

AMENDED IN ASSEMBLY APRIL 10, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 655

Introduced by Assembly Member Liu
(Coauthor: Assembly Member Jackson)

February 19, 2003

An act to amend Sections 11001, 66010.6, 66021.2, 66022, 66903, 69432.7, 69506.5, 69507.5, 69508, 69515, 69517, 69517.5, 69518, 69532, 69534.1, 69534.4, 69535.5, 69541, 69546, 69546.5, 69561, 69561.5, 69562, 69563, 69613, 69618, 69618.3, 69620, 69622, 69623, 69625, 69626, 69627, 69730, 69731, 69740, 69763.1, 69763.2, 69763.3, 69763.4, 69766, 69769.5, 69951, 69952, 69954, 69958, 69965, 69966, 69967, 69984, 89347, 94155, 94719.5, 94724, 94728.5, 94770, 94771, 94774.5, 94804, 94835, 94846, ~~94855, 94870, 94874, 94878~~, 94920, 94930, 94931, 94948, 94965, and 94995 of, to amend the heading of Article 2 (commencing with Section 69510) of Chapter 2 of Part 42 of, to add Sections 66903.5 and ~~66904 to~~, *66904 to, to add Chapter 11.1 (commencing with Section 66910) to Part 40 of*, to repeal and add Sections 66901 and 69510, to repeal Sections 69511, 69511.5, and 94990 of, to repeal Chapter 3 (commencing with Section ~~94300~~) *94301*) of Part 59 of, and to repeal Article 16 (commencing with Section 94999) of Chapter 7 of Part 59 of, the Education Code, to amend Sections 127929 and 128445 of the Health and Safety Code, to amend Sections 4709 and 4728 of the Labor Code, to amend Section 10340 of the Public Contract Code, to amend Sections 19533 and 19557 of the Revenue and Taxation Code, and to amend Section 5024 of the Vehicle Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 655, as amended, Liu. Postsecondary education: *California Higher Education Policy and Finance Commission*: California Postsecondary Education Commission: Student Aid Commission: Bureau for Private Postsecondary and Vocational Education.

Existing law known as the Donahoe Higher Education Act, sets forth, among other things, the missions and functions of California's public and independent segments of higher education, and their respective institutions of higher education. Among other things, the act establishes the 17-member California Postsecondary Education Commission (CPEC) for, among other purposes, the collection of data pertinent to the planning and coordination of the higher education system of the state.

Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education. Under existing law, the commission, among other things, administers the Cal Grant Program, the Student Opportunity and Access Program, the Assumption Program of Loans for Education, the Graduate Assumption Program of Loans for Education, the Public Interest Attorney Loan Repayment Program, and the California State Work-Study Program. The Student Aid Commission also oversees the state's participation in the Federal Family Education Loan Program.

Existing law, known as the Private Postsecondary and Vocational Education Reform Act of 1989, generally sets minimum standards of instructional quality, ethical and business practices, health and safety, and fiscal responsibility for private postsecondary and vocational educational institutions, as defined. The act establishes the Bureau for Private Postsecondary and Vocational Education, which, among other things, is required to review and investigate all institutions, programs, and courses of instruction approved under the act. By its own terms, the act is repealed as of January 1, 2005.

This bill would reconstitute CPEC as a 9-member commission as of July 1, ~~2004~~ 2005. The bill would repeal the statute establishing the Student Aid Commission, and place all of its functions under ~~CPEC's~~ *the administration of the California Higher Education Policy and Finance Commission, which the bill would establish*. The bill would remove the Bureau of Private Postsecondary and Vocational Education from the Department of Consumer Affairs, and place it and its functions



under ~~CPEC's~~ the administration of the California Higher Education Policy and Finance Commission. ~~The~~

The bill would also delete the January 1, 2005, repeal date for the Private Postsecondary and Vocational Education Reform Act of 1989, thereby extending the existence of the act indefinitely. All provisions of the bill other than the deletion of that repeal date would become operative on July 1, 2005.

The bill would also make numerous technical and conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature to consolidate
2 the program responsibilities of the Student Aid Commission and,
3 the Bureau for Private Postsecondary and Vocational Education
4 into the California Postsecondary Education Commission and, in,
5 and the California Postsecondary Education Commission into the
6 California Higher Education Policy and Finance Commission
7 and, in so doing, accomplish all of the following:

8 ~~(a) Reduce unnecessary bureaucracy in the administration of~~
9 ~~state higher education policy and programs.~~

10 ~~(b) Streamline, decentralize, and speed the delivery of student~~
11 ~~financial aid.~~

12 ~~(c) Coordinate and improve state efforts with regard to student~~
13 ~~financial aid, regulation of private postsecondary educational~~
14 ~~institutions, and higher education policy planning and~~
15 ~~coordination.~~

16 (a) Consolidate within a single state agency key
17 responsibilities for higher education planning and analysis,
18 program administration, and information system management.

19 (b) Establish a strong capacity for independent and objective
20 higher education policy planning and analysis.

21 (c) Fully integrate the resources of the private postsecondary
22 sector, in combination with the public and independent sectors, in
23 accommodating enrollment growth and finance policies.

24 (d) Fully integrate student fee policy and financial aid policy
25 with institutional funding and finance policies.



1 (e) Establish and maintain a comprehensive higher education
2 information system, integrating all sectors of postsecondary
3 education including financial aid, and providing accurate current
4 and historical data about higher education.

5 SEC. 2. Section 11001 of the Education Code is amended to
6 read:

7 11001. (a) The Chancellor of the California State University
8 shall establish an advisory committee to assist in selecting
9 proposals to be funded and developing criteria for project
10 evaluation. The committee shall be composed of the following
11 members:

12 (1) Two certificated secondary teachers, including at least one
13 junior high or intermediate teacher, appointed by the
14 Superintendent of Public Instruction.

15 (2) Two certificated secondary school employees with
16 responsibility for curriculum administration, appointed by the
17 Superintendent of Public Instruction.

18 (3) Two persons, including one director of a regional
19 consortium participating in the California Student Opportunity
20 Access Program established pursuant to Chapter 113 of the
21 Statutes of 1978, appointed by the California ~~Postsecondary~~
22 ~~Education~~ Higher Education Policy and Finance Commission.

23 (4) Two representatives of the California Community
24 Colleges, to be appointed by the Board of Governors of the
25 California Community Colleges, at least one of whom shall be a
26 faculty member.

27 (5) Two representatives of the California State University, to be
28 appointed by the Chancellor of the California State University, at
29 least one of whom shall be a faculty member.

30 (6) Two representatives of the University of California,
31 appointed by the President of the University of California, at least
32 one of whom shall be a faculty member.

33 (b) A faculty appointment to the advisory committee shall be
34 made by the appropriate appointing authority through consultation
35 with the faculty senate.

36 SEC. 3. Section 66010.6 of the Education Code is amended
37 to read:

38 66010.6. (a) The California ~~Postsecondary—Education~~
39 ~~Higher Education Policy and Finance~~ Commission is the
40 ~~statewide postsecondary education coordinating and planning~~



1 ~~agency~~ statewide policy and planning agency for higher
2 education. The commission is an advisor to the Governor; the
3 Legislature, and to the segments of higher education. The
4 commission shall serve as a principal fiscal and program advisor
5 to the Governor and the Legislature on postsecondary educational
6 policy. Consistent with Section 66903, the commission's
7 responsibilities shall include, but not necessarily be limited to, all
8 of the following:

9 (1) Analysis and recommendations related to long-range
10 planning for public postsecondary education.

11 (2) Analysis of state policy and programs involving the
12 independent and private postsecondary educational sectors.

13 (3) Analysis and recommendations related to program and
14 policy review.

15 (4) Resource analysis.

16 (5) Maintenance and publication of pertinent public
17 information relating to all aspects of postsecondary education.

18 (6) Administration of state-authorized student financial aid
19 programs available to students attending all segments of
20 postsecondary education.

21 (7) Maintenance and publication of pertinent public
22 information relating to all aspects of postsecondary education.

23 (8) Approving and regulating private postsecondary
24 educational institutions and developing state policies for private
25 postsecondary and vocational education in California.

26 (b) The commission shall consult with the postsecondary
27 educational segments and with relevant state agencies, including
28 the Student Aid Commission, the Superintendent of Public
29 Instruction, and other relevant parties, in its preparation of
30 analyses and recommendations to the Governor and the
31 Legislature. However, the commission shall remain an
32 independent and nonpartisan body responsible for providing an
33 integrated and segmentally unbiased view for purposes of state
34 policy formulation and evaluation.

35 SEC. 4. Section 66021.2 of the Education Code is amended
36 to read:

37 66021.2. Consistent with the state's historic commitment to
38 provide educational opportunity by ensuring both student access
39 to and selection of an institution of higher education for students
40 with financial need, the long-term policy of the



1 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
2 established pursuant to Chapter 1.7 (commencing with Section
3 69430) of Part 42 shall be as follows:

4 (a) Commencing with the 2001–02 academic year and every
5 year thereafter, an applicant for a Cal Grant A or B award shall
6 receive an award that is not in excess of the financial need amount
7 determined by the California ~~Postsecondary Education~~ *Higher*
8 *Education Policy and Finance* Commission pursuant to Section
9 69432.9 if he or she complies with all of the following
10 requirements:

11 (1) Demonstrates financial need under the criteria adopted
12 pursuant to Section 69432.9.

13 (2) Attains a grade point average, as defined in Section
14 69432.7, meeting the requirements of Chapter 1.7 (commencing
15 with Section 69430) of Part 42.

16 (3) Complies with each of the eligibility criteria applicable to
17 the type of Cal Grant award for which he or she is applying.

18 (b) (1) The maximum Cal Grant A award for a student
19 attending the University of California or the California State
20 University shall equal the mandatory systemwide fees in each of
21 those segments.

22 (2) The maximum Cal Grant B award for a student to which this
23 subdivision is applicable shall equal the mandatory systemwide
24 fees in the segment attended by the student, except for community
25 college students who receive waivers from the Board of Governors
26 of the California Community Colleges, plus the access award
27 calculated as specified in Article 3 (commencing with Section
28 69435) of Chapter 1.7 of Part 42, except that in the first year of
29 enrollment in a qualifying institution, the maximum award shall
30 be only for the amount of the access award.

31 (c) The maximum Cal Grant awards for students attending
32 nonpublic institutions shall be as follows:

33 (1) The maximum Cal Grant A award shall equal the tuition
34 award level established in the Budget Act of 2000, or the amount
35 as adjusted in subsequent annual budget acts.

36 (2) The maximum Cal Grant B award shall equal the amount
37 of the tuition award as established in the Budget Act of 2000, or
38 the amount as adjusted in subsequent annual budget acts, plus the
39 amount of the access costs specified in Section 69435, except that,



1 in the first year of enrollment in a qualifying institution, the
2 maximum award shall be only for the amount of the access award.

3 (d) Commencing with the 2000–01 academic year, and each
4 academic year thereafter, the Cal Grant C award shall be utilized
5 only for occupational or technical training.

6 (e) Commencing with the 2000–01 academic year, and each
7 academic year thereafter, the Cal Grant T award shall be used only
8 for one academic year of full-time attendance in a program of
9 professional preparation that has been approved by the California
10 Commission on Teacher Credentialing.

11 (f) An institution of higher education in this state that
12 participates in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal
13 Grant Program shall not reduce its level of per capita need-based
14 institutional financial aid to undergraduate students, excluding
15 loans, below the total level awarded in the 2000–01 academic year.

16 (g) The implementation of the policy set forth in this section
17 shall maintain a balance between the state’s policy goals of
18 ensuring student access to and selection of an institution of higher
19 education for students with financial need and academic merit.

20 (h) It is the policy of the State of California that the
21 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
22 supplement the federal Pell Grant program.

23 (i) An award under the
24 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program shall
25 not guarantee admission to an institution of higher education or
26 admission to a specific campus or program.

27 SEC. 5. Section 66022 of the Education Code is amended to
28 read:

29 66022. (a) (1) The governing board of every community
30 college district, the Trustees of the California State University, the
31 Regents of the University of California, and the Board of Directors
32 of the Hastings College of the Law shall adopt regulations
33 providing for the withholding of institutional services from
34 students or former students who have been notified in writing at
35 the student’s or former student’s last known address that he or she
36 is in default on a loan or loans under the Federal Family Education
37 Loan Program.

38 (2) “Default,” for purposes of this section, means the failure
39 of a borrower to make an installment payment when due, or to meet
40 other terms of the promissory note under circumstances where the



1 guarantee agency finds it reasonable to conclude that the borrower
2 no longer intends to honor the obligation to repay, provided that
3 this failure persists for 180 days for a loan repayable in monthly
4 installments, or 240 days for a loan repayable in less frequent
5 installments.

6 (b) The regulations adopted pursuant to subdivision (a) shall
7 provide that the services withheld may be provided during a period
8 when the facts are in dispute or when the student or former student
9 demonstrates to either the governing board of the community
10 college district, the Trustees of the California State University, the
11 Regents of the University of California, or the Board of Directors
12 of the Hastings College of the Law, as appropriate, or to the
13 California ~~Postsecondary Education~~ *Higher Education Policy and*
14 *Finance* Commission, or both the California ~~Postsecondary~~
15 ~~Education~~ *Higher Education Policy and Finance* Commission and
16 the appropriate entity or its designee, that reasonable progress has
17 been made to repay the loan or that there exists a reasonable
18 justification for the delay as determined by the institution. The
19 regulations shall specify the services to be withheld from the
20 student and may include, but are not limited to, the following:

21 (1) The provision of grades.

22 (2) The provision of transcripts.

23 (3) The provision of diplomas.

24 The adopted regulations shall not include the withholding of
25 registration privileges.

26 (c) When it has been determined that an individual is in default
27 on a loan or loans specified in subdivision (a), the California
28 ~~Postsecondary Education~~ *Higher Education Policy and Finance*
29 Commission shall give notice of the default to all institutions
30 through which that individual acquired the loan or loans.

31 (d) This section shall not impose any requirement upon the
32 University of California or the Hastings College of the Law unless
33 the Regents of the University of California or the Board of
34 Directors of the Hastings College of the Law, respectively, by
35 resolution, make this section applicable.

36 (e) Guarantors, or those who act as their agents or act under
37 their control, who provide information to postsecondary
38 educational institutions pursuant to this section, shall defend,
39 indemnify, and hold harmless the governing board of every
40 community college district, the Trustees of the California State



1 University, the Regents of the University of California, and the
2 Board of Directors of the Hastings College of the Law from action
3 resulting from compliance with this section when the action arises
4 as a result of incorrect, misleading, or untimely information
5 provided to the postsecondary educational institution by the
6 guarantors, their agents, or those acting under the control of the
7 guarantors.

8 SEC. 6. Section 66901 of the Education Code is repealed.

9 SEC. 7. Section 66901 is added to the Education Code, to
10 read:

11 66901. (a) The California Postsecondary Education
12 Commission is hereby established with nine members, to be
13 appointed as follows:

14 (1) Five members shall be appointed by, and serve at the
15 pleasure of, the Governor.

16 (2) Two members shall be appointed by, and serve at the
17 pleasure of, the Senate Rules Committee.

18 (3) Two members shall be appointed by, and serve at the
19 pleasure of, the Speaker of the Assembly.

20 (b) The commission shall choose a chairperson from among its
21 members.

22 (c) The commission may meet as often as it deems necessary
23 to carry out its duties and responsibilities.

24 (d) The membership of the commission appointed pursuant to
25 this section shall assume its duties as of July 1, 2004.

26 SEC. 8. Section 66903 of the Education Code is amended to
27 read:

28 66903. The commission has the following functions and
29 responsibilities:

30 (a) In its capacity as the statewide postsecondary education
31 planning and coordinating agency and adviser to the Legislature
32 and the Governor, the commission shall do all of the following:

33 (1) Require the governing boards of the segments of public
34 postsecondary education to develop and submit to the commission
35 institutional and systemwide long-range plans in a form
36 determined by the commission after consultation with the
37 segments.

38 (2) Prepare a five-year state plan for postsecondary education
39 that shall integrate the planning efforts of the public segments with
40 other pertinent plans. The commission shall seek to resolve



1 conflicts or inconsistencies among segmental plans in consultation
2 with the segments. If these consultations are unsuccessful, the
3 commission shall report the unresolved issues to the Legislature
4 with recommendations for resolution. In developing the plan, the
5 commission shall consider at least the following factors:

6 (A) The need for, and location of, new facilities.
7 (B) The range and kinds of programs appropriate to each
8 institution or system.
9 (C) The budgetary priorities of the institutions and systems of
10 postsecondary education.
11 (D) The impact of various types and levels of student charges
12 on students and on postsecondary education programs and
13 institutions.
14 (E) Appropriate levels of state-funded student financial aid.
15 (F) Access and admission of students to postsecondary
16 education. The educational programs and resources of
17 independent and private postsecondary institutions.

18 (3) Update the state plan every third year.
19 (4) Participate in appropriate stages of the executive and the
20 legislative budget processes as requested by the executive and the
21 legislative branches, and advise the executive and the legislative
22 branches as to higher education funding recommendations. It is
23 not intended that the commission hold independent budget
24 hearings.
25 (5) Advise the Legislature and the Governor regarding the need
26 for, and location of, new institutions and campuses of public
27 higher education.
28 (6) Review proposals by the public segments for new
29 programs, and make recommendations regarding those proposals
30 to the Legislature and the Governor.
31 (7) Collect or conduct, or both collect and conduct, studies of
32 projected manpower supply and demand, in cooperation with
33 appropriate state agencies, and disseminate the results of those
34 studies to institutions of postsecondary education and to the public
35 in order to improve the information base upon which student
36 choices are made.
37 (8) Act as a clearinghouse for postsecondary education
38 information and as a primary source of information for the
39 Legislature, the Governor, and other agencies, and develop and



1 maintain a comprehensive database that ensures comparability of
2 data from diverse sources.

3 (9) Review all proposals for changes in eligibility pools for
4 admission to public institutions and segments of postsecondary
5 education, and make recommendations to the Legislature, the
6 Governor, and institutions of postsecondary education.

7 (10) Upon request of the Legislature or the Governor, submit
8 to the Legislature and the Governor a report on all matters so
9 requested that are compatible with its role as the statewide
10 postsecondary education planning and coordinating agency. The
11 commission may, from time to time, submit to the Legislature and
12 the Governor a report that contains recommendations as to
13 necessary or desirable changes, if any, in the functions, policies,
14 and programs of the several segments of public and private
15 postsecondary education.

16 (11) Undertake other functions and responsibilities that are
17 compatible with its role as the statewide postsecondary education
18 planning and coordinating agency.

19 (b) (1) The commission shall administer state-authorized
20 student financial aid programs pursuant to Chapter 2
21 (commencing with Section 69500) of Part 42. Whenever, by the
22 provisions of any act of Congress, a program of scholarships or
23 grants or other aid for undergraduate students is established that
24 permits administration of the program within a state by a state
25 agency, the commission shall administer the act within the state if
26 the Governor and the commission, by a majority vote of its entire
27 membership, determine that the participation by the state in the
28 federal program under the act would not interfere with or
29 jeopardize the continuation of the Cal Grant program established
30 in Chapter 1.7 (commencing with Section 69430) of Part 42.

31 (2) The commission shall constitute the state commission on
32 federal scholarships or grants and may formulate a plan for
33 development and administration of any federal scholarship or
34 grant program within the state. Subject to Chapter 2 (commencing
35 with Section 69500) of Part 42, the commission is hereby vested
36 with all necessary power and authority to cooperate with the
37 government of the United States, or any agency or agencies
38 thereof, in the administration of any act of Congress establishing
39 a scholarship or grant program and the rules and regulations
40 adopted thereunder. Before adopting a state plan, the commission,



1 acting as the state commission on federal scholarships or grants,
2 shall hold public hearings as provided by the Administrative
3 Procedure Act.

4 (c) (1) The commission shall approve and regulate private
5 postsecondary educational institutions and develop state policies
6 for private postsecondary and vocational institutions pursuant to
7 Chapter 7 (commencing with Section 94700) of Part 59.

8 (2) It is the intent of the Legislature that the commission's
9 responsibilities under this subdivision be funded solely through
10 approval fees and federal funding provided to implement the
11 approval process for courses offered to veterans by vocational and
12 degree granting institutions.

13 SEC. 9. Section 66903.5 is added to the Education Code, to
14 read:

15 66903.5. (a) (1) There is established an advisory committee
16 to the commission and the director, consisting of the chief
17 executive officers of each of the public segments, or their
18 designees, the Superintendent of Public Instruction or his or her
19 designee, an executive officer of an independent college or
20 university, and an executive officer of a private postsecondary
21 educational institution. Commission meeting agenda items and
22 associated documents shall be provided to the committee in a
23 timely manner for its consideration and comments.

24 (2) *The responsibilities of the advisory committee shall include,*
25 *but not necessarily be limited to, all of the following:*

26 (A) *Identifying issues and problems that involve all of the*
27 *segments of higher education and elementary and secondary*
28 *education, and working to develop a common approach to*
29 *addressing the major issues.*

30 (B) *Responding proactively to directions taken by the*
31 *commission, both by encouraging the segments to be active*
32 *participants in the conversation and by expressing the concerns of*
33 *the segments to the commission.*

34 (C) *Coordinating policy responses to commission proposals*
35 *across the segments.*

36 (D) *Providing a "first-alert" mechanism to raise issues and*
37 *concerns from any segment of the higher education community to*
38 *the state and the public.*

39 (E) *Providing support and assistance for commission projects*
40 *and studies.*



1 (b) (1) There is established an advisory committee to the
2 commission and the director, consisting of the following:

3 (A) One representative from each of the following: the Board
4 of Cosmetology, the Board of Barber Examiners, the Board of
5 Vocational Nurse and Psychiatric Technician Examiners, the
6 Board of Behavioral Science Examiners, the California
7 Committee of Bar Examiners, and the Commissioner of Real
8 Estate.

9 (B) Three representatives from private degree granting
10 institutions approved under Article 8 (commencing with Section
11 94900) of Chapter 7 of Part 59 and three representatives from
12 vocational institutions approved under Article 9 (commencing
13 with Section 949151) of Chapter 7 of Part 59.

14 (2) Commission meeting agenda items and associated
15 documents relevant to private postsecondary and vocational
16 educational institutions shall be provided to the committee in a
17 timely manner for its consideration and comments.

18 (c) The commission may appoint any subcommittee or
19 advisory committees it deems necessary to advise the commission
20 on matters of educational policy. The advisory committees may
21 consist of commission members or nonmembers, or both,
22 including students, faculty members, segmental representatives,
23 governmental representatives, and representatives of the public.

24 SEC. 10. Section 66904 is added to the Education Code, to
25 read:

26 66904. The California ~~Postsecondary Education~~ *Higher*
27 *Education Policy and Finance* Commission shall succeed to the
28 powers, duties, functions, and obligations of the Student Aid
29 Commission, and the Bureau for Private Postsecondary and
30 Vocational Education, commencing on January 1, 2004. On or
31 before that date, the Private Postsecondary and Vocational
32 Education Administration Fund, the Student Tuition Recovery
33 Fund, and all ongoing projects, information and files maintained
34 by the Student Aid Commission and the Bureau for Private
35 Postsecondary and Vocational Education shall be transferred to the
36 California Postsecondary Education Commission. All state civil
37 service employees carrying out functions transferred to the
38 California Postsecondary Education Commission shall be
39 transferred on January 1, 2004.



1 SEC. 10.5. Chapter 11.1 (commencing with Section 66910) is
2 added to Part 40 of the Education Code, to read:

3

4 CHAPTER 11.1. CALIFORNIA HIGHER EDUCATION
5 POLICY AND FINANCE COMMISSION

6

7 66910. The responsibilities of the California Higher
8 Education Policy and Finance Commission include, but are not
9 necessarily limited to, all of the following:

10 (a) Identifying and advocating the public agenda for
11 California higher education with respect to the value and role of
12 higher education in California's social, cultural, and economic
13 development.

14 (b) Identifying and developing positions on the major
15 budgetary and policy issues related to the current and future
16 direction of higher education in California.

17 (c) Providing leadership by educating the public and
18 policymakers about the major higher education issues and
19 proposing recommendations to address these issues.

20 (d) Conducting quality research and public policy analysis
21 leading to concrete recommendations on the major issues facing
22 higher education.

23 (e) Effectively administering California's student financial
24 assistance programs, with high-quality service for all students.

25 (f) Effectively administering California's oversight laws for
26 private postsecondary and vocational schools with high-quality
27 service for private school educators and students.

28 SEC. 11. Section 69432.7 of the Education Code is amended
29 to read:

30 69432.7. As used in this chapter, the following terms have the
31 following meanings:

32 (a) An "academic year" is July 1 to June 30, inclusive. The
33 starting date of a session shall determine the academic year in
34 which it is included.

35 (b) "Access costs" means living expenses and expenses for
36 transportation, supplies, and books.

37 (c) "Award year" means one academic year, or the equivalent,
38 of attendance at a qualifying institution.

39 (d) "College grade point average" and "community college
40 grade point average" mean a grade point average calculated on the



1 basis of all college work completed, except for nontransferable
2 units and courses not counted in the computation for admission to
3 a California public institution of higher education that grants a
4 baccalaureate degree.

5 (e) “Commission” means the California Postsecondary
6 Education Commission.

7 (f) “Enrollment status” means part-time status or full-time
8 status.

9 (1) Part time, for purposes of Cal Grant eligibility, is defined
10 as 6 to 11 semester units, inclusive, or the equivalent.

11 (2) Full time, for purposes of Cal Grant eligibility, is defined
12 as 12 or more semester units or the equivalent.

13 (g) “Expected family contribution,” with respect to an
14 applicant, shall be determined using the federal methodology
15 pursuant to subdivision (a) of Section 69506 (as established by
16 Title IV of the federal Higher Education Act of 1965, as amended
17 (20 U.S.C. Sec. 1070 et seq.)) and applicable rules and regulations
18 adopted by the commission.

19 (h) “High school grade point average” means a grade point
20 average calculated on a 4.0 scale, using all academic coursework,
21 for the sophomore year, the summer following the sophomore
22 year, the junior year, and the summer following the junior year,
23 excluding physical education, reserve officer training corps
24 (ROTC), and remedial courses, and computed pursuant to
25 regulations of the commission. However, for high school
26 graduates who apply after their senior year, “high school grade
27 point average” includes senior year coursework.

28 (i) “Instructional program of not less than one academic year”
29 means a program of study that results in the award of an associate
30 or baccalaureate degree or certificate requiring at least 24 semester
31 units or the equivalent, or that results in eligibility for transfer from
32 a community college to a baccalaureate degree program.

33 (j) “Instructional program of not less than two academic
34 years” means a program of study that results in the award of an
35 associate or baccalaureate degree requiring at least 48 semester
36 units or the equivalent, or that results in eligibility for transfer from
37 a community college to a baccalaureate degree program.

38 (k) “Maximum household income and asset levels” means the
39 applicable household income and household asset levels for
40 participants in the Cal Grant Program, as defined and adopted in



1 regulations by the commission for the 2001–02 academic year,
 2 which shall be set pursuant to the following income and asset
 3 ceiling amounts:

4
 5 CAL GRANT PROGRAM INCOME CEILINGS

	Cal Grant A, C, and T	Cal Grant B
Dependent and Independent students with dependents*		
Family Size		
Six or more	\$74,100	\$40,700
Five	\$68,700	\$37,700
Four	\$64,100	\$33,700
Three	\$59,000	\$30,300
Two	\$57,600	\$26,900
Independent		
Single, no dependents	\$23,500	\$23,500
Married	\$26,900	\$26,900

*Applies to independent students with dependents other than a spouse.

22
 23 CAL GRANT PROGRAM ASSET CEILINGS

	Cal Grant A, C, and T	Cal Grant B
Dependent**	\$49,600	\$49,600
Independent	\$23,600	\$23,600

**Applies to independent students with dependents other than a spouse.

31 The commission shall annually adjust the maximum household
 32 income and asset levels based on the percentage change in the cost
 33 of living within the meaning of paragraph (1) of subdivision (e) of
 34 Section 8 of Article XIII B of the California Constitution.

35 (l) “Qualifying institution” means any of the following:

36 (1) Any California private or independent postsecondary
 37 educational institution that participates in the Pell Grant program
 38 and in at least two of the following federal campus-based student
 39 aid programs:



1 (A) Federal Work-Study.

2 (B) Perkins Loan Program.

3 (C) Supplemental Educational Opportunity Grant Program.

4 (2) Any nonprofit institution headquartered and operating in
5 California that certifies to the commission that 10 percent of the
6 institution's operating budget, as demonstrated in an audited
7 financial statement, is expended for the purposes of institutionally
8 funded student financial aid in the form of grants, that
9 demonstrates to the commission that it has the administrative
10 capacity to administer the funds, that is accredited by the Western
11 Association of Schools and Colleges, and that meets any other
12 state-required criteria adopted by regulation by the commission in
13 consultation with the Department of Finance. A regionally
14 accredited institution that was deemed qualified by the
15 commission to participate in the Cal Grant Program for the
16 2000–01 academic year shall retain its eligibility as long as it
17 maintains its existing accreditation status.

18 (3) Any California public postsecondary educational
19 institution.

20 (m) "Satisfactory academic progress" means those criteria
21 required by applicable federal standards published in Title 34 of
22 the Code of Federal Regulations. The commission may adopt
23 regulations defining "satisfactory academic progress" in a
24 manner that is consistent with those federal standards.

25 SEC. 12. Section 69506.5 of the Education Code is amended
26 to read:

27 69506.5. Notwithstanding Section 69506, the California
28 Postsecondary Education Commission may, whenever it is
29 determined to be in the best interest of the state, develop and adopt
30 regulations that modify the methodology set forth in federal law
31 or regulation for determining the expected family contribution of
32 students seeking any state-funded financial assistance or the
33 federal definition for establishing the dependent and independent
34 status of students seeking any state-funded financial assistance. It
35 is the Legislature's intent that these regulations promote
36 consistency between federal and state standards, encourage the
37 maximum contribution from parents while being sensitive to
38 individual student financial and personal circumstances, and
39 encourage a simple financial aid application process.

1 (a) The regulations developed pursuant to this section shall be
2 adopted as California Postsecondary Education Commission
3 regulations in accordance with the provisions of Chapter 3.5
4 (commencing with Section 11340) of Part 1 of Division 3 of Title
5 2 of the Government Code.

6 (b) Prior to adopting or amending regulations pursuant to this
7 section, the commission shall conduct, and make public, a full
8 analysis which includes at least an examination and explanation of
9 the cost of the change, the effect on student applicant and recipient
10 eligibility and award levels, and the effects of implementing the
11 criteria on those programs administered by the commission.

12 (c) Not later than July 1 of the year following any modifications
13 to the methodology for determining expected family contribution
14 or the federal definition of student dependence or independence
15 made pursuant to this section, the commission shall report to the
16 Governor and the Legislature the impact of the changes on those
17 programs administered by the commission.

18 SEC. 13. Section 69507.5 of the Education Code is amended
19 to read:

20 69507.5. (a) Except as provided in subdivision (b), no
21 student shall receive a grant or fellowship administered by the
22 California Postsecondary Education Commission if he or she has
23 previously defaulted on any student loan, or has failed to repay a
24 federal or state student grant where required to do so.

25 (b) If a student has made satisfactory arrangements to repay a
26 default on a previous student loan, or to repay grant funds where
27 required to do so, the student may be eligible to receive a grant or
28 fellowship administered by the Student Aid Commission.

29 SEC. 14. Section 69508 of the Education Code is amended to
30 read:

31 69508. When federal regulations defining the financial
32 independence of students are altered, the California Postsecondary
33 Education Commission shall as soon as possible, report to the
34 Legislature on what changes are necessary to conform this article
35 to federal standards.

36 SEC. 15. The heading of Article 2 (commencing with Section
37 69510) of Chapter 2 of Part 42 of the Education Code is amended
38 to read:

39



1 Article 2. The California Postsecondary Education
2 Commission

3 SEC. 16. Section 69510 of the Education Code is repealed.

4 SEC. 17. Section 69510 is added to the Education Code, to
5 read:

6 69510. (a) The California Postsecondary Education
7 Commission shall do all of the following:

8 (1) Report, on or before April 1 of each year, statistical data
9 examining the impact and effectiveness of state-funded student
10 financial aid programs. The commission shall utilize common
11 criteria in determining the impact of these programs and shall have
12 the authority to obtain any data from postsecondary educational
13 institutions necessary for the reports.

14 (2) Collect and disseminate data concerning the financial
15 resources and needs of students and potential students, and the
16 scope and impact of existing state, federal, and institutional
17 student aid programs.

18 (3) Report, on or before April 1 of each year, the aggregate
19 financial need of individuals seeking access to postsecondary
20 education and the degree to which current student aid programs
21 meet this legitimate financial need.

22 (4) Develop and report annually the distribution of funds and
23 awards among income groups, ethnic groups, grade point average
24 levels, and postsecondary education segments.

25 (5) Prepare and disseminate information regarding the criteria
26 utilized in distributing available student aid funds.

27 (b) The commission may expend funds for the purpose of
28 disseminating information about all institutional, state, and federal
29 student aid programs to potential applicants. This distribution of
30 information shall primarily focus on potential applicants with the
31 greatest financial need.

32 SEC. 18. Section 69511 of the Education Code is repealed.

33 SEC. 19. Section 69511.5 of the Education Code is repealed.

34 SEC. 20. Section 69515 of the Education Code is amended to
35 read:

36 69515. As used in this division, “commission” means the
37 California Postsecondary Education Commission created by this
38 article.

39 SEC. 21. Section 69517 of the Education Code is amended to
40 read:

1 69517. (a) The commission, in consultation with an advisory
2 committee of students and representatives of postsecondary
3 institutions, may make adjustments to award selection procedures
4 and selection criteria. In determining adjustments, the commission
5 shall consider at least all of the following factors:

6 (1) The impact of the adjustments on the distribution of funds
7 and awards among income groups, ethnic groups, and grade point
8 average levels.

9 (2) The impact of the adjustments on the distribution of funds
10 and awards among postsecondary education segments.

11 (3) The costs of implementing proposed adjustments.

12 (4) The availability of financial aid from other sources for
13 students who qualify for an award.

14 (b) The commission may also consider the impact of inflation
15 in the proposed adjustments pursuant to subdivision (a).

16 (c) In proposing changes to the procedures and criteria for
17 award selection that would result in a substantive change in the
18 recipient population, the commission shall submit the proposed
19 changes for public review and comment in accordance with
20 procedures established in Chapter 3.5 (commencing with Section
21 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

22 SEC. 22. Section 69517.5 of the Education Code is amended
23 to read:

24 69517.5. The commission shall, with the assistance of the
25 Attorney General's office, seek refunds on any awards to students
26 in this chapter which resulted from the student or his or her parents,
27 or both, reporting information concerning their status incorrectly,
28 with the incorrect information leading to the establishment of the
29 student's financial eligibility to receive an award.

30 SEC. 23. Section 69518 of the Education Code is amended to
31 read:

32 69518. (a) By September 15 of each fiscal year, the
33 commission shall submit budget change proposals to the
34 Department of Finance for inclusion in the Governor's Budget
35 prepared pursuant to Section 12 of Article IV of the California
36 Constitution.

37 (b) The budget change proposals submitted pursuant to
38 subdivision (a) shall include, but not be limited to, an analysis of
39 the impact of any proposed adjustments in the distribution of funds
40 and awards.



1 (c) Any supporting materials prepared for the Student Aid
2 Commission's consideration and public review and comment
3 pursuant to this section, including, when it becomes available, data
4 pertaining to the impact of any proposed adjustments on the
5 distribution of funds and awards among income groups, ethnic
6 groups, grade point average levels, and postsecondary education
7 segments, shall be incorporated within the expenditure plan.

8 (d) If the commission proposes, in its budget change proposals,
9 adjustments to the maximum grant, number of grants, and the
10 income ceiling for grant awards made pursuant to Section 69532,
11 at least the following factors shall be considered in determining the
12 appropriate adjustments:

13 (1) The impact of inflation.

14 (2) The availability of financial aid from other sources for
15 students who would qualify for a grant award.

16 (3) Any changes in the level of educational support provided to
17 students at public colleges and universities in the state.

18 (4) The impact of proposed adjustments in the maximum grant
19 and in the income ceiling upon the utilization of public and private
20 postsecondary educational institutions.

21 (5) The number of applicants eligible to receive an award in the
22 previous year who did not receive an award in the previous year.

23 SEC. 24. Section 69532 of the Education Code is amended to
24 read:

25 69532. Cal Grant Program awards shall be known as "Cal
26 Grant A awards," "Cal Grant B awards," "Cal Grant C awards,"
27 and "Cal Grant T awards." The maximum award in each category
28 shall be determined in the annual Budget Act.

29 (a) Cal Grant A awards shall be used only for tuition and
30 student fees in an instructional program of no less than two
31 academic years. Commencing as soon as feasible, but no later than
32 the award cycle that provides awards for the 1999–2000 academic
33 year, the eligibility criteria for first-time Cal Grant award
34 recipients who are community college students and transfer to a
35 four-year college or university shall be no more stringent than the
36 eligibility criteria for other first-time Cal Grant award recipients
37 attending a four-year college or university.

38 (b) Cal Grant B awards shall be used only for tuition, student
39 fees, and subsistence costs in an instructional program of no less
40 than one academic year. Subsistence costs are living expenses,



1 transportation, supplies, and books. Commencing as soon as
2 feasible, but no later than the award cycle that provides awards for
3 the 1999–2000 academic year, the eligibility criteria for first-time
4 Cal Grant award recipients who are community college students
5 and transfer to a four-year college or university shall be no more
6 stringent than the eligibility criteria for other first-time Cal Grant
7 award recipients attending a four-year college or university.

8 (c) Cal Grant C awards shall be used only for occupational or
9 technical training in a course of no less than four months. There
10 shall be a minimum of 1,570 new Cal Grant C awards each year.

11 (d) Cal Grant T awards shall be used only for tuition and
12 student fees for a maximum of one academic year of full-time
13 attendance in a program of professional preparation that has been
14 approved by the Commission on Teacher Credentialing. There
15 shall be a minimum of 3,000 new Cal Grant T awards each year.
16 As a condition of receiving a Cal Grant T award, a recipient shall
17 teach for one year in a low-performing school as defined in
18 subdivision (c) of Section 44765 for each two thousand dollar
19 (\$2,000) incentive provided pursuant to Section 69532 through the
20 Cal Grant T Program, for a period not to exceed four years. Any
21 recipient who fails to meet his or her teaching obligation shall
22 repay the Cal Grant T award.

23 (e) The California Postsecondary Education Commission shall
24 evaluate the Cal Grant T Award program from its inception to
25 determine, of the total number of recipients, the number of
26 recipients who become employed as public school teachers. This
27 evaluation shall be reported on an annual basis to the Governor and
28 the Legislature beginning July 1, 2001.

29 SEC. 25. Section 69534.1 of the Education Code is amended
30 to read:

31 69534.1. (a) The California Postsecondary Education
32 Commission shall authorize the use of standardized student
33 financial aid application forms for California. These forms shall
34 be simple in nature and collect common data elements required by
35 the federal government and those elements needed to meet the
36 objectives of state-funded and institutional financial aid programs.

37 (b) These forms shall be utilized for the Cal Grant Program, all
38 other programs funded by the state or a public institution of
39 postsecondary education (except for the Board of Governors'
40 Financial Assistance Program authorized by Chapter 1118 of the



1 Statutes of 1987, for which a simplified form designed for that sole
2 purpose may be used), and all federal programs administered by
3 a public postsecondary education institution.

4 (c) Supplemental forms may be utilized if the forms are
5 essential to accomplishing the objectives of individual programs.
6 All supplemental forms utilized by public postsecondary
7 educational institutions shall be subject to approval by the
8 commission, and forms shall be identical for programs with
9 similar objectives, as determined by the commission.

10 (d) Public postsecondary institutions are encouraged to, but
11 may decide whether to, use the standard application forms for
12 funds provided by private donors.

13 (e) The Legislature finds and declares that it is in the best
14 interest of students that all postsecondary education institutions in
15 California participating in federal and state-funded financial aid
16 programs accept the standard application forms authorized by the
17 Student Aid Commission.

18 SEC. 26. Section 69534.4 of the Education Code is amended
19 to read:

20 69534.4. The California Postsecondary Education
21 Commission may enter into contracts with a public agency or a
22 private entity to improve the processing and distribution of grants,
23 fellowships, and loans through the use of electronic networks and
24 unified databases.

25 SEC. 27. Section 69535.5 of the Education Code is amended
26 to read:

27 69535.5. The California Postsecondary Education
28 Commission may determine that an advanced payment is essential
29 to ensure that funds provided pursuant to this chapter to assist
30 students to enroll in postsecondary education are available at the
31 time students enroll. Upon making that determination, the
32 commission may, based on institutional academic calendars,
33 advance per term to authorized postsecondary educational
34 institutions the funds for eligible students who have indicated they
35 will attend those institutions less an amount based on historical
36 claim enrollment attrition information. Each institution shall
37 disburse the funds in accordance with the provisions set forth in the
38 Institutional Agreement between the commission and the
39 institution.



1 SEC. 28. Section 69541 of the Education Code is amended to
2 read:

3 69541. (a) The California Postsecondary Education
4 Commission, to the extent funds are appropriated for the purposes
5 of this section in the annual Budget Act, shall provide a
6 supplemental grant equal to two thousand eight hundred dollars
7 (\$2,800) to recipients of Cal Grant awards who fulfill the
8 following requirements:

9 (1) The person has been declared a dependent or ward of the
10 court pursuant to Section 300 or Section 602 of the Welfare and
11 Institutions Code.

12 (2) The person, within the 60-day period immediately prior to
13 his or her 18th birthday, had a permanent plan of long-term foster
14 care or guardianship.

15 (3) The person received aid pursuant to Part 3 (commencing
16 with Section 11000) of Division 9 of the Welfare and Institutions
17 Code.

18 (b) The State Department of Social Services shall enter into an
19 interagency agreement with the California Postsecondary
20 Education Commission to allocate funds to the commission
21 appropriated in the Budget Act for the purposes of this section.

22 SEC. 29. Section 69546 of the Education Code is amended to
23 read:

24 69546. The California Postsecondary Education Commission
25 shall each year recommend to the Legislature concerning the
26 allocation of funds from the federal state student incentive grant
27 program and the programs authorized in subdivisions (a), (b), and
28 (c) of Section 69532.

29 SEC. 30. Section 69546.5 of the Education Code is amended
30 to read:

31 69546.5. The California Postsecondary Education
32 Commission shall allocate federal and state student incentive grant
33 funds among the Cal Grant A, B, and C programs.

34 SEC. 31. Section 69561 of the Education Code is amended to
35 read:

36 69561. (a) The Student Opportunity and Access Program is
37 administered by the California Postsecondary Education
38 Commission.

39 (b) The commission may apportion funds on a progress
40 payment schedule for the support of projects designed to increase



1 the accessibility of postsecondary educational opportunities for
2 any of the following elementary and secondary school students:

3 (1) Students who are from low-income families.

4 (2) Students who would be the first in their families to attend
5 college.

6 (3) Students who are from schools or geographic regions with
7 documented low-eligibility or college participation rates.

8 (c) These projects shall primarily do all of the following:

9 (1) Increase the availability of information for these students
10 on the existence of postsecondary schooling and work
11 opportunities.

12 (2) Raise the achievement levels of these students so as to
13 increase the number of high school graduates eligible to pursue
14 postsecondary learning opportunities.

15 (d) Projects may assist community college students in
16 transferring to four-year institutions, to the extent that project
17 resources are available.

18 (e) Projects may provide assistance to low-income fifth and
19 sixth grade students and their parents in order to implement
20 outreach efforts designed to use the future availability of financial
21 assistance as a means of motivating students to stay in school and
22 complete college preparatory courses.

23 (f) Each project shall be proposed and operated through a
24 consortium that involves at least one secondary school district
25 office, at least one four-year college or university, at least one
26 community college, and at least one of the following agencies:

27 (1) A nonprofit educational, counseling, or community agency.

28 (2) A private vocational or technical school accredited by a
29 national, state, or regional accrediting association recognized by
30 the United States Department of Education.

31 (g) The commission, in awarding initial project grants, shall
32 give priority to proposals developed by more than three eligible
33 agencies. Projects shall be located throughout the state in order to
34 provide access to program services in rural, urban, and suburban
35 areas.

36 (h) The governing board of each project, comprising at least
37 one representative from each entity in the consortium, shall
38 establish management policy, provide direction to the project
39 director, set priorities for budgetary decisions that reflect the
40 specific needs of the project, and assume responsibility for



1 maintaining the required level of matching funds, including
2 solicitations from the private sector and corporate sources.

3 (i) Prior to receiving a project grant, each consortium shall
4 conduct a planning process and submit a comprehensive project
5 proposal to include, but not be limited to, the following
6 information:

7 (1) The agencies participating in the project.

8 (2) The students to be served by the project.

9 (3) The ways in which the project will reduce duplication and
10 related costs.

11 (4) The methods for assessing the project's impact.

12 (j) Each project shall include the direct involvement of
13 secondary school staff in the daily operations of the project, with
14 preference in funding to those projects that effectively integrate
15 the objectives of the Student Opportunity and Access Program
16 with those of the school district in providing services that are
17 essential to preparing students for postsecondary education.

18 (k) Each project shall maintain within the project headquarters
19 a comprehensive student-specific information system on students
20 receiving services through the program in grades 11 and 12 at
21 secondary schools within the participating districts. This
22 information shall be maintained in a manner consistent with the
23 law relating to pupil records.

24 (l) At least 30 percent or the equivalent of each project grant
25 shall be allocated for stipends to peer advisers and tutors who meet
26 all of the following criteria:

27 (1) Work with secondary school students.

28 (2) Are currently enrolled in a college or other postsecondary
29 school as an undergraduate or graduate student.

30 (3) Have demonstrated financial need for the stipend.

31 (m) Each project should work cooperatively with other
32 projects in the program and with the commission to establish
33 viable student services and sound administrative procedures and
34 to ensure coordination of the activities of the project with existing
35 educational opportunity programs. The California Postsecondary
36 Education Commission may develop additional regulations
37 regarding the awarding of project grants and criteria for evaluating
38 the effectiveness of the individual projects.

39 SEC. 32. Section 69561.5 of the Education Code is amended
40 to read:



1 69561.5. (a) In collaboration with the various segments of
2 higher education, the California Postsecondary Education
3 Commission shall develop and establish a pilot program entitled
4 “Transfer: Making It Happen.” This program shall encourage
5 community college students to transfer to a four-year institution of
6 higher education, and assist them in this endeavor by providing
7 academic preparation and information on financial aid
8 opportunities. The program shall be modeled after the “College:
9 Making It Happen” program.

10 (b) The pilot program established by this section shall target
11 students who attend those community colleges or high schools that
12 participate in one of the Student Opportunity and Access Program
13 consortia, who are primarily from low-income households, who
14 would be the first in their families to attend college, or who are
15 from schools or geographic regions with documented low college
16 eligibility or college participation rates.

17 (c) (1) The Student Opportunity and Access Program shall
18 provide, in close collaboration with the personnel of the California
19 Community Colleges who are responsible for advising students
20 about transfer opportunities, each of the following direct student
21 services under this section:

22 (A) Provision of specialized academic and financial aid
23 information related to a transfer to an institution that grants
24 baccalaureate degrees.

25 (B) Provision of personalized attention, such as one-on-one
26 counseling and group workshops that inform students of
27 opportunities to transfer to an institution that grants baccalaureate
28 degrees.

29 (C) Working closely with community college transfer centers
30 in strengthening direct services and outreach provided to students
31 who plan to transfer to an institution that grants baccalaureate
32 degrees.

33 (2) The services listed in paragraph (1) shall be offered to, but
34 not necessarily limited to, students who indicate an interest in
35 transferring to an institution that grants baccalaureate degrees.

36 (d) (1) During the third year of the operation of the pilot
37 program established by this section, the California Postsecondary
38 Education Commission, in consultation with the Legislative
39 Analysts’ office, shall evaluate the program in order to determine



1 its effectiveness. The evaluation shall include, but not necessarily
2 be limited to, recommendations on both of the following:

3 (A) How the program may improve the services it provides.

4 (B) How the program may be expanded beyond those
5 community colleges that participate in one of the Student
6 Opportunity and Access Program consortia.

7 (2) On or before December 1, 2004, the California
8 Postsecondary Education Commission shall submit to the
9 Governor and the Legislature a report including all of the findings
10 and recommendations of its evaluation.

11 (e) This section shall remain in effect only until January 1,
12 2006, and as of that date is repealed, unless a later enacted statute,
13 that is enacted before January 1, 2006, deletes or extends that date.

14 SEC. 33. Section 69562 of the Education Code is amended to
15 read:

16 69562. The California Postsecondary Education Commission
17 shall establish a 12-member project grant advisory committee to
18 advise project directors and the commission on the development
19 and operation of the projects, and consisting of the following:

20 (a) Three representatives of outreach programs, representing
21 the University of California, the California State University, and
22 the California Community Colleges, appointed by their respective
23 governing boards.

24 (b) One representative of private colleges and universities,
25 appointed by the Association of California Independent Colleges
26 and Universities.

27 (c) One representative of the California Postsecondary
28 Education Commission, appointed by the commission.

29 (d) Two secondary school staff, appointed by the
30 Superintendent of Public Instruction.

31 (e) Two persons representing the general public, one appointed
32 by the Speaker of the Assembly and the other by the Senate Rules
33 Committee.

34 (f) Two postsecondary students, both appointed annually by the
35 California Postsecondary Education Commission.

36 (g) One college campus financial aid officer, appointed by the
37 California Postsecondary Education Commission.

38 SEC. 34. Section 69563 of the Education Code is amended to
39 read:



1 69563. The commission shall periodically review and
2 evaluate the Student Opportunity and Access Program as part of
3 the commission’s regular assessment of student academic
4 development programs in the state. The commission shall include
5 in the evaluation an assessment of the admission, progress,
6 retention, and graduation of program participants from
7 postsecondary institutions.

8 SEC. 35. Section 69613 of the Education Code is amended to
9 read:

10 69613. (a) (1) Any person enrolled in an eligible institution,
11 or any person who agrees to participate in a teacher trainee or
12 teacher internship program, may be eligible to enter into an
13 agreement for loan assumption, to be redeemed pursuant to
14 Section 69613.2 upon becoming employed as a teacher. In order
15 to be eligible to enter into an agreement for loan assumption, an
16 applicant shall satisfy all of the conditions specified in subdivision
17 (b).

18 (2) As used in this article, “eligible institution” means a
19 postsecondary institution that is determined by the California
20 Postsecondary Education Commission to meet both of the
21 following requirements:

22 (A) The institution is eligible to participate in state and federal
23 financial aid programs.

24 (B) The institution maintains a program of professional
25 preparation that has been approved by the Commission on Teacher
26 Credentialing.

27 (b) (1) The applicant has completed at least 60 semester units,
28 or the equivalent, and is enrolled in an academic program leading
29 to a baccalaureate degree at an eligible institution, has agreed to
30 participate in a teacher trainee program or teacher internship
31 program, or has been admitted to a program of professional
32 preparation that has been approved by the Commission on Teacher
33 Credentialing.

34 (2) The applicant is currently enrolled, or has been admitted to
35 a program in which he or she will be enrolled on at least a half-time
36 basis, as determined by the participating institution. The applicant
37 shall agree to maintain satisfactory academic progress and a
38 minimum of half-time enrollment, as defined by the participating
39 eligible institution.



1 (3) The applicant has been judged by his or her postsecondary
2 institution to have outstanding ability on the basis of criteria that
3 may include, but need not be limited to, any of the following:

4 (A) Grade point average.

5 (B) Test scores.

6 (C) Faculty evaluations.

7 (D) Interviews.

8 (E) Other recommendations.

9 (4) The applicant has received, or is approved to receive, a loan
10 under one or more of the following designated loan programs:

11 (A) The Federal Family Education Loan Program (20 U.S.C.
12 Sec. 1071 et seq.).

13 (B) Any loan program approved by the California
14 Postsecondary Education Commission.

15 (5) The applicant has agreed to teach full time for at least four
16 consecutive academic years after obtaining a teaching credential
17 in a public elementary or secondary school in this state, in a subject
18 area that is designated as a current or projected shortage area by the
19 Superintendent of Public Instruction, or at a school that, at the time
20 that the teacher is hired, meets any of the following criteria:

21 (A) It serves a large population of pupils from low-income
22 families, as designated by the Superintendent of Public
23 Instruction.

24 (B) It has 20 percent or more teachers holding emergency
25 permits. For the purposes of this paragraph, “teachers holding
26 emergency permits” includes persons who teach pursuant to
27 waivers of credential requirements or who are interns.

28 (C) It is a low-performing school.

29 (c) No applicant who has completed fewer than 60 units, or the
30 equivalent, shall be eligible under this section to participate in the
31 loan assumption program set forth in this article.

32 (d) The agreements entered into each year pursuant to
33 subdivision (b) at each eligible institution or participating school
34 district or county office of education shall be with applicants who
35 meet the criteria specified in paragraph (3) of subdivision (b) of
36 Section 69612 or agree to teach in any of the subject areas listed
37 pursuant to that section. An agreement shall remain valid even if
38 the subject area under which an applicant becomes eligible to enter
39 into an agreement ceases to be a designated shortage field by the
40 time the applicant becomes a teacher.



1 (e) For the purposes of calculating eligible years of teaching for
2 the redemption of an award, the designation by the Superintendent
3 of Public Instruction of a newly-opened school pursuant to Section
4 52056 shall apply retroactively from the time of opening the
5 school.

6 (f) A person participating in the program pursuant to this
7 section shall not enter into more than one agreement.

8 SEC. 36. Section 69618 of the Education Code is amended to
9 read:

10 69618. (a) The Legislature hereby recognizes the growing
11 need for new faculty members at California's colleges and
12 universities. This need will be fueled largely by two factors: (1) the
13 large number of current faculty approaching retirement age who
14 will need to be replaced; and (2) the expected growth in enrollment
15 demand in California.

16 (b) The Legislature finds that the rising costs of higher
17 education, coupled with a shift in available financial aid from
18 scholarships and grants to loans, make loan repayment options an
19 important consideration in student's decision to pursue a graduate
20 education.

21 (c) It is the intent of the Legislature that the Graduate
22 Assumption Program of Loans for Education be designed to
23 encourage persons to complete their graduate educations and serve
24 as faculty at an accredited California college or university.

25 (d) As used in this article, "commission" means the California
26 Postsecondary Education Commission.

27 SEC. 37. Section 69618.3 of the Education Code is amended
28 to read:

29 69618.3. The terms of the loan assumptions granted under this
30 article shall be as follows, subject to the specific terms of each
31 warrant:

32 (a) After a program participant has completed one academic
33 year, or the equivalent of full-time teaching, at one or more
34 regionally accredited, eligible California colleges or universities,
35 the commission shall assume up to two thousand dollars (\$2,000)
36 of the participant's outstanding liability under one or more of the
37 designated loan programs. The initial year of eligible teaching
38 shall begin within 10 years of receiving an initial conditional
39 warrant from the commission.



1 (b) After the program participant has completed two
2 consecutive academic years, or the equivalent of full-time
3 teaching, at one or more regionally accredited California colleges
4 or universities, the commission shall assume up to an additional
5 two thousand dollars (\$2,000) of the participant's outstanding
6 liability under one or more of the designated loan programs, for a
7 total loan assumption of up to four thousand dollars (\$4,000).

8 (c) After a program participant has completed three
9 consecutive academic years, or the equivalent of full-time
10 teaching, at one or more regionally accredited California colleges
11 or universities, the commission shall assume up to an additional
12 two thousand dollars (\$2,000) of the participant's outstanding
13 liability under one or more of the designated loan programs, for a
14 total loan assumption of up to six thousand dollars (\$6,000).

15 SEC. 38. Section 69620 of the Education Code is amended to
16 read:

17 69620. There is hereby established the Child Development
18 Teacher and Supervisor Grant Program, to be administered by the
19 California Postsecondary Education Commission, with
20 participation by students attending California public or private
21 two-year or four-year postsecondary educational institutions who
22 intend to teach or supervise in the field of child care and
23 development in a licensed children's center. The California
24 Postsecondary Education Commission may enter into an
25 agreement with another state or local agency to administer this
26 program.

27 SEC. 39. Section 69622 of the Education Code is amended to
28 read:

29 69622. (a) Participants shall be enrolled in an approved
30 course of study leading to the teacher, site supervisor, or program
31 director level of the Child Development Permit.

32 (b) An applicant shall be eligible to participate if he or she
33 meets one of the following criteria:

34 (1) Is nominated by a postsecondary institution.

35 (2) Is nominated by his or her employing agency that holds an
36 approved waiver of staffing qualifications on behalf of the
37 applicant.

38 (c) From the list of applicants who are eligible under
39 subdivisions (a) and (b), the California Postsecondary Education
40 Commission, or an agency designated by the commission, shall



1 select participants on the basis of their demonstrated financial need
2 and academic achievement, which may include, but not be limited
3 to, high school grade-point average, college grade-point average,
4 or academic test scores.

5 (d) Participants shall maintain no less than half-time
6 enrollment and satisfactory academic progress as defined by the
7 postsecondary educational institution.

8 (e) Recipients of a grant may renew their participation by
9 maintaining satisfactory academic progress, financial need, and
10 intent to pursue the approved course of study leading to the
11 teacher, site supervisor, or program director level as provided in
12 subdivision (a). The maximum amount any one recipient may
13 receive through the grant program is six thousand dollars (\$6,000).

14 (f) Participants may not concurrently receive benefits from the
15 grant program under this article and from the Child Development
16 Teacher Loan Assumption Program.

17 SEC. 40. Section 69623 of the Education Code is amended to
18 read:

19 69623. (a) To receive a grant under this article, a participant
20 shall enter into a contractual agreement with the California
21 Postsecondary Education Commission under which the
22 participant agrees to do all of the following:

23 (1) Pursue a course of study leading to the Child Development
24 Permit at the teacher, site supervisor, or program director level.

25 (2) Maintain full-time employment in a licensed children's
26 center in California for a period of one year for each year in which
27 grant assistance was received and provide the California
28 Postsecondary Education Commission with evidence of
29 compliance with this requirement.

30 (b) Each participant shall complete and return to the California
31 Postsecondary Education Commission an employment
32 verification for each year of service as a teacher, instructor, or
33 supervisor. A year of employment may be based on a calendar year
34 or a school year.

35 (c) The California Postsecondary Education Commission shall
36 develop appropriate mechanisms to document and report annually
37 to the State Department of Education regarding compliance with
38 the requirements of paragraph (2) of subdivision (a).

39 SEC. 41. Section 69625 of the Education Code is amended to
40 read:



1 69625. (a) In order to accomplish the purposes set forth in
2 this article, commencing January 1, 1998, the Controller, the State
3 Department of Education, the State Department of Social
4 Services, or any other state agency receiving funds from the Child
5 Care Development Block Grant Act of 1990 (P.L. 97-35) shall
6 make these funds available to the California Postsecondary
7 Education Commission for this program only to the extent this
8 program is incorporated into, and approved in, the state plan
9 established pursuant to subsection (a) of Section 658E of
10 Subchapter C as contained in Section 5082 of the Omnibus Budget
11 Reconciliation Act of 1990 (P.L. 101-508).

12 (b) For the purpose of implementing this article, the State
13 Department of Education or designated state agency shall enter
14 into an interagency agreement with the California Postsecondary
15 Education Commission to allocate federal funds received annually
16 for purposes of this program and to include funds for the
17 administrative costs.

18 (c) On or before January 1, 1999, and each year thereafter, the
19 California Postsecondary Education Commission shall report to
20 the State Department of Education or designated state agency
21 regarding the federal funding level required to award 100 new
22 grants and all of the renewal grants annually. The State
23 Department of Education or designated state agency shall take
24 these amounts into consideration when developing the state plan
25 referenced in subdivision (a). The State Department of Education
26 or designated state agency shall notify the California
27 Postsecondary Education Commission of any revision to the
28 federal funding level as reflected in changes to the Child Care and
29 Development Block Grant State Plan.

30 (d) This program is contingent upon the receipt of federal funds
31 for the childcare and development block grant for the purposes of
32 implementing this program.

33 SEC. 42. Section 69626 of the Education Code is amended to
34 read:

35 69626. (a) The California Postsecondary Education
36 Commission shall administer the Child Development Teacher and
37 Supervisor Grant Program. This includes determining the
38 application procedures and the selection criteria for grant awards.

39 (b) It is the intent of the Legislature that the California
40 Postsecondary Education Commission consult with the Child



1 Development Division of the California Department of Education,
2 postsecondary educational institutions, and child care and
3 development representatives of statewide organizations regarding
4 the development of the program, including the program
5 requirements and selection criteria.

6 SEC. 43. Section 69627 of the Education Code is amended to
7 read:

8 69627. The California Postsecondary Education
9 Commission shall report to the Governor and the Legislature by
10 January 1, 2001, on the Child Development Teacher and
11 Supervisor Grant Program to assess the following:

- 12 (a) The number of applicants annually.
- 13 (b) The number of participants annually.
- 14 (c) The rate of compliance with academic and employment
15 requirements.
- 16 (d) Participating postsecondary educational institutions.
- 17 (e) Needs assessment for program growth based on the eligible
18 pool of applicants.
- 19 (f) Participation and success rates for each permit.
- 20 (g) The amount of grant funds awarded each year, by
21 institution.

22 SEC. 44. Section 69730 of the Education Code is amended to
23 read:

24 69730. There is hereby established the Willie L. Brown, Jr.
25 Community Service Scholarship Program, the purpose of which
26 shall be to reward pupils for volunteering to serve their
27 communities, to address serious social and economic community
28 needs, and to increase the tendency of youth to be involved in
29 public service. The program shall be administered by the
30 California Postsecondary Education Commission. Pursuant to that
31 authority, the commission shall do all of the following:

- 32 (a) Provide information regarding the program to each school
33 district in this state. Any public high school of this state, other than
34 any continuation or alternative high school, may participate in the
35 program upon request. Each participating high school shall
36 provide adequate notice to its pupils of the availability of the
37 scholarships authorized under this article.
- 38 (b) Establish a model scholarship application form of no more
39 than one page in length, requiring no more than 25 data elements,
40 and provide copies of that application form to all participating high



1 schools. Participating high schools may use either the model form
2 or their own scholarship application form. Scholarship funds to be
3 awarded pursuant to this article shall be provided without regard
4 to the requirements otherwise set forth in this chapter.

5 (c) Conduct periodic reviews in order to ensure that the
6 selection of scholarship recipients is conducted in compliance with
7 this article.

8 SEC. 45. Section 69731 of the Education Code is amended to
9 read:

10 69731. (a) At least one scholarship under this article shall be
11 made available each year to each high school participating in the
12 program to award to a pupil who is enrolled in that high school.
13 One additional scholarship shall be available each year to each
14 participating high school for each 1,000 pupils enrolled in that
15 school in excess of 1,000 pupils.

16 (b) Each participating high school shall establish and maintain
17 a community service scholarship committee that consists of the
18 following persons:

19 (1) One full-time teacher employed by the school.

20 (2) One employee of the school who is a classified employee
21 or pupil counselor, and who has contributed to the academic or
22 personal development of high school pupils. In the event that no
23 person meets those qualifications, the principal of the school shall
24 designate any other employee of the school to serve on the
25 committee.

26 (3) One parent of any pupil who is enrolled in the high school
27 but is not an applicant for a scholarship under this article.

28 (4) Two representatives from community organizations or
29 agencies, as described in subdivision (c).

30 (c) Scholarships made available to the participating high
31 school shall be awarded by the community service scholarship
32 committee to pupil applicants determined by a majority vote of the
33 membership of the committee to have made significant
34 contributions to the community through community service. For
35 the purposes of this article, “community service” means volunteer
36 work for any nonprofit organization that meets the description set
37 forth in paragraph (3) of subdivision (c) of Section 501 of Title 26
38 of the United States Code, or for any other community service
39 agency or organization that is nonprofit, nonpartisan, and
40 nonsectarian, which work is performed to further purposes of



1 education, environmental quality, health care, local, state, or
2 federally funded public assistance, public safety crime prevention
3 or control, transportation, recreation, housing and neighborhood
4 improvement, rural development, conservation, child care, senior
5 citizens' quality of life, outdoor beautification, or any other
6 purpose of human betterment and community improvement. In the
7 event that the community service scholarship committee
8 determines that the number of applicants who qualify for a
9 scholarship under this subdivision exceeds the number of
10 scholarships available to the high school under this article, the
11 committee shall apply the following additional criteria in order to
12 select scholarship recipients:

13 (1) The applicant's financial status, including his or her ability
14 to finance a college education.

15 (2) The extent to which the applicant's capacity to provide
16 volunteer service has been limited by the applicant's other
17 extracurricular activities, summer or part-time employment, or
18 responsibilities to his or her family.

19 (3) Whether the applicant would be the first member of his or
20 her immediate family to attend an institution of higher education.

21 (d) Each scholarship awarded shall be for a period of one year,
22 subject to the requirement that no scholarship funding shall be
23 payable as to any academic term in which the recipient fails to both
24 maintain a course load of at least six semester units or the
25 equivalent and meet or exceed the institution's standards for
26 satisfactory academic progress.

27 (e) No later than June 15 of each year, the community service
28 scholarship committee of each participating high school shall
29 notify the California Postsecondary Education Commission of the
30 names of the scholarship recipients selected by the committee, or,
31 alternatively, that no pupil applicants were determined by the
32 committee to qualify for a scholarship pursuant to subdivision (c).
33 No later than August 15 of that year, the commission shall provide
34 funding for the subsequent academic year for each scholarship
35 awarded pursuant to this section, in an amount equal to the amount
36 of the undergraduate student fees charged for that school year by
37 the University of California, except that no allotment shall be in
38 an amount of less than one thousand five hundred dollars (\$1,500).

39 (f) Scholarship funding provided under this article may be
40 applied to educational costs incurred by the recipient pursuant to



1 his or her attendance at an institution of higher education. Those
2 costs may include, but are not necessarily limited to, tuition, fees,
3 instructional materials, and room and board.

4 (g) Scholarships shall be funded under this article to the extent
5 funds are made available for that purpose.

6 (h) This article shall not be construed to prevent any
7 participating high school or pupil from seeking private or other
8 funding sources to supplement the amount of any scholarship or
9 scholarships awarded under this article. Any scholarship or
10 scholarships awarded under this article shall augment, and not
11 supplant, student financial aid from other sources.

12 SEC. 46. Section 69740 of the Education Code is amended to
13 read:

14 69740. Unless the context requires otherwise, the definitions
15 in this section govern the construction of this article.

16 (a) “Commission” means the California Postsecondary
17 Education Commission.

18 (b) “Eligible education and training programs” means
19 education and training programs approved by the commission that
20 lead to eligibility for a license to practice law as a licensed attorney.

21 (c) “Eligible expenses” means reasonable expenses associated
22 with the costs of acquiring an education such as tuition, books,
23 equipment, fees, room and board, and other expenses determined
24 by the commission.

25 (d) “Eligible participant” means a licensed attorney who has
26 been admitted to the program and is a resident of this state and who
27 can provide proof of residency in this state.

28 (e) “Licensed attorney” means an attorney who resides in this
29 state who has successfully passed the California bar examination
30 and has been admitted to practice in this state or has otherwise been
31 licensed to practice law in this state by the State Bar of California.

32 (f) “Loan repayment” means a loan that is paid in full or in part
33 if the participant renders legal services in this state in a public
34 interest area of the law.

35 (g) “Participant” means a licensed attorney who has been
36 admitted to the program and has commenced practice as a licensed
37 attorney in this state in a public interest area of the law.

38 (h) “Program” means the Public Interest Attorney Loan
39 Repayment Program.



1 (i) “Public interest area of the law” means those areas of the
2 law determined by the commission, in consultation with the
3 advisory committee, to serve the public interest, including, but not
4 necessarily limited to, providing direct legal service at a local (1)
5 legal services organization, (2) prosecuting attorney’s office, (3)
6 child support agency office, or (4) criminal public defender’s
7 office. For the purposes of this article, a “legal services
8 organization” is a legal services provider in California that serves
9 a clientele over 70 percent of whom are low-income persons
10 according to applicable federal income guidelines.

11 (j) “Required service obligation” means an obligation by the
12 participant to provide legal services in this state in a public interest
13 area of the law as established pursuant to this article.

14 SEC. 47. Section 69763.1 of the Education Code is amended
15 to read:

16 69763.1. (a) If a borrower defaults on a guaranteed student
17 loan and the lender’s default claim has been paid, the California
18 Postsecondary Education Commission shall fulfill the collection
19 efforts required by federal law, which includes initiating a civil suit
20 against the borrower for repayment of the loan.

21 (b) After the period specified in federal law for commencing
22 action, the amount of the promissory note, plus interest and costs,
23 may be collected by the filing of a certificate requesting judgment
24 pursuant to subdivision (c) or by other appropriate civil action.

25 (c) If the loan principal, interest, and predefault and collection
26 costs are not paid when due, and there is evidence that the borrower
27 does not intend to pay under the terms of the promissory note or
28 promissory notes, the commission may file in the office of the
29 Clerk of the Superior Court of Sacramento County, or any other
30 county, a certificate specifying the amount of the loan principal,
31 interest, and predefault and collection costs due, the name and last
32 known address of the individual liable for the amount due, the fact
33 that the commission has complied with all applicable state and
34 federal laws in the computation of the amount due, and a request
35 that judgment be entered against the individual in the amount of
36 the loan principal, interest, and predefault and collection costs
37 specified in the certificate.

38 (d) Prior to the filing of the certificate, the commission shall,
39 by mail, notify the individual of the amount that is due and of the
40 opportunity for a hearing. If a hearing is requested, 10 days’ notice



1 shall be given of the time and place of the hearing, which shall be
2 held in Sacramento County or, if properly requested, the county of
3 residence of the person requesting the hearing. The hearing shall
4 be conducted by a referee who shall submit findings and
5 recommendations to the director of the commission, or an
6 authorized representative, who shall decide the matter. The
7 decision shall be effective upon notice to the interested parties. The
8 director of the commission, or the authorized representative, may
9 rescind the decision and reconsider the matter for good cause
10 shown at any time within three years after the date the disputed
11 loan first became due, or within one year from the hearing,
12 whichever is later. If no hearing is requested within 15 days after
13 mailing the notice required by this subdivision, the certificate
14 required by subdivision (b) may be filed.

15 SEC. 48. Section 69763.2 of the Education Code is amended
16 to read:

17 69763.2. (a) The clerk, immediately upon the filing of the
18 certificate specified in Section 69763.1, shall enter a judgment for
19 the people of the State of California against the individual in the
20 amount of the loan principal, interest, and predefault and
21 collection costs listed on the certificate. The clerk may file the
22 judgment in the book entitled "California Postsecondary
23 Education Commission Judgments."

24 (b) Execution shall issue upon the judgment specified in
25 subdivision (a) upon request of the commission in the same
26 manner as execution may issue upon other judgments as
27 prescribed in the Code of Civil Procedure.

28 (c) At least 10 days before executing any writ to collect, the
29 commission shall send notice of the intent to execute upon a writ
30 to the borrower and to any cosigners, by certified mail, to the most
31 recent addresses maintained in the files of the commission. Any
32 person receiving the notice of the intent to execute upon a writ may
33 request a hearing to contest the existence or the amount of the writ.
34 At the request of the individual, the commission shall conduct a
35 hearing pursuant to Section 69763.1, at which it shall be
36 determined whether the loan principal, interest, and predefault and
37 collection costs in the amount claimed by the commission are due
38 and whether the individual named on the certificate is liable for the
39 amount. If no hearing is requested, the execution shall be



1 commenced for the garnishment of wages, the attachment of
2 property, or other legal collection action.

3 SEC. 49. Section 69763.3 of the Education Code is amended
4 to read:

5 69763.3. At any time before wages are garnished or a lien is
6 placed on property, a borrower may pay the California
7 Postsecondary Education Commission the amount of the recorded
8 judgment, plus costs. If that payment is made, wage garnishment
9 or the attachment of property shall not commence. The payment
10 shall not constitute a waiver of the right to a hearing.

11 SEC. 50. Section 69763.4 of the Education Code is amended
12 to read:

13 69763.4. If the California Postsecondary Education
14 Commission, or an authorized agent, has reasonable cause to
15 believe that a lien on property may be jeopardized within the
16 10-day notice-of-intent period, the lien may be filed without prior
17 notice. The commission shall provide notice of the attachment of
18 property by lien to the owner and to any other person known to be
19 claiming an interest in the property, within 48 hours after filing,
20 excluding Saturdays, Sundays, and the holidays specified in
21 Section 6700 of the Government Code. Any hearing to contest the
22 lien shall be requested within 10 days following transmittal of the
23 notice.

24 SEC. 51. Section 69766 of the Education Code is amended to
25 read:

26 69766. (a) The Federal Student Loan Reserve Fund and the
27 Student Loan Operating Fund are hereby created in the State
28 Treasury. On January 1, 2000, the State Guaranteed Loan Reserve
29 Fund shall cease to exist, and funds deposited, or required to be
30 deposited in that fund, shall be transferred to the Federal Student
31 Loan Reserve Fund or the Student Loan Operating Fund and
32 allocated to those funds in accordance with the requirements of
33 federal law.

34 (b) All money received for the purposes of this article from
35 federal, state or local governments, including any money
36 deposited in the State Guaranteed Loan Reserve Fund, or from
37 other private or public sources, shall be deposited in the Federal
38 Student Loan Reserve Fund or the Student Loan Operating Fund
39 and allocated to those funds in accordance with the requirements
40 of federal law. Funds deposited in the Federal Student Loan



1 Reserve Fund or the Student Loan Operating Fund are not part of
2 the General Fund, as defined in Section 16300 of the Government
3 Code. No moneys from the General Fund shall be deposited in the
4 Federal Student Loan Reserve Fund or the Student Loan Operating
5 Fund.

6 (c) The contents of the Federal Student Loan Reserve Fund are
7 federal funds, administered in accordance with federal laws and
8 regulations. The contents of the Student Loan Operating Fund are
9 state funds within the custody and control of the California
10 Postsecondary Education Commission.

11 (d) Notwithstanding Section 13340 of the Government Code,
12 all moneys deposited in the Federal Student Loan Reserve Fund
13 and the Student Loan Operating Fund are hereby continuously
14 appropriated, without regard to fiscal years, for purposes of this
15 article. The continuous appropriation made by this section shall be
16 available to assume the obligation under any outstanding budget
17 act appropriation from the State Guaranteed Loan Reserve Fund
18 as it existed prior to January 1, 2000.

19 (e) The total amount of all outstanding debts, obligations, and
20 liabilities that may be incurred or created under this article,
21 including any obligation to repay to the United States any funds
22 provided under Title IV of the “Higher Education Act of 1965,”
23 and extensions thereof or amendments thereto, or any similar act
24 of Congress, is limited to the amount contained in the Federal
25 Student Loan Reserve Fund or the Student Loan Operating Fund,
26 and the state shall not be liable to the United States, or to any other
27 person or entity, beyond the amount contained in the Federal
28 Student Loan Reserve Fund or the Student Loan Operating Fund
29 for any debts, obligations, and liabilities.

30 SEC. 52. Section 69769.5 of the Education Code is amended
31 to read:

32 69769.5. The Loan Advisory Council shall review the
33 activities and policies of the Federal Family Education Loan
34 Program and shall regularly advise the commission of its findings
35 and recommendations. The Loan Advisory Council may request
36 information and data that it deems appropriate from the California
37 Postsecondary Education Commission with respect to the Federal
38 Family Education Loan Program or any other loan program
39 administered by the commission.



1 SEC. 53. Section 69951 of the Education Code is amended to
2 read:

3 69951. The California State Work-Study Program is hereby
4 created to provide eligible college and university students with the
5 opportunity to earn money to help defray their educational costs,
6 while gaining valuable experience in educationally beneficial or
7 career-related employment. The California State Work-Study
8 Program shall be administered by the California Postsecondary
9 Education Commission.

10 SEC. 54. Section 69952 of the Education Code is amended to
11 read:

12 69952. (a) Any postsecondary educational institution
13 currently eligible to participate in state-funded student financial
14 aid programs pursuant to this chapter or in federal financial aid
15 programs shall be eligible to be selected to participate in the
16 California State Work-Study Program.

17 (b) Prior to participating in the program, each institution shall
18 sign an institutional agreement with the California Postsecondary
19 Education Commission, acknowledging its willingness to
20 administer the program pursuant to this article and program
21 regulations and guidelines adopted for that purpose by the
22 commission. The agreement shall include the procedures that the
23 institution shall use to ensure that each work-study position is
24 related to the student's course of study or career interests.

25 (c) Each participating institution shall be required, as a
26 condition of participation in the program, to comply with ~~such the~~
27 auditing or other fiscal reporting requirements ~~as the commission~~
28 ~~may establish~~ *established by the commission*. These requirements
29 shall be applied by the commission so as to ensure that no
30 payments received by any private institution pursuant to this
31 article are applied to any sectarian or denominational purpose, or
32 to the general aid or support of the institution.

33 SEC. 55. Section 69954 of the Education Code is amended to
34 read:

35 69954. (a) All of the following entities shall be eligible to
36 employ students participating in the California State Work-Study
37 Program:

38 (1) Public postsecondary educational institutions.



1 (2) Public schools operated by school districts, county
2 superintendents of schools, the Department of the Youth
3 Authority, or the State Department of Education.

4 (3) Nonsectarian, nonpolitical organizations or corporations,
5 whether nonprofit or profit-seeking enterprises licensed to
6 conduct business in California.

7 (4) Out-of-state employers licensed to conduct business in their
8 home state, subject to the prior approval of the California
9 Postsecondary Education Commission.

10 (b) Private postsecondary educational institutions shall not be
11 eligible to employ students participating in the California State
12 Work-Study Program.

13 SEC. 56. Section 69958 of the Education Code is amended to
14 read:

15 69958. (a) Potential work-study positions may be located by
16 the institution or by eligible students in cooperation with the
17 institution. Each position located shall be critically reviewed by
18 the appropriate student financial aid and experiential education
19 personnel to determine whether it satisfies all the conditions
20 specified in Section 69960. To assist the institution in assessing the
21 position, the employer shall submit a written statement to the
22 institution that provides all of the following information:

23 (1) The total number of positions available.

24 (2) A job description of each available position, including the
25 suggested rate of pay.

26 (3) The skills required of the prospective work-study
27 employee.

28 (4) The educational benefits provided by the position.

29 (b) Once the institution has approved the work-study position,
30 the employer and the institution, acting as the authorized agent of
31 the California Postsecondary Education Commission, shall
32 execute a written agreement which confirms the employer's
33 eligibility to participate in the program and its willingness to
34 comply with all program requirements, and specifies the
35 responsibilities of each of the parties. The agreement shall be
36 subject to annual renewal by mutual agreement of the institution
37 and the employer.

38 (c) Following execution of the agreement pursuant to
39 subdivision (b), the employer may interview prospective
40 work-study employees. The institution shall provide the employer



1 and each applicant for the work-study position with adequate
2 information to facilitate a proper placement. Provided that the
3 priorities specified in Section 69959 have been met, the employer
4 may indicate his or her hiring preferences. No employer shall
5 discriminate between applicants on the basis of race, color, sex,
6 religion, or national origin, or subject any applicant to any other
7 discriminatory practices prohibited by state or federal law.

8 SEC. 57. Section 69965 of the Education Code is amended to
9 read:

10 69965. (a) The California Postsecondary Education
11 Commission, in consultation with the advisory committee
12 designated pursuant to Section 69966, shall select postsecondary
13 educational institutions to participate in the program. In evaluating
14 applications from educational institutions, the commission shall
15 primarily consider the following factors:

- 16 (1) Administrative capability.
- 17 (2) Ability to utilize available state funds.

18 (b) The commission shall also consider:

- 19 (1) Geographical distribution of participating institutions.
- 20 (2) Segmental representation.

21 SEC. 58. Section 69966 of the Education Code is amended to
22 read:

23 69966. The California Postsecondary Education Commission
24 shall administer the California State Work-Study Program in
25 consultation with an advisory committee. The membership of the
26 advisory committee, which may be an existing advisory
27 committee established by the commission, shall be representative
28 of, but need not be limited to, financial aid and student
29 employment administrators from each segment of postsecondary
30 education, students, public schools, employers, and experiential
31 education personnel.

32 SEC. 59. Section 69967 of the Education Code is amended to
33 read:

34 69967. The California Postsecondary Education Commission
35 shall do all of the following:

36 (a) Adopt any necessary rules, regulations, and guidelines to
37 assist participating employers and institutions to administer the
38 program.

39 (b) Ensure that student placements are consistent with the
40 objectives stated in Section 69959.



1 (c) Monitor institutional expenditures to ensure proper
2 allocation and utilization of work-study funds.

3 (d) At the close of each fiscal year, compile data regarding the
4 population served by the program during that fiscal year.

5 (e) Review the administrative practices of each participating
6 institution to ensure compliance with program requirements.

7 (f) Ensure that appropriate audits of the program are
8 conducted.

9 SEC. 60. Section 69984 of the Education Code is amended to
10 read:

11 69984. (a) (1) The board shall segregate moneys received by
12 the Scholarshare trust into two funds, which shall be identified as
13 the program fund and the administrative fund. Notwithstanding
14 Section 13340 of the Government Code, the program fund is
15 hereby continuously appropriated, without regard to fiscal years,
16 to the board for the purposes of this article. Funds in the
17 administrative fund shall be available for expenditure, upon
18 appropriation, for the purposes specified in this article.

19 (2) (A) The trust shall separately account for any moneys
20 received by an entity exempt from taxation under Section
21 501(c)(3) of the Internal Revenue Code or a state or local
22 government agency, depositing the money for the benefit of a
23 beneficiary to be named later pursuant to the operation of a bona
24 fide scholarship program.

25 (B) There is hereby created the Scholarshare Investment
26 Board, which consists of the Treasurer, the Director of Finance, the
27 Secretary of Education, a member of the California Postsecondary
28 Education Commission appointed by the Governor, a member of
29 the public appointed by the Governor, a representative from a
30 California public institution of higher education appointed by the
31 Senate Committee on Rules, and a representative from a California
32 independent college or university or a state-approved college,
33 university, or vocational/technical school appointed by the
34 Speaker of the Assembly. The Treasurer shall serve as chair of the
35 board. The board shall appoint an administrator of the program
36 who shall serve at the pleasure of the board. The board shall
37 annually prepare and adopt a written statement of investment
38 policy. The board shall consider the statement of investment policy
39 and any changes in the investment policy at a public hearing. The
40 board shall approve the investment management entity or entities



1 consistent with subparagraph (C). Not later than 30 days after the
2 close of each month there shall be placed on file for public
3 inspection during business hours a report with respect to
4 investments made pursuant to this section and a report of deposits
5 in financial institutions. The investment manager shall report the
6 following information to the board within 30 days following the
7 end of each month:

8 (i) The type of investment, name of the issuer, date of maturity,
9 par and dollar amount invested in each security, investment, and
10 money within the program fund.

11 (ii) The weighted average maturity of the investments within
12 the program fund.

13 (iii) Any amounts in the program fund that are under the
14 management of private money managers.

15 (iv) The market value as of the date of the report and the source
16 of this valuation for any security within the program fund.

17 (v) A description of the compliance with the statement of
18 investment policy.

19 (C) Moneys in the program fund may be invested or reinvested
20 by the Treasurer or may be invested in whole or in part under
21 contract with private money managers, as determined by the
22 Scholarshare Investment Board.

23 (b) Transfers may be made from the program fund to the
24 administrative fund for the purpose of paying operating costs
25 associated with administering the trust and as required by this act.
26 On an annual basis, expenditures from the administrative fund
27 shall not exceed more than 1 percent of the total program fund. All
28 costs of administration of the trust shall be paid out of the
29 administration fund.

30 (c) All moneys paid by participants in connection with
31 participation agreements shall be deposited as received into the
32 program fund and shall be promptly invested and accounted for
33 separately. Deposits and interest thereon accumulated on behalf of
34 participants in the program fund of the Scholarshare trust may be
35 used for payments to any institution of higher education.

36 SEC. 61. Section 89347 of the Education Code is amended to
37 read:

38 89347. The California Postsecondary Education Commission
39 shall provide outreach services and technical assistance to foster
40 youth at the two grade levels designated jointly by the California



1 State University and the California Community Colleges. The
2 State Department of Social Services and county welfare
3 departments shall, in coordination with the California
4 Postsecondary Education Commission, communicate with foster
5 youth at the two grade levels designated jointly by the California
6 State University and the California Community Colleges in order
7 to facilitate the California Postsecondary Education
8 Commission's outreach and technical assistance efforts for those
9 prospective students.

10 SEC. 62. Section 94155 of the Education Code is amended to
11 read:

12 94155. On or before March 31 in each year the authority shall
13 make an annual report of its activities for the preceding calendar
14 year to the Governor and the Legislature. This report shall set forth
15 a complete operating and financial statement covering the
16 authority's operations during the year. The authority shall cause an
17 audit of its books and accounts to be made at least once in each year
18 by certified public accountants. The authority shall also consult
19 with the California Postsecondary Education Commission with
20 respect to the need for additional financing of student loan
21 projects.

22 SEC. 63. Chapter 3 (commencing with Section ~~94300~~)
23 ~~94301~~) of Part 59 of the Education Code is repealed.

24 SEC. 64. Section 94719.5 of the Education Code is amended
25 to read:

26 94719.5. "Bureau" means the Bureau for Private
27 Postsecondary and Vocational Education which, pursuant to
28 Section 94770, is under the administration of the California
29 Postsecondary Education Commission.

30 SEC. 65. Section 94724 of the Education Code is amended to
31 read:

32 94724. "Council" has the same meaning as the Bureau for
33 Private Postsecondary and Vocational Education as defined in
34 Section 94719.5.

35 SEC. 66. Section 94728.5 of the Education Code is amended
36 to read:

37 94728.5. "Director" means the Executive Director of the
38 California Postsecondary Education Commission.

39 SEC. 67. Section 94770 of the Education Code is amended to
40 read:



1 94770. (a) There is a Bureau for Private Postsecondary and
2 Vocational Education under the administration of the California
3 ~~Postsecondary Education~~ *Higher Education Policy and Finance*
4 Commission. The bureau shall succeed to any and all rights and
5 claims of the former Council for Private Postsecondary and
6 Vocational Education that may have been asserted in any judicial
7 or administrative action pending on January 1, 1998, and shall take
8 any action reasonably necessary to assert and realize those rights
9 and claims in its own name. The functions of the former council
10 and the responsibilities the former council had for the
11 administration of former Chapter 7 (commencing with Section
12 94700) on June 29, 1997, are transferred to the bureau, effective
13 January 1, 1998, as provided by this act. It is the intent of the
14 Legislature that there be no gap in the performance of functions or
15 the administration of the law governing private postsecondary
16 educational institutions. Notwithstanding any other provision of
17 law, Section 19050.9 of the Government Code shall apply
18 regardless of the date on which former Chapter 7 (commencing
19 with Section 94700) became inoperative or was repealed.

20 (b) The bureau shall have possession and control of all records,
21 papers, offices, equipment, supplies, or other property, real or
22 personal, held for the benefit or use by the former council in the
23 performance of the duties, powers, purposes, responsibilities, and
24 jurisdictions that are vested in the bureau.

25 (c) The bureau has the responsibility for approving and
26 regulating private postsecondary educational institutions. The
27 bureau shall have, as its objective, the development of a strong,
28 vigorous, and widely respected sector of private postsecondary
29 and vocational education.

30 SEC. 68. Section 94771 of the Education Code is amended to
31 read:

32 94771. (a) The duty of administering and enforcing this
33 chapter is vested in the Executive Director of the California
34 Postsecondary Education Commission, who may assign and
35 delegate those duties to a bureau chief, subject to the other
36 provisions of this section.

37 (b) Every power granted to, or duty imposed upon, the bureau
38 under this chapter may be exercised or performed in the name of
39 the bureau, subject to any conditions and limitations the director
40 may prescribe. The bureau chief may redelegate any of those



1 powers or duties to his or her designee. The bureau chief shall be
2 appointed by the Governor and confirmed by the Senate, and is
3 exempt from the State Civil Service Act (Part 2 (commencing with
4 Section 18500) of Division 5 of Title 2 of the Government Code).

5 (c) The director, in accordance with the State Civil Service Act,
6 may appoint and fix the compensation of the clerical, inspection,
7 investigation, evaluation, and auditing personnel, that he or she
8 deems necessary to carry out this chapter.

9 (d) The proceedings under this chapter shall be conducted by
10 the bureau in accordance with Chapter 5 (commencing with
11 Section 11500) of Part 1 of Division 3 of Title 2 of the Government
12 Code. To the extent of any conflict between any of the provisions
13 of this chapter and Chapter 5 (commencing with Section 11500)
14 of Part 1 of Division 3 of Title 2 of the Government Code, that
15 Chapter 5 shall prevail.

16 (e) The director shall appoint an advisory committee , which
17 shall consist of representatives of institutions, student advocates,
18 and employers who hire students, among other parties. The
19 advisory committee shall be balanced to ensure that institutions
20 and student advocates have approximate equal representation.
21 Institutional representatives on the committee shall be in general
22 proportion to the types of institutions approved or registered
23 pursuant to this chapter and to the number of students served by
24 each type of institution. The advisory committee shall advise the
25 bureau concerning the bureau's administration, licensing, and
26 enforcement functions under this chapter.

27 SEC. 69. Section 94774.5 of the Education Code is amended
28 to read:

29 94774.5. (a) For the purposes of administration and
30 enforcement of this chapter, the California Postsecondary
31 Education Commission, the bureau, and the director and officers
32 and employees of the commission and the bureau, shall have all the
33 powers and authority granted under this chapter and under
34 Division 1 (commencing with Section 100) and Division 1.5
35 (commencing with Section 475) of the Business and Professions
36 Code. In addition to satisfying the approval, compliance, and
37 enforcement provisions of this chapter, the bureau shall also
38 comply with and exercise all authority granted by Division 1
39 (commencing with Section 100) and Division 1.5 (commencing
40 with Section 475) of the Business and Professions Code.



1 (b) The bureau shall establish a regular inspection program that
2 shall include unannounced inspections.

3 (c) If the bureau determines after an investigation that an
4 institution has violated this chapter or any of the regulations
5 adopted by the bureau, the bureau may do any or all of the
6 following:

7 (1) Place the institution on probation.

8 (2) Issue an order prohibiting the enrollment of new students.

9 (3) Issue an administrative citation and impose an
10 administrative fine as authorized by, and in accordance with,
11 Section 94957 of this code or Section 146, 147, or 148 of the
12 Business and Professions Code.

13 (4) Issue an order of abatement or citation pursuant to Section
14 125.9 or 148 of the Business and Professions Code.

15 (5) Initiate proceedings under the Administrative Procedure
16 Act or this chapter to revoke or suspend the institution's approval
17 to operate.

18 (6) With the consent of the institution, refer an adjudicative
19 proceeding to mediation, or binding or nonbinding arbitration, in
20 accordance with the regulations of the Office of Administrative
21 Hearings, the California Postsecondary Education Commission,
22 or the bureau.

23 (7) Order reimbursement of the costs of the investigation and
24 enforcement in accordance with Section 94935 of this code or
25 Section 125.3 of the Business and Professions Code. An institution
26 shall not be required to pay the same costs and expenses to more
27 than one investigating entity.

28 (8) Notify the telephone company to disconnect the
29 institution's telephone as authorized by Section 149 of the
30 Business and Professions Code.

31 SEC. 70. Section 94804 of the Education Code is amended to
32 read:

33 94804. (a) The review of a private postsecondary educational
34 institution's original application for approval, or a renewal
35 application to the bureau, or an approved institution already in
36 operation, shall include a determination of the institution's
37 financial responsibility. An institution shall be considered
38 financially responsible if it has sufficient assets to do all of the
39 following:



1 (1) Provide the educational services stated in its official
2 publications and statements.

3 (2) Comply with the standards and requirements specified in
4 Article 8 (commencing with Section 94900), Article 9
5 (commencing with Section 94915), or Article 9.5 (commencing
6 with Section 94931), whichever is applicable.

7 (3) Provide the administrative and financial resources to fully
8 comply with this article.

9 (4) Comply with any applicable provisions of Section 94855.

10 (b) An institution shall not be considered financially
11 responsible under any of the following conditions:

12 (1) The institution fails to have available sufficient funds and
13 accounts receivable to pay all operating expenses due within 30
14 days. For the purpose of this paragraph, “funds” means cash or
15 assets that can be converted into cash within seven days.

16 (2) Under generally accepted accounting principles, the
17 institution had, at the end of its latest fiscal year, a ratio of current
18 assets to current liabilities of less than 1.25 to 1. For the purpose
19 of this paragraph, “current assets” does not include any of the
20 following: (A) intangible assets, including goodwill, going
21 concern value, organization expense, startup costs, long-term
22 prepayment of deferred charges, and nonreturnable deposits, or
23 (B) state or federal grant funds that are not the property of the
24 institution but are held for future disbursement for the benefit of
25 students. Unearned tuition shall be accounted for in accordance
26 with generally accepted accounting principles. When another
27 government agency requires an institution to file annual financial
28 audit prepared by a certified public accountant, that agency’s
29 current ratio standard may apply in lieu of the ratio specified in this
30 paragraph if the ratio of current assets to current liabilities under
31 that standard is 1 to 1 or greater.

32 (c) (1) In determining an institution’s compliance with
33 subdivision (a), the bureau, at the institution’s request, may
34 consider the financial resources of a parent corporation if the
35 parent corporation files with the bureau, and at all times complies
36 with, an irrevocable and unconditional agreement approved by its
37 board of directors that satisfies all of the requirements of paragraph
38 (2):

39 (2) The agreement described in paragraph (1) shall provide that
40 the parent corporation do all of the following:



1 (A) Consent to be sued in California.

2 (B) Consent to be subject to the administrative jurisdiction of
3 the bureau in connection with the institution's compliance with
4 this chapter.

5 (C) Appoint an agent for service of process in California and
6 all notices required by this chapter.

7 (D) Agree to pay any refund, claim, penalty, or judgment that
8 the institution is obligated to pay.

9 (E) File financial reports, maintain financial records, and
10 permit the inspection and copying of financial records to the same
11 extent as is required of the institution.

12 (3) For the purposes of this subdivision, a "parent
13 corporation" means a corporation that owns more than 80 percent
14 of the stock of the institution whose financial resources are at issue.

15 (d) (1) If the bureau determines that an institution is not
16 financially responsible, the bureau, under terms and conditions
17 prescribed by the council, may require the institution to submit for
18 its latest complete fiscal year and its current fiscal year, each of the
19 following:

20 (A) A financial audit of the institution conducted by a licensed
21 certified public accountant, in accordance with generally accepted
22 auditing standards.

23 (B) The institution's financial plan for establishing financial
24 responsibility.

25 (C) Any other information requested by the bureau.

26 (2) This subdivision does not prevent the bureau from taking
27 any other actions authorized under this chapter.

28 SEC. 71. Section 94835 of the Education Code is amended to
29 read:

30 94835. (a) The bureau shall review and investigate all
31 institutions, programs, and courses of instruction approved under
32 this chapter. Consideration in the scheduling of reviews and
33 investigations shall be afforded to student complaints and
34 information collected by the Attorney General, any board within
35 the Department of Consumer Affairs, or any other federal, state,
36 or local agency. The bureau also shall conduct periodic
37 unannounced reviews and investigations of institutions to
38 determine compliance with this chapter.

39 (b) At the bureau's request in connection with an investigation
40 to determine compliance with this chapter, an institution, during



1 its normal business hours, shall immediately make available for
2 inspection and copying all records required to be maintained by
3 this chapter or that relate to the institution's compliance with this
4 chapter and permit the bureau's representatives to have immediate
5 access to the institution's primary administrative location and sites
6 of instruction during the institution's normal business hours to
7 examine and copy these records, to inspect the institution's
8 physical facilities, equipment, library and other learning
9 resources, and to interview school administrators, faculty, and
10 students.

11 (c) The approval to operate shall be issued to the owners or the
12 governing body of the applicant institution, and shall be
13 nontransferrable. Any person that makes a proper application and
14 complies with this chapter and each standard and regulation
15 pertaining to this chapter shall be qualified to receive an approval
16 to operate or an approval of the transfer of ownership.

17 SEC. 72. Section 94846 of the Education Code is amended to
18 read:

19 94846. (a) If a shift in control or change of ownership of an
20 institution occurs, an application for a new approval to operate for
21 the institution under the changed ownership or control shall be
22 filed with the bureau at least 20 days prior to the shift in control
23 or change in ownership. Whenever an institution is operated at
24 different locations, an application for approval shall be filed for
25 each location.

26 (b) The application for approval to operate submitted in
27 conjunction with a change of ownership may include pertinent
28 portions of the institution's previous application prepared in
29 connection with programs or courses of instruction that remain
30 unchanged or unaffected by the change in ownership.

31 (c) No application for ownership or transfer of ownership shall
32 be approved for any applicant that has been found previously in
33 any judicial or administrative proceeding to have violated this
34 chapter, or if there exists any of the grounds for denial set forth in
35 Section 480 of the Business and Professions Code.

36 (d) No change in ownership of the institution shall be made
37 until the application is approved. If an application for a new
38 approval to operate is not timely filed as required by this section,
39 the institution's approval to operate shall terminate.



1 (e) For the purposes of this section, a change in ownership
2 occurs when there is a change of control of the institution, or where
3 a person that previously did not own at least 25 percent of the stock
4 or controlling interest of an institution or its parent corporation,
5 acquires ownership of at least 25 percent of the stock of the
6 institution or its parent corporation, or when a for-profit business
7 converts to nonprofit corporation status or forms a nonprofit
8 corporation as a subsidiary to provide the educational services for
9 which the for-profit business is approved to operate.

10 ~~SEC. 73. Section 94855 of the Education Code is amended to~~
11 ~~read:~~

12 ~~94855. (a) As a condition of maintaining its approval to~~
13 ~~operate, an institution offering any educational programs or~~
14 ~~educational services subject to this article shall meet the following~~
15 ~~financial resource requirements in addition to the financial~~
16 ~~requirements of Section 94804.~~

17 ~~(1) Satisfy minimum standards prescribed by Section 94900,~~
18 ~~94905, or 94915, whichever is applicable.~~

19 ~~(2) Provide the education, training, skill, and experience that~~
20 ~~the institution, in any manner represented it would provide.~~

21 ~~(3) Pay timely refunds as required by Sections 94867, 94869,~~
22 ~~94870, 94873, and 94877.~~

23 ~~(b) (1) In determining an institution's compliance with~~
24 ~~subdivision (a), the bureau, at the institution's request, may~~
25 ~~consider the financial resources of a parent corporation if the~~
26 ~~parent corporation files with the bureau, and at all times complies~~
27 ~~with, an irrevocable and unconditional agreement approved by its~~
28 ~~board of directors that satisfies all of the requirements of paragraph~~
29 ~~(2).~~

30 ~~(2) The agreement described in paragraph (1) shall provide that~~
31 ~~the parent corporation do all of the following:~~

32 ~~(A) Consent to be sued in California.~~

33 ~~(B) Consent to be subject to the administrative jurisdiction of~~
34 ~~the council and the bureau in connection with the institution's~~
35 ~~compliance with this chapter.~~

36 ~~(C) Appoint an agent for service of process in California and~~
37 ~~all notices required by this chapter.~~

38 ~~(D) Agree to pay any refund, claim, penalty, or judgment that~~
39 ~~the institution is obligated to pay.~~



1 ~~(E) File financial reports, maintain financial records, and~~
2 ~~permit the inspection and copying of financial records to the same~~
3 ~~extent as is required of the institution.~~

4 ~~(3) For the purposes of this subdivision, a “parent~~
5 ~~corporation” means a corporation that owns more than 80 percent~~
6 ~~of the stock of the institution whose financial resources are at issue.~~

7 ~~(c) If an institution does not comply with Section 94804, the~~
8 ~~bureau may do any or any combination of the following:~~

9 ~~(1) Require the institution to establish and implement a~~
10 ~~financial plan to ensure compliance with Section 94804.~~

11 ~~(2) Require the institution to post satisfactory security for the~~
12 ~~performance of its financial obligations pursuant to Section~~
13 ~~94804.~~

14 ~~(3) Require the institution to furnish additional information~~
15 ~~such as an audit report of financial statements prepared by a~~
16 ~~California licensed certified public accountant who is not an~~
17 ~~employee, officer, or director of the institution.~~

18 ~~(4) Proceed pursuant to Section 94879.~~

19 ~~(d) In any action or proceeding involving an institution’s~~
20 ~~failure to comply with Section 94804, there shall be a presumption~~
21 ~~affecting the burden of proof that the institution does not have~~
22 ~~sufficient financial resources if the institution fails to meet any of~~
23 ~~the standards set forth in Section 94804.~~

24 ~~SEC. 74. Section 94870 of the Education Code is amended to~~
25 ~~read:~~

26 ~~94870. (a) (1) Except as provided in paragraph (2), the~~
27 ~~refund to be paid to a student for a program of instruction subject~~
28 ~~to this article shall be calculated as follows:~~

29 ~~(A) Deduct a registration fee not exceeding seventy-five~~
30 ~~dollars (\$75) from the total tuition charge.~~

31 ~~(B) Divide this figure by the number of hours in the program.~~

32 ~~(C) The quotient is the hourly charge for the program.~~

33 ~~(D) The amount owed by the student for purposes of~~
34 ~~calculating a refund is derived by multiplying the total hours~~
35 ~~attended by the hourly charge for instruction.~~

36 ~~(E) The refund would be any amount in excess of the figure~~
37 ~~derived in subparagraph (D) that was paid by the student.~~

38 ~~(F) The refund amount shall be adjusted as provided in~~
39 ~~subdivision (b) or (c) for equipment, if applicable.~~



1 ~~(2) For an educational service offered by home study or~~
2 ~~correspondence, the refund shall be the amount the student paid for~~
3 ~~lessons less a registration fee not exceeding seventy-five dollars~~
4 ~~(\$75), multiplied by a fraction, the numerator of which is the~~
5 ~~number of lessons for which the student has paid but which the~~
6 ~~student has not completed and submitted, and the denominator of~~
7 ~~which is the total number of lessons for which the student has paid.~~
8 ~~The refund amount shall be adjusted as provided in subdivision (b)~~
9 ~~or (c) for equipment and as provided in subdivision (d) for resident~~
10 ~~instruction, if applicable.~~

11 ~~(3) Notwithstanding any provision in any agreement, all of the~~
12 ~~following shall apply:~~

13 ~~(A) All amounts that the student has paid, however~~
14 ~~denominated, shall be deemed to have been paid for instruction,~~
15 ~~unless the student has paid a specific charge for equipment set forth~~
16 ~~in the agreement for the program of instruction.~~

17 ~~(B) In the case of an educational service offered by home study~~
18 ~~or correspondence, all amounts that the student has paid, however~~
19 ~~denominated, shall be deemed to have been paid for lessons unless~~
20 ~~the student has paid a specific charge for equipment or resident~~
21 ~~instruction as set forth in the agreement for the educational service.~~

22 ~~(C) The total number of hours necessary to complete each~~
23 ~~lesson of home study or correspondence instruction shall be~~
24 ~~substantially equivalent to each other lesson unless otherwise~~
25 ~~permitted by the bureau.~~

26 ~~(D) An equal charge shall be deemed to have been made for~~
27 ~~each hour of instruction or each lesson.~~

28 ~~(b) If the institution specifies in the agreement a separate~~
29 ~~charge for equipment that the student actually obtains, and the~~
30 ~~student returns that equipment in good condition, allowing for~~
31 ~~reasonable wear and tear, within 30 days following the date of the~~
32 ~~student's withdrawal, the institution shall refund the charge for the~~
33 ~~equipment paid by the student. If the student fails to return that~~
34 ~~equipment in good condition, allowing for reasonable wear and~~
35 ~~tear, within 30 days following the date of the student's withdrawal,~~
36 ~~the institution may offset against the refund calculated under~~
37 ~~subdivision (a) the documented cost to the institution of that~~
38 ~~equipment. The student shall be liable for the amount, if any, by~~
39 ~~which the documented cost for equipment exceeds the refund~~
40 ~~amount calculated under subdivision (a). For the purpose of this~~



1 ~~subdivision, equipment cannot be returned in good condition if the~~
2 ~~equipment cannot be reused because of clearly recognized health~~
3 ~~and sanitary reasons and this fact is clearly and conspicuously~~
4 ~~disclosed in the agreement.~~

5 ~~(e) If the institution specifies in the agreement a separate charge~~
6 ~~for equipment, which the student has not obtained at the time of~~
7 ~~the student's withdrawal, the refund also shall include the amount~~
8 ~~paid by the student that is allocable to that equipment.~~

9 ~~(d) If an agreement for educational service offered by home~~
10 ~~study or correspondence includes a separate charge for resident~~
11 ~~instruction, which the student has not begun at the time of the~~
12 ~~student's withdrawal, the institution shall refund the charge for the~~
13 ~~resident instruction paid by the student. If the student withdraws~~
14 ~~from the educational service after beginning the resident~~
15 ~~instruction, the institution shall pay a refund equal to the amount~~
16 ~~the student paid for the resident instruction multiplied by a~~
17 ~~fraction, the numerator of which is the number of hours of resident~~
18 ~~instruction which the student has not received but for which the~~
19 ~~student has paid, and the denominator of which is the total number~~
20 ~~of hours of resident instruction for which the student has paid.~~

21 ~~(e) For the purpose of determining a refund under this section,~~
22 ~~a student shall be deemed to have withdrawn from a program of~~
23 ~~instruction when any of the following occurs:~~

24 ~~(1) The student notifies the institution of the student's~~
25 ~~withdrawal or of the date of the student's withdrawal, whichever~~
26 ~~is later.~~

27 ~~(2) The institution terminates the student's enrollment as~~
28 ~~provided in the agreement.~~

29 ~~(3) The student has failed to attend classes for a three-week~~
30 ~~period. For the purpose of subdivision (a) of Section 94869 and for~~
31 ~~determining the amount of the refund, the date of the student's~~
32 ~~withdrawal shall be deemed the last date of recorded attendance.~~
33 ~~For the purpose of determining when the refund must be paid~~
34 ~~pursuant to subdivision (b) of Section 94869, the student shall be~~
35 ~~deemed to have withdrawn at the end of the three-week period.~~

36 ~~(4) The student has failed to submit three consecutive lessons~~
37 ~~or has failed to submit a completed lesson within 60 days of its due~~
38 ~~date as set by an educational service offered by home study or~~
39 ~~correspondence. For the purpose of this paragraph, the date of the~~



1 student's withdrawal shall be deemed to be the date on which the
2 student submitted the last completed lesson.

3 ~~(f) An institution shall have the burden of proof to establish the~~
4 ~~validity of the amount of every refund. The institution shall~~
5 ~~maintain records for five years of all the evidence on which the~~
6 ~~institution relies.~~

7 ~~(g) Any institution that meets each of the criteria in paragraph~~
8 ~~(1) shall be subject to the refund requirements in this section only~~
9 ~~for those students who withdraw from a course of instruction after~~
10 ~~having completed 60 percent or less of the course of instruction.~~

11 ~~(1) To qualify under this subdivision, an institution shall~~
12 ~~submit to the bureau a compliance report prepared by a certified~~
13 ~~public accountant, who is not an officer, director, shareholder, or~~
14 ~~employee of the institution, any parent corporation, or any~~
15 ~~subsidiary, prepared pursuant to an attestation engagement in~~
16 ~~accordance with the Statements on Standards for Attestation~~
17 ~~Engagements of the American Institute of Certified Public~~
18 ~~Accountants, which states that for a period of two years prior to the~~
19 ~~compliance report, the beginning and ending dates of which shall~~
20 ~~be determined by the bureau, the institution has:~~

21 ~~(A) Complied with Section 94824 or subdivision (b) of Section~~
22 ~~94869 and with this section for refunds owed by the institution.~~

23 ~~(B) Complied with subdivision (b) of Section 94854 for each~~
24 ~~of the two years covered by the audit except that:~~

25 ~~(i) The institution shall have an aggregate completion rate of 70~~
26 ~~percent or more pursuant to paragraph (1) of subdivision (b) of~~
27 ~~Section 94854.~~

28 ~~(ii) The institution shall have an aggregate placement rate of 80~~
29 ~~percent or more pursuant to paragraph (2) of subdivision (b) of~~
30 ~~Section 94854.~~

31 ~~(iii) As an alternative to clauses (i) and (ii), the institution shall~~
32 ~~have a combined aggregate completion and placement rate of 56~~
33 ~~percent or more.~~

34 ~~(iv) In attesting to the institution's compliance with the~~
35 ~~requirements of this subparagraph, the certified public accountant,~~
36 ~~at a minimum, shall review a random statistically valid sample of~~
37 ~~the students to whom the institution owed a refund, the students~~
38 ~~counted by the institution towards its completion rate and its~~
39 ~~placement rate, and the students excluded from the calculation of~~
40 ~~the completion and placement rates, review the institution's~~



1 placement log or files and contact students and employers to verify
2 information in the placement records, whether the student was
3 employed in the job for which the training was represented to lead,
4 and whether the student was employed for at least 60 days.

5 ~~(2) (A) The bureau shall review the compliance report~~
6 ~~submitted by the institution pursuant to this subdivision.~~

7 ~~(B) The bureau shall review any complaints against the~~
8 ~~institution by current or former students, any civil lawsuit in which~~
9 ~~the institution is a defendant or any lawsuit, action, charges,~~
10 ~~proceeding, or investigation by any government agency or any~~
11 ~~accrediting agency in which the institution is a party which were~~
12 ~~filed, pending, or resolved during the two-year period covered by~~
13 ~~the compliance report. After reviewing these complaints, lawsuits,~~
14 ~~actions, charges, proceedings, or investigations, as well as any~~
15 ~~other information available to the bureau and performing~~
16 ~~whatever other investigation it deems appropriate, the bureau shall~~
17 ~~make a determination, in writing, of whether the institution has~~
18 ~~materially violated Section 94831, 94832, 94834, 94853, 94859,~~
19 ~~94860, 94866, 94868, 94869, 94870, 94871, 94873, 94875,~~
20 ~~94881, or their predecessor sections, based on a preponderance of~~
21 ~~the evidence. The bureau's determination shall contain a summary~~
22 ~~of the evidence relied upon in making the determination and the~~
23 ~~sections for which a material violation exists. The bureau's~~
24 ~~determination shall have no probative value in connection with~~
25 ~~any lawsuits, actions, charges, or proceedings pending before any~~
26 ~~court or any other agency.~~

27 ~~(C) If the bureau determines that the institution has met all of~~
28 ~~the criteria in paragraph (1) and that no material violation exists~~
29 ~~pursuant to subparagraph (B) of this paragraph, it shall notify the~~
30 ~~institution that it qualifies under this subdivision. Following that~~
31 ~~notification, the refund provisions of this subdivision shall apply~~
32 ~~to the institution for a period of two years, unless revoked by the~~
33 ~~bureau.~~

34 ~~(D) If the bureau determines that the institution has not met all~~
35 ~~of the criteria in paragraph (1) or that a material violation exists~~
36 ~~pursuant to subparagraph (B) of this paragraph, it shall notify the~~
37 ~~institution that it does not qualify under this subdivision.~~

38 ~~(E) The institution shall receive notice of any determination~~
39 ~~with a summary of evidence pursuant to this paragraph and, if~~
40 ~~requested in writing, a hearing. The institution may appeal the~~



1 bureau's adverse decision under this paragraph. To the extent
2 feasible, the bureau shall adopt regulations to provide for a
3 streamlined appeal process for purposes of appeals pursuant to this
4 subparagraph. Pending resolution of the appeal, the institution is
5 not eligible to qualify under this subdivision. If the institution
6 prevails on appeal, it may obtain relief limited to a determination
7 that it is eligible for the refund provisions of this subdivision at the
8 next time when it starts new students in its programs following the
9 determination of the appeal. If the institution does not prevail on
10 appeal, it may not seek to qualify under this subdivision for one
11 year following the determination of the appeal.

12 (3) ~~Prior to notifying an institution pursuant to paragraph (2),~~
13 ~~the bureau shall adopt regulations to implement this subdivision,~~
14 ~~including regulations to establish the dates each year for~~
15 ~~submission of compliance reports by institutions, notification of~~
16 ~~institutions by the bureau of the applicable refund policy for the~~
17 ~~institution, the effective date of that refund policy, appropriate~~
18 ~~standards and procedures for conducting any review by a certified~~
19 ~~public accountant or any other person pursuant to this subdivision,~~
20 ~~including a description of the information and materials to be~~
21 ~~reviewed and appropriate standards for review which shall be~~
22 ~~based on the American Institute of Certified Public Accountants'~~
23 ~~Statements on Standards for Attestation Engagements.~~

24 (4) (A) ~~Any institution that has been notified by the bureau~~
25 ~~that it qualifies for the refund provisions in this subdivision shall~~
26 ~~lose its qualification if the bureau determines either of the~~
27 ~~following:~~

28 (i) ~~The institution has materially violated Section 94831,~~
29 ~~94832, 94834, 94853, 94859, 94860, 94866, 94868, 94869,~~
30 ~~94870, 94871, 94873, 94875, or 94881, or has failed to meet the~~
31 ~~criteria in paragraph (1) during the period covered by the~~
32 ~~compliance report upon which the bureau based its determination~~
33 ~~of qualification.~~

34 (ii) ~~The institution has been found by any court, or by any other~~
35 ~~governmental agency in any proceeding, to have violated any of~~
36 ~~the provisions set forth in clause (i), and that violation was material~~
37 ~~or the institution has been found by any court or any other~~
38 ~~governmental agency in any proceeding, to have failed to meet the~~
39 ~~criteria in paragraph (1) during the period covered by the~~



1 compliance report upon which the bureau based its determination
2 of eligibility.

3 (B) If the bureau, a court, or other government agency finds
4 that the institution willfully supplied information required by this
5 subdivision which it knew or should have known was inaccurate
6 or misleading, the institution's approval to operate may be subject
7 to termination, suspension, or probation.

8 (C) The institution shall receive notice of any determination
9 with a summary of evidence and, if requested in writing, a hearing
10 prior to any action being taken pursuant to this paragraph. To the
11 extent feasible, the bureau shall adopt regulations to provide for a
12 streamlined appeal process for purposes of appeals pursuant to this
13 subparagraph. Pending resolution of the appeal, the institution
14 may not reapply pursuant to paragraph (9). If the institution
15 prevails on appeal, it may obtain relief limited to a determination
16 that it continues to qualify under this subdivision for the period of
17 time covered by the bureau's most recent determination of
18 qualification. If the institution does not prevail on appeal, the
19 institution may not seek to qualify for the refund provisions of this
20 subdivision for three years following the determination of the
21 appeal and shall be subject to the refund requirements in
22 subdivision (a), and not the refund provisions in this subdivision;
23 for all students who enrolled during the entire time period covered
24 by the bureau's most recent determination of qualification.

25 (D) The penalties in this paragraph supplement, but do not
26 supplant, any other sanction or remedy allowed by law.

27 (5) If an institution does not qualify under this subdivision
28 because it fails to meet the requirement of subparagraph (A) of
29 paragraph (1) by three students out of all students to whom it owed
30 refunds during the period examined by the compliance report or
31 1 percent of all students to whom it owed refunds during the period
32 covered by the compliance report, whichever is greater, the bureau
33 may determine that the institution qualifies under this subdivision.

34 (6) The certified public accountant shall submit any initial
35 compliance report prepared pursuant to this subdivision to both the
36 institution and the bureau. The institution shall submit any
37 comments, suggested corrections, or exceptions to the initial
38 compliance report to the certified public accountant and the
39 bureau. The certified public accountant shall submit a final
40 compliance report to both the institution and the bureau. The



1 ~~certified public accountant shall maintain possession of all work~~
2 ~~papers for a period of five years following completion of the final~~
3 ~~compliance report. The bureau shall make a copy of the~~
4 ~~compliance report available to any student, prospective student, or~~
5 ~~former student of the institution upon request.~~

6 ~~(7) If the bureau determines that the institution has met the~~
7 ~~criteria in this subdivision based on the information contained in~~
8 ~~a compliance report prepared by a certified public accountant~~
9 ~~pursuant to this subdivision, all of the following shall be deemed~~
10 ~~to be the intended beneficiaries of that compliance report:~~

11 ~~(A) The bureau.~~

12 ~~(B) The United States Department of Education.~~

13 ~~(C) Any student who enrolls in the institution during the time~~
14 ~~period the institution qualifies under this subdivision.~~

15 ~~(8) In lieu of the attestation engagement referred to in~~
16 ~~paragraph (1), an institution that qualifies as a small institution~~
17 ~~under this paragraph may show that it has complied with each of~~
18 ~~the criteria in paragraph (1) pursuant to a review performed by the~~
19 ~~bureau, or any other alternative review that meets all of the~~
20 ~~requirements for an attestation by a certified public accountant~~
21 ~~pursuant to this subdivision which shall conform with the bureau's~~
22 ~~regulations. If the bureau performs the review requested by the~~
23 ~~institution, the institution shall pay the bureau all of its costs and~~
24 ~~expenses associated with conducting the review. The bureau shall,~~
25 ~~by regulation, define "small institution" for the purposes of this~~
26 ~~paragraph in terms of assets, number of students, gross revenues,~~
27 ~~other appropriate criteria, as determined by the bureau, or any~~
28 ~~combination thereof.~~

29 ~~(9) An institution may apply to the bureau for a renewal of the~~
30 ~~bureau's determination that the institution qualifies under this~~
31 ~~subdivision subject to the same terms and conditions as required~~
32 ~~for the bureau's initial determination.~~

33 ~~(10) If an institution qualifies under this subdivision, it shall~~
34 ~~disclose that refund policy in any disclosure, catalogue, notice, or~~
35 ~~agreement in which disclosure of a refund policy is required by this~~
36 ~~chapter. The institution may not state in any advertising,~~
37 ~~disclosure, catalogue, notice, or agreement that it qualifies for a~~
38 ~~"good school" or a "high performance" exemption, that it~~
39 ~~qualifies for a "good school" or "high performance" refund~~
40 ~~policy, or that it has been determined by the state to be a "good~~



1 school” or a “high-performing school,” or use any similar words
2 or phrases.

3 (11) If a request for approval under this subdivision is filed
4 concurrently with an initial or renewal application, no additional
5 fees shall be charged. If a request for approval is not filed
6 concurrently with an initial or renewal application, fees shall be
7 charged as authorized by Section 94932 and the bureau’s
8 regulations.

9 SEC. 75. Section 94874 of the Education Code is amended to
10 read:

11 94874. (a) Every institution shall maintain for a period of not
12 less than five years at its principal place of business in California
13 accurate records that show all of the following:

14 (1) The names, telephone numbers, and home and local
15 addresses of each student.

16 (2) The courses of instruction offered by the institution and the
17 curriculum for each course.

18 (3) The name, address, and educational qualifications of each
19 member of its faculty.

20 (4) The information required by subdivision (j) of Section
21 94854 and subdivision (b) of Section 94859.

22 (5) All information and records required by this chapter or
23 required by the bureau.

24 (b) All records that an institution is required to maintain by this
25 chapter or that relate to the institution’s compliance with this
26 chapter shall be made immediately available by the institution for
27 inspection and copying during normal business hours by the
28 bureau, the Attorney General, and any district attorney or city
29 attorney.

30 (c) An institution shall make available to a student, or a person
31 designated by the student, all of the student’s records, except for
32 transcripts of grades as described in subdivision (d) and (e).

33 (d) As provided in Section 94948, an institution may withhold
34 a student’s transcript or grades if the student is in default on a
35 student tuition contract.

36 (e) If the student has made partial payment of his or her tuition
37 obligation, the institution may only withhold that portion of the
38 grades or transcript that corresponds to the amount of tuition or
39 loan obligation that the student has not paid. If the course of study



1 consists of only one course, the institution may withhold the grades
2 or the transcript until the tuition or loan obligation is paid in full.

3 (f) ~~Each institution shall be deemed to have authorized the~~
4 ~~accrediting agency that accredited the institution to provide to the~~
5 ~~bureau, the Attorney General, and any district attorney or city~~
6 ~~attorney, within 30 days of written notice, copies of all documents~~
7 ~~and other material concerning the institution that is maintained by~~
8 ~~the accrediting agency.~~

9 (g) ~~Within 30 days of receiving written notice from the bureau,~~
10 ~~the Attorney General, and any district attorney or city attorney, an~~
11 ~~accrediting agency shall provide the requesting official with all~~
12 ~~documents or other material concerning an institution accredited~~
13 ~~by that accrediting agency that are designated specifically or by~~
14 ~~category in the written notice.~~

15 (h) ~~If the bureau, the Attorney General, or any district attorney~~
16 ~~or city attorney is conducting a confidential investigation of an~~
17 ~~institution and so informs the accrediting agency, the accrediting~~
18 ~~agency shall not inform that institution of the investigation.~~

19 (i) ~~If an accrediting agency willfully fails to comply with this~~
20 ~~section, the accrediting agency shall be liable for a civil penalty of~~
21 ~~not less than two thousand five hundred dollars (\$2,500) or more~~
22 ~~than twenty-five thousand dollars (\$25,000) for each violation.~~
23 ~~Penalties awarded pursuant to this section shall be deposited in the~~
24 ~~Private Postsecondary and Vocational Education Administration~~
25 ~~Fund or any successor fund.~~

26 ~~SEC. 76.—Section 94878 of the Education Code is amended to~~
27 ~~read:~~

28 ~~94878.—(a) An institution is legally authorized to provide~~
29 ~~courses of instruction if the institution complies with both this~~
30 ~~article and Sections 94831, 94832, and 94985, or former Section~~
31 ~~94320 as that section was in effect on January 1, 1991, has received~~
32 ~~approval from the bureau, and has not been found to be in violation~~
33 ~~of this article by the bureau or a court. No institution shall offer any~~
34 ~~course of instruction if the institution's approval to offer that~~
35 ~~course of instruction has been suspended or revoked.~~

36 (b) ~~(1) The bureau, after notice and, if requested by the~~
37 ~~institution, a hearing as provided in Section 94965 or 94975, may~~
38 ~~suspend or revoke an institution's approval to operate or approval~~
39 ~~to operate a branch or satellite campus or may order that an~~
40 ~~institution cease offering a class or course of instruction because~~



1 of any violation of this article, Section 94831, 94832, or 94985, or
2 former Section 94320 as that section was in effect on January 1,
3 1991, or any regulation or order issued pursuant to this article.

4 (2) If the bureau takes any of the actions described in paragraph
5 (1), the bureau may permit the institution to continue to offer the
6 class or course of instruction to students already enrolled or may
7 order the institution to cease instruction and provide a refund of
8 tuition and all other charges to students.

9 (c) If the bureau determines after notice and if requested by the
10 institution, a hearing, that an institution has violated this article,
11 Section 94831, 94832, or 94985, or former Section 94320 as that
12 section was in effect on January 1, 1991, but that the institution's
13 approval to operate, or approval to operate a branch or satellite
14 campus should not be suspended or revoked, or that the institution
15 should not be ordered to cease offering a class or program of
16 instruction, the bureau may do any or all of the following:

17 (1) Place the institution, or branch or satellite campus, on
18 probation under reasonable terms and conditions for a specified
19 period of time not to exceed two years.

20 (2) Order the institution to post a bond.

21 (3) Order the institution not to enter into new agreements for
22 courses of instruction.

23 (d) During the period of probation, the institution, or the branch
24 or satellite or both the institution and the branch or satellite
25 campus, shall be subject to monitoring that may include the
26 required submission of periodic reports, as prescribed by the
27 bureau and special onsite inspections to determine progress toward
28 compliance. The onsite inspections may include an inspection of
29 the institution's facilities and records, interviews of
30 administrators, faculty, and students, and observation of class
31 instruction. The bureau shall order the institution to reimburse all
32 reasonable costs and expenses incurred by the bureau in
33 connection with this subdivision. The bureau may make the
34 payment of the order for reimbursement a condition of probation.

35 (e) If, at the period of probation, the bureau is not satisfied with
36 the steps taken by the institution to eliminate the violations of this
37 article, Sections 94831, 94832, and 94985, or former Section
38 94320 as that section was in effect on January 1, 1991, upon which
39 the probation was based, the bureau may revoke the institution's



1 approval to operate or the institution's approval to operate a branch
2 or satellite campus.

3 ~~(f) The bureau may assess a penalty of up to ten thousand~~
4 ~~dollars (\$10,000) as part of a probation order for violations of this~~
5 ~~article, Sections 94831, 94832, and 94985, or former Section~~
6 ~~94320 as that section was in effect on January 1, 1991. In~~
7 ~~determining the amount of that penalty, the bureau shall consider~~
8 ~~the number and gravity of the violations, the degree of the~~
9 ~~institution's good faith or culpability, the history of the~~
10 ~~institution's previous violations, and the institution's ability to pay.~~
11 ~~If the institution fails to pay a penalty within the time prescribed~~
12 ~~by the bureau the institution's approval to operate the institution,~~
13 ~~or approval to operate a branch or satellite campus, shall be~~
14 ~~automatically suspended until the penalty is paid in full.~~

15 ~~(g) (1) Any bond ordered by the bureau shall be issued by an~~
16 ~~admitted surety insurer in an amount established at the discretion~~
17 ~~of the bureau that is sufficient to protect students from the potential~~
18 ~~consequences of the violation.~~

19 ~~(2) The bond shall be in favor of the State of California for the~~
20 ~~indemnification of any person for any loss, including the loss of~~
21 ~~prepaid tuition, suffered as a result of the occurrence of any~~
22 ~~violation of this chapter during the period of coverage.~~

23 ~~(3) Liability on the bond may be enforced after a hearing before~~
24 ~~the bureau, after 30 days' advance written notice to the principal~~
25 ~~and surety. The bureau shall adopt regulations establishing the~~
26 ~~procedure for administrative enforcement of liability. This~~
27 ~~paragraph supplements, but does not supplant, any other rights or~~
28 ~~remedies to enforce liability on the bond.~~

29 ~~(4) The bureau may order the institution to file reports at any~~
30 ~~interval the council deems necessary to enable the council to~~
31 ~~monitor the adequacy of the bond coverage and to determine~~
32 ~~whether further action is appropriate.~~

33 ~~(h) The bureau shall determine an institution's compliance,~~
34 ~~including the compliance of its branch and satellite campuses, with~~
35 ~~this article, Sections 94831, 94832, and 94985, or former Section~~
36 ~~94320 as that section was in effect on January 1, 1991, and shall~~
37 ~~not be bound by the findings or conclusions of any accrediting~~
38 ~~agency.~~

39 ~~(i) The bureau may revoke the approval to operate of any~~
40 ~~institution that fails to pay an order imposing a penalty or an order~~



1 ~~for the reimbursement of costs and expenses. The bureau may~~
2 ~~enforce any administrative order requiring the payment of money~~
3 ~~in the same manner as if it were a money judgment pursuant to Title~~
4 ~~9 (commencing with Section 680.010) of Part 1 of the Code of~~
5 ~~Civil Procedure. All penalties and reimbursements paid pursuant~~
6 ~~to this section shall be deposited in the vocational education~~
7 ~~account in the Private Postsecondary and Vocational Education~~
8 ~~Administration Fund established pursuant to Section 94932.~~

9 ~~(j) Proceedings by the bureau under this section shall be~~
10 ~~conducted in accordance with regulations adopted by the bureau~~
11 ~~or, if there are no regulations establishing hearing procedures,~~
12 ~~Section 94965 or 94975, and the bureau shall have all of the~~
13 ~~powers granted therein.~~

14 ~~SEC. 77.—~~

15 *SEC. 73.* Section 94920 of the Education Code is amended to
16 read:

17 94920. (a) Each individual submitting an application for a
18 certificate of authorization for service, pursuant to paragraph (3)
19 of subdivision (b) of Section 94915, shall provide the bureau with
20 the following information:

21 (1) A completed application as supplied by the bureau.

22 (2) Certified copies of educational transcripts, where
23 applicable.

24 (3) Verified employment history.

25 (4) Other documentation of prior experience or education as
26 required by the bureau for verification.

27 (b) To be eligible for a certificate of authorization for service,
28 the applicant shall fulfill the following requirements:

29 (1) Instructors shall have all of the following qualifications:

30 (A) No record of any violations of this chapter.

31 (B) Verification that he or she possesses a combination of at
32 least three years' experience and training or education in the
33 occupation or job title category for which the certification is
34 sought.

35 (C) An instructor for a program that leads to a degree shall
36 possess a degree of equal or higher level in the occupation for
37 which certification is sought.

38 (2) Directors shall have both of the following qualifications:

39 (A) Three years' experience in an administrative position in a
40 public or an approved private postsecondary school.



- 1 (B) No record of any violations of this chapter.
2 (3) Associate directors shall have both of the following
3 qualifications:
4 (A) Two years' experience in an administrative or other
5 responsible position in a public or state approved private
6 postsecondary school.
7 (B) No record of any violations of this chapter.
8 (4) Financial aid directors shall have all of the following
9 qualifications:
10 (A) Five years' experience in an administrative position in the
11 financial aid office of a public or approved private postsecondary
12 school.
13 (B) Verification of completion within the previous two years of
14 a training seminar or workshop certified by the California
15 Postsecondary Education Commission as providing up-to-date
16 comprehensive information on financial aid programs and
17 policies.
18 (C) No record of any violations of this chapter.
19 (D) Any other requirements the bureau deems necessary.
20 (5) Financial aid officers shall possess all of the following
21 qualifications:
22 (A) Verification of completion within the previous two years of
23 a training seminar or workshop certified by the California
24 Postsecondary Education Commission as providing up-to-date
25 comprehensive information on financial aid programs and
26 policies.
27 (B) No record of any violations of this chapter.
28 (C) Other requirements the bureau deems necessary.
29 (c) An individual who is the sole owner of an institution may
30 serve in the capacity of director for three years prior to meeting the
31 qualifications of subparagraph (A) of paragraph (2) of subdivision
32 (b).
33 (d) Any individual filling a position left vacant by a previously
34 certified financial aid director or financial aid officer shall verify
35 with the bureau completion of the training referred to in
36 subparagraph (A) of paragraph (5) of subdivision (b) within one
37 year of accepting that position.
38 (e) Each individual certified for authorization for service in the
39 positions listed in paragraphs (1), (4), and (5) of subdivision (b)
40 shall maintain at each private postsecondary educational



1 institution where he or she is employed a validated transcript
2 evidencing the successful completion of three continuing
3 education units of recognized in-service training in their
4 education, job title category, or employment field during every
5 period of certification. These units may be completed through
6 in-service training offered by accrediting associations,
7 professional organizations, or bureau-approved programs.

8 (f) Every certificate of authorization issued to a person who
9 possesses the qualifications described in paragraphs (1), (4), and
10 (5) of subdivision (b) shall be valid for a period of three years.

11 (g) In addition to the requirements set forth in this section, the
12 bureau may impose additional requirements by regulation.

13 ~~SEC. 78.—~~

14 *SEC. 74.* Section 94930 of the Education Code is amended to
15 read:

16 94930. (a) All institutions that were certified to offer flight
17 instruction by the Federal Aviation Administration (FAA) and that
18 operated in California on December 31, 1990, pursuant to prior
19 authority of subdivision (a) or (b) of former Section 94311, shall
20 receive approval from the bureau for a period not to exceed three
21 years. On or before June 30, 1999, the bureau shall work in
22 cooperation with the FAA to review each of these institutions to
23 determine whether the institution is in compliance with the
24 requirements of this chapter. It is the intent of the Legislature that
25 all institutions whose cumulative gross student loan default rate is
26 above 40 percent, as determined by the California Postsecondary
27 Education Commission, shall be reviewed by the FAA and the
28 bureau to determine if these institutions are in compliance with the
29 requirements of this chapter and should continue to be approved
30 to offer educational programs in California. It is further the intent
31 of the Legislature that the bureau develop a memorandum of
32 understanding with the FAA to delineate the responsibilities of
33 each agency for the approval and monitoring of these institutions
34 that were operating on December 31, 1990, under the prior
35 authority of subdivision (a) or (b) of former Section 94311.

36 (b) Institutions certified to offer flight instruction by the FAA,
37 or its successor agency, shall comply with all of the requirements
38 of Sections 94800, 94810, 94814, and 94816, Sections 94820 to
39 94826, inclusive, and Sections 94828 and 94829 and Article 7
40 (commencing with Section 94850) if applicable, but shall not be



1 required to file any materials with the bureau that are not required
2 by the FAA or its successor agency, except those minimally
3 necessary to administer the Student Tuition Recovery Fund as
4 determined by the bureau. The responsibility for monitoring and
5 enforcing institutional compliance for these institutions shall be
6 with the bureau.

7 (c) This chapter does not apply to individual flight instructors
8 not requiring any advance payments, who do not negotiate a
9 formal contract of indebtedness, and who do not have an
10 established place of business other than their residences.

11 ~~SEC. 79.~~

12 *SEC. 75.* Section 94931 of the Education Code is amended to
13 read:

14 94931. (a) No private postsecondary educational institution,
15 except those offering degrees and approved under Article 8
16 (commencing with Section 94900) or offering vocational and
17 nondegree granting programs and approved under Article 9
18 (commencing with Section 94915), or those that are exempt from
19 this chapter, may offer educational services or programs unless the
20 institution has been registered by the bureau as meeting the
21 requirements of this section.

22 (b) An institution approved to offer degrees under Article 8
23 (commencing with Section 94900) or approved to offer vocational
24 and nondegree granting programs under Article 9 (commencing
25 with Section 94915) may offer registered programs without
26 affecting its status under either of those articles so long as the
27 registered program is disclosed in its approval to operate
28 application or the institution completes a registration application
29 and receives specific authorization for the program, maintains
30 compliance for all registered programs in conformity with this
31 article, and maintains a set of student records for registered
32 programs separate from its approved programs. Any registered
33 institution that offers an educational program not specified in
34 subdivision (c) or not otherwise exempt from this chapter shall be
35 approved under Article 8 (commencing with Section 94900) or
36 Article 9 (commencing with Section 94915), and shall comply
37 with this chapter.

38 (c) Except as otherwise provided in this article, this chapter
39 does not apply to an educational service that qualifies for
40 registration status and that complies with this article. The



1 educational services that qualify for registration status are limited
2 to:

3 (1) An educational service, as defined in Section 94733, that is
4 offered to provide an intensive English language program.

5 (2) An educational service, as defined in Section 94742.1, that
6 is offered to provide short-term career training.

7 (3) An educational service, as defined in Section 94742.2, that
8 is offered to provide short-term seminar training.

9 (4) An educational service that is offered to assist students to
10 prepare for an examination for licensure, except as provided in
11 Section 94787.

12 (5) An educational service that consists of continuing
13 education not otherwise exempt from this chapter.

14 (d) An institution that qualifies under any of paragraphs (1) to
15 (4), inclusive, of subdivision (c) shall complete a registration form
16 provided by the bureau, including a signed declaration by the chief
17 executive officer of the institution under penalty of perjury, and
18 provide all of the following information for public disclosure:

19 (1) The owner's legal name, headquarters address, and the
20 name of an agent for the service of process within California.

21 (2) All names, whether real or fictitious, under which the owner
22 is doing and will do business.

23 (3) The names and addresses of the principal officers of the
24 institution.

25 (4) A list of all California locations at which the institution
26 operates, its offerings, and, if previously registered, the number of
27 students enrolled in California during the preceding year.

28 (5) A copy of the registration form or agreement that enrolls the
29 student in the educational service that contains all of the following:

30 (A) The name and address of the location where instruction
31 will be provided.

32 (B) The title of the educational program.

33 (C) The total amount the student is obligated to pay for the
34 educational service.

35 (D) A clear and conspicuous statement that the enrollment
36 form or agreement is a legally binding instrument when signed by
37 the student and accepted by the institution.

38 (E) The refund policy developed by the institution unless this
39 article specifies a different refund policy.



1 (F) Unless this article specifies that the institution is required
2 to participate in the Student Tuition Recovery Fund, a statement
3 that the institution does not participate in that fund.

4 (G) In 10-point boldface type or larger, the following
5 statement: “Any questions or problems concerning this school that
6 have not been satisfactorily answered or resolved by the school
7 should be directed to the Bureau for Private Postsecondary and
8 Vocational Education under the administration of the California
9 Postsecondary Education Commission (insert city, address, CA
10 ZIP Code number, and telephone number).”

11 (H) Schools approved under paragraph (1) of subdivision (c) of
12 Section 94931 shall also include with the statement required by
13 subparagraph (G) information referring the student to a consulate
14 of his or her country and the United States Immigration and
15 Naturalization Service.

16 (6) A brochure or catalog and a sample advertisement used to
17 promote the educational service.

18 (7) A copy of its certificate of completion.

19 (8) If the educational service offers short-term career training,
20 the institution shall comply with the requirements of Sections
21 94804 and 94806.

22 (9) If the institution assists students in obtaining financing from
23 a third party for the cost of the educational services at the
24 institution, a copy of the contract or finance agreement reflecting
25 that financing.

26 (e) The bureau shall establish the initial registration fee and the
27 annual fee to be paid by institutions registered under this article.
28 No institution shall be registered pursuant to this article unless it
29 has paid the appropriate fees required by the bureau. Upon receipt
30 of an institution’s initial application for registration for a program,
31 the bureau may conduct a site visit pursuant to subdivision (c) of
32 Section 94915.

33 (f) For the purposes of communication with other state
34 agencies, any organization or individual registered to offer
35 short-term seminar training may state that they are “authorized”
36 by the State of California.

37 (g) (1) Except as provided by subdivision (f), any institution
38 registered pursuant to this article shall be restricted to stating that
39 their training is “registered” with the State of California, and is
40 prohibited from using the words “approval,” “approved,”



1 “approval to operate,” “approved to operate,” “authorized,”
2 “licensed,” or “licensed to operate.”

3 (2) The institution shall place the following statement in all
4 brochures, catalogues, enrollment agreements, and registration
5 forms, in a conspicuous location in at least 12-point boldfaced
6 type:

7 “We are registered with the State of California. Registration
8 means we have met certain minimum standards imposed by the
9 state for registered schools on the basis of our written application
10 to the state. Registration does not mean we have met all of the more
11 extensive standards required by the state for schools that are
12 approved to operate or licensed or that the state has verified the
13 information we submitted with our registration form.”

14 (h) The bureau may require, at least every three years following
15 the initial registration date, that a registered institution verify all
16 or part of the information required to be provided with the
17 registration form under subdivision (d).

18 (i) Sections 94812 and 94818, Sections 94822 to 94825,
19 inclusive, and Sections 94829 to 94838, inclusive, and Sections
20 94841 and 94846 shall apply to any institution registered pursuant
21 to this article.

22 (j) Article 1 (commencing with Section 94700), Article 2
23 (commencing with Section 94710), Article 3 (commencing with
24 Section 94750), Article 3.5 (commencing with Section 94760),
25 Article 4 (commencing with Section 94770), and Article 13
26 (commencing with Section 94950) shall apply to any institution
27 registered pursuant to this article.

28 ~~SEC. 80.—~~

29 *SEC. 76.* Section 94948 of the Education Code is amended to
30 read:

31 94948. (a) (1) The governing board or other governing
32 authority of any private postsecondary or vocational educational
33 institution shall adopt rules providing for the withholding of
34 institutional services from students or former students who have
35 been notified, in writing, at the student’s or former student’s last
36 known address, that he or she is in default on a loan or loans under
37 either of the following loan programs:

38 The Stafford Student Loan program.

39 The Supplemental Loans for Students program.



1 Any program directly or indirectly financed by the California
2 Educational Facilities Authority.

3 (2) (A) “Default,” as used in this section, with respect to a
4 loan under the Stafford Student Loan program or Supplemental
5 Loans for Students program means the failure of a borrower to
6 make an installment payment when due, or to meet other terms of
7 the promissory note under circumstances where the guarantee
8 agency finds it reasonable to conclude that the borrower no longer
9 intends to honor the obligation to repay, provided that this failure
10 persists for 180 days for a loan repayable in monthly installments,
11 or 240 days for a loan repayable in less frequent installments.

12 (B) “Default,” as used in this section, with respect to a
13 program directly or indirectly financed by the California
14 Educational Facilities Authority, means the failure of a borrower
15 to make an installment payment when due, or to meet other terms
16 of the loan, within that period and under the circumstances
17 determined by the California Educational Facilities Authority
18 with respect to that program.

19 (b) (1) The rules adopted pursuant to subdivision (a) shall
20 provide that the services withheld may be provided during a period
21 when the facts are in dispute and when the student or former
22 student demonstrates to either the governing board or other
23 appropriate governing authority of the institution, or the
24 California Postsecondary Education Commission and the
25 appropriate entity or its designee, that reasonable progress has
26 been made to repay the loan or that there exists a reasonable
27 justification for the delay as determined by the institution. The
28 rules shall specify the services to be withheld from the student and
29 may include, but are not limited to, the following:

30 (A) The provision of grades.

31 (B) The provision of transcripts.

32 (C) The provision of diplomas.

33 (2) The rules shall not include the withholding of registration
34 privileges.

35 (c) When it has been determined that an individual is in default
36 on a loan or loans under either of the loan programs specified in
37 subdivision (a), the California Postsecondary Education
38 Commission shall give notice of the default to all institutions
39 through which that individual acquired the loan or loans.



1 (d) Guarantors, or those who act as their agents or act under
2 their control, who provide information to institutions pursuant to
3 this section, shall defend, indemnify, and hold harmless the
4 governing board or other governing authority of the institutions
5 from action resulting from compliance with this section when the
6 action arises as a result of incorrect, misleading, or untimely
7 information provided to the institution by the guarantors, their
8 agents, or those acting under the control of the guarantors.

9 ~~SEC. 81.~~

10 *SEC. 77.* Section 94965 of the Education Code is amended to
11 read:

12 94965. (a) Proceedings in connection with the denial of an
13 application to operate, the grant of a conditional approval to
14 operate, or the revocation of an approval to operate shall be
15 conducted in accordance with Chapter 5 (commencing with
16 Section 11500) of Part 1 of Division 3 of Title 2 of the Government
17 Code, and the bureau shall have all of the powers granted in that
18 chapter. Any action by the bureau to place an institution on
19 probation shall be subject to appeal, and the bureau shall establish
20 procedures that provide the institution with adequate notice and an
21 opportunity to be heard and to present evidence as to why the
22 action recommended by staff or by a visiting committee shall not
23 be taken.

24 (b) Upon taking any action to suspend or revoke an institution’s
25 approval to operate, or to deny an application for renewal of an
26 approval to operate, the bureau shall provide written notice to the
27 United States Department of Education and to any appropriate
28 accrediting association.

29 ~~SEC. 82.~~

30 *SEC. 78.* Section 94990 of the Education Code is repealed.

31 ~~SEC. 83.~~

32 *SEC. 79.* Section 94995 of the Education Code is amended to
33 read:

34 94995. (a) On or before January 31 of each calendar year, the
35 bureau shall submit a written report to the Legislature,
36 summarizing its activities during the previous fiscal year.

37 (b) Annual reports prepared pursuant to this section shall
38 include, but shall not necessarily be limited to, all of the following:

39 (1) Timely information relating to the enforcement activities of
40 the bureau pursuant to this chapter.



1 (2) Statistics providing a composite picture of the private
2 postsecondary educational community, including data on how
3 many schools, as classified by subject matter, and how many
4 students there are within the scope of the activities of the bureau.

5 ~~SEC. 84.—~~

6 *SEC. 80.* Article 16 (commencing with Section 94999) of
7 Chapter 7 of Part 59 of the Education Code is repealed.

8 ~~SEC. 85.—~~

9 *SEC. 81.* Section 127929 of the Health and Safety Code is
10 amended to read:

11 127929. (a) The office shall administer the California
12 Medical and Dental Student Loan Repayment Program of 2002.
13 Any individual enrolled in an institution of postsecondary
14 education participating in the program set forth in this article may
15 be eligible to receive a conditional warrant for loan repayment, to
16 be redeemed upon becoming employed as a physician or dentist in
17 a medically underserved area or a dentally underserved area
18 serving primarily medically or dentally underserved populations.
19 In order to be eligible to receive a conditional loan repayment
20 warrant, an applicant shall satisfy all of the following conditions:

21 (1) The applicant has been judged by his or her postsecondary
22 institution to have outstanding ability on the basis of criteria that
23 may include, but not be limited to, any of the following:

24 (A) Grade point average.

25 (B) Test scores.

26 (C) Faculty evaluations.

27 (D) Interviews.

28 (E) Other recommendations.

29 (2) In order to meet the costs associated with obtaining a
30 medical or dental degree, the applicant has received, or is approved
31 to receive, a loan under one or more of the following designated
32 loan programs:

33 (A) The Federal Family Education Loan Program (10 U.S.C.
34 Sec. 1071 et seq.).

35 (B) Any loan program approved by the California
36 Postsecondary Education Commission.

37 (3) The applicant has agreed to provide services as a licensed
38 physician for up to three consecutive years, after obtaining a
39 license from the Medical Board of California in a medically
40 underserved area, or the applicant has agreed to provide services



1 as a licensed dentist for up to three consecutive years, after
2 obtaining a license from the Dental Board of California in a
3 dentally underserved area.

4 (4) The applicant has agreed to work in a setting where the
5 applicant will primarily serve medically or dentally underserved
6 populations.

7 (b) The office shall ensure that priority consideration be given
8 to applicants who are best suited to meet the cultural and linguistic
9 needs and demands of medically and dentally underserved
10 populations and who meet one or more of the following criteria:

11 (1) Speak a Medi-Cal threshold language.

12 (2) Come from an economically disadvantaged background.

13 (3) Have received significant training in cultural and
14 linguistically appropriate service delivery.

15 (4) Have done a medical rotation serving medically
16 underserved populations or provided dental services to members
17 of a dentally underserved population.

18 (c) A person participating in the program pursuant to this
19 section shall not receive more than one warrant.

20 (d) The office shall adopt rules and regulations regarding the
21 reallocation of warrants if a participating institution is unable to
22 utilize its allocated warrants or is unable to distribute them within
23 a reasonable time period.

24 ~~SEC. 86.—~~

25 *SEC. 82.* Section 128445 of the Health and Safety Code is
26 amended to read:

27 128445. In developing this program, the Health Professions
28 Education Foundation shall solicit the advice of the
29 representatives of the Board of Registered Nursing, the California
30 Postsecondary Education Commission, the California Nurses
31 Association, the California Association of Health Facilities, the
32 California Association of Homes for the Aging, the Chancellor of
33 the California State University, the President of the University of
34 California, and other entities as may be appropriate.

35 ~~SEC. 87.—~~

36 *SEC. 83.* Section 4709 of the Labor Code is amended to read:

37 4709. (a) Notwithstanding any other provisions of law, a
38 dependent of a peace officer, as defined in Section 830.1, 830.2,
39 830.3, 830.31, 830.32, 830.33, 830.34, 830.35, 830.36, 830.37,
40 830.38, 830.39, 830.4, 830.5, or 830.6 of the Penal Code, who is



1 killed in the performance of duty or who dies or is totally disabled
2 as a result of an accident or an injury caused by external violence
3 or physical force, incurred in the performance of duty, when the
4 death, accident, or injury is compensable under this division or
5 Division 4.5 (commencing with Section 6100) shall be entitled to
6 a scholarship at any institution described in subdivision (l) of
7 Section 69432.7 of the Education Code. The scholarship shall be
8 in an amount equal to the amount provided a student who has been
9 awarded a Cal Grant scholarship as specified in Chapter 1.7
10 (commencing with Section 69430) of Part 42 of the Education
11 Code.

12 (b) A dependent of an officer or employee of the Department
13 of Corrections or the Department of the Youth Authority described
14 in Section 20017.77 of the Government Code who is killed in the
15 performance of duty, or who dies or is totally disabled as a result
16 of an accident or an injury incurred in the performance of duty,
17 when the death, accident, or injury is caused by the direct action
18 of an inmate, and is compensable under this division or Division
19 4.5 (commencing with Section 6100), shall also be entitled to a
20 scholarship specified in this section.

21 (c) Notwithstanding any other provisions of law, a dependent
22 of a firefighter employed by a county, city, city and county, district,
23 or other political subdivision of the state, who is killed in the
24 performance of duty or who dies or is totally disabled as a result
25 of an accident or injury incurred in the performance of duty, when
26 the death, accident, or injury is compensable under this division or
27 Division 4.5 (commencing with Section 6100), shall also be
28 entitled to a scholarship specified in this section.

29 (d) Nothing in this section shall be interpreted to allow the
30 admittance of the dependent into a college or university unless the
31 dependent is otherwise qualified to gain admittance to the college
32 or university.

33 (e) The scholarship provided for by this section shall be paid
34 out of funds annually appropriated in the Budget Act to the
35 California Postsecondary Education Commission .

36 (f) The receipt of a scholarship provided for by this section
37 shall not preclude a dependent from receiving a Cal Grant award
38 pursuant to Chapter 1.7 (commencing with Section 69430) of Part
39 42 of the Education Code, any other grant, or any fee waivers that
40 may be provided by an institution of higher education. The receipt



1 of a Cal Grant award pursuant to Chapter 1.7 (commencing with
2 Section 69430) of Part 42 of the Education Code, any other grant,
3 or any fee waivers that may be provided by an institution of higher
4 education shall not preclude a dependent from receiving a
5 scholarship provided for by this section.

6 (g) The amendments made to this section during the 1995
7 portion of the 1995–96 Regular Session shall apply to a student
8 receiving a scholarship on the effective date of the amendments
9 unless that application would result in the student receiving a
10 scholarship on less favorable terms or in a lesser amount, in which
11 case the student shall continue to receive the scholarship on the
12 same terms and conditions in effect prior to the effective date of
13 the amendments.

14 (h) As used in this section, “dependent” means the children
15 (natural or adopted) or spouse, at the time of the death or injury,
16 of the peace officer, law enforcement officer, or firefighter.

17 (i) Eligibility for a scholarship under this section shall be
18 limited to a person who demonstrates financial need as determined
19 by the California Postsecondary Education Commission pursuant
20 to Article 1.5 (commencing with Section 69503) of Chapter 2 of
21 Part 42 of the Education Code. For purposes of determining
22 financial need, the proceeds of death benefits received by the
23 dependent, including, but not limited to, a continuation of income
24 received from the Public Employees’ Retirement System, the
25 proceeds from the federal Public Safety Officers’ Benefits Act, life
26 insurance policies, proceeds from Sections 4702 and 4703.5, any
27 private scholarship where receipt is predicated upon the recipient
28 being the survivor of a deceased public safety officer, the
29 scholarship awarded pursuant to Section 68120 of the Education
30 Code, and any interest received from these benefits, shall not be
31 considered.

32 ~~SEC. 88.—~~

33 *SEC. 84.* Section 4728 of the Labor Code is amended to read:

34 4728. (a) A dependent of an elected public official, who was
35 intentionally killed while holding office, in retaliation for, or to
36 prevent the performance of, an official duty, shall be entitled to a
37 scholarship at any institution described in subdivision (l) of
38 Section 69432.7 of the Education Code. The scholarship shall be
39 in an amount equal to the amount provided a student who has been
40 awarded a Cal Grant scholarship as specified in Chapter 1.7



1 (commencing with Section 69430) of Part 42 of the Education
2 Code. Eligibility for a scholarship under this section shall be
3 limited to a person who demonstrates financial need as determined
4 by the California Postsecondary Education Commission pursuant
5 to Article 1.5 (commencing with Section 69503) of Chapter 2 of
6 Part 42 of the Education Code.

7 (b) The scholarship provided for by this section shall be paid
8 out of funds annually appropriated in the Budget Act to the
9 California Postsecondary Education Commission.

10 (c) The receipt of a scholarship provided for by this section
11 shall not preclude a dependent from receiving a Cal Grant award
12 pursuant to Chapter 1.7 (commencing with Section 69430) of Part
13 42 of the Education Code, any other grant, or any fee waivers that
14 may be provided by an institution of higher education. The receipt
15 of a Cal Grant award pursuant to Chapter 1.7 (commencing with
16 Section 69430) of Part 42 of the Education Code, any other grant,
17 or any fee waivers that may be provided by an institution of higher
18 education shall not preclude a dependent from receiving a
19 scholarship provided for by this section.

20 (d) This section shall apply to a student receiving a scholarship
21 on the effective date of the section unless that application would
22 result in the student receiving a scholarship on less favorable terms
23 or in a lesser amount, in which case the student shall continue to
24 receive the scholarship on the same terms and conditions in effect
25 prior to the effective date of this section.

26 (e) As used in this section, “dependent” means the children
27 (natural or adopted) or spouse, at the time of the death or injury,
28 of the elected public official.

29 ~~SEC. 89.—~~

30 *SEC. 85.* Section 10340 of the Public Contract Code is
31 amended to read:

32 10340. (a) Except as provided by subdivision (b), state
33 agencies shall secure at least three competitive bids or proposals
34 for each contract.

35 (b) Three competitive bids or proposals are not required in any
36 of the following cases:

37 (1) In cases of emergency where a contract is necessary for the
38 immediate preservation of the public health, welfare, or safety, or
39 protection of state property.



1 (2) When the agency awarding the contract has advertised the
2 contract in the California State Contracts Register and has solicited
3 all potential contractors known to the agency, but has received less
4 than three bids or proposals.

5 (3) The contract is with another state agency, a local
6 governmental entity, an auxiliary organization of the California
7 State University, an auxiliary organization of a California
8 community college, a foundation organized to support the Board
9 of Governors of the California Community Colleges, or an
10 auxiliary organization of the California Postsecondary Education
11 Commission established pursuant to Section 69522 of the
12 Education Code. These contracts, however, may not be used to
13 circumvent the competitive bidding requirements of this article.

14 (4) The contract meets the conditions prescribed by the
15 department pursuant to subdivision (a) of Section 10348.

16 (5) The contract has been awarded without advertising and
17 calling for bids pursuant to Section 19404 of the Welfare and
18 Institutions Code.

19 (6) Contracts entered into pursuant to Section 14838.5 of the
20 Government Code.

21 (7) Contracts for the development, maintenance,
22 administration, or use of licensing or proficiency testing
23 examinations.

24 (c) Any agency which has received less than three bids or
25 proposals on a contract shall document, in a manner prescribed by
26 the department, the names and addresses of the firms or individuals
27 it solicited for bids or proposals.

28 ~~SEC. 90.—~~

29 *SEC. 86.* Section 19533 of the Revenue and Taxation Code is
30 amended to read:

31 19533. In the event the debtor has more than one debt being
32 collected by the Franchise Tax Board and the amount collected by
33 the Franchise Tax Board is insufficient to satisfy the total amount
34 owing, the amount collected shall be applied in the following
35 priority:

36 (a) Payment of any delinquencies transferred for collection
37 under Article 5 (commencing with Section 19270) of Chapter 5.

38 (b) Payment of any taxes, additions to tax, penalties, interest,
39 fees, or other amounts due and payable under Part 7.5
40 (commencing with Section 13201), Part 10 (commencing with



1 Section 17001), Part 11 (commencing with Section 23001), or this
2 part.

3 (c) Payment of delinquent wages collected pursuant to the
4 Labor Code.

5 (d) Payment of delinquencies collected under Section 10878.

6 (e) Payment of any amounts due that are referred for collection
7 under Article 5.5 (commencing with Section 19280) of Chapter 5.

8 (f) Payment of any amounts that are referred for collection
9 pursuant to Section 62.9 of the Labor Code.

10 (g) Payment of delinquent penalties collected for the
11 Department of Industrial Relations pursuant to the Labor Code.

12 (h) Payment of delinquent fees collected for the Department of
13 Industrial Relations pursuant to the Labor Code.

14 (i) Notwithstanding the payment priority established by this
15 section, voluntary payments made by a taxpayer designated by the
16 taxpayer as payment for a personal income tax liability, shall not
17 be applied pursuant to this priority, but shall instead be applied
18 solely to the personal income tax liability for which the voluntary
19 payment was made.

20 ~~SEC. 91.—~~

21 *SEC. 87.* Section 19557 of the Revenue and Taxation Code is
22 amended to read:

23 19557. (a) Notwithstanding any other provision of law, the
24 California Postsecondary Education Commission may annually
25 inform the Franchise Tax Board of the names and social security
26 numbers of the following persons who have, as part of the Student
27 Aid Application for California, signed an authorization in a form
28 and manner mutually agreeable to the Franchise Tax Board and the
29 California Postsecondary Education Commission for the release
30 by the Franchise Tax Board of tax information to the California
31 Postsecondary Education Commission:

32 (1) All applicants for, or recipients of, student financial aid.

33 (2) Parents of dependent applicants for, or recipients of, student
34 financial aid.

35 (3) Spouses of applicants for, or recipients of, student financial
36 aid.

37 (b) The California Postsecondary Education Commission shall
38 submit the names and social security numbers as authorized in
39 subdivision (a) in the form and manner prescribed by the Franchise
40 Tax Board.



1 (c) Upon receipt of this information, the Franchise Tax Board
2 may provide the California Postsecondary Education
3 Commission, from state tax returns of individuals described in
4 subdivision (a), their California adjusted gross income and the
5 California income adjustments as are necessary to calculate their
6 federal adjusted gross income, or any other information from their
7 state tax return, that can be provided by the Franchise Tax Board
8 through its automated process, that the California Postsecondary
9 Education Commission needs to administer the program for which
10 the authorization was given.

11 (d) All versions of the Student Aid Application for California
12 shall include the authorization described in subdivision (a). The
13 Franchise Tax Board may from time to time audit these
14 authorizations. All processors of the Student Aid Application for
15 California shall provide the Franchise Tax Board with access to
16 any records necessary for completing these audits. The Franchise
17 Tax Board shall report all audit findings to the California
18 Postsecondary Education Commission.

19 (e) Any unwarranted disclosure or use of the tax information
20 described in subdivision (c) by the California Postsecondary
21 Education Commission, or its employees and officers thereof, is
22 a misdemeanor as provided in Section 19552.

23 ~~SEC. 92.—~~

24 *SEC. 88.* Section 5024 of the Vehicle Code is amended to
25 read:

26 5024. (a) Any person described in Section 5101 may also
27 apply for a set of commemorative collegiate reflectorized license
28 plates, and the department shall issue those special license plates
29 in lieu of the regular license plates. The collegiate reflectorized
30 plates shall be of a distinctive design, and shall be available in a
31 special series of letters or numbers, or both, as determined by the
32 department. The collegiate reflectorized plates shall also contain
33 the name of the participating institution as well as the reflectorized
34 logotype, motto, symbol, or other distinctive design, as approved
35 by the department, representing the participating university or
36 college selected by the applicant.

37 (b) Any public or private postsecondary educational institution
38 in the state, which is accredited or has been accepted as a
39 recognized candidate for accreditation by the Western Association
40 of Schools and Colleges, may indicate to the department its



1 decision to be included in the commemorative collegiate license
2 plate program and submit its distinctive design for the logotype,
3 motto, symbol, or other design. However, no public or private
4 postsecondary educational institution may be included in the
5 program until not less than 5,000 applications are received for
6 license plates containing that institution's logotype, motto,
7 symbol, or other design. Each participating institution shall collect
8 and hold applications for collegiate license plates until it has
9 received at least 5,000 applications. Once the institution has
10 received at least 5,000 applications, it shall submit the
11 applications, along with the necessary fees, to the department.
12 Upon receiving the first application, the institution shall have one
13 calendar year to receive the remaining required applications. If,
14 after that one calendar year, 5,000 applications have not been
15 received, the institution shall refund to all applicants any fees or
16 deposits which have been collected.

17 (c) In addition to the regular fees for an original registration, a
18 renewal of registration, or a transfer of registration, the following
19 commemorative collegiate license plate fees shall be paid:

20 (1) Fifty dollars (\$50) for the initial issuance of the plates.
21 These plates shall be permanent and shall not be required to be
22 replaced.

23 (2) Forty dollars (\$40) for each renewal of registration which
24 includes the continued display of the plates.

25 (3) Fifteen dollars (\$15) for transfer of the plates to another
26 vehicle.

27 (4) Thirty-five dollars (\$35) for replacement plates, if the
28 plates become damaged or unserviceable.

29 (d) When payment of renewal fees is not required as specified
30 in Section 4000, or when the person determines to retain the
31 commemorative collegiate license plates upon sale, trade, or other
32 release of the vehicle upon which the plates have been displayed,
33 the person shall notify the department and the person may retain
34 the plates.

35 (e) Of the revenue derived from the additional special fees
36 provided in this section, less costs incurred by the department
37 pursuant to this section, one-half shall be deposited in the
38 California Collegiate License Plate Fund, which is hereby created,
39 and one-half shall be deposited in the Resources License Plate
40 Fund, which is hereby created.



1 (f) The money in the California Collegiate License Plate Fund
2 is, notwithstanding Section 13340 of the Government Code,
3 continuously appropriated to the Controller for allocation as
4 follows:

5 (1) To the governing body of participating public institutions
6 in the proportion that funds are collected on behalf of each, to be
7 used for need-based scholarships, distributed according to federal
8 student aid guidelines.

9 (2) With respect to funds collected on behalf of accredited
10 nonprofit, private, and independent colleges and universities in the
11 state, to the California Postsecondary Education Commission for
12 grants to students at those institutions, in the proportion that funds
13 are collected on behalf of each institution, who demonstrate
14 eligibility and need in accordance with the Cal Grant Program
15 pursuant to Chapter 1.7 (commencing with Section 69430) of Part
16 42 of the Education Code, but who did not receive an award based
17 on a listing prepared by the California Postsecondary Education
18 Commission.

19 (g) The scholarships and grants shall be awarded without
20 regard to race, religion, creed, sex, or age.

21 (h) The money in the Resources License Plate Fund is
22 available, upon appropriation, for the purposes of natural
23 resources preservation, enhancement, and restoration.

24 (i) All revenues deposited in, and expenditures from, the
25 California Collegiate License Plate Fund shall be audited by the
26 Auditor General on December 1, 1993, and December 1, 1995.

27 ~~SEC. 93.—Section 6~~

28 *SEC. 89. Sections 1 to 79, inclusive, and Sections 81 to 88, of*
29 *this act shall become operative on July 1, 2004 2005.*

