

**House File 375 - Introduced**

HOUSE FILE 375

BY DOLECHECK and WINCKLER

**A BILL FOR**

1 An Act relating to the registration of postsecondary schools  
2 with the college student aid commission, and to the  
3 postsecondary registration fund under the control of the  
4 commission.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 261B.8, subsection 3, Code 2021, is  
2 amended to read as follows:

3 3. A postsecondary registration fund is created in the state  
4 treasury under the control of the commission. Fees collected  
5 under this section and any other moneys approved by the  
6 commission shall be deposited in the postsecondary registration  
7 fund. Moneys in the fund are appropriated to the commission  
8 and shall be used ~~by the commission to administer this~~  
9 ~~chapter and chapter 261G~~ for any of the purposes set forth in  
10 subsection 4. Notwithstanding section 8.33, moneys in the fund  
11 shall not revert to the general fund of the state at the end  
12 of a fiscal year. Notwithstanding section 12C.7, interest or  
13 earnings on moneys in the fund shall be credited to the fund.

14 Sec. 2. Section 261B.8, Code 2021, is amended by adding the  
15 following new subsection:

16 NEW SUBSECTION. 4. Moneys in the fund may be used for any  
17 of the following purposes:

18 a. To administer this chapter and chapter 261G.

19 b. To procure, evaluate, and store school records needed to  
20 establish the validity of claims against a school for failure  
21 to faithfully perform all contracts and agreements.

22 c. To pay institutional charges on behalf of Iowans who  
23 enrolled at the school.

24 d. To support an arrangement in which the school provides  
25 its current students with the opportunity to complete the  
26 students' courses of study when the school closes, including  
27 any activities designed to facilitate the transition of such  
28 students to another postsecondary educational institution.

29 e. To pay private educational loan debt incurred by Iowans  
30 for attendance at the school.

31 f. To reimburse Iowans who enrolled at the school for other  
32 financial loss, as determined by the commission.

33 g. For other purposes prescribed by rule by the commission.

34 Sec. 3. Section 714.18, subsection 1, unnumbered paragraph  
35 1, Code 2021, is amended to read as follows:

1 ~~Except as otherwise provided in subsection 2 or 3, every~~  
2 Every person, firm, association, or corporation maintaining  
3 or conducting in Iowa any educational course by classroom  
4 instruction or by correspondence or by other delivery method,  
5 or soliciting in Iowa the sale of such course, shall file with  
6 the college student aid commission, in a format prescribed by  
7 the commission, all of the following:

8 Sec. 4. Section 714.18, subsection 1, paragraph a, Code  
9 2021, is amended to read as follows:

10 a. A continuous corporate surety bond to the state of  
11 Iowa in the sum of fifty thousand dollars or ten percent  
12 of the total annual tuition determined in accordance with  
13 subsection 2, whichever is less, conditioned on the faithful  
14 performance of all contracts and agreements with students made  
15 by such person, firm, association, or corporation, or their  
16 salespersons; ~~but the.~~ The aggregate liability of the surety  
17 for all breaches of the conditions of the bond shall not exceed  
18 the sum of the bond. The surety on the bond may cancel the bond  
19 upon giving thirty days' written notice to the college student  
20 aid commission and thereafter shall be relieved of liability  
21 for any breach of condition occurring after the effective date  
22 of the cancellation.

23 Sec. 5. Section 714.18, subsections 2, 3, 4, and 5, Code  
24 2021, are amended to read as follows:

25 2. A school ~~licensed under the provisions of section 157.8~~  
26 ~~or 158.7~~ shall file that files with the college student aid  
27 commission ~~the following~~:

28 a. ~~(1)~~ A a continuous corporate surety bond ~~to the state~~  
29 ~~of Iowa~~ in the a sum of less than fifty thousand dollars ~~or ten~~  
30 ~~percent of the total annual tuition collected, whichever is~~  
31 ~~less, conditioned on the faithful performance of all contracts~~  
32 ~~and agreements with students made by such school. A school~~  
33 ~~desiring to file a surety bond based on a percentage of annual~~  
34 ~~tuition~~ shall provide to the college student aid commission,  
35 in the ~~form~~ format prescribed by the commission, a notarized

1 statement attesting to the total amount of tuition collected  
2 the school charged to students in the immediately preceding  
3 ~~twelve-month period~~ fiscal year. The commission shall  
4 determine the sufficiency of the statement and the amount of  
5 the bond or, as permitted under subsection 3, letter of credit.  
6 Tuition information submitted pursuant to this ~~subparagraph~~  
7 subsection shall be kept confidential.

8 ~~(2) If the school has filed a performance bond with an~~  
9 ~~agency of the United States government pursuant to federal~~  
10 ~~law, the college student aid commission shall reduce the bond~~  
11 ~~required by this paragraph "a" by an amount equal to the amount~~  
12 ~~of the federal bond.~~

13 ~~(3) The aggregate liability of the surety for all breaches~~  
14 ~~of the conditions of the bond shall not exceed the sum of~~  
15 ~~the bond. The surety on the bond may cancel the bond upon~~  
16 ~~giving thirty days' written notice to the college student aid~~  
17 ~~commission and thereafter shall be relieved of liability for~~  
18 ~~any breach of condition occurring after the effective date of~~  
19 ~~the cancellation.~~

20 ~~(4) 3. a.~~ The college student aid commission may accept a  
21 letter of credit issued by a state or federally chartered bank  
22 or credit union in lieu of and for the amount of the corporate  
23 surety bond required by ~~subparagraphs (1) through (3), as~~  
24 applicable under subsection 2.

25 ~~b.~~ The statement required in subsection 1, paragraph "b".  
26 For purposes of this chapter and chapter 261B, a letter of  
27 credit must meet all of the following conditions:

28 (1) Be payable to the commission.

29 (2) Be valid for a period of at least one year from the  
30 date of issuance and subject to renewal as required by the  
31 commission.

32 (3) Allow the commission to draw one or multiple  
33 installments of the total letter of credit amount upon making  
34 the required presentations to the issuer.

35 ~~c.~~ The materials required in subsection 1, paragraph "c" For

1 purposes of this section, "letter of credit" means a financial  
2 instrument subject to the provisions of chapter 554, article 5,  
3 with irrevocable terms and conditions that cannot be modified  
4 or canceled after issuance without the consent of all of the  
5 parties.

6 4. If a letter of credit accepted by the college student  
7 aid commission under subsection 3 is canceled, revoked, not  
8 renewed, or otherwise fails to be of full force and effect, the  
9 school shall comply with the provisions of subsection 2.

10 ~~3.~~ 5. This section shall not apply to the provision of  
11 an educational course of flight instruction under regulations  
12 promulgated by the federal aviation administration for which  
13 students do not pay tuition in advance of instruction and  
14 which students may cancel at any time with no further monetary  
15 obligation.

16 Sec. 6. Section 714.19, subsections 1, 2, 3, 4, and 6, Code  
17 2021, are amended to read as follows:

18 ~~1. Colleges or universities authorized by the laws of~~  
19 ~~Iowa or any other state or foreign country to grant degrees~~  
20 A community college established under chapter 260C or an  
21 institution of higher learning under the control of the state  
22 board of regents.

23 ~~2. Schools of nursing accredited by the board of nursing~~  
24 ~~or an equivalent public board of another state or foreign~~  
25 ~~country~~ A college or university created or authorized by any  
26 other state to grant degrees, in which state the college or  
27 university maintains its principal domicile and from which the  
28 college or university receives public funds to support the  
29 operating costs of the college or university.

30 ~~3. Public schools~~ A school district described in chapter  
31 274.

32 4. Private and nonprofit elementary or secondary schools  
33 recognized by the department of education or a local the board  
34 of directors of a school board district for the purpose of  
35 complying with chapter 299 and employing certified teachers

1 licensed under chapter 272.

2 6. Schools and educational programs conducted by firms,  
3 corporations, or persons for which no fee is charged to any  
4 student or any other party who assumes the cost of education  
5 on the student's behalf.

6 Sec. 7. Section 714.19, subsection 8, Code 2021, is amended  
7 by striking the subsection.

8 Sec. 8. Section 714.23, Code 2021, is amended to read as  
9 follows:

10 **714.23 Refund policies — penalty.**

11 1. ~~a.~~ For the purposes of this section and ~~section 714.25,~~  
12 "postsecondary educational program":

13 a. "Payment period" means the same as set forth in 34 C.F.R.  
14 §668.4.

15 b. "Postsecondary educational program" means a series of  
16 postsecondary educational courses that lead to a recognized  
17 educational credential ~~such as~~ including but not limited to an  
18 academic or professional degree, diploma, ~~or~~ license, or other  
19 certification or designation, regardless of whether the school  
20 awards the credential.

21 ~~b.~~ For the purposes of this section, "school period"

22 c. "Proprietary school" means a person offering a  
23 postsecondary educational program, for profit.

24 d. "School period" means the course, term, payment period,  
25 postsecondary educational program, or other period for which  
26 the school assessed tuition charges to the student. A school  
27 that assesses tuition charges to the student at the beginning  
28 of each course, term, payment period, or other period that is  
29 shorter than the postsecondary educational program's length  
30 shall base its tuition refund on the amount of tuition costs  
31 the school charged for the course, term, or other period in  
32 which the student terminated. A school shall not base its  
33 tuition refund calculation on any portion of a postsecondary  
34 educational program that remains after a student terminates  
35 unless the student was charged for that remaining portion of

1 ~~the postsecondary educational program before the student's~~  
2 ~~termination and the student began attendance in the school term~~  
3 ~~or course.~~

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

7 b. A person offering at least one postsecondary educational  
8 program, for profit, that is more than four months in length  
9 and leads to a recognized educational credential, proprietary  
10 school shall make a pro rata refund of tuition charges to an  
11 Iowa resident a student who terminates from any of the school's  
12 postsecondary educational programs or courses after the first  
13 two calendar weeks in an amount that is not less than ninety  
14 ninety-five percent of the amount of tuition charged to the  
15 student multiplied by the ratio of the number of calendar days  
16 remaining in the school period until the date equivalent to  
17 the completion of sixty percent of the calendar days in the  
18 school period to the total number of calendar days in the  
19 school period until the date equivalent to the completion of  
20 sixty percent of the calendar days in the school period. If  
21 a terminating student has completed sixty percent or more  
22 of a school period, the school offering the postsecondary  
23 educational program is not required to refund tuition charges  
24 to the student.

25 c. (1) A proprietary school as provided in subparagraph (2)  
26 shall provide to a student who terminates after the first two  
27 calendar weeks a refund of tuition charges in an amount that  
28 is not less than ninety-five percent of the amount of tuition  
29 charged to the student multiplied by the ratio of the remaining  
30 number of calendar days in the school period to the total  
31 number of calendar days in the school period.

32 (2) This paragraph "c" applies to a proprietary school  
33 whose cohort default rate for students under the Stafford  
34 loan program as reported by the United States department of  
35 education for the most recent federal fiscal year is more than

1 one hundred ten percent of the national average cohort default  
2 rate of all schools for the same federal fiscal year or six  
3 percent, whichever is higher.

4 3. ~~Notwithstanding the provisions of subsection 2, the~~  
5 ~~following tuition refund policy shall apply:~~

6 ~~a. If a terminating student has completed sixty percent or~~  
7 ~~more of a school period, the person offering the postsecondary~~  
8 ~~educational program is not required to refund tuition charges~~  
9 ~~to the student. However, if, at any time, a student terminates~~  
10 ~~a postsecondary educational program due to the student's~~  
11 ~~physical incapacity or, for a program that requires classroom~~  
12 ~~instruction, due to the transfer of the student's spouse's~~  
13 ~~employment to another city, the terminating student shall~~  
14 ~~receive a refund of tuition charges in an amount that equals~~  
15 ~~the amount of tuition charged to the student multiplied by the~~  
16 ~~ratio of the remaining number of calendar days in the school~~  
17 ~~period to the total number of calendar days in the school~~  
18 ~~period.~~

19 ~~b. A school shall provide to a terminating student a~~  
20 ~~refund of tuition charges in an amount that is not less than~~  
21 ~~ninety percent of the amount of tuition charged to the student~~  
22 ~~multiplied by the ratio of the remaining number of calendar~~  
23 ~~days in the school period to the total number of calendar~~  
24 ~~days in the school period. This paragraph "b" applies to~~  
25 ~~those persons offering at least one postsecondary educational~~  
26 ~~program of more than four months in length, for profit,~~  
27 ~~whose cohort default rate for students under the Stafford~~  
28 ~~loan program as reported by the United States department of~~  
29 ~~education for the most recent federal fiscal year is more~~  
30 ~~than one hundred ten percent of the national average cohort~~  
31 ~~default rate of all schools for the same federal fiscal year~~  
32 ~~or six percent, whichever is higher. A proprietary school~~  
33 ~~that assesses tuition charges to the student at the beginning~~  
34 ~~of each course, term, payment period, or other period that is~~  
35 ~~shorter than the postsecondary educational program's length~~



1 shall base its tuition refund on the amount of tuition costs  
 2 the school charged for the course, term, or other period in  
 3 which the student terminated. A school shall not base its  
 4 tuition refund calculation on any portion of a postsecondary  
 5 educational program that remains after a student terminates  
 6 unless the student was charged for that remaining portion of  
 7 the postsecondary educational program before the student's  
 8 termination and the student began attendance in the school term  
 9 or course.

10 4. Notwithstanding the provisions of subsection 2,  
 11 paragraphs "b" and "c", if, at any time, a student terminates  
 12 a postsecondary educational program after the first two  
 13 calendar weeks due to the student's physical incapacity or,  
 14 for a program that requires classroom instruction, due to the  
 15 transfer of the student's spouse's employment to another city,  
 16 the terminating student shall receive a refund of the tuition  
 17 charges in an amount that equals the amount of tuition charged  
 18 to the student multiplied by the ratio of the remaining number  
 19 of calendar days in the school period to the total number of  
 20 calendar days in the school period.

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

25 ~~5. a.~~ 6. A student who does not receive a tuition refund  
 26 up to the full refund of tuition charges due to the effect  
 27 of an interstate reciprocity agreement under section 261G.4,  
 28 subsection 1, may apply to the attorney general for a refund  
 29 in a sum that represents the difference between any tuition  
 30 refund received from the school and the full refund of tuition  
 31 charges. For purposes of [this subsection](#), "full refund of  
 32 *tuition charges*" means the monetary sum of the refund for which  
 33 the student would be eligible pursuant to the application of  
 34 this section.

35 ~~b.~~ 7. A tuition refund fund is created as a separate fund

1 in the office of the treasurer of state under the control  
 2 of the attorney general. Moneys credited to the fund shall  
 3 include amounts appropriated by the general assembly and moneys  
 4 received as a result of a court order, judgment, or settlement  
 5 which specifically directs that moneys be used for the purpose  
 6 of providing student tuition refunds, or which authorizes the  
 7 attorney general to use moneys for any other purpose at the  
 8 discretion of the attorney general. All moneys credited to  
 9 the fund are appropriated and made available to the attorney  
 10 general for such purposes. For each fiscal year, the attorney  
 11 general may expend all moneys in the fund to provide tuition  
 12 refunds to eligible students. Notwithstanding [section 8.33](#),  
 13 any balance in the fund on June 30 of each fiscal year shall not  
 14 revert to the general fund of the state, but shall be available  
 15 for purposes of [this subsection](#) in subsequent fiscal years.  
 16 Notwithstanding [section 12C.7](#), interest or earnings on the  
 17 moneys in the fund shall be credited to the fund.

18 ~~6.~~ 8. A refund of tuition charges shall be provided to  
 19 the student within forty-five days following the date of the  
 20 school's determination that a student has terminated from a  
 21 postsecondary educational program.

22 ~~7.~~ 9. A student who terminates a postsecondary educational  
 23 program shall not be charged any fee or other monetary penalty  
 24 for terminating the postsecondary educational program, other  
 25 than a reduction in tuition refund as specified in this  
 26 section.

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

1 who attend distance education programs the school offers under  
2 the interstate reciprocity agreement.

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

4 a. Personal vehicle driving education schools.

5 b. Postsecondary vocational schools that offer solely  
6 discrete continuing education courses.

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

11 ~~8.~~ 12. A violation of this section is a simple misdemeanor.

12 Sec. 9. Section 714.24, subsections 2, 5, and 7, Code 2021,  
13 are amended to read as follows:

14 2. An entity that claims an exemption under section  
15 714.19 must file an exemption claim with the commission. The  
16 commission may approve or deny the exemption claim. Except  
17 for a school that claims an exemption under section 714.19,  
18 subsection 1, 2, 3, or 10, a filing of a claim for an exemption  
19 pursuant to section 714.19 must be completed at least once  
20 every two years.

21 ~~5. The commission may, at its discretion, require a A~~  
22 ~~proprietary school that must comply with section sections~~  
23 ~~714.23 to and 714.25 shall submit its tuition refund policy~~  
24 ~~documentation of compliance with sections 714.23 and 714.25~~  
25 ~~to the commission for its review and approval as part of the~~  
26 ~~evidence of financial responsibility filed pursuant to section~~  
27 ~~714.18.~~

28 7. Except as provided in section 714.18, subsection 2,  
29 ~~paragraph "a",~~ the information submitted under sections 714.18,  
30 714.19, 714.23, and 714.25 are public records under chapter 22.

31 Sec. 10. Section 714.25, Code 2021, is amended to read as  
32 follows:

33 **714.25 Disclosure.**

34 1. For purposes of this section, "proprietary school" means  
35 ~~a person offering a postsecondary educational program, for~~

1 ~~profit, that is more than four months in length and leads to~~  
2 ~~a recognized educational credential, such as an academic or~~  
3 ~~professional degree, diploma, or license~~ the same as defined in  
4 section 714.23, subsection 1.

5 2. A proprietary school shall, prior to the time a student  
6 is obligated for payment of any moneys, inform the student, and  
7 the college student aid commission, ~~and in the case of a school~~  
8 ~~licensed under section 157.8, the board of cosmetology arts~~  
9 ~~and sciences or in the case of a school licensed under section~~  
10 ~~158.7, the board of barbering,~~ of all of the following:

11 a. The current total cost of the postsecondary educational  
12 program as charged by the proprietary school.

13 b. An estimate of any fees which that may be charged to the  
14 student by others ~~which would be required if the student is to~~  
15 ~~successfully complete the postsecondary educational program~~  
16 ~~and in order to obtain a recognized educational credential,~~  
17 including but not limited to fees for examination or licensure.

18 c. The percentage of students who successfully complete  
19 the postsecondary educational program, and the percentage who  
20 terminate prior to completing the postsecondary educational  
21 program, ~~and the period of time upon which the proprietary~~  
22 ~~school has based these percentages. The reporting period shall~~  
23 ~~not be less than one year in length and shall not extend more~~  
24 ~~than five years into the past~~ in accordance with paragraph "e".

25 d. If claims are made by the proprietary school as to  
26 successful placement of students in jobs upon completion of the  
27 proprietary school's postsecondary educational programs, the  
28 proprietary school shall, in accordance with paragraph "e",  
29 provide the student with all of the following:

30 (1) The percentage of graduating students who were placed  
31 in jobs in fields related to the postsecondary educational  
32 programs.

33 (2) The percentage of graduating students who went on to  
34 further education immediately upon graduation.

35 (3) The percentage of students who, ninety days after

1 graduation, were without a job and had not gone on to further  
2 education.

3 ~~(4) The period of time upon which the reports required~~  
4 ~~by paragraphs "a" through "c" were based. The reporting~~  
5 ~~period shall not be less than one year in length and shall not~~  
6 ~~extend more than five years into the past method by which the~~  
7 ~~proprietary school collected and verified the validity of data~~  
8 ~~provided in accordance with this paragraph "d".~~

9 e. Information provided by the proprietary school in  
10 accordance with paragraph "c" and, if applicable, paragraph "d",  
11 shall include all of the following additional data:

12 (1) The applicable program name and the normal length of  
13 time required to complete the program.

14 (2) The total number of students in the cohort for which  
15 data is reported and the year in which the students began the  
16 program.

17 (3) The percentages of students that met the conditions  
18 described in paragraph "c" and, if applicable, paragraph "d", by  
19 the most recent ending date for program completion in each of  
20 the school's programs.

21 f. If claims are made by the proprietary school as to income  
22 levels of students who have graduated and are working in fields  
23 related to the proprietary school's postsecondary educational  
24 programs, the proprietary school shall inform the student of  
25 the method used to derive such information.

26 ~~3. The requirements of [subsection 2](#)~~ A proprietary school  
27 that is initiating operation for the first time is exempt from  
28 data reporting under subsection 2, paragraphs "c" and "d", until  
29 the school's first biennial renewal application under section  
30 714.24, subsection 5.

31 4. This section shall not apply to a any of the following:

32 a. A proprietary school that is eligible for federal student  
33 financial aid under Tit. IV of the federal Higher Education Act  
34 of 1965, as amended.

35 b. A person described in section 714.23, subsection 11.

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EXPLANATION

The inclusion of this explanation does not constitute agreement with the explanation's substance by the members of the general assembly.

This bill amends Code provisions relating to the registration of postsecondary schools with the college student aid commission.

POSTSECONDARY EDUCATION FUND. Currently, the moneys in the postsecondary education fund must be used by the commission for the purposes of Code chapters 261B (registration of postsecondary schools) and 261G (postsecondary distance education — interstate reciprocity). The bill adds that moneys in the fund may be used for purposes prescribed by rule by the commission, and to procure, evaluate, and store school records to establish the validity of claims against a school that fails to faithfully perform all contracts and agreements, pay institutional charges, support transitional activities, pay private education loan debt, and reimburse the Iowans who were enrolled and attended such schools.

PROOF OF FINANCIAL RESPONSIBILITY. Currently, most persons maintaining or conducting any education course by classroom instruction or by correspondence or other delivery method, or soliciting the sale of such course in Iowa, must file with the commission a continuous corporate surety bond in the amount of \$50,000. The bill provides that the bond may be in the amount of \$50,000 or in a sum equivalent to 10 percent of the total annual tuition, whichever amount is less. Under current law, the option to file an alternative sum of 10 percent of total annual tuition is available only to barber schools and schools of cosmetology arts and sciences.

Provisions relating to the commission's ability to reduce a school's performance bond, and limiting the aggregate liability of the surety for breaches of the conditions of a performance bond are stricken.

"Letter of credit" is defined as a financial instrument subject to provisions of the uniform commercial code. Letters

1 of credit must be issued by a state or federally chartered bank  
2 or credit union, be payable to the commission, be valid for at  
3 least one year from the date of issuance and subject to renewal  
4 as required by the commission, and allow the commission to draw  
5 one or more installments of the total letter of credit amount  
6 upon making the required presentations to the issuer.

7 A school that files a continuous corporate surety bond of  
8 less than \$50,000 must provide to the commission a notarized  
9 statement attesting to the total amount of tuition charged to  
10 students in the prior fiscal year. If a letter of credit is  
11 canceled, revoked, not renewed, or otherwise fails to be of  
12 full force and effect, the statutory provisions relating to the  
13 continuous corporate surety bond or letter of credit filed must  
14 be satisfied.

15 EXEMPTIONS. Currently, a postsecondary school, unless  
16 the school meets certain exemptions, must register with the  
17 commission if a person compensated by the school conducts any  
18 portion of a course of instruction in this state or if the  
19 school otherwise has a presence in this state. Such schools  
20 must also, unless exempted, comply with provisions relating to  
21 advertising and selling of educational courses, evidence of  
22 financial responsibility, and contracts. Violation of such a  
23 provision is a serious misdemeanor punishable by confinement  
24 for no more than one year and a fine of at least \$430 but not  
25 more than \$2,560.

26 Under the bill, colleges and universities authorized by a  
27 foreign country, private business schools accredited by the  
28 United States department of education or the council for higher  
29 education accreditation, and schools of nursing from outside of  
30 Iowa are not exempt from such requirements.

31 TUITION REFUND POLICIES AND REQUIREMENTS — PROPRIETARY  
32 POSTSECONDARY SCHOOLS. The definition of "postsecondary  
33 educational program" is modified to include but not be limited  
34 to other certifications or designations, regardless of whether  
35 the proprietary school awards the credential.

1 If a student withdraws within the first two calendar weeks,  
2 the school must refund all tuition charges to the student.

3 For a student who terminates from a program or course after  
4 the first two weeks, the school must make a pro rata refund of  
5 tuition charges for the program or course in an amount that is  
6 not less than 95 percent of the amount of tuition charged to  
7 the student multiplied by the ratio of the number of calendar  
8 days remaining in the school period. This is increased from  
9 the current pro rata amount of 90 percent of the amount of  
10 tuition charged to the student multiplied by the formula set  
11 forth in statute.

12 If a terminating student has completed 60 percent or more of  
13 a school period, the school is not required to refund tuition  
14 charges to the student.

15 The bill requires a proprietary school, including those  
16 offering instructional programs or courses under an interstate  
17 reciprocity agreement, to apply the refund policy to all  
18 students who attend on-campus classes or at instructional  
19 sites in Iowa and to all Iowa resident students who attend the  
20 school's distance education programs.

21 Under the bill, the Code section does not apply to personal  
22 vehicle driving education schools, postsecondary vocational  
23 schools that offer solely discrete continuing education  
24 courses, or to a for-profit school that offers solely programs  
25 for which the sum of tuition, fees, instructional materials,  
26 technology, and other items required for program completion is  
27 less than \$3,000.

28 Currently, a violation of the Code section is a simple  
29 misdemeanor, which is punishable by confinement for no more  
30 than 30 days and a fine of at least \$105 but not more than \$855.

31 DOCUMENTATION OF COMPLIANCE — PROPRIETARY SCHOOLS.

32 Currently, a proprietary school must submit documentation of  
33 compliance only if the commission, at its discretion, requires  
34 the school to do so.

35 Under the bill, information relating to a proprietary



1 school's evidence of financial responsibility, refund policies,  
2 and disclosure of certain information, and relating to  
3 exemptions for certain schools, are public records.

4 DISCLOSURE REQUIREMENTS — PROPRIETARY SCHOOLS. The  
5 definition of "proprietary school" is amended to strike  
6 provisions relating to the amount of time the school offers a  
7 postsecondary educational program that leads to a credential.

8 Provisions relating to the boards of barbering and  
9 cosmetology arts and sciences are also stricken.

10 Schools under the bill must disclose the current total costs  
11 charged for the programs offered, but the requirement that the  
12 school provide an estimate of fees charged to a student by  
13 others based on the fees required if the student successfully  
14 completes the program is stricken.

15 Also under the bill, the school must provide to the  
16 commission and, if applicable, to the student, information  
17 regarding the method by which the school collected and verified  
18 the validity of data, the applicable program name and the  
19 normal length of time required to complete the program, the  
20 total number of students in the cohort for which data is  
21 reported and the year in which the students began the program,  
22 and the percentages of students that successfully complete or  
23 terminate the program. The information must be provided by  
24 the most recent ending date for program completion in each of  
25 the school's programs. However, a school that is initiating  
26 operation for the first time is exempt from data reporting  
27 until the school's first biennial renewal application of the  
28 school's evidence of financial responsibility.

29 The Code section, as amended, does not apply to personal  
30 vehicle driving education schools, postsecondary vocational  
31 schools that offer solely discrete continuing education  
32 courses, or to a for-profit school that offers solely programs  
33 for which the sum of tuition, fees, instructional materials,  
34 technology, and other items required for program completion is  
35 less than \$3,000.