



MEMORANDUM

Date: January 26, 2011

TO: All Driver Education Schools

FROM: Bill Kraft, Section Manager

SUBJECT: Refund Policies

There seems to be significant confusion in the field with regard to the adoption of a refund policy as required by the Code of Maryland Regulations (COMAR). The purpose of this memo is to clarify the requirements and provide a "model" policy.

COMAR 11.23.02.08A(14) requires that a certified school must:

(14) Provide a prorated refund to a student who withdraws or transfers from the school.

This regulation requires that you provide a prorated refund to any student that does not complete your program. As a result, any policy that states that a student is not entitled to a refund, regardless of the circumstances, does not comply with the regulations. It should be noted that the regulation does not allow for any "processing fees".

COMAR 11.23.02.08E requires that the certified school must:

E. At the time of student enrollment, the certified school shall require the student and if student is under 18 years of age the parent or guardian, to sign a rights and responsibilities form and return a copy of the signed form to the student that contains the following information:

- (1) Classroom and testing locations, dates, and times;**
- (2) The certified school's established policy for:**
 - (a) Course cancellations and postponements, that conform with §A(13) of this regulation;**
 - (b) Course fees, payment methods, refund policy, and retest fees;**
 - (c) Fees for remedial and additional instruction;**

- (d) **Make-up policies; and**
- (e) **How and when the behind-the-wheel instruction is scheduled;**
- (3) **Payment or assistance policy that permit students with verified financial hardships to participate in the program courses;**
- (4) **That the student driving record kept by the Administration will be updated within 3 business days after the student completes the program;**
- (5) **That after presenting a complaint to the driving school, the student has a right to file a complaint against a certified school with the Administration, including the appropriate Administration official's contact information, on a violation of the responsibilities required by the schools as set forth in this form or dissatisfaction with the service provided by the school; and**
- (6) **That if the student withdraws from a certified school course, the student shall be provided with a classroom student record and completion form and a behind-the-wheel student record and completion form listing the amount of instruction that has occurred which will be transferable to a new school and receive a prorated refund in accordance with §A(14) of this regulation.**

This regulation requires that the school provide a form to the student that contains all of the information outlined. Note that this includes the school's refund policy and an explanation of the materials that will be provided to the student when the student leaves the program. This information is in addition to the rights and responsibilities form contained in the new curriculum. None of this is negotiable. This form must be signed by the student, or their adult guardian, and a copy provided to the student as well as placed in the student file.

COMAR 11.23.01.20D requires:

D. The following shall be prominently displayed in the school's business office:

- (1) **The drivers' school license;**
- (2) **Office hours;**
- (3) **Fees for courses and remedial or additional training;**
- (4) **Procedure for obtaining refunds from the school; and**
- (5) **Procedures for filing complaints about the school with the Administration.**

This regulation requires that a school's business office must have the refund policy prominently displayed, in addition to being distributed in the format required above.

In addition to a refund policy, schools are required to provide information regarding their fee structure. With that in mind, refund policies would logically be based on prorating of those fees. From a cost perspective, the provision of 30 hours of classroom instruction for 30 students would require 30 instructor hours, while the provision of 6 hours of behind the wheel instruction for those same 30 students would require 180 instructor hours. Clearly the cost of providing behind the wheel instruction is far higher than the cost of providing classroom instruction. This cost difference is reflected in the fee schedules of most schools. If this is the case, refund policies must be prorated accordingly unless the published fee structure differentiates separately purchased behind the wheel training from that contained as part of the driver education program. Based on the numbers above, classroom instruction comprises approximately 15% of the cost of

the program, while behind the wheel comprises the remaining 85%. If the fee charged for the driver education program was \$400.00 (this is strictly an example), classroom instruction would represent \$60.00 of the total fee, with behind the wheel instruction representing the remaining \$340.00. Based on the figures above, an example refund policy might be stated as:

REFUND POLICY

Students that withdraw from the driver education program prior to completion are entitled to a prorated refund according to the following schedule:

Withdrawal prior to start:

100% of fees paid

Withdrawal after start:

*15% of fees paid divided by 30 hours for each hour of classroom not completed;
85% of fees paid divided by 6 hours for each hour of behind the wheel instruction not completed.*

If fees are paid in full at the time of withdrawal, refunds will equal:

Classroom Instructional Hours = 30

Cost of Classroom Instruction = \$60.00

Prorated Hourly = \$2.00/hour

Behind the Wheel Instructional Hours = 6

Cost of Behind the Wheel Instruction = \$340.00

Prorated Hourly = \$56.67/hour

Refunds will be forwarded to the address of record within 15 days of the date that written notification of withdrawal is made.

In addition to the monetary refund, students will receive documentation of any training that was completed on the appropriate Motor Vehicle Administration provided forms.

This is only an **example** of a refund policy. The most important point to remember is that the policy must be compliant with the regulations, stated in detail, and presented to the student/adult guardian at the time of enrollment. A signed copy of the policy must be included as part of the student file with another copy presented to the student/adult guardian. Finally, the policy must be prominently displayed in the school's business office.

If you have any questions regarding this issue, please do not hesitate to call or forward your question by email.