

714.23 Refund policies — penalty.

1. For purposes of [this section](#):

a. “*Payment period*” means the same as set forth in [34 C.F.R. §668.4](#).

b. “*Postsecondary educational program*” means a series of postsecondary educational courses that lead to a recognized educational credential including but not limited to an academic or professional degree, diploma, license, or other certification or designation, regardless of whether the school awards the credential.

c. “*Proprietary school*” means a person offering a postsecondary educational program, for profit.

d. “*School period*” means the course, term, payment period, postsecondary educational program, or other period for which the school assessed tuition charges to the student.

2. a. A proprietary school shall refund all tuition charges to a student who withdraws within the first two calendar weeks of instruction.

b. A proprietary school shall make a pro rata refund of tuition charges to a student who terminates from any of the school’s postsecondary educational programs or courses after the first two calendar weeks in an amount that is not less than ninety-five 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 to the total number of calendar days in the school period. If a terminating student has completed sixty percent or more of a school period, the school offering the postsecondary educational program is not required to refund tuition charges to the student.

c. (1) A proprietary school as provided in subparagraph (2) shall provide to a student who terminates after the first two calendar weeks a refund of tuition charges in an amount that is not less than ninety-five 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.

(2) This paragraph “c” applies to a proprietary school 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.

3. A proprietary 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.

4. Notwithstanding the provisions of [subsection 2](#), paragraphs “b” and “c”, if, at any time, a student terminates a postsecondary educational program after the first two calendar weeks 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 the 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.

5. 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 4](#) shall be replaced with “scheduled clock hours”.

6. 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](#).

7. 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.

8. 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.

9. 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.

10. A proprietary school shall apply the refund policy it adopts in accordance with this section to all students who attend on-campus classes or at instructional sites in Iowa and to all Iowa resident students who attend the school's distance education programs. A proprietary school offering instructional programs or courses under an interstate reciprocity agreement entered into or recognized by the commission under chapter 261G shall apply the policy it adopts under this section to Iowa resident and nonresident students who attend distance education programs the school offers under the interstate reciprocity agreement.

11. This section does not apply to any of the following:

a. Personal vehicle driving education schools.
b. Postsecondary vocational schools that offer solely discrete continuing education courses.

c. A for-profit school that offers solely programs for which the sum of tuition, fees, instructional materials, technology, and other items required for program completion is less than three thousand dollars.

12. 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; 2021 Acts, ch 158, §8

Referred to in §261B.4, 261B.11, 261G.4, 714.21A, 714.24, 714.25

Section amended