



2023-2024 General Assembly

# SENATE BILL 382: Disaster Relief-3/Budget/Various Law Changes, Sec. 3J.18: Proprietary Schools Changes

|                       |                            |                     |                              |
|-----------------------|----------------------------|---------------------|------------------------------|
| <b>Committee:</b>     |                            | <b>Date:</b>        | January 2, 2025              |
| <b>Introduced by:</b> |                            | <b>Prepared by:</b> | Brian Gwyn<br>Staff Attorney |
| <b>Analysis of:</b>   | Sec. 3J.18 of S.L. 2024-57 |                     |                              |

**OVERVIEW:** Section 3J.18 of S.L. 2024-57 makes the following changes related to proprietary schools:

- *Adjusts the qualifying criteria for members of the State Board of Proprietary Schools (State Board) appointed by the General Assembly.*
- *Clarifies that a proprietary school that receives federal funds must have a policy that complies with federal requirements for refunds. Other proprietary schools must provide a student with (i) a full refund, including any nonrefundable fees, if the school cancels class or a student withdraws before the first day of class, and (ii) a 75% refund, not including any nonrefundable fees, if the student withdraws before completing 25% of the period of enrollment.*
- *Requires all proprietary schools, regardless of the number of years of operation, to hold a bond equal to the greatest amount of unearned paid tuition in the school's position during the prior fiscal year. Bonds for proprietary schools in operation for fewer than six years are subject to quarterly evaluations; bonds for schools in operation for six or more years are subject to quarterly evaluations if the State Board deems it necessary.*
- *Increases the catastrophic loss amount of the Student Protection Fund (Fund) from \$1 million to \$1.5 million and the cap amount from \$1.5 million to \$2 million. The State Board would be required to suspend payments to the Fund as follows:*
  - *For currently licensed proprietary schools, if the Fund balance equals or exceeds \$1.5 million.*
  - *For schools applying for initial licensure, if the Fund balance equals or exceeds \$2 million.*
  - *If the Fund balance decreases below \$1.5 million, all schools must make payments.*

*The modifications to the criteria for membership of the State Board became effective December 11, 2024, and apply to appointments made on or after that date. The remaining provisions become effective July 1, 2025, and apply to licenses issued or renewed on or after that date. This bill was vetoed by the Governor on November 26, 2024, and that veto was overridden by the General Assembly on December 11, 2024.*

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Director



Legislative Analysis  
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