

Chapter EAB 8

REFUND STANDARDS

(s. 38.51 (7) (e), Stats.)

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Note: Chapter EAB 7 was renumbered Chapter EAB 8, Register, June, 1990, No. 414, eff. July 1, 1990.

EAB 8.01 Philosophy and principles. (1) It shall be the policy of the board to approve only those schools which publish and adhere to refund provisions which are designed to improve the educational quality of the school and are based upon sound educational, as well as economic, principles.

(2) The refund standards required by this rule are based upon these principles:

(a) The purchase of educational opportunity to learn through any course of instruction is different from any other kind of purchase because of the number of intangibles and unknowns involved in education. As a result, it is common that students make numerous "false starts" in their educational programs. These starts are to some degree minimized through good counseling. It is important, however, to preserve for the student the right to a change of mind (recognition of a false start) without too serious a penalty, since this action itself may be important in the student's growth, maturation and learning.

(b) It is the responsibility of the school, through pre-enrollment counseling, to make reasonable certain before enrollment is completed that the student has the ability to profit from the course of instruction under consideration. In making a determination regarding the student's ability to profit from a course of instruction, a school may apply criteria such as educational background, success as a high-school or post-high-school student, practical experience in a related activity, physical ability to engage in the type of employment for which the course of instruction is represented to prepare students, and results of a valid qualifying test.

(c) Since it is the responsibility of the school to select its students carefully, charges to the student upon cancellation or withdrawal before the course of instruction begins should be a smaller portion of the total cost

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of the course of instruction than upon withdrawal after partial completion.

(d) After the course of instruction is begun, the student's responsibility for progress increases with the passage of time and the completion of work. If it is fair to expect the school to select students carefully, it is fair (assuming competent instruction) to expect the individual student to bear increasing responsibility for progress. Furthermore, the school's investment in the student's learning increases as the student progresses, and fair and ethical refund standards should encourage the school to invest generously in the instruction of continuing students with adequate safeguard of that investment. Consequently, the refund standards of this rule permit an ever larger portion of the total cost of the course of instruction to be charged as the student progresses through the course of instruction.

History: Cr. Register, December, 1972, No. 204, eff. 1-1-73; am. Register, December, 1980, No. 300, eff. 1-1-81.

EAB 8.02 Definitions. The definitions in s. EAB 6.01 shall also apply to this chapter.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81; am. Register, June, 1990, No. 414, eff. 7-1-90.

EAB 8.03 Full refund. A school's refund policy shall provide for a full refund of all money paid by the student if:

- (1) The student cancels the enrollment agreement or enrollment application within 3 business days under s. EAB 6.04;
- (2) The student accepted was unqualified, and the school did not secure a disclaimer under s. EAB 9.04;
- (3) The student's enrollment was procured as the result of any misrepresentations in the written materials used by the school or in oral representations made by or on behalf of the school.

History: Cr. Register, December, 1972, No. 204, eff. 1-1-73; renum. from EAB 7.02 and am., Register, December, 1980, No. 300, eff. 1-1-81; am. (1) and (2), Register, June, 1990, No. 414, eff. 7-1-90.

EAB 8.04 No refund in courses of instruction which have fixed class schedules, are shorter than 6 class days and cost less than \$150. If for any reason a student withdraws or is dismissed by the school from a course of instruction which has a fixed class schedule, is shorter than 6 class days, is less than \$150 in total cost and is not one of a sequence of courses of instruction, the student is not entitled to any refund, except that the student is entitled to a full refund in the following instances:

- (1) The student accepted was unqualified, and the school did not secure a disclaimer under s. EAB 9.04;
- (2) The student's enrollment was procured as the result of any misrepresentations in the written materials used by the school or in oral representations made by or on behalf of the school.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81; am. (1), Register, June, 1990, No. 414, eff. 7-1-90.

EAB 8.05 Partial refund in courses of instruction which have fixed class schedules and which are shorter than 11 class days. In courses of instruction which have fixed class schedules and are shorter than 11 class days, Register, June, 1990, No. 414

except for those courses of instruction described in s. EAB 8.04, the school's refund policy may not permit any charge to a student which exceeds the following amounts:

(1) If for any reason a student withdraws or is dismissed by the school prior to attending any classes, the charge may not exceed 15% of the total cost of the course of instruction if the total cost is \$650 or less, and may not exceed \$100 if the total cost is greater than \$650.

(2) If for any reason a student withdraws or is dismissed by the school after attending any class, but prior to completing 25% of the course of instruction, the charge may not exceed the pro rata portion of the total cost of the course of instruction, plus the lesser of \$100 or 15% of the total cost. The pro rata portion shall be calculated in the following manner:

(a) The school shall determine the number of class days elapsed from the start of the student's attendance until the student's last date of attendance;

(b) The number of class days elapsed shall be divided by the number of class days required to complete the course of instruction; and

(c) The resulting number shall be multiplied by the total cost of the course of instruction.

(3) If for any reason a student withdraws or is dismissed by the school after completing 25% of the course of instruction, but prior to completing 75% of the course of instruction, the charge may not exceed the pro rata portion of the total cost of the course of instruction, plus the lesser of \$400 or 15% of the total cost. The pro rata portion shall be calculated as set forth in sub. (2).

(4) If for any reason a student withdraws or is dismissed by the school after completing 75% of the course of instruction, the charge may not exceed the total cost of the course of instruction.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81; am. (intro.), Register, June, 1990, No. 414, eff. 7-1-90.

EAB 8.06 Partial refund in courses of instruction which have fixed class schedules and which are longer than 10 class days. In courses of instruction which have fixed class schedules and which are longer than 10 class days, the school's refund policy may not permit any charge to a student which exceeds the following amounts:

(1) If for any reason a student withdraws or is dismissed by the school prior to attending any classes, the charge may not exceed 15% of the total cost of the course of instruction if the total cost is \$1000 or less, and may not exceed \$150 if the total cost is greater than \$1000.

(2) If for any reason a student withdraws or is dismissed by the school during or at the end of the first week of attendance, the charge may not exceed the pro rata portion of the total cost of the course of instruction, plus the lesser of \$150 or 15% of the total cost. The pro rata portion shall be calculated in the following manner:

(a) The school shall determine the number of class days elapsed from the start of the student's attendance until the student's last date of attendance;

(b) The number of class days elapsed shall be divided by the number of class days required to complete the course of instruction; and

(c) The resulting number shall be multiplied by the total cost of the course of instruction.

(3) If for any reason a student withdraws or is dismissed by the school after beginning the second week of attendance, but prior to completing 75% of the course of instruction, the charge may not exceed the pro rata portion of the total cost of the course of instruction, plus the lesser of \$500 or 15% of the total cost. The pro rata portion shall be calculated as set forth in sub. (2).

(4) If for any reason a student withdraws or is dismissed by the school after completing 75% of the course of instruction, the charge may not exceed the total cost of the course of instruction.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.

EAB 8.07 Partial refund in resident courses of instruction which are divided into 2 or more terms. A school may elect to apply the following refund policy to all students who for any reason withdraw or are dismissed by the school from a resident course of instruction which is divided into 2 or more terms:

(1) The 3-business-day cancellation privilege shall apply to the first enrollment of the student in any of the courses of instruction of the school which are divided into 2 or more terms. A student enrolling in subsequent terms of the same course of instruction, or transferring from one course of instruction to another, shall not be entitled to another 3-business-day cancellation privilege.

(2) After expiration of the 3-business-day cancellation privilege, the school may retain a one-time application fee not exceeding \$30.

(3) After expiration of the 3-business-day cancellation period, and prior to the end of the first week of classes in any term, the school may retain a registration fee not exceeding \$20, plus an amount not exceeding 10% of the total cost of the term.

(4) After the end of the first week of classes in the current term, a student who for any reason withdraws or is dismissed by the school from the course of instruction prior to the end of the week shown in column A below shall be charged no more than a registration fee, not to exceed \$20, for the current term, plus the percentage of the total cost of the term which is shown in column B below.

A	B
week 2	20%
week 3	40%
week 4	60%
week 5	80%
after week 5	100%

(5) No amount may be retained by the school for any terms beyond the current term, except that a registration fee not exceeding \$20 may be retained for a subsequent term if for any reason a student who has regis-

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tered for the next term withdraws or is dismissed by the school from the course of instruction during the last 4 weeks of the term.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.

EAB 8.08 Partial refund in courses of instruction without fixed class schedules. In courses of instruction without fixed class schedules, the school's refund policy may not permit any charge to a student which exceeds the following amounts:

(1) If for any reason a student withdraws or is dismissed by the school prior to attending any classes or utilizing any instructional facilities, the charge may not exceed 15% of the total cost of the course of instruction if the total cost is \$1000 or less, and may not exceed \$150 if the total cost is greater than \$1000.

(2) If for any reason a student withdraws or is dismissed by the school after attending any classes or utilizing any instructional facilities, but prior to having attended classes or utilized any instructional facilities on 6 separate days, the charge may not exceed the pro rata portion of the total cost of the course of instruction, plus the lesser of \$150 or 15% of the total cost. The pro rata portion shall be calculated in the following manner:

(a) The school shall determine the number of lessons completed, classes attended or hours attended by the student;

(b) The number of lessons completed, classes attended or hours attended by the student shall be divided by the number of lessons, classes or hours required to complete the course of instruction; and

(c) The resulting number shall be multiplied by the total cost of the course of instruction.

(3) If for any reason a student withdraws or is dismissed by the school after having attended classes or utilized instructional facilities on 6 separate days, but prior to completing 75% of the course of instruction, the charge may not exceed the pro rata portion of the total cost of the course of instruction, plus the lesser of \$500 or 15% of the total cost. The pro rata portion shall be calculated as set forth in sub. (2).

(4) If for any reason a student withdraws or is dismissed by the school after completing 75% of the course of instruction, the charge may not exceed the total cost of the course of instruction.

(5) A school may elect to use lessons, classes or hours in computing the pro rata portion of the total cost of the course of instruction. The election shall be made apparent in the school's statement of refund policy.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.

EAB 8.09 Partial refund in courses of instruction offered on a lesson-by-lesson basis. In courses of instruction offered on a lesson-by-lesson basis, the school's refund policy may not permit any charge to a student which exceeds the exact charge for the number of lessons completed by the student, plus the retail cost of any books, supplies and equipment furnished to and retained by the student.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.

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EAB 8.10 Partial refund in correspondence courses of instruction. In correspondence courses of instruction, the school's refund policy may not permit any charge to a student which exceeds the following amounts:

(1) If for any reason a student withdraws or is dismissed by the school prior to submitting the first lesson, the charge may not exceed 15% of the total cost of the course of instruction if the total cost is \$500 or less, and may not exceed \$75 if the total cost is greater than \$500.

(2) If for any reason a student withdraws or is dismissed by the school after submitting the first lesson, but prior to submitting 10% of the total number of lessons in the course of instruction, the charge may not exceed the pro rata portion of the total cost of the course of instruction, plus the lesser of \$150 or 15% of the total cost. The pro rata portion shall be calculated in the following manner:

(a) The school shall determine the number of lessons submitted by the student;

(b) The number of lessons submitted by the student shall be divided by the number of lessons required to complete the course of instruction; and

(c) The resulting number shall be multiplied by the total cost of the course of instruction.

(3) If for any reason a student withdraws or is dismissed by the school after submitting 10% of the total number of lessons in the course of instruction, but prior to submitting 75% of the total number of lessons in the course of instruction, the charge may not exceed the pro rata portion of the total cost of the course of instruction, plus the lesser of \$400 or 15% of the total cost. The pro rata portion shall be calculated as set forth in sub. (2).

(4) If for any reason a student withdraws or is dismissed by the school after after submitting 75% of the total number of lessons in the course of instruction, the charge may not exceed the total cost of the course of instruction.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.

EAB 8.11 Partial refund in combination courses of instruction. In combination courses of instruction, the school's refund policy shall be stated and applied separately to the correspondence and resident portions of the course of instruction and may not permit any charge to a student which exceeds the following amounts:

(1) If for any reason a student withdraws or is dismissed by the school prior to submitting the first lesson of the correspondence portion of the course of instruction, the charge for that portion may not exceed 15% of the cost of the correspondence portion of the course of instruction if the cost of that portion is \$500 or less, and may not exceed \$75 if the cost of that portion is greater than \$500.

(2) If for any reason a student withdraws or is dismissed by the school after submitting the first lesson of the correspondence portion of the course of instruction, but prior to completing 10% of the total number of lessons in the correspondence portion, the charge for that portion may not exceed the pro rata portion of the cost of the correspondence portion of the course of instruction, plus the lesser of \$150 or 15% of the cost of

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the correspondence portion. The pro rata portion shall be calculated in the following manner:

(a) The school shall determine the number of lessons submitted by the student;

(b) The number of lessons submitted by the student shall be divided by the number of lessons required to complete the correspondence portion of the course of instruction; and

(c) The resulting number shall be multiplied by the cost of the correspondence portion of the course of instruction.

(3) If for any reason a student withdraws or is dismissed by the school after submitting 10% of the total number of lessons in the correspondence portion of the course of instruction, but prior to submitting 75% of the total number of lessons in the correspondence portion, the charge for that portion may not exceed the pro rata portion of the cost of the correspondence portion of the course of instruction, plus the lesser of \$400 or 15% of the cost of the correspondence portion. The pro rata portion shall be calculated as set forth in sub. (2).

(4) If for any reason a student withdraws or is dismissed by the school after completing 75% of the total number of lessons in the correspondence portion of the course of instruction, the charge for that portion may not exceed the cost of the correspondence portion of the course of instruction.

(5) If for any reason a student withdraws or is dismissed by the school prior to attending any resident classes, the charge for the resident portion of the course of instruction may not exceed 15% of the cost of the resident portion of the course of instruction if the cost of the resident portion is \$1000 or less, and may not exceed \$150 if the cost of the resident portion of the course of instruction is greater than \$1000.

(6) If for any reason a student withdraws or is dismissed by the school after attending any classes, but prior to completing 10% of the resident portion of the course of instruction, the charge for that portion may not exceed the pro rata portion of the resident portion of the course of instruction, plus the lesser of \$150 or 15% of the cost of the resident portion. The pro rata portion shall be calculated in the following manner:

(a) The school shall determine the number of class days elapsed from the start of the student's attendance until the student's last date of attendance;

(b) The number of class days elapsed shall be divided by the number of class days required to complete the resident portion of the course of instruction; and

(c) The resulting number shall be multiplied by the cost of the resident portion of the course of instruction.

(7) If for any reason a student withdraws or is dismissed by the school after completing 10% of the resident portion of the course of instruction, but prior to completing 75% of the resident portion, the charge for the resident portion may not exceed the pro rata portion of the cost of the resident portion of the course of instruction, plus the lesser of \$400 or 15% of the cost of the resident portion. The pro rata portion shall be calculated as set forth in sub. (6).

(8) If for any reason a student withdraws or is dismissed by the school after completing 75% of the resident portion of the course of instruction, the charge for that portion may not exceed the cost of the resident portion of the course of instruction.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.

EAB 8.12 Notice of withdrawal. (1) A school may not require that notice of withdrawal be in writing, on or in any particular form, or delivered in a specific manner.

(2) The school shall honor any valid notice of withdrawal given after the 3-business-day cancellation period and, within 30 calendar days after dismissal of the student or receipt of notice of withdrawal, shall refund to the student any amounts due and arrange for a termination of the student's obligation to pay any sum in excess of that permitted under the refund standards.

(3) A student shall be deemed to have provided constructive notice of an intention to withdraw:

(a) From a course of instruction with a fixed class schedule, or from the resident portion of a combination course of instruction, by failing to attend classes for a period of 10 consecutive class days without providing, prior to or during that period, an explanation to the school regarding the absences;

(b) From a course of instruction without a fixed class schedule, or from a course of instruction offered on a lesson-by-lesson basis, by failing to attend classes or utilize instructional facilities for a period of 60 consecutive days without providing, prior to or during that period, an explanation to the school regarding the absences; and

(c) From a correspondence course of instruction, or from the correspondence portion of a combination course of instruction, by failing to submit a lesson for a period of one year without providing, prior to or during that period, an explanation to the school regarding the inactivity.

(4) A student who has withdrawn from a course of instruction may be reinstated by making known to the school in writing that he or she wishes to continue in the course of instruction.

History: Cr. (1), (3) and (4) and renum. EAB 7.03 (7) to be (2) and am., Register, December, 1980, No. 300, eff. 1-1-81.

EAB 8.13 Refund not conditional on compliance with school regulations. A school may not make its refund policy conditional upon compliance with the school's rules of conduct or other regulations.

History: Cr. Register, December, 1972, No. 204, eff. 1-1-73; renum. from EAB 7.04 and am., Register, December, 1980, No. 300, eff. 1-1-81.

EAB 8.14 Distribution of refunds to financial aid sponsors. All or a portion of any refunds due may be paid to sponsors furnishing grants, loans, scholarships or other financial aids to students, in conformity with federal and state laws, regulations and rules and requirements of financial aid sponsors. After any disbursements to financial aid sponsors have been made, the student shall receive the balance, if any, of the amount due under the school's refund policy.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81.