

**TITLE 5. BUREAU FOR PRIVATE POSTSECONDARY EDUCATION
DEPARTMENT OF CONSUMER AFFAIRS**

INITIAL STATEMENT OF REASONS

Hearing Date: No hearing scheduled.

Subject Matter of Proposed Regulations: REFUND POLICIES

Section(s) Affected: Division 7.5 of Title 5 of the California Code of Regulations (CCR)¹; Amend Section 71750 and add Sections 71746 and 71751.

Background and Statement of the Problem:

Background: The Bureau for Private Postsecondary Education (Bureau) protects students and consumers through the regulatory oversight of California's private postsecondary educational institutions ("institutions") pursuant to the California Private Postsecondary Education Act of 2009 ("Act" – Ed. Code, §§ 94800-94950), including conducting qualitative reviews of educational programs and operating standards.

Education code section 94885 requires the Bureau to adopt by regulation, minimum operating standards for institutions under the Bureau's authority, including requiring institutions to maintain cancellation and withdrawal policies and provide refunds. California Education Code (Code) sections 94919 and 94920 establish cancellation, withdrawal, and refund policies that institutions must follow when a student is withdrawn from their program or cancels their enrollment agreement within the cancellation period established in 94919(d) and 94920(b). CEC Section 94909 establishes the catalog requirements for institutions, which includes cancellation, withdrawal, and refund policies at section 94909(a)(8)(B). CEC Section 94927 lists requirements for institutions to follow due to the cancellation of an educational program or institutional closure, resulting in the default of an enrollment agreement, and lists applicable refund policies for institutions that Section applies to. Throughout the Code, there are clear distinctions between cancellations and withdrawals, and the refunds associated with them.

Statement of Problem: CCR 71750 establishes the Bureau's current standards for student withdrawal from an educational program and associated refunds. However, existing regulation does not differentiate clearly between cancellation (generally where the student wishes to not participate in the educational program before the passage of the cancellation deadline) and withdrawal (generally where the student decides not to participate in the educational program after the cancellation deadline), which has resulted in problems for the Bureau in determining whether an institution followed the proper refund policy.

¹ Unless otherwise noted, all references to the CCR hereafter are to Title 5.

Therefore, the Bureau is proposing revised regulations to clarify this situation and separate required cancellation policies and withdrawal policies into three sections.

Existing regulations at CCR 71920(b)(10) requires institutions to keep a document within student files of the total amount of money received from or on behalf of a student and the date or dates the money was received, but institutions are not required to provide receipts *to students* either when students are issued a refund for a payment, or the institution issues a refund for a payment received on behalf of a student. Consequently, students are often confused about any refund they are or may be entitled to when they cancel or withdraw from their program.

Finally, current regulations are confusing for some institutions that are calculating pro rata refunds for students withdrawing from their program. This confusion has resulted in some schools applying non-refundable charges multiple times during the refund calculation process, which then has a disproportionate effect on an institution's refund made to a student. Therefore, the Bureau has revised the pro rata formula to clarify non-refundable charges and align Bureau regulations with existing statute.

To address the problems stated above, the Bureau has drafted the following proposed regulatory changes:

Amend existing Section 70000 to define the following terms:

- Cancellation
- Cancellation Period
- Pro rata refund
- Refund
- Withdrawal.

Amend 70000 (ae) to include "Semester Credit Hour" as a congruent term to "Semester unit".

Create new CCR Section 71746: Collection of Tuition and Payment from Students:

- Add that institutions shall not charge or collect from, or on behalf of, students an amount for total charges that exceeds the amount listed in the institution's catalog and the student's enrollment agreement regardless of the payment source.
- Add a requirement that when an institution does collect an amount in excess of a student's total charges, it shall issue a refund for the account balance within 45² days after the completion of the educational program.
- Add a requirement that institutions shall issue a receipt to students, either in hard copy or electronically, for all payments received on behalf of the student from all sources, and to maintain a copy of the receipt in the student records required to be kept under CCR Section 71920.

² Unless specified otherwise, any reference to days is to "calendar days."

Amend existing Section 71750 to:

- Rename the section by deleting the current name “Withdrawals and Refunds” and replace it with “Cancellations.”
- Delete references in 71750 to the refund process after a withdrawal and move those provisions to the new Section 71751.
- Specify that after a student’s cancellation of their enrollment in an educational program an institution shall not enforce a refund policy not specified in their catalog, which is required by Education Code section 94909(a)(8)(B)
- Reinforce the provision that the student’s notice of cancellation be submitted in writing as required by Education Code sections 94919(b) and 94920(a).
- Establish that the amount to be refunded after a student cancellation shall be 100 percent of the amount paid, less a reasonable application fee not to exceed \$250, so long as cancellation is made before attendance at the first class session or the seventh day after enrollment, whichever is later.
- Add that if the institution provides a 100 percent refund, any Student Tuition Recovery Fund (STRF³) assessment collected from the student shall also be refunded.
- Add that an institution shall follow certain refund policies if an institution’s educational program is discontinued or cancelled or if the institution closes prior to the completion of the educational program.
- Move and amend previous 71750(d) that an institution shall refund money to the student within 45 days of the student’s cancellation if the money was paid for a bond, library usage, fees for a license application, or examination, where the institution has not either paid or invoiced the third party to new 71750(b).
- Move and amend previous 71750(e) that an institution shall provide a refund within 45 days of a student’s cancellation of their enrollment, where “day” means calendar day, to new 71750(c).
- Move and amend previous 71750(f) that an institution shall maintain a log, kept current on a monthly basis, either electronically or in hard copy, of all student cancellations, which shall record the names addresses, telephone numbers, personal email addresses, dates of cancellations, and refund amounts for all students who have cancelled within the calendar year.

Add Section 71751: Withdrawals.

- Adds that the policies and procedures for determining the amount of a refund after a withdrawal, whether initiated by a written notice from the student or a written notice from the institution, are to be stated in the institution’s catalog per Education Code section 94909(a)(8)(B).
- Adds that refund policies and procedures where the student initiates the withdrawal shall include that the notice from the student be in writing; the

³ STRF relieves or mitigates economic loss suffered by a student while enrolled in California Bureau for Private Postsecondary Education approved institution, who, at the time of the student’s enrollment, was a California resident or was enrolled in a California residency program, prepaid tuition, and suffered an economic loss.

acceptable method of delivery of the notice; the person to whom the notice shall be delivered; and the date the notice shall be considered effective, which is to be no later than the date it is received by the institution.

- Adds that refund policies and procedures where the institution initiates the withdrawal shall include a statement that withdrawal may be effectuated by the institution for reason concerning the student's conduct, including but not limited to lack of attendance; the conditions for which the institution may be withdrawn; the maximum number of consecutive class days a student may miss before being deemed withdrawn by the institution; and the date that a notice of withdrawal effectuated by an institution shall be considered effective, where a withdrawal due to lack of attendance shall be effective on the student's last date of attendance.
- Moves and amends previous 71750(c), the process for calculating the refund amount which shall be the total charges less any non-refundable charges times a pro rata amount of the unattended classes and adds that refunds made under Education Code section 94919 and 94920 shall consider STRF assessments non-refundable to new 71751(a)(3).
- Add that an institution shall refund moneys to the student within 45 days of the student's cancellation if the money was paid for a bond, library usage, fees for a license application, or examination, where the institution has not either paid or invoiced the third party, based on prior 71750(d).
- Adds that an institution shall provide a refund within 45 days of a student's cancellation of their enrollment, where "day" means calendar day, based on prior 71750(e).
- Add that an institution shall maintain a log, kept current on a monthly basis, either electronically or in hard copy, of all student withdrawals, which shall record the names addresses, telephone numbers, personal email addresses, dates of withdrawals, and refund amounts for all students who have withdrawn within the calendar year, based on prior 71750(f).

Anticipated benefits from this regulatory action:

The proposed regulatory language will clarify the Bureau's existing regulations by clearly establishing the different processes for students and institutions to follow for a cancellation or a withdrawal. Students attending California private postsecondary educational institutions will benefit from clearer regulations establishing the proper refund policies institutions must implement when a student cancels, withdraws, or is withdrawn from their educational program, as a student is more likely to be aware of when they will be entitled to a refund when they cancel or withdraw from a program.

The proposed regulatory language further benefits students by requiring that an institution provide a student with a receipt for payments made by them or received by the institution on the student's behalf, allowing students to have documentation which can help students filing either complaints or STRF claims with the Bureau.

The proposed regulatory language benefits institutions by clarifying the information that should be included in an institution's withdrawal policy in their catalog.

Specific purpose of, and rationale for, each adoption, amendment, or repeal:

1. Add Section 70000, Article 1, Chapter 1, Division 7.5 of Title 5 of the California Code of Regulations.

70000. Provisions.

Proposed Change: Add new subsection (c) in CCR section 70000 that says, ““Cancellation,” as related to a student’s enrollment, means the ending of a student’s enrollment in an educational program before the completion of the cancellation period specified in sections 94919(d), 94920(b), or 94927 of the Code.”

Purpose: Clarify the meaning of the word “cancellation” as it applies to students ending their enrollment in an educational program.

Rationale: The Bureau is clarifying the meaning of two closely related terms used in the Code and in the Bureau’s regulations, “cancellation” and “withdrawal.” “Cancellation” has other meanings as used in the Code, for example applying to the act of “cancelling” a contract or an enrollment agreement. The word refers to the act of terminating a student’s enrollment at an institution either by the end of the first class period or by seven days after signing the enrollment agreement, whichever is later, or in cases of discontinuation of a program or closure of an institution prior to the completion of the educational program.

“Cancellation” is distinguished from “withdrawal” by the timing of the action; “cancellation” occurs when the student voids the enrollment agreement within the “cancellation period” while a “withdrawal” occurs when the student voids the enrollment agreement after the expiration of the “cancellation period,” or in cases of discontinuation of a program or closure of an institution prior to the completion of the educational program. A student who cancels is entitled to a 100% refund, less a reasonable deposit or application fee not to exceed \$250. A student who withdraws is entitled to a pro rata refund based in part on the proportion of the class the student attended before withdrawing.

The terms of the cancellation and withdrawal policies that institutions must implement and inform students of are found in statute at Education Code sections 94919 (for institutions participating in federal financial aid programs), 94920 (for institutions that do not participate in federal financial aid programs), and 94927 (for institutions that close or discontinue an educational program(s) prior to its completion.

The Bureau has received questions from institutions about the proper refund procedure to implement when a student leaves before the end of the educational program, and the Bureau believes the confusion comes from the fact that existing regulations deal with the two different refund policies in the same regulatory section, section 71750. This proposal places refund policies related to cancellations in section 71750 and move the regulations for withdrawal refund policies to section 71751. In addition, the Bureau believes that it

will further clarify the difference between the two policies to add definitions of “cancellation” as the word applies to student enrollment, “cancellation period”, and “withdrawal” to the definitions in section 70000 of the Bureau’s regulations.

Proposed Change: Add a new subsection (d) in CCR section 70000 that says, ““Cancellation Period” means the period from the signing of the enrollment agreement either through the student’s attendance at the first class session, or the seventh day after enrollment, whichever is later.” Renumber all subsequent entries accordingly.

Purpose: Clarify the definition of statutorily established cancellation refunds by defining the term “cancellation period”.

Rationale: As described above in the section of the definition of “cancellation,” the difference between “cancellation” and “withdrawal” is that in the former case the student ends their enrollment agreement with the institution during the “cancellation period”, and in the latter case the enrollment agreement is ended after the “cancellation period” has expired. Therefore, to make the distinction clear, it is necessary to define “cancellation period”.

The “cancellation period” is defined in statute in Education Code section 94919(d) and 94920(b). In both sections the statutory text says, “Institutions shall refund 100 percent of the amount paid for institutional charges, less a reasonable deposit or application fee not to exceed two hundred fifty dollars (\$250), if notice of cancellation is made through attendance at the first class session, or the seventh day after enrollment, whichever is later.”

Using the term “cancellation period” makes it easier to distinguish between a student’s cancelling their enrollment agreement and a student withdrawing from an educational program. It is simpler to use a two-word phrase than repeat the description, “through attendance at the first class session, or the seventh day after enrollment, whichever is later.”

Proposed Change: Add a new subsection (x) in CCR section 70000 that says, ““Pro Rata Refund” means a partial repayment of amounts paid by a student or third-party payer to an institution for an educational program, based on the proportion of the educational program completed.” Renumber all subsequent entries accordingly.

Purpose: Clarify the definition of a “pro rata refund” by defining the term.

Rationale: The term “pro rata refund” is used in Education Code sections 94919(c) and 94920(d) to describe refunds made to students who discontinue their educational program after the period of time that would entitle them to a 100% refund.

However, the statute is unclear how “pro rata refund” is to be applied. For example, in Education Code section 94919(c) it says, “a pro rata refund of nonfederal student financial aid program moneys paid for institutional charges to students who have

completed 60 percent or less of the period of attendance.” This establishes that the refund is less than 100%, as is applied to refunds after a cancellation, but not how much less than 100%.

It is necessary to define the scope of a pro rata refund by providing a definition that states that the pro rata refund is “based on the proportion of the educational program completed.” While the proposed regulations contain an expansive definition of how the pro rata refund is to be calculated, it is necessary to link the concept of “pro rata refund” with the fact that it is intended to be roughly proportional to the amount of the program attended by the student so that it is not left to institutions to determine the scope of a pro rata refund and to have some idea of what its approximate size should be.

Proposed Change: Renumber what currently is section 70000(w) as 70000(z) and amend it to say, ““Quarter” means at least 10 weeks of instruction or its equivalent as described in subsection ~~(x)~~(aa)(2) of this section.”

Purpose: Maintain consistent lettering of the subsections.

Rationale: The insertion of several new definitions into section 70000 requires the existing definitions to be renumbered. What is existing subsection (w), the definition of “quarter” contains a referential citation to the following definition, “quarter unit” which is currently at subsection (x). With the new definitions being added, “quarter” is being changed to subsection (z) and “quarter unit” is being changed to (aa).

Therefore, it is necessary to change the citational refence in the definition at what will become section 70000(z) to refer to section 70000(aa), the subsection that “quarter unit” is being changed to.

Proposed Change: Add a new subsection (ac) in CCR section 70000 that says, ““Refund” means a repayment of money owed to a student or third-party payer after a student’s cancellation, withdrawal, completion of either the period of attendance or educational program, discontinuation or cancellation of the educational program, or closure of the institution.” Renumber all subsequent entries accordingly.

Purpose: Clarify what is meant by a “refund” as used in the regulations.

Rationale: The term “refund” is used in several different contexts in the Bureau’s regulations, so it is necessary to have a definition of the word that incorporates all of its possible meanings. The central principle is that a refund is a repayment from the institution, but it is important to define it in terms of the money being repaid either to the student, or to a third party payer if one is entitled to the money instead of the student.

The proposed regulations define different scenarios when a refund might be appropriate, including after a student’s cancellation of the enrollment agreement, after a student’s withdrawal (whether initiated by the student or the institution), after the discontinuation of a program or closure of an institution prior to the completion of the educational program,

and after the student's completion of the educational program if there has been an overpayment to the institution. The term "refund" is defined to apply to any situation where the institution is obligated to return money to someone.

Proposed Change: Renumber section 70000(z) as section 70000(ad) and amend it to say, "'Semester" means at least 15 weeks of instruction or its equivalent as described in subsection (ae) (2) of this section."

Purpose: Maintain consistent lettering of the subsections.

Rationale: The insertion of several new definitions into section 70000 requires the existing definitions to be renumbered. Existing subsection (ad) contains a referential citation to the following definition, "semester unit," currently at subsection (aa). With the new definitions being added, "semester" is being changed to subsection (ad) and "semester unit" is being changed to (ae). It is necessary to change the citational reference in the definition at what will become section 70000(ad) to refer to the correct subsection.

Proposed Change: Amend 70000(ae) to say, "'Semester unit" or "Semester Credit Hour" means either of the following:"

Purpose: Clarify the current term "Semester unit" by adding a congruent term to the definition.

Rationale: With the re-lettering of 70000(aa) into 70000(ae), the term "Semester Credit Hour" is being added to the subsection as it is another commonly used term that has the same meaning as "Semester unit" and will help provide greater clarity to what the definition means in this subsection.

Proposed Change: Add a new subsection (ai) in CCR section 70000 that says, "'Withdrawal" means the ending of a student's enrollment in an educational program after the completion of the cancellation period but prior to their completion of the program."

Purpose: Clarify what is meant by "withdrawal" in the Bureau's regulations.

Rationale: The Bureau is clarifying the meaning of two closely related terms used in the Act and in the Bureau's regulations, "cancellation" and "withdrawal."

"Cancellation" is distinguished from "withdrawal" by the timing of the action; "cancellation" of an educational enrollment must occur within the "cancellation period", while "withdrawal" from an educational program occurs after the expiration of the "cancellation period." A student who cancels is entitled to a 100% refund, less a reasonable deposit or application fee not to exceed \$250. A student who withdraws is entitled to a pro rata refund based on the proportion of the class the student attended before withdrawing.

The terms of the cancellation and withdrawal policies that institutions must implement

and inform students of are found in statute at Education Code section 94919 (for institutions participating in federal financial aid programs) and 94920 for institutions that do not participate in federal financial aid programs.

The Bureau has received questions from institutions about the proper refund procedure to implement when a student leaves before the end of the educational program, and the Bureau believes the confusion comes from the fact that existing regulations deal with the two different refund policies in the same regulatory section, 71750. This proposal places refund policies related to cancellations in section 71750 and move the regulations for withdrawal refund policies to section 71751. In addition, the Bureau believes that it will further clarify the difference between the two policies to add definitions of “cancellation” as the word is applied to student enrollment, “cancellation period”, and “withdrawal” to the definitions in section 70000 of the Bureau’s regulations.

The Bureau is adding a definition of “withdrawal” in section 70000 to clarify that the term means when a student ends enrollment in an educational program after the completion of the cancellation period, as defined in the amended version of section 70000.

Proposed Change: In the Note following section 70000, add “94919, 94920,” after “94818.” Remove the word “and” before “94923” and add “, and 94927” after “94923.”

Purpose: To make the References in the Note following the regulation complete in containing all statutory references used in the regulation.

Rationale: The new definitions being added to section 70000 contain references to three additional statutory sections, Educational Code sections 94919, 94920, and 94927. These sections contain language used in the creation of the definition of “cancellation period” as well as more general references to “cancellation”, “pro rata refund” and “withdrawal.”

It is necessary to add these two sections to the Reference section of the Note for the Note to have a complete list of all statutory references incorporated in the section.

2. Add Section 71746, Article 1, Chapter 3, Division 7.5 of Title 5 of the California Code of Regulations.

71746. Collection of Tuition and Payment from Students.

Proposed Change: Add a new section 71746 with a subsection (a), which states, “(a) Institutions shall not charge, or collect from or on behalf of, students an amount for total charges that exceeds the amount listed in the institution’s catalog and the executed enrollment agreement, regardless of the payment source. If an institution collects an amount greater than the total charges listed in the institution’s catalog and the executed enrollment agreement, then the account balance shall be refunded within 45 calendar days of the completion of the educational program.”

Purpose: The new language is to prohibit institutions from collecting total charges from students and other sources that are greater than the amount listed in the institution's catalog or the student's executed enrollment agreement, and that if they do, they will issue a refund for the account balance within 45 calendar days of the completion of the educational program.

Rationale: The Bureau has encountered numerous cases where an institution collects, on behalf of a student, an amount greater than what the student is supposed to be charged based on their enrollment agreement or the listing in the institution's catalog. Institutions may collect payments for an enrolled student from more than one payment source; for example, a student may pay tuition out-of-pocket, or from a student loan, or from grants or scholarships. This can result in the total charges being less than the amount collected on a student's executed enrollment agreement.

It is necessary to clarify that in these instances a refund must be issued by the institution, which is not explicitly stated in current regulations. Expressly providing for a refund in such circumstances will reduce confusion and will help mitigate complaints from students regarding refunds not received when there is an account balance in excess of the total institutional charges on the executed enrollment agreement for their educational program.

Proposed Change: Add a new subsection (b) in section 71746 which states, "(b) Institutions collecting total charges shall provide students a receipt, in hard copy or electronic format, for all payments received from the student or on behalf of the student all amounts refunded, and a copy of the receipt shall be kept in the student's records required under CCR section 71920."

Purpose: This subsection mandates a receipt of payments, resulting in increased awareness for students attending California private postsecondary educational institutions of their spending and potential right to a refund.

Rationale: CCR 71920(b)(9) requires institutions to keep a record of the total amount of money received from or on behalf of a student and the dates on which that money was received. If an institution is keeping records of student payments and the dates these payments were received, then there is also the ability to provide receipts for these payments which may be refunded to a student. This is necessary so that students are informed about how much they, or a third-party on their behalf, have paid to the institution, and whether they might be eligible for a refund. Students seeking relief from the Student Tuition Recovery Fund, or students filing complaints with the Bureau regarding a refund, may be affected by the student's ability to provide receipts for refunds received or other documentation.

Since a student may not be provided a receipt from a payment made on their behalf by a private scholarship or grant, the only way the student will know if they are eligible for a refund is if their total charges and total payments are reported to the student in the form of a receipt.

The Bureau is giving institutions the flexibility to choose to provide students with either a hard-copy receipt or an electronic receipt. This is not a mandate of the use of specific technology, and allows institutions options to provide the type of receipt that is most convenient for the institution.

Proposed Change: After the new CCR section 71746, add “Note: Authority cited: Sections 94877 and 94885, Education Code. Reference: Sections 94844, 94850, 94885 and 94899.5, Education Code.”

Purpose: This change specifies the authority under which the Bureau is promulgating the proposed regulation, as well as adds the statutory sections of the Act which are referenced in the proposed regulations.

Rationale: Government Code Section 11344(e) requires, “that each regulation is printed together with a reference to the statutory authority pursuant to which it was enacted and the specific statute or other provision of the law which the regulation is implementing, interpreting, or making specific.” Therefore, the Note section of proposed regulation CCR 71746 cites two sources of authority for the regulation – Education Code section 94877, which directs the Bureau to adopt regulations to implement its statutory authority, and section 94885, which directs the Bureau to adopt regulations to implement statutorily mandated minimum operating standards.

The Note also contains references to the statutes specifically being implemented, including Education Code section 94844, which define institutional charges, Education Code section 94850, which define non-institutional charges. Furthermore, a reference to Education Code section 94885 is added, since this section mandates that “the institution maintains a withdrawal policy and provides refunds.” The Note contains a reference to Education Code 94899.5, which establishes the collection of tuition by an institution.

3. Amend Section 71750, Article 1, Chapter 3, Division 7.5 of Title 5 of the California Code of Regulations.

71750. Withdrawals Cancellations and Refunds.

Proposed Change: Rename CCR section 71750 by deleting “Withdrawals” and adding, “Cancellations”

Purpose: Clarify the regulations regarding refund policies for cancellations, withdrawals, and overpayments by separating them into sperate sections, and specifying that section 71750 applies only to refunds relating to cancellations.

Rationale: The Bureau regularly receives questions from institutions regarding the calculation of refunds to students when the student either cancels their enrollment agreement or withdraws from the educational program. The current regulation conflates the processes for dealing with these two different refund processes into one section,

which is a potential cause of confusion. The Bureau is separating the methods of calculating the refund after a cancellation and the refund for a withdrawal into two separate sections and is creating a new section for refunds due to overpayment by the student. The refund calculation for cancellations will now be in 71750, the calculation for withdrawals will be in 71751, and the calculation for overpayment is being put in 71746, above. The calculation for refunds for cancellations and withdrawals are sufficiently similar that putting them together in one section has proven confusing.

A student may “cancel” their enrollment agreement if they give the institution a written notice, either by the end of the first class session or within seven days of signing the enrollment agreement, whichever is later, which is now being called the “cancellation period.” The term “cancellation period” will be added to the Bureau’s definitions at section 70000. Students who cancel are entitled to a 100 percent refund (including any STRF assessment), less a reasonable application fee. If a student decides not to continue with an educational program after what is known as the “cancellation period” it is considered a withdrawal and entitles the student to a partial refund based on how much of the program the student has attended.

Proposed Change: Amend CCR section 71750(a) by adding at the beginning of the sentence, “Upon cancellation of enrollment in an educational program, the” and deleting the word, “Every”. At the end of the sentence, add, “and shall not enforce any refund policy that is not specified in the catalog as required pursuant to section 94909(a)(8)(B) of the Code.”

Purpose: This establishes that this section of the regulations deals exclusively with cancellations, and that policies concerning withdrawals will be found elsewhere.

Rationale: The current language in CCR section 71750 does not distinguish whether a refund that an institution owes to a student is for a cancellation, a withdrawal, or for a student’s overpayment. This has led to confusion as to how an institution should calculate the refund amount. To alleviate this confusion, the new language starting the first sentence of CCR section 71750 will expressly state that it is concerning refunds due to cancellations.

Language is added at the end of CCR section 71750(a) that reminds institutions that there is a statutory requirement at Education Code section 94909(a)(8)(B) that institutions must put their cancellation refund policies in its catalog and provide a copy of the catalog to enrolling students. The language prohibits institutions from enforcing any refund policy that is not listed in the institution’s catalog to provide additional protection for students who are entitled to a refund due to their cancelling an enrollment agreement.

Proposed Change: Add a new subsection CCR section 71750(a)(1) that says, “Student cancellations shall be noticed in writing as required by sections 94919(b) and 94920(a) of the Code.”

Purpose: This provides institutions with a reminder that the form of student cancellation

notices is controlled by statute and is a restatement of the text in current CCR section 71750(b) that is being deleted.

Rationale: Education Code sections 94919(b) and 94920(a), which apply to institutions that participate in Federal student financial aid programs and those that do not participate in such programs, respectively, mandate that any student’s notice of cancellation shall be in writing. As CCR section 71750 deals extensively with student cancellations and the refunds they are entitled to, it is necessary to remind institutions of the requirement that student cancellations must be in writing to be effective, as the effective date of the notice may be critical in determining whether the cancellation occurs within the cancellation period, and the student is entitled to a full refund less the amounts spelled out in CCR section 71750(a)(2) below, or is entitled to a pro rata refund.

The statement that an institution shall not enforce any refund policy not specified in its catalog is currently in CCR section 71750(b). However, that section is being deleted as the rest of the section deals with withdrawals, and those provisions are being moved to CCR section 71751.

Proposed Change: Add a new subsection 71750(a)(1)(A) that says, “Institutions shall refund 100 percent of the amount paid for institutional charges, less a reasonable deposit or application fee, not to exceed two hundred fifty dollars (\$250), if notice of cancellation is made through attendance at the first class session, or the seventh day after enrollment, whichever is later.”

Purpose: This provides a restatement of the statutorily required refund for cancellations that is found in Education Code section 94919(d) and 94920(b).

Rationale: For purposes of clarity, the Bureau is including in CCR sections 71746, 71750, and 71751 all of the laws concerning refunds for students after the student has either completed their educational program, or cancelled their enrollment agreement, or either withdrawn or been withdrawn from their educational program. Therefore, the Bureau is including the statutory requirement for calculating refunds made after cancellation in its regulatory section relating to refunds after cancellations.

Proposed Change: Add new subsection 71750(a)(1)(B) that says, “If the institution provides a 100 percent refund pursuant to sections 94919(d) or 94920(b), any Student Tuition Recovery Fund assessment paid pursuant to section 94924 of the Code shall be refunded.”

Purpose: Establish that Student Tuition Recovery Fund payments, which are usually non-refundable, shall be refunded when a cancellation takes place.

Rationale: Section 94924 of the Code provides that student contributions to the Student Tuition Recovery Fund (STRF) are not refundable, except when the institution is providing a full refund. As section 94924(c) does not specify that the “full refund” takes place only after a student cancellation qualifies the student for a 100% refund, it is

necessary to include this language here to clarify that a refund after a cancellation qualifies for a refund of the STRF assessment under section 94924(c) of the Code.

Proposed Change: Add new subsection 71750(a)(2) that says “If an institution’s educational program is discontinued or canceled or the institution closes prior to completion of the educational program, the institution shall provide refunds to students pursuant to Section 94927 of the Code.”

Purpose: This provides a restatement of the statutorily required refund for cancellations that is found in Education Code section 94919(d) and 94920(b).

Rationale: For purposes of clarity, the Bureau is including in CCR sections 71746, 71750, and 71751 all of the laws concerning refunds for students after the student has either completed their educational program, or cancelled their enrollment agreement, or either withdrawn or been withdrawn from their educational program. Therefore, the Bureau is including the statutory requirement for calculating refunds made after cancellation due to the discontinuation or cancellation of an educational program, or the closure of the institution, in its regulatory section relating to refunds after cancellations. These types of cancellations and the refunds associated with them are dependent on the institution’s closure, and whether the institution is in default of their enrollment because of the discontinuation, cancellation, or closure prior to the completion of the educational program. Therefore, it is necessary to include language referring to Section 94927 of the Code.

Proposed Change: Delete CCR section 71750(b).

Purpose: Move provisions relating to withdrawal policy to CCR section 71751.

Rationale: It is necessary to reorganize this section of the Bureau’s regulations to clarify the differences between the refund policy regarding cancellations, and the refund policy regarding withdrawals. As the provisions of 71750(b) concern refund policies related to a student’s withdrawal, and 71750 is now dealing solely with refund policies related to cancellations, this section is being deleted here and being moved to CCR section 71751.

Proposed Change: Delete CCR section 71750(c), including subsections (1), (2), (3) and (4).

Purpose: Elimination of refund calculation not related to cancellation of a student’s enrollment agreement.

Rationale: To clarify the provisions relating to refunds to students regarding cancellations and withdrawals, the Bureau is putting those provisions in two separate sections of its regulations. As the calculation method for a refund under the statutorily mandated cancellation policy is now in section 71750(a)(2) above, the provisions in (c) are being deleted, and those relating to withdrawal refunds are being moved to CCR section 71751 below.

Proposed Change: Delete CCR section 71750(d).

Purpose: Clarify differences in cancellation and withdrawal policies by moving all provisions on withdrawal policies to section 71751.

Rationale: The current language in section 71750(d) concerns the impact of a student having paid, or someone paying on the student's behalf, for a bond, library usage, or fees for licenses, applications, or examinations, where the money has not been transmitted to a third party, on the student's refund. The language currently in this section refers to refunds both withdrawals and cancellations, and the goal of this proposal is to separate the two processes for clarity. Therefore, this provision is being deleted, and is being moved to new subsection 71750(b) and revised to address only cancellation refunds, and revisions for withdrawal refunds have been moved to new section 71751(b).

Proposed Change: Delete CCR section 71750(e).

Purpose: Clarify differences in refund policies by moving all provisions for refunds after completion to 71746.

Rationale: The current language in 71750(e) concerns a requirement that refunds owed to students be made within 45 calendar days after either the student's completion of the educational program, or the student's withdrawal from the program. This subsection is being deleted here, and the same provision is now in section 71746(a) for refunds after student completion of the educational program and will be moved to section 71750(c) below for refunds after a student withdrawal. This is in keeping with the overall goal of separating refund processes after completion, after cancellation, and after withdrawal into separate subsections for clarity.

Proposed Change: Delete CCR section 71750(f).

Purpose: Clarify differences in cancellation and withdrawal policies by moving all provisions on withdrawal policies to section 71751.

Rationale: The current language in 71750(f) concerns the requirement that institutions maintain a log of all refunds, whether for withdrawal or cancellation, that includes student contact information. To make the refund provisions clearer, this will separate the requirements for cancellation refunds and withdrawal refunds, with this language that is deleted here being moved to new section 71750(d) for cancellation refunds, and to section 71751(d) for withdrawal refunds.

Proposed Change: Add section 71750(b) that says, "If an institution has collected money from, or on behalf of, a student for transmittal on the student's behalf to a third party for a bond, library usage, or fees for a license, application, or examination and the institution has not paid the money to the third party or has not yet been billed or invoiced by the third party at the time of the student's cancellation, the institution shall refund the

money to the student within 45 calendar days of the student's cancellation."

Purpose: Replace current language in section 71750(b) with identical language from previous 71750(d) except for specifying it applies only to cancellation refunds.

Rationale: As described above, the goal of this proposal is greater clarity of the required refund policies institutions must abide by when dealing with students who have either completed their educational program, cancelled their enrollment agreement, or either have withdrawn from an educational program, or been withdrawn from an educational policy by the institution. Here, the language concerning how payments to third parties that have not yet been transmitted affects student refunds is being re-adopted to deal with cancellation refunds specifically. Identical language is being adopted below at 71751(b).

Proposed Change: Add section 71750(c) that says, "An institution shall provide a refund within 45 calendar days after the date of cancellation of a student's enrollment from the educational program in which the student was enrolled."

Purpose: Replace current language in section 71750(c) with essentially identical language from previous 71750(e) except for specifying it applies only to cancellation refunds.

Rationale: As described above, the goal of this proposal is greater clarity of the required refund policies institutions must abide by when dealing with students who have either completed their educational program, cancelled their enrollment agreement, or either have withdrawn from an educational program, or been withdrawn from an educational policy by the institution. Here, the language specifying that refunds must be made within 45 calendar days is being re-adopted to deal with cancellation refunds specifically.

Proposed Change: Add section 71750(d) that says, "The institution shall maintain a log, kept current on a monthly basis in electronic version or hard copy, of all student cancellations. The log shall include the names, addresses, telephone numbers, personal email addresses, dates of cancellations, and refund amounts of all students who have cancelled the enrollment agreement with the institution during the calendar year."

Purpose: Replace current language in section 71750(f) with identical language from previous 71750(f) except for specifying it applies only to cancellation refunds.

Rationale: As described above, the goal of this proposal is greater clarity of the required refund policies institutions must abide by when dealing with students who have either completed their educational program, cancelled their enrollment agreement, or either have withdrawn from an educational program, or been withdrawn from an educational policy by the institution. Here, the language specifying that institutions must maintain a log of all refunds is being deleted as it currently applies to both cancellation refunds and withdrawal refunds and subsequently is being re-adopted to deal with cancellation refunds specifically. Identical language is being adopted below at 71751(d).

Proposed Change: In the Note section of 71750, in the Authority cited, add a comma after 94877, move the word “and” after 94885 and add “94927.” In the References, add a comma after “94919”, move the word, “and” to after 94920, and add “94924,” before “Education Code.”

Purpose: Ensure the Note contains a complete list of all statutory provisions referred to in the regulation.

Rationale: Government Code Section 11344(e) requires that the Office of Administrative Law ensure, “that each regulation is printed together with a reference to the statutory authority pursuant to which it was enacted and the specific statute or other provision of the law which the regulation is implementing, interpreting, or making specific.” Section 71750 is being amended to comply with the provisions of Education Code section 94924, which provides that student contributions to the Student Tuition Recovery Fund are not refundable unless the student is being provided with a 100% refund due to cancellation of the enrollment agreement.

Section 71750(a)(2) requires institutions to follow certain refund policies when applicable, pursuant to Section 94927 of the Code. Therefore, that section is added as an Authority Cited in the proposed regulations. Given that section 71750 now contains language that is being enacted pursuant to section 94924 of the Act, that statutory reference is being added as a Reference in the Note.

4. Add Section 71751, Article 1, Chapter 3, Division 7.5 of Title 5 of the California Code of Regulations.

71751. Withdrawals and Refunds.

Proposed Change: Add a new section 71751 titled “Withdrawals and Refunds.” with a subsection (a) that states, “For purposes of determining a refund under the Act and this Division, the following shall apply to any student who has either submitted a written statement of withdrawal to an institution or has received a written statement of withdrawal from the institution in accordance with the withdrawal policy stated in the institution’s catalog pursuant to section 94909(a)(8)(B) of the Code.”

Purpose: This establishes that this section of the regulations deals exclusively with refunds related to withdrawals, and that policies concerning refunds for cancellations are found elsewhere.

Rationale: To clarify that refund policies for cancellations and withdrawals are required to be handled differently, the Bureau is separating the requirements for the two into separate sections of the regulations. Section 71750 is being amended to now apply only to refunds due to students who cancelled their enrollment agreement, while the new section 71751 will apply only to refunds owed to students after a student withdraws from the educational program.

Unlike cancellations, which are always initiated by the student, a withdrawal may be initiated by the institution. The most common reason for an institution declaring a student to be withdrawn is the student's continued absence from class (which mandates that the student be withdrawn and given a pro rata refund), although there may be other reasons such as a student engaging in disruptive behavior.

Section 71751(a) establishes policies to be followed when a student withdraws from an educational program. Subsection (1) will list the policies to be followed if the withdrawal is initiated by the student, while subsection (2) will list the policies to be followed in the institution initiates the withdrawal. Section 94909(a)(8)(B) requires the institution's withdrawal policies to be described in the institution's catalog.

Proposed Change: Add new section 71751(a)(1) that says, "(1) The institution's withdrawal and refund policies and procedures for withdrawals effectuated by a student shall include, at a minimum: (A) A statement that withdrawal may be effectuated by the student's written notice; (B) The acceptable method(s) of delivery of a student's notice to withdraw; (C) The office(s) or person(s) to whom the notice to withdraw must be delivered; (D) The date that the notice to withdraw is considered effective, which shall be no later than the date received by the institution."

Purpose: Specify the policies to be followed when a student initiates a withdrawal from an educational program.

Rationale: It is necessary for the Bureau to establish policies to be followed when a student either wishes to withdraw from an educational program, or when an institution wants to withdraw a student from its program, to assure that the statutory requirements are being followed. This subsection lists refund policies that institutions must follow when a student initiates a withdrawal and wishes to no longer be enrolled in an educational program after the end of the cancellation period.

The first policy is that the notice of the withdrawal submitted by the student must be in writing. This is explicitly mandated by Education Code sections 94919(b) (for institutions participating in Federal financial aid programs) and 94920(a) (for institutions not participating in Federal financial aid programs). The requirement is included in this regulation as it is describing the required policies to be listed in the institution's catalog under section 94909(a)(8)(B) of the Code, which includes the requirement that the notice be in writing.

The second item to be listed is the acceptable methods of delivery of the notice to the institution. This will require institutions to list whether the written notice can be delivered to the institution by mail, by e-mail, by hand delivery, or any other method that the institution considers acceptable. It is important that the institution specify how it expects the notice from the student to be delivered to assure that the student knows how they are expected to submit the notice.

The third item to be listed in the offices or persons designated as the recipient of the notice from the student. In addition to the above requirements specifying that the notice must be in writing and how it is to be delivered, this provision specifies to whom the notice must be given for the institution to be aware that it has been received.

Lastly, the institution must specify the date upon which the delivery of the notice is considered to be effective, which can be no later than the date the notice was delivered to the institution. This gives institutions some leeway in processing the notice upon receipt, so that it may be considered effective upon delivery, or upon being logged in by the recipient, or at the end of the business day, all of which could give a student more or less time to reconsider and rescind the notice before formal acceptance. Students need to be made aware of any restrictions of the submission of the withdrawal to be assured of its effectiveness. The effective date of the notice to withdraw is also important in calculating the pro rata refund amount, which is based on the proportion of the educational program completed, as specified in (a)(3)(A) and (B) below.

Proposed Change: Add new section 71751(a)(2) that says, “The institution’s withdrawal and refund policy and procedures for student withdrawals effectuated by an institution shall include, at a minimum: (A) A statement that withdrawal shall be effectuated by the institution’s written notice regarding the student’s conduct, including, but not necessarily limited to, a student’s lack of attendance; (B) The conditions under which a student may be withdrawn for conduct reasons; (C) The maximum number of consecutive class days a student may be absent before being deemed withdrawn by the institution; (D) The date that the notice to withdraw is considered effective. If an institution withdraws a student for lack of attendance, the date of notice to withdraw shall be the student’s last date of attendance.”

Purpose: Specify the policies to be followed when an institution initiates a withdrawal from an educational program.

Rationale: This subsection lists the refund policies that institutions must follow, and list in their catalog, when a withdrawal is initiated by the institution, and therefore must be listed in the institution’s catalog as required by Education Code section 94909(a)(8)(B). Institutions are required to withdraw students who stop attending classes by Education Code section 94919(c), which requires institutions that receive federal financial aid to give pro rata refunds to students who completed less than 60 percent or less of the period of attendance, and section 94920(d), which requires institutions that do not participate in federal financial aid to have a refund policy that similarly provides for the return of unearned institutional charges and that a pro rata refund be provided to students who complete 60 percent or less of the period of attendance.

The first policy that must be specified is that the withdrawal shall be effectuated by the institution’s written notice to the student regarding the student’s conduct, which includes but is not limited to lack of attendance. The requirement of a written notice of cancellation specified in Education Code section 91919 and 94920 expressly apply to a notice given

by the student to the institution, and the Bureau is making the same requirement applicable to the notice from the Institution to assure that the student does not need to rely on an oral notice that the student will not have any proof of.

The second policy is that the institution must specify under what conditions an institution may withdraw a student from enrollment. Students have to be given advance notice that certain behaviors might be cause for an institution to withdraw them from an educational program, which includes repeated absenteeism and may include other behaviors.

The third policy that must be listed is the maximum number of consecutive class days that a student may miss before the institution will deem the student withdrawn from the educational program. Students need advanced notice of the institution's attendance policy when considering whether to enroll in an educational program so that they know requirements to properly matriculate and graduate. Under Education Code sections 94919 and 94920 an institution must withdraw a student and provide a pro rata refund if the student has completed 60 percent or less of the classes, and the student should be informed in advanced that being absent from what number of classes would trigger this provision and if the institution had decided to apply a more generous refund policy.

The last policy is the effective date of the notice of withdrawal that the institution sends to the student and specifies that if the reason for the withdrawal was the student's lack of attendance, then the effective date will be the student's last date of attendance. The effective date of the notice is necessary to calculate the pro rata refund amount, so it is important to establish a clear effective notice to withdraw date.

Proposed Change: Add a new section 71751(a)(3), including 71751(a)(3)(A) through (D), that say, "A pro rata refund pursuant to section 94919(c) or 94920(d) or 94927 of the Code shall be no less than the total amount owed by the student for the portion of the educational program provided subtracted from the amount paid by the student, calculated as follows:

- (A) The amount of the refund owed to the student equals the total charges paid by the student minus the daily or hourly tuition charge for the program (total institutional charge minus any non-refundable charges, divided by the number of days or hours in the program), multiplied by the number of days or hours the student attended prior to withdrawal, and minus any non-refundable changes. Any hours or days prior to the student's last day of attendance for which the student was scheduled to attend but was absent shall be included in the calculation of days or hours attended.
- (B) All amounts that the student has paid shall be subject to pro rata refund unless the enrollment agreement and the refund policy outlined in the catalog specify a non-refundable deposit or application fee, not to exceed two hundred fifty dollars (\$250), or non-refundable amounts paid for educational materials, or both. The enrollment agreement and catalog shall specify whether and under what circumstances the amounts paid for educational materials are non-refundable.
- (C) Except as provided for in subsection (a)(3)(B) of this section, all amounts paid by the student in excess of what is owed as calculated in subsection (a)(3)(A) shall

be refunded.

- (D) If the institution provides a pro rata refund pursuant to sections 94919(c) or 94920(d) of the Code, any Student Tuition Recovery Fund assessments paid shall be non-refundable.”

Purpose: Establish the amount of a refund owed to a student withdrawn from an educational program.

Rationale: It is necessary to revise the regulation defining the amount of the refund owed to a student who withdraws from a program to avoid overcounting non-refundable charges.

The current formula, specified in CCR section 71750(c)(1) through (3), requires the institution to calculate the pro rata refund by multiplying the percentage of classes (measured either in days or hours) attended by the student times the total institutional charges (tuition costs plus non-refundable charges) to compute the total amount owed by the student, then deducts that amount from total institutional charges, and also deducts non-refundable charges to arrive at the amount of the pro rata refund owed to the student.

The formula now being clarified calculates the percentage of classes attended by the student times the tuition costs of the program (which is total institutional charges minus non-refundable charges) to compute the amount of tuition owed by the student, then deducts the owed amount and the non-refundable charges from total institutional charges to determine the pro rata refund. The formula utilizes clearer language to make it explicitly clear that non-refundable charges do not get over counted. Institutions that were not previously over counting non-refundable charges in pro-rata refund calculations will not be affected by the regulatory language being clarified. The proposed changes to section 71751 are intended to better align Bureau regulation with existing statute, which require institutions to maintain refund and withdrawal policies. The proposed text utilizes language to avoid potential confusion amongst institutions factoring non-refundable charges into pro-rata refund calculations multiple times by making explicitly that the per diem cost of a course does not factor in non-refundable charges, and that non-refundable charges are deducted *once* from the amount owed by the student to the institution. The Bureau acknowledges that clarifying the regulations may have an impact on institutions who were previously applying non-refundable charges twice when issuing a pro-rata refund to a student withdrawing from their program. However, it is necessary to clarify the regulations because the statutory intent is for a student to receive a pro-rata refund for “institutional charges” and this term, as defined in section 94844 of the Code, does not exclude non-refundable charges.

Section 71751(a)(3) establishes that the pro rata refund required under sections 94919(c), 94920(d) and 94927 of the Code will be at the least calculated by subtracting the partial amount owed by the student subtracted from the amount paid by the student.

Section 71751(a)(3)(A) defines the refund amount as the total charges paid by the

student minus the daily or hourly tuition charge for the educational program (the daily or hourly charge being the tuition charge for the entire program divided by either the total number of hours or days that comprise the program) multiplied by the number of hours or days attended by the student prior to withdrawal and subtracting the non-refundable charges. This section further specifies that any time prior to the student's withdrawal where the student was scheduled to attend a class shall be counted towards the student's time in attendance. This is necessary to establish that the student is not obligated to pay for classes after withdrawal but is obligated to pay for classes before withdrawal even if the student was not physically present in those classes.

Section 71751(a)(3)(B) is similar to the language currently in section 71750(c)(3), which is being deleted there as it affects withdrawals and section 71750 is being revised to only deal with cancellations. The language is being slightly revised and moved to section 71751 which deals with refunds after a withdrawal. The section creates an exception in cases where the institution's enrollment agreement and catalog outline a refund policy that specifies a non-refundable deposit or application fee which is not to exceed \$250, or non-refundable amounts for educational materials, or both. This is necessary to allow the institution to avoid calculating non-refundable charges for every student and establish standard charges when calculating pro rata refunds. The section further requires that the enrollment agreement and catalog specify whether and under what circumstances amounts paid are non-refundable, to give students advance notice of what charges will not be recoverable if they withdraw from an educational program.

Section 71751(a)(3)(C) mandates that the institution shall refund to a student who withdraws from their education program, the entire amount paid to the institution that is in excess of the amount owed, except as provided in subsection (a)(3)(A) above. This language is nearly identical to the language currently in section 71750(c)(2), which is being deleted and moved here as it deals with withdrawal refunds and section 71750 now deals with cancellations and refunds. This language is needed to prevent institutions from devising a way to reduce the refund amount as calculated in subsections (a)(3)(A) and (a)(3)(B) and allow the institution to retain a larger portion of the amount paid by the student.

Section 71751(a)(3)(D) establishes that when an institution provides a pro rata refund to a student that has withdrawn any Student Tuition Recovery Fund assessments are nonrefundable. This is required by section 94924(c) of the Code, which provides that STRF assessments are nonrefundable unless the institution is making a 100% refund for cancellation under section 94919 and 94920 of the Code.

Proposed Change: Add new section 71751(b) that says, "If an institution has collected money from, or on behalf of, a student for transmittal on the student's behalf to a third party for a bond, library usage, or fees for a license, application, or examination and the institution has not paid the money to the third party or has not yet been billed or invoiced by the third party at the time of the student's or institution's withdrawal, the institution shall refund the money to the student or third party payer within 45 calendar days of the student or institution withdrawal."

Purpose: Insert language from current section 71750(d) into section 71751 except for specifying it applies only to withdrawal refunds.

Rationale: As described above, the goal of this proposal is greater clarity of the required refund policies institutions must abide by when dealing with students who have either completed their educational program, cancelled their enrollment agreement, or either have withdrawn from an educational program, or been withdrawn from an educational policy by the institution. Here, the language concerning how payments to third parties that have not yet been transmitted affects student refunds is being deleted as it applies to all refunds and is being re-adopted to deal with withdrawal refunds specifically. Nearly identical language is being adopted above at 71750(b).

Proposed Change: Add new section 71751(c) that says, “An institution shall refund any credit balance on the student’s account within 45 calendar days after the date of the student or institution withdrawal.”

Purpose: Replace current language in section 71750(e) with identical language except for specifying it applies only to withdrawal refunds.

Rationale: As described above, the goal of this proposal is greater clarity of the required refund policies institutions must abide by when dealing with students who have either completed their educational program, cancelled their enrollment agreement, or either have withdrawn from an educational program, or been withdrawn from an educational policy by the institution. Here, the language specifying that refunds must be made within 45 calendar days is being re-adopted to deal with cancellation refunds specifically. Nearly identical language is being adopted above at 71750(c).

Proposed Change: Add section 71751(d) that says, “The institution shall maintain a log, kept current on a monthly basis in electronic version or hard copy, of all student and institution withdrawals. The log shall include the names, addresses, telephone numbers, personal email addresses, dates of withdrawal, and refund amounts of all students withdrawn from the institution during the previous calendar year.”

Purpose: Replace current language in section 71750(f) with identical language except for specifying it applies only to withdrawal refunds.

Rationale: As described above, the goal of this proposal is greater clarity of the required refund policies institutions must abide by when dealing with students who have either completed their educational program, cancelled their enrollment agreement, or either have withdrawn from an educational program, or been withdrawn from an educational policy by the institution. Here, the language specifying that institutions must maintain a log of all refunds is being deleted as it applies to both cancellation refunds and withdrawal refunds and is being re-adopted to deal with withdrawal refunds specifically. Nearly identical language is being adopted above at 71750(d).

Underlying Data

1) The provisions of this proposed regulation were discussed at the Bureau for Private Postsecondary Education's Advisory Committee meeting on February 7, 2024. The text of what was presented is at pages 88-93 of the meeting materials, located at https://bppe.ca.gov/about_us/meetings/materials/20240202_materials.pdf. The discussion of the proposal can be found at pages 5-7 in the meeting minutes of the Advisory Committee's meeting on February 7, 2024, located at https://bppe.ca.gov/about_us/meetings/minutes_20240207.pdf.

Business Impact:

The Bureau has made the initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

This initial determination is based on the fact that this proposal is intended to better align the Bureau's regulations with standard operations and current law.

Economic Impact Assessment:

The Bureau has determined that this regulatory proposal will have the following effects:

It will not create or eliminate jobs within the State of California because the proposal does not affect jobs and only affects refunds, cancellation, and withdrawal policies for students attending private postsecondary institutions.

It will not create new business or eliminate existing businesses within the State of California because businesses should have been already complying with the requirements of cancellations and withdrawals, and the proposed regulatory action only serves to clarify existing regulations.

It will not affect the expansion of businesses currently doing business within the State of California because the proposed regulations do not affect the ability of businesses to expand and only affects refunds, cancellation, and withdrawal policies for students attending private postsecondary institutions.

This regulatory proposal benefits the welfare of California residents who are attending a private postsecondary educational institution approved under the Act and may wish to cancel or withdraw from their program. In the instance that an institution takes steps to withdraw a student, students benefit from clear regulations with exact standards regarding a student's withdrawal from an institution. Students further benefit from improved regulations regarding the provision of receipts for payments made to an institution, allowing students to have better documentation for the amounts paid to the institution.

This regulatory proposal does not affect the health of California residents because it does not relate to health.

This regulatory proposal does not affect worker safety because it does not involve worker safety.

This regulatory proposal does not affect the state's environment because it does not involve the environment.

Specific Technologies or Equipment:

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives:

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific. However, the Bureau welcomes comments from the public.

Description of reasonable alternatives to the regulation that would lessen any adverse impact on small business:

No such alternatives have been proposed, however, the Bureau welcomes comments from the public.