

**PART XVIII. TUITION ACCOUNT PROGRAM**

Chap. 601. ADMINISTRATION OF PROGRAM ..... Sec. 601.1

**CHAPTER 601. ADMINISTRATION OF PROGRAM**

Sec. 601.1. Definitions.  
601.2. Termination of tuition accounts, refunds and settlement.

**Authority**

The provisions of this Chapter 601 issued under the Tuition Account Program and College Savings Bond Act (24 P. S. §§ 6901.101—6901.509), unless otherwise noted.

**Source**

The provisions of this Chapter 601 adopted August 20, 1993, effective September 1, 1993, 23 Pa.B. 3936, unless otherwise noted.

**§ 601.1. Definitions.**

The following words and terms, when used in this part, have the following meanings, unless the context clearly indicates otherwise:

*Act*—The Tuition Account Program and College Savings Bond Act (24 P. S. §§ 6901.101—6901.509).

*Beneficiary*—A person who meets the eligibility criteria in the act, and on whose behalf a purchaser enters into a tuition account payment contract.

*Department*—The Treasury Department of the Commonwealth.

*Fund*—The Tuition Payment Fund established by the act.

*Material misrepresentation*—A false statement made with the intent to deceive by the purchaser or beneficiary, either in the application or in written correspondence with the Department regarding the tuition account payment contract, relating to a substantial fact, including the age of the purchaser, the residency of the purchaser or beneficiary or the reason for termination of the tuition account payment contract.

*Net earnings rate of the Fund*—The percentage return of the investment of Fund assets after adjusting for taxes and operating expenses.

*Participating institution*—An accredited, degree-granting college or university required by the act to participate in the Program as follows:

- (i) Community colleges operating under Article XIX-A of the Public School Code of 1949 (24 P. S. §§ 19-901-A—19-1913-A).
- (ii) Universities comprising the State System of Higher Education.
- (iii) The following State-related institutions:
  - (A) Pennsylvania State University.
  - (B) University of Pittsburgh.

- (C) Temple University.
- (D) Lincoln University.
- (E) An institution which is designated as “State-related” by the Commonwealth.

*Program*—The Tuition Account Program established by the act.

*Purchaser*—A person of legal age, including a natural person, corporation, association, partnership or other legal entity, who meets the eligibility requirements in the act and who enters into a tuition account payment contract.

*Standard tuition level*—The approximate average tuition for an academic year at one of the following as established by the Department:

- (i) The Commonwealth’s community colleges.
- (ii) Universities in the State System of Higher Education.
- (iii) State-related institutions.

*Termination of the tuition account payment contract*—The voluntary or involuntary discontinuation of a purchaser from the Program and the voluntary or involuntary discontinuation of the beneficiary’s right to receive benefits under a tuition account payment contract.

*Tuition*—The total of fees and charges required for attendance at an institution of higher education for a full-time, undergraduate academic year, excluding charges for room and board. Fees and charges as used in this definition do not include costs for:

- (i) Activities or functions unrelated to course or program work—that is, student activity fees.
- (ii) Specific course or program fees, charged by an institution of higher education, which are in addition to the other fees and charges for attendance—that is, laboratory fees, computer fees and book costs.

*Tuition account*—The account established by a tuition account payment contract for a beneficiary.

*Tuition account payment contract*—The contract entered into by a purchaser and the Department to provide for the advance purchase of tuition credits for a beneficiary attending a participating institution, which contract consists of a master agreement, application, acceptance package, annual price schedule for tuition credits as periodically amended and other related documents.

*Tuition credit*—

(i) If a participating institution calculates tuition on a semester basis, as opposed to a credit hour basis, the term is defined as 1/24 of the tuition for an academic year at that participating institution. In that case, 12 tuition credits equal 1 semester, and 24 tuition credits equal 1 academic year of tuition at that participating institution.

(ii) If a participating institution calculates tuition on the basis of cost per credit hour only, as opposed to a semester basis, a tuition credit is defined as 1 academic credit hour. For example, if a participating institution charges by the credit hour and requires 15 credit hours, 15 tuition credits per semes-

ter will be needed to pay for the credit hours. In that case, 30 tuition credits equal 1 academic year of tuition at that participating institution.

(iii) This definition is based on section 309(c) of the act (24 P. S. § 6901.309(c)).

*Tuition unit*—Five percent of a tuition credit. For example, 20 tuition units equal 1 tuition credit.

*Value of the account*—The sum of payments made under a tuition account payment contract for the purchase of tuition credits or tuition units plus, in the case of each payment, a pro rata share of the net earnings rate of the Fund from the date of payment to the time of valuation, compounded annually.

**§ 601.2. Termination of tuition account payment contracts, refunds and settlement.**

(a) In addition to circumstances in section 313 of the act (24 P. S. § 6901.313), a tuition account may be terminated for the other reasons specified in this section.

(1) *Termination at the will of the purchaser.* A tuition account payment contract may be terminated at the will of the purchaser. The Department will settle the tuition account and pay to the purchaser a refund in an amount as specified under subsection (c).

(2) *Termination for material misrepresentation.* The Department may terminate a tuition account payment contract if it determines that the purchaser or beneficiary has made a material misrepresentation regarding information required to be submitted to the Department in writing. On termination of the tuition account payment contract under this subsection, the Department will settle the tuition account and pay to the purchaser a refund in an amount as specified under subsection (c).

(b) *Procedure for termination of a tuition account payment contract and request for refund.*

(1) The Department will terminate a tuition account payment contract under subsection (a)(1) only upon written request of the purchaser.

(2) The written request shall contain the following information:

- (i) The purchaser's name.
- (ii) The beneficiary's name.
- (iii) The tuition account payment contract number.
- (iv) The reason for termination.
- (v) Supporting documentation as required by the Department.

(3) The Department will terminate a tuition account payment contract under subsection (a)(1) only after the purchaser pays to the Department a reasonable fee to be determined by the Department and specified in the tuition account payment contract.

(c) *Amount of refund.* On termination of a tuition account payment contract for reasons in this section, the Department will pay to the purchaser, as final payment, the lesser of one of the following:

- (1) Ninety percent of the tuition for the number of tuition credits purchased at the standard tuition level or at the tuition level for a specific participating institution, as designated in the tuition account payment contract, as periodically amended.
- (2) Ninety percent of the value of the account.
- (3) The sum of payments made by the purchaser, or on behalf of the purchaser, for the purchase of tuition credits or tuition units.

[Next page is 701-1.]