

714.23 Refund policies — penalty.

1. a. For the purposes of [this section](#) and [section 714.25](#), “*postsecondary educational program*” means a series of postsecondary educational courses that lead to a recognized educational credential such as an academic or professional degree, diploma, or license.

b. For the purposes of [this section](#), “*school period*” means the course, term, payment period, postsecondary educational program, or other period for which the school assessed tuition charges to the student. A school that assesses tuition charges to the student at the beginning of each course, term, payment period, or other period that is shorter than the postsecondary educational program’s length shall base its tuition refund on the amount of tuition costs the school charged for the course, term, or other period in which the student terminated. A school shall not base its tuition refund calculation on any portion of a postsecondary educational program that remains after a student terminates unless the student was charged for that remaining portion of the postsecondary educational program before the student’s termination and the student began attendance in the school term or course.

2. A person offering at least one postsecondary educational program, for profit, that is more than four months in length and leads to a recognized educational credential, shall make a pro rata refund of tuition charges to an Iowa resident student who terminates from any of the school’s postsecondary educational programs in an amount that is not less than ninety percent of the amount of tuition charged to the student multiplied by the ratio of the number of calendar days remaining in the school period until the date equivalent to the completion of sixty percent of the calendar days in the school period to the total number of calendar days in the school period until the date equivalent to the completion of sixty percent of the calendar days in the school period.

3. Notwithstanding the provisions of [subsection 2](#), the following tuition refund policy shall apply:

a. If a terminating student has completed sixty percent or more of a school period, the person offering the postsecondary educational program is not required to refund tuition charges to the student. However, if, at any time, a student terminates a postsecondary educational program due to the student’s physical incapacity or, for a program that requires classroom instruction, due to the transfer of the student’s spouse’s employment to another city, the terminating student shall receive a refund of tuition charges in an amount that equals the amount of tuition charged to the student multiplied by the ratio of the remaining number of calendar days in the school period to the total number of calendar days in the school period.

b. A school shall provide to a terminating student a refund of tuition charges in an amount that is not less than ninety percent of the amount of tuition charged to the student multiplied by the ratio of the remaining number of calendar days in the school period to the total number of calendar days in the school period. This paragraph “b” applies to those persons offering at least one postsecondary educational program of more than four months in length, for profit, whose cohort default rate for students under the Stafford loan program as reported by the United States department of education for the most recent federal fiscal year is more than one hundred ten percent of the national average cohort default rate of all schools for the same federal fiscal year or six percent, whichever is higher.

4. In the case of a program in which student progress is measured only in clock hours, all occurrences of “calendar days” in [subsections 2 and 3](#) shall be replaced with “scheduled clock hours”.

5. a. A student who does not receive a tuition refund up to the full refund of tuition charges due to the effect of an interstate reciprocity agreement under [section 261G.4, subsection 1](#), may apply to the attorney general for a refund in a sum that represents the difference between any tuition refund received from the school and the full refund of tuition charges. For purposes of [this subsection](#), “full refund of tuition charges” means the monetary sum of the refund for which the student would be eligible pursuant to the application of [this section](#).

b. A tuition refund fund is created as a separate fund in the office of the treasurer of state under the control of the attorney general. Moneys credited to the fund shall include amounts appropriated by the general assembly and moneys received as a result of a court

order, judgment, or settlement which specifically directs that moneys be used for the purpose of providing student tuition refunds, or which authorizes the attorney general to use moneys for any other purpose at the discretion of the attorney general. All moneys credited to the fund are appropriated and made available to the attorney general for such purposes. For each fiscal year, the attorney general may expend all moneys in the fund to provide tuition refunds to eligible students. Notwithstanding [section 8.33](#), any balance in the fund on June 30 of each fiscal year shall not revert to the general fund of the state, but shall be available for purposes of [this subsection](#) in subsequent fiscal years. Notwithstanding [section 12C.7](#), interest or earnings on the moneys in the fund shall be credited to the fund.

6. A refund of tuition charges shall be provided to the student within forty-five days following the date of the school's determination that a student has terminated from a postsecondary educational program.

7. A student who terminates a postsecondary educational program shall not be charged any fee or other monetary penalty for terminating the postsecondary educational program, other than a reduction in tuition refund as specified in [this section](#).

8. A violation of [this section](#) is a simple misdemeanor.

[85 Acts, ch 220, §1; 90 Acts, ch 1222, §3; 91 Acts, ch 97, §61; 2012 Acts, ch 1077, §16, 17; 2015 Acts, ch 107, §2, 3; 2015 Acts, ch 138, §49, 161, 162](#)

Referred to in [§261B.4](#), [§261B.11](#), [§261G.4](#), [§714.21A](#), [§714.24](#)

2015 amendment by 2015 Acts, ch 138, takes effect July 2, 2015, and applies retroactively to July 1, 2015; 2015 Acts, ch 138, §161, 162
NEW subsection 5 and former subsections 5 – 7 renumbered as 6 – 8