

To: Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) Committee

From: Tamar Hoffman and Zoe Kemmerling, representing legal assistance organizations that represent students and borrowers, consumer advocates, and civil rights groups that represent students

Re: Institutional refund policies

Date: December 10, 2025

Too often, legal aid practitioners see students end up with institutional debt when there is a mismatch between the institution's refund policy and the Title IV aid refund policy. Institutional debt – even in small amounts – can often be financially devastating to former students. Institutions, either themselves or by assigning the debt to a debt buyer or collector, sue students for debts – often the result of a withdrawal from a program after a short time – and obtain judgments that can result in bank account garnishment, liens on property, and wage garnishment. Below, we propose to include a standard for institutions' refund policies to avoid these situations. We further propose that institutions that issue a refund for all tuition and fees for students that have exited the programs be permitted to exclude those students from their completion and job placement calculations.

This proposal will make all parties whole and aligns with (a) the completion calculation for short-term programs eligible for loans, which similarly excludes non-completers who received a full refund from the completion rate metric; and (b) the Return of Title IV funds regulations for students who never attended. We believe this is a logical extension of those regulations because when students have not been in a program for a sufficient amount of time, they have not had enough instruction or training to warrant being considered to have begun attendance.

Proposed Language

§690.92 Eligible workforce program

An educational program is an eligible workforce program if the Secretary determines that it is an undergraduate program that–

* * *

(f) Complies with the annual value-added earnings requirements as described in 34 CFR § 690.95; and

(g) Is offered by an institution that, during the five years preceding the date of the determination, has not been subject to any

suspension, emergency action, or termination of programs under this title; and

(h) Has a refund policy for the workforce program that aligns with the refund requirements in § 668.22.

§ 690.94 Components determined by the Secretary

(a) After the Governor determines that the program meets the requirements under 34 CFR § 690.93, the institution must submit to the Secretary documentation that-

(2) The program meets placement and completion rate requirements-

* * *

(iii) For all award years, institutions may subtract from the completion rate and job placement rate calculations the number of regular students who, during that award year, exited the program and received, in a timely manner, a refund of 100 percent of their tuition and fees.

(b) For each award year after the date that the eligible workforce program is approved, the institution must-

(1) Submit to the Governor, or an entity designated by the Governor, a list of students that completed the program during the award year and the information necessary for the Governor to verify the job placement rate for such award year; and

(2) Report the published tuition and fees for the eligible workforce program through a process determined by the Secretary; and

(3) Report the share of students who received, in a timely manner, a 100 percent refund who were not included in the completion rate and job placement rate calculations pursuant to § 690.94(a)(2)(iii).