

- SUBJECT:** Revising regulation of career schools and colleges
- COMMITTEE:** Higher Education — committee substitute recommended
- VOTE:** 7 ayes — Morrison, Goolsby, F. Brown, Gallego, Giddings, J. Jones, Rose
- 0 nays
- 2 absent — Dawson, Harper-Brown
- WITNESSES:** For — Eric Juhlin, Brent Sheets, Career College & Schools of Texas; B.A. Reed, American Commercial Colleges, Inc./Career Colleges and Schools of Texas
- Against — None
- BACKGROUND:** Education Code, ch. 132 regulates career schools and colleges, which are privately owned and operated. The Texas Workforce Commission (TWC) has jurisdiction and control over the career schools and colleges system, and these schools also are regulated by the federal government. A career school or college that seeks to operate in Texas must meet certain criteria and receive a certificate of approval from TWC. Certificates of approval must be renewed every year.
- DIGEST:** CSHB 2806 would add definitions to the statute that governs career schools and programs. “Class” or “course” would mean an identifiable unit of instruction that was part of a larger program. “Program” would be defined as a postsecondary program of organized instruction or study that might lead to an academic, professional, or vocation degree or certificate. The bill also would define the required length of a class or course.
- A career school or college would not be able to maintain, advertise, solicit for, or conduct any program of instruction until it received a certificate of approval from TWC. Federally regulated career schools would not be required to take hourly attendance.
- Career schools or colleges that are eligible to participate in financial aid programs under Title IV, Higher Education Act of 1965 would have to

make refunds according to current law, except that the effective date of termination would be calculated as the earlier of:

- the date the student notifies the school of the student's withdrawal;
or
- the date as calculated per federal regulation regarding the refund of federal student financial aid.

If a school was attempting to provide a full refund to a student of a closed school or to arrange for students of a closed school to attend another school, the school also would have to consider the availability of other schools or colleges, regardless of whether the school or college was a career school or college.

Additionally, the bill would require that each student receive certain information before enrollment, including information on refund policies and incomplete grades. It specifies that federally regulated schools would have to make refunds in accordance with federal guidelines.

CSHB 2806 would apply to schools that began operation on or after the effective date of the bill. Contracts entered into before that date, as well as certificates of approval submitted before that date, would be governed by the law in effect at that time. The provisions of the bill would apply to refunds that became due on or after the effective date of the bill.

The bill would take effect September 1, 2005.

**SUPPORTERS
SAY:**

CSHB 2806 would align statutory language for career schools and colleges with U.S. Department of Education policy. The career schools industry has evolved considerably since the enactment of the Proprietary School Act of 1972, which was designed to protect consumers against proprietary schools that were not operating legitimately. The composition of schools and the industry is very different now and the Proprietary School Act has not been updated in more than 30 years. A majority of career schools now are regulated by the Department of Education and nationally accredited. The bill would bring current statutory language in line with federal definitions and processes and national accreditation criteria.

CSHB 2806 would make technical adjustments to harmonize statutory language with regulatory language. The 78th Legislature enacted the TWC

Sunset act in 2003, SB 280 by Nelson, which adopted regulatory changes that updated school operation processes. One of these changes involved the measurement of student academic involvement and success. All tax-supported community colleges and universities in Texas, along with most career schools across the nation, currently use federally approved “satisfactory progress” standards to monitor student progress. However, current law also requires Texas career schools to monitor student progress by taking hourly attendance, which amounts to unnecessary double-regulation and treats career students differently than students at other higher education entities.

Career school students tend to be older than college students on average, and many are parents. The hourly-attendance requirement penalizes students who miss class to care for children. Removing the hourly attendance requirements not only would clean up the statute but also would remove barriers that unfairly prevent some students from remaining in career school.

Concerns about amending the state refund policy are unfounded because the bill would not change the Texas refund statute. In fact, it would result in a student being allowed to keep slightly more financial aid, which they could use to pay their obligation to the school for the amount of instruction they received before withdrawing.

**OPPONENTS
SAY:**

The bill would change current state refund policy by adopting federal regulations, which prescribe how much federal financial aid a student who withdraws from a program is allowed to keep, and apply those standards to the state law regarding how much a student who withdraws from a course is obligated to pay the school and how much a school must refund the student. This could result in students owing a school more money than they would if current state refund policies were left intact.

NOTES:

The substitute made technical corrections to timelines relating to refund policies. It added that schools or colleges eligible to partake in federal student financial aid programs would not be required to take attendance.