charged.

3-21 SECTION 2. (a) The change in law made by this Act to Section
3-22 132.061, Education Code, applies only to the refund policy of a
3-23 career school or college to which a certificate of approval is
3-24 granted or for which a certificate of approval is renewed on or
3-25 after the date this Act takes effect.

3-26 (b) The refund policy of a career school or college to which
3-27 a certificate of approval is granted or for which a certificate of
3-28 approval is renewed before the date this Act takes effect is
3-29 governed by the law in effect on the most recent date the
3-30 certificate of approval was granted or renewed until the
3-31 certificate of approval expires or is renewed on or after the date
3-32 this Act takes effect, and the former law is continued in effect for
3-33 that purpose.

3-34 SECTION 3. This Act takes effect September 1, 2011.

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