

AMENDED IN ASSEMBLY JUNE 22, 2011

AMENDED IN SENATE APRIL 13, 2011

SENATE BILL

No. 619

Introduced by Senator Fuller

February 18, 2011

An act to amend Section 94874 of, and to repeal Section 94874.3 of, the Education Code, relating to private postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

SB 619, as amended, Fuller. California Private Postsecondary Education Act of 2009: exemptions.

Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary schools in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. *The act exempts specified institutions from its provisions.*

This bill would exempt from the act flight instructors and flight schools that provide flight instruction pursuant to Federal Aviation Administration regulations and meet specified criteria.

~~Existing law~~

The act prohibits the bureau, for the period of July 1, 2010, to July 1, 2011, inclusive, from enforcing the act against ~~educational~~ institutions engaged in flight instruction and aircraft maintenance *education*, as specified, ~~under the act~~ if those institutions notify the bureau that they are in operation during that time period.

This bill would repeal that provision.

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. Section 94874 of the Education Code is amended
2 to read:
3 94874. The following are exempt from this chapter:
4 (a) An institution that offers solely avocational or recreational
5 educational programs.
6 (b) An institution offering educational programs sponsored by
7 a bona fide trade, business, professional, or fraternal organization,
8 solely for that organization's membership.
9 (c) A postsecondary educational institution established, operated,
10 and governed by the federal government or by this state or its
11 political subdivisions.
12 (d) An institution offering either of the following:
13 (1) Test preparation for examinations required for admission to
14 a postsecondary educational institution.
15 (2) Continuing education or license examination preparation,
16 if the institution or the program is approved, certified, or sponsored
17 by any of the following:
18 (A) A government agency, other than the bureau, that licenses
19 persons in a particular profession, occupation, trade, or career field.
20 (B) A state-recognized professional licensing body, such as the
21 State Bar of California, that licenses persons in a particular
22 profession, occupation, trade, or career field.
23 (C) A bona fide trade, business, or professional organization.
24 (e) (1) An institution owned, controlled, and operated and
25 maintained by a religious organization lawfully operating as a
26 nonprofit religious corporation pursuant to Part 4 (commencing
27 with Section 9110) of Division 2 of Title 1 of the Corporations
28 Code, that meets all of the following requirements:
29 (A) The instruction is limited to the principles of that religious
30 organization, or to courses offered pursuant to Section 2789 of
31 Business and Professions Code.
32 (B) The diploma or degree is limited to evidence of completion
33 of that education.
34 (2) An institution operating under this subdivision shall offer
35 degrees and diplomas only in the beliefs and practices of the
36 church, religious denomination, or religious organization.
37 (3) An institution operating under this subdivision shall not
38 award degrees in any area of physical science.

1 (4) Any degree or diploma granted under this subdivision shall
2 contain on its face, in the written description of the title of the
3 degree being conferred, a reference to the theological or religious
4 aspect of the degree's subject area.

5 (5) A degree awarded under this subdivision shall reflect the
6 nature of the degree title, such as "associate of religious studies,"
7 "bachelor of religious studies," "master of divinity," or "doctor of
8 divinity."

9 (f) An institution that does not award degrees and that solely
10 provides educational programs for total charges of two thousand
11 five hundred dollars (\$2,500) or less when no part of the total
12 charges is paid from state or federal student financial aid programs.
13 The bureau may adjust this cost threshold based upon the California
14 Consumer Price Index and post notification of the adjusted cost
15 threshold on its Internet Web site, as the bureau determines,
16 through the promulgation of regulations, that the adjustment is
17 consistent with the intent of this chapter.

18 (g) A law school that is accredited by the Council of the Section
19 of Legal Education and Admissions to the Bar of the American
20 Bar Association or a law school or law study program that is
21 subject to the approval, regulation, and oversight of the Committee
22 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the
23 Business and Professions Code.

24 (h) A nonprofit public benefit corporation that satisfies all of
25 the following criteria:

26 (1) Is qualified under Section 501(c)(3) of the United States
27 Internal Revenue Code.

28 (2) Is organized specifically to provide workforce development
29 or rehabilitation services.

30 (3) Is accredited by an accrediting organization for workforce
31 development or rehabilitation services recognized by the
32 Department of Rehabilitation.

33 (i) An institution that is accredited by the Accrediting
34 Commission for Senior Colleges and Universities, Western
35 Association of Schools and Colleges, or the Accrediting
36 Commission for Community and Junior Colleges, Western
37 Association of Schools and Colleges.

38 (j) An institution that satisfies all of the following criteria:

1 (1) The institution has been accredited, for at least 10 years, by
2 an accrediting agency that is recognized by the United States
3 Department of Education.

4 (2) The institution has operated continuously in this state for at
5 least 25 years.

6 (3) During its existence, the institution has not filed for
7 bankruptcy protection pursuant to Title 11 of the United States
8 Code.

9 (4) The institution's cohort default rate on guaranteed student
10 loans does not exceed 10 percent for the most recent three years,
11 as published by the United States Department of Education.

12 (5) The institution maintains a composite score of 1.5 or greater
13 on its equity, primary reserve, and net income ratios, as provided
14 under Section 668.172 of Title 34 of the Code of Federal
15 Regulations.

16 (6) The institution provides a pro rata refund of unearned
17 institutional charges to students who complete 75 percent or less
18 of the period of attendance.

19 (7) The institution provides to all students the right to cancel
20 the enrollment agreement and obtain a refund of charges paid
21 through attendance at the second class session, or the 14th day
22 after enrollment, whichever is later.

23 (8) The institution submits to the bureau copies of its most recent
24 IRS Form 990, the institution's Integrated Postsecondary Education
25 Data System Report of the United States Department of Education,
26 and its accumulated default rate.

27 (9) The institution is incorporated and lawfully operates as a
28 nonprofit public benefit corporation pursuant to Part 2
29 (commencing with Section 5110) of Division 2 of Title 1 of the
30 Corporations Code and is not managed or administered by an entity
31 for profit.

32 (k) Flight instructors or flight schools that provide flight
33 instruction pursuant to Federal Aviation Administration regulations
34 and meet both of the following criteria:

35 (1) The flight instructor or flight school does not require students
36 to enter into written or oral contracts of indebtedness.

37 (2) The flight instructor or flight school does not require
38 prepayment of tuition or fees and does not accept ~~payment~~
39 *prepayment* of tuition or fees in excess of two thousand five
40 hundred dollars (\$2,500).

1 SEC. 2. Section 94874.3 of the Education Code is repealed.

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