

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

California Code of Regulations
Division 7.5. Private Postsecondary Education
Chapter 3. Institutional Operating Standards
Article 1. Minimum Operating Standards
Chapters 1 and 3, Articles 1, Sections 70000, 71746, 71750, and 71751

FINAL STATEMENT OF REASONS
Minimum Operating Standards: Refund Policies

Subject Matter of Proposed Regulations: Minimum Operating Standards: Refund Policies.

Sections Affected: Section 70000 of Article 1 of Chapter 1, and sections 71746, 71750 and 71751 of Article 3 of Chapter 3 of Division 7.5 of Title 5 of the California Code of Regulations (CCR).

Updated Information

The Informative Digest and Initial Statement of Reasons (ISOR) are included in the rulemaking file and incorporated as though set forth herein.

The Bureau for Private Postsecondary Education (Bureau) noticed the proposed rulemaking with a 45-day comment period from February 14, 2025 through April 1, 2025. The Bureau received five comments during the comment period. There were no requests for a public hearing and no separate public hearing was held.

The Bureau re-noticed the proposed rulemaking with a 15-day comment period from July 17, 2025 through July 31, 2025. The Bureau received zero comments during the comment period. There were no requests for a public hearing and no separate public hearing was held.

The following items were made available to the public simultaneously during the additional 15-day comment period:

- 1) Notice of Modified Text
- 2) Addendum to the Initial Statement of Reasons
- 3) Proposed Modified Text

Update to Initial Statement of Reasons and Notice of Proposed Action

Correction to CCR section 70000 section title

The Bureau corrects the section title of 70000 from “Provisions” to “Definitions.” This correction aligns the text with the existing CCR.

Correction to CCR section 70000(e)

The Bureau adds an “s” to the end of “purpose” to align the text with the existing CCR.

Add Re-lettered CCR sections 70000(f)-(v)

The Bureau adds each individually re-lettered subsection in section 70000. This non-substantive change ensures each subsection is re-lettered accordingly.

Amend CCR section 70000(x)

Update the proposed definition of “Pro Rata Refund” from “...based on the proportion of the educational program completed” to “...based on the completed proportion of the period of attendance.”

Correction to CCR section 70000(z)

The Bureau corrects the struck-through cross-reference from “x” to “w.” This correction aligns the text with the existing CCR.

Amend CCR section 70000(ac)

Amend the proposed definition of “Refund” to list the closure of the institution as the first factor listed instead of the last factor listed, so it is separately listed from the provision concerning the discontinuation or cancellation of the educational program.

Correction to CCR section 70000(ad)

The Bureau corrects the underlined text by underlining the “(2)” in the cross-reference to (ae)(2) for clarity.

Correction to CCR section 70000(ae)

The Bureau corrects the underlined text by underlining the word “or” in the added text before the words “Semester Credit Hour,” for clarity.

Correction to CCR section 70000(ae)(1)

The Bureau changes the word “postsecondary” in the noticed text to “college or university.” This correction aligns the text with the existing CCR. The use of the word “postsecondary” in the noticed text was a drafting error and was not underlined as a proposed change to the regulatory text. The Bureau intends to rely on existing regulatory language for the text in (ae)(1), which currently uses the phrase “college or university.” The correction to (ae)(1) is as follows: “At least fifteen (15) hours of college or university level instruction during a semester plus a reasonable period of time...”

Correction to CCR section 70000 “Note:”

In the Note of section 70000, the Bureau corrects the Reference by adding a reference

to Section 94874 of the California Education Code. This correction aligns the text with the existing Note for section 70000 in the CCR.

Amend CCR section 71746(a)

Split the proposed subsection (a) into (a) and (a)(1).

Amend CCR section 71746(a)(1)

Adds required information that the institution provides to a student in the event that the institution collects an amount greater than the total charges listed in the catalog and executed enrollment agreement.

Amend CCR section 71746(b)

Provides a timeline (five days) in which the institution must provide a receipt or updated ledger to a student when they make a payment or a payment is made on their behalf. Updates a prior phrase “institutions collecting total charges” to simply state, “institutions.” Adds an updated student ledger as another option of acceptable documentation that an institution can provide to a student as proof of “any payments made by the student or on behalf of the student,” and specifies the required items that must be included on a receipt or updated ledger.

Correction to CCR section 71750(a)

The Bureau corrects the underlined text in 71750(a) by removing the underline from the existing text in the CCR which is not being changed. The correct underline was shown in the 45-day comment period, and the additional underline was a drafting error. This correction aligns the text with the existing CCR.

Amend CCR section 71750(c)

Adds a notice to provide to a student who cancels their enrollment in an educational program, which contains the same requirements as the document described in section 71920(b)(10).

Add CCR section 71750(c)(1)

Adds a subsection to state the requirements of a written notice provided to a student who cancels their enrollment in an educational program, who had a refund issued to a third party.

Amend CCR section 71751(c)

Adds a notice to provide to a student who withdraws, or is withdrawn from, their enrollment in an educational program, which is described in section 71920(b)(10).

Add CCR section 71751(c)(1)

Adds a subsection to state the requirements of a written notice provided to a student who withdraws, or is withdrawn from, their enrollment in an educational program, who had a refund issued to a third party.

Amend CCR section 71751 “Note:”

The Bureau amends the “Note” of CCR section 71751 by removing an extra “and” from the References for the section, which was found. Removing this word is a non-substantive change.

Local Mandate

A mandate is not imposed on local agencies or school districts.

Consideration of Alternatives

No reasonable alternative which was considered or that has otherwise been identified and brought to the attention of the Bureau would be more effective in carrying out the purpose for which it was proposed or would be as effective and less burdensome to affected private persons than the adopted regulations or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law. The Bureau incorporates by reference the alternatives identified in its ISOR and did not receive any comments that altered its findings.

Summary of Comments Made During the 45-day Notice Period:

The 45-day comment period began on February 14, 2025 and ended on April 1, 2025. The Bureau did not hold a hearing.

The Bureau’s summary of and response to the comment(s) received is presented below.

Comment 1: Crystalbleu Allen, Universal Technical Institute, February 19, 2025

Summary of Comment:

The commenter asked a question: Do you have an estimate of when the new refund policy language will take effect?

Response to Comment:

The Bureau has reviewed and considered the comment and declines to make any amendments to the proposed text based thereon.

The comment is a question, and the Bureau responded that it will be effective in the future. The nature of the comment has no substantive material and, therefore, will not impact the regulation text.

Comment 2: Robert Johnson, California Association of Private Postsecondary Schools, March 1, 2025

Summary of Comment:

The commenter opposed the provision that requires a receipt to be provided to students for payments they make or are made on their behalf. The commenter suggested adding a qualifier to this requirement so that institutions using a ledger card system may utilize that as proof of compliance with providing a student a receipt.

Response to Comment:

The Bureau has reviewed and considered the comment and has made amendments to the proposed text based thereon.

As explained on page ten of the ISOR, documentation of payments made is necessary for students to have so that they are aware of the amounts they pay or have been paid on their behalf. Students may need documentation of their payments for various other services, including Student Tuition Recovery Fund (STRF) claims, or to substantiate complaints submitted to the Bureau about the refunds they may be owed. Existing regulations in 5 CCR 71920 require institutions to keep a record of the total amount of money received from or on behalf of a student and the date or dates on which that money was received.

The commenter makes a legitimate point about some institutions utilizing a ledger card system to track payments. As stated on page five of the ISOR Addendum, “[t]his change is intended to improve the clarity of the regulations and provide flexible options to institutions providing students with documentation of payments received... The use of the word “updated” in the modified text ensures that the regulatory standard the Bureau is proposing to implement will guarantee that students receive the most current information documenting the payments they have made or have been made on their behalf, and not an outdated copy.”

Furthermore, the proposed regulations are explicit in not mandating a specific use of technology. As stated on page eleven of the ISOR, the Bureau is giving institutions the flexibility to choose to provide students with either a hard-copy receipt or an electronic receipt. Similarly, a ledger system documents the payments made by a student or received on their behalf. With the addition of an “updated ledger card” being able to document any payments received by or on behalf of the student, the proposed regulations ensure students are provided with accurate information concerning their payments and do not force institutions to change a system that contains the necessary information merely because it is referred to as a “ledger” and not a “receipt.” Institutions using a ledger system would satisfy the regulatory requirement so long as the student is given an updated ledger card documenting payments made by them, or on their behalf. Finally, if the receipt or updated ledger is provided in electronic or physical format, such as a ledger “for any payments received...” as required by the proposed regulations, then an institution is satisfying the regulatory requirement and using the type of documentation that works best for them.

Comment 3: Kim Rust, Educational Advisors, Inc., March 31, 2025

Summary of Comment:

The commenter does not explicitly offer a substantive change to the proposed regulations, but rather made notes about the text that did not offer a substantive change.

The commenter noted that that the proposed requirement in §71750(b) will be a notice to add to the enrollment agreement and catalog if it currently lists a charge as “non-refundable.”

The commenter noted several items in §71751(a)(1)(C), (2)(A), (B), and (C), including potential revisions for institutions if they use a linked form for students to withdraw, the lack of attendance policy requiring updates by an institution to their attendance or other policies, a reference to current catalog requirements for probation and dismissal policies, a question about asynchronous attendance. The commenter made a note regarding §71751(b), and a notice being added to enrollment agreements if the institution has collected money for transmittal to a third party, but has not yet paid that amount to the third party when a student withdraws, but currently lists those charges as “non-refundable” on the enrollment agreement.

Response to Comment:

The Bureau has reviewed and considered the comment and declines to make any amendments to the proposed text based thereon.

The comment on section 71750(b) is not a substantive suggestion to the proposed regulations. The proposed section pertains to cancellations. Per Education Code (EDC) Section 94920(b) “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.” The proposed regulations do not pertain to enrollment agreements, and the institution is still required to follow the requirement explicitly stated in the statute.

The comment made on section 71751(a)(1)(C) does not necessarily warrant a change to a linked form. The linked form, if an institution uses one, can state which office the form goes to, as applicable. If a currently linked withdrawal form doesn’t specify where it’s sent, students need to know the destination to ensure the institution received their request and follow up if necessary.

The comment on section 71751 (a)(2)(A) indicating that the proposed regulation may cause a revision to attendance or other academic policies does not warrant a change to the proposed regulations. As explained on pages nineteen and twenty of the ISOR,

“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.” It is necessary if a student is withdrawn from their program by an institution that they have a written record of such action.

The comment concerning section 71751(a)(2)(B) cited the statutory section EDC Section 94909(a)(8)(C) for catalog probation and dismissal policies, but failed to consider the subsection immediately before it (B), which states that a detailed description is needed for cancellation, withdrawal, and refund policies. Therefore, the requirement proposed in regulation is necessary so students are aware of (regardless of if the conduct falls under probation or dismissal policies, or both), what conduct may cause them to be withdrawn from the institution.

The comment on 71751(a)(2)(C) is addressed on page twenty of the ISOR, stating that, “the student should be informed in advance 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.” If an institution offers asynchronous education where there are a set number of lessons and the institution withdraws a student after missing a certain number of consecutive days of that asynchronous education, then that policy should be stated. The proposed text additionally states at 71751(a)(2) that, “refund policy and procedures for student withdrawals effectuated by an institution shall include, at a minimum...” If an institution chooses to specify how they handle “consecutive days” for asynchronous courses, then that can be part of their refund policy and procedure if the institution chooses to do so.

In response to the comment made on section 71751(b), whether or not a charge is labeled as “non-refundable” on the enrollment agreement should not apply once the enrollment agreement is no longer valid. An institution should not be accepting money on behalf of a student if the student has withdrawn or been withdrawn from their program, as the charges on the enrollment agreement are no longer in effect, and the student is ordered a pro-rata refund, as applicable. Additionally, section 71751(b) explicitly contains the condition if “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...” Therefore, if the institution has collected money from a student but has not yet transmitted that money to the third party, then the charge has not yet been fulfilled by the institution and should be refunded to the student, as applicable.

Comment 4: Legal Aid Foundation of Los Angeles, April 1, 2025

Summary of Comment:

The commenter indicated strong support for the Bureau’s proposed regulations. The

commenter explained that the proposed regulations will help ensure that students have access to clear information regarding their rights, and that students receive the full refund to which they are entitled under the law.

The commenter suggested changes to the provisions in proposed section 71746 that require a receipt to be provided to students for payments they make or are made on their behalf, recommending that the receipt be provided within five days of collecting total charges and listing specific information to be on the receipt.

The commenter also suggested amendments to proposed text in sections 71750 and 71751 to suggest requiring institutions provide notice to students when a refund is issued to a third-party after cancellation or withdrawal. The commenter detailed experience with students who “either have no idea whether the school ever made a refund to the federal government or private lender or whether the refund amount was correctly calculated.” The comment suggested requiring an itemized list within five days of making a refund to a third-party, detailing the amounts refunded to each third party and dates of the refund. The commenter also suggested adding the word “otherwise” to §71750(a).

Finally, the commenter suggested changes to the proposed definitions, including “pro-rata refund” and “refund.” The suggestion for “pro-rata refund” was to use the words “period of attendance” as opposed to “educational program” because EDC sections 94919(c) and 94920(d) “require that the pro rata refund calculation be based on the proportion of the “period of attendance” completed, not the proportion of the entire program completed. A “period of attendance” is defined as “a semester, quarter, or trimester for educational programs measured in credit hours and the entire educational program if measured in clock hours.” (Educ. Code § 94854.)” The suggested amendment for the definition of “refund” by using the word “termination” in addition to “completion,” under the reasoning that if a student completes the period of attendance, then there should not be any refund owed to that student. In addition, the student may be due a refund if they are terminated by the school during a period of attendance.

Note: This commenter also submitted a comment on the Bureau’s “Expired Approvals” regulatory proposal (Regulatory Action No. 2025-0408-02S). The Bureau summarized and responded to the comments received on that regulatory proposal in the Final Statement of Reasons, which are contained in the rulemaking file. The comments related to Regulatory Action No. 2025-0408-02S are not specifically directed at this proposed regulation, and no text change is needed in response to that portion of the comments.

Response to Comment:

The Bureau acknowledges the comment and appreciates the support for the proposed regulations. The Bureau has reviewed and considered the comment and has made amendments to the proposed text based thereon.

Regarding Suggestions to Section 70000:

The commenter's suggestion to replace "educational program" with "period of attendance" in the definition of "Pro-rata refund" is a more accurate term due to the fact that if a pro-rata refund is owed, then a proportion of the period of attendance has been completed (EDC Sections 94919 and 94920). As stated on page seven of the ISOR, "[w]hile 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." The Bureau has determined that the suggested amendments would be clearer and more closely align with statute and has made the modification to state "period of attendance" as opposed to "educational program," thereby achieving the goals of the proposed regulations.

The commenter's suggestion to add the words "or termination" to the proposed definition of "refund" is unnecessary because the suggestion would require the Bureau to specify what is meant by "termination" as it relates to students. Currently, the term is only used as it relates to the termination of the governing statute for the Bureau and for an automatic termination of an institution's approval to operate, which can happen if the institution closes, and the proposed regulations take that scenario into consideration. Furthermore, if the student is "terminated" from their program by an institution, then that is considered the institution withdrawing the student from the program, and as such, that applicable policy should be followed. As stated on page 8 of the ISOR, "[t]he term "refund" is defined to apply to any situation where the institution is obligated to return money to someone."

Regarding Suggestions to Section 71746:

The commenters suggestion to add additional information regarding receipts provided to students are acknowledged and the Bureau has made amendments to the proposed regulations based on the comments received. As explained on page ten of the ISOR, documentation is necessary for students to have when they make payments so that they can be aware of the amounts they pay or have been paid on their behalf. Students may need receipts for various things, including Student Tuition Recovery Fund (STRF) claims, or to substantiate complaints submitted to the Bureau about the refunds they may be owed. Existing regulations in 5 CCR 71920 require 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. These regulations also require copies of all documents signed by the student, including contracts, instruments of indebtedness, and documents relating to financial aid. If an institution is keeping records of student payments and the dates these payments were received, then there is also the ability to provide documentation for these payments which may be refunded to a student. It is necessary to specify that critical information from those types of records be provided to the student when a payment is made to provide a student with the accurate information needed if

they have questions about their payments, refunds owed, or other financial matters to address with the institution.

Additionally, the suggestion to add “Within five days” at the beginning of the regulatory section establishes a timeframe for an institution to provide documentation of payments received to a student. However, the Bureau has opted to use the term five (5) business days because it provides the same amount of time for an institution to provide a copy of a receipt to a student regardless of factors such as a weekend or holiday. The term provides a clear timeline for both the institution issuing the documentation and the student receiving it. As stated on page five of the ISOR Addendum, “the Bureau has added “of receiving payment” to clarify the action that triggers the start of the five business days...”

Regarding Suggestions to Sections 71750 and 71751:

The comment to require an institution to provide a student within five days of making a refund, an itemized list of the refunded third-party payers, the amounts and dates of each refund in the event of a cancellation or withdrawal is necessary given other requirements found in regulation in section 71920(b)(10) that requires an institution to note the “name and address of the person or entity to which the refund was sent.”

While the commenter suggested adding subsection (e) in both sections 71750 and 71751, the Bureau proposes adding (c)(1) instead of (e) because the requirement is still related to documenting a refund issued to a student, and the substantial difference is that the refund is issued to the third-party, but the student is the person who should receive the written notice itemizing the amount of the refund and other details. The Bureau has accepted the suggestions to provide the student with written notice, and has specified that the notice must meet the same requirements as section 71920(b)(10).

The Bureau acknowledges and appreciates the commenter suggesting a timeframe in which an institution must provide a refund and written notice. The Bureau has opted to utilize a 45-day timeline for refunds issued to students and notices provides to keep a uniform timeframe that the student knows they will have received their refund and associated documentation. Requiring that both a refund be issued and the documentation for it be provided within 45 days also minimizes the possibility that an institution issues a refund on day 45, then takes another 5 days to provide the substantiation. With the Bureau’s proposed modified text, a student should have both the refund and the written notice substantiating that refund within 45 days of their cancellation or refund.

The proposed comments to require a written notice to document that a refund was issued for third party refunds also prompted the Bureau to add a similar requirement to (c) in both sections for all cancellation and withdrawal refunds issued to students. While the originally proposed regulations required issuing a refund, that requirement is

ultimately meaningless if it is not similarly accompanied by a requirement to show how that refund was calculated, the amount, the date it was issued and where it was sent. As stated on pages 8-9 of the ISOR addendum, this amendment ensures that the documentation provided to students meets the requirements of section 71920(b)(10) and that refunds issued by institutions are calculated correctly.

The commenter's suggestion to add the word “otherwise” to section 71750 (a) of the proposed regulations is unnecessary because the proposed text continues existing language that an institution “shall make refunds that are no less than the refunds required under the Act and this Division.” As stated on page twelve of the ISOR, “[I]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.

Comment 5: Emmanuel Rodriguez, The Institute for College Access and Success, April 1, 2025

Summary of Comment:

This comment is identical to Comment 4, please see summary above on pages 7-8.

Note: This commenter also submitted a comment on the Bureau’s “Expired Approvals” regulatory proposal (Regulatory Action No. 2025-0408-02S). The Bureau summarized and responded to the comments received on that regulatory proposal in the Final Statement of Reasons, which are contained in the rulemaking file. The comments related to Regulatory Action No. 2025-0408-02S are not specifically directed at this proposed regulation, and no text change is needed in response to that portion of the comments.

Response to Comment:

The Bureau acknowledges the comment and appreciates the support for the proposed regulations. The Bureau has reviewed and considered the comment and has made amendments to the proposed text based thereon, for the same reasons as those listed in response to Comment 4 above on pages 8-11.

Summary of Comments Received During the 15-day Notice Period

The Bureau of Private Postsecondary Education (Bureau or BPPE) staff re-noticed the proposed rulemaking with modified text and a 15-day comment period from July 16, 2025, through July 31, 2025. The Bureau received no comments during the comment period. There were no requests for a public hearing and no separate public hearing was held.

Nonduplication

The statutory language duplicated in the proposed rulemaking satisfy the

“nonduplication” standard of Government Code Section 11349.1 because the proposed regulation overlaps a state statute which is part of the authority or reference for the proposed regulation and the duplication is necessary to satisfy the “clarity” standard of Government Code Section 11349.1(a)(3). Statutory language is included from Education Code sections 94919 and 94920 and is needed to duplicate in regulatory subsection in 5 CCR 71750 so that it is clear that the copied requirement is one that pertains to cancellations, regardless of participation in federal financial aid programs, and is not applicable to withdrawals, which would require a pro-rata be issued (if the student has completed less than 60 percent of the period of attendance).