

**ASSEMBLY BILL**

**No. 2099**

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**Introduced by Assembly Member Frazier**

February 20, 2014

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An act to add Chapter 12.5 (commencing with Section 67100) to Part 40 of Division 5 of Title 3 of the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 2099, as introduced, Frazier. Postsecondary education: Title 38 awards.

Title 38 of the United States Code provides educational awards for eligible active duty members and veterans of the Armed Forces of the United States. Existing law requires an institution headquartered or operating in California desiring to enroll students eligible for federal Title 38 awards in accredited courses to make application for approval of these courses to the California State Approving Agency for Veterans Education, commonly known as CSAAVE, and authorizes CSAAVE to approve the application of the school when the school and its accredited courses satisfy the specified criteria and any additional reasonable criteria established by CSAAVE.

Unless an exception applies, this bill would deem an institution ineligible for initial and renewal Title 38 awards if the institution has a 3-year cohort default rate equal to or greater than 15.5% or a graduation rate of 30% or less for students taking 150% or less of the expected time to complete degree requirements, or does not satisfy the other criteria for qualification for Title 38 awards in the bill.

The bill would require CSAAVE to certify by October 1 of each year an institution's latest 3-year cohort default rate and graduation rate as

most recently reported by the United States Department of Education, to notify initial Title 38 recipients seeking to attend, or attending, an institution that is ineligible for initial and renewal Title 38 awards that the institution is ineligible for Title 38 awards for the academic year, and to provide initial and renewal Title 38 recipients at an ineligible institution with a complete list of all California postsecondary institutions at which the student would be eligible to receive a Title 38 award.

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. Chapter 12.5 (commencing with Section 67100)  
2 is added to Part 40 of Division 5 of Title 3 of the Education Code,  
3 to read:

4  
5 CHAPTER 12.5. TITLE 38 AWARDS  
6

7 67100. The Legislature finds and declares the following:

8 (a) Section 21.4253 of the Code of Federal Regulations requires  
9 a postsecondary institution headquartered or operating in California  
10 desiring to enroll veterans or persons eligible for Title 38 awards  
11 in accredited courses to make application for approval of these  
12 courses to the California State Approving Agency for Veterans  
13 Education, commonly known as CSAAVE, as the state approving  
14 agency legally designated pursuant to Section 3671 of Subchapter  
15 I of Chapter 36 of Title 38 of the United States Code.

16 (b) Section 21.4253 authorizes CSAAVE to approve the  
17 application of the school when the school and its accredited courses  
18 satisfy the criteria provided in Section 21.4253 and additional  
19 reasonable criteria established by CSAAVE.

20 (c) It is reasonable pursuant to Section 21.4253 for CSAAVE  
21 to require an institution to maintain a three-year cohort default rate  
22 and graduation rate that satisfies the three-year cohort default rate  
23 and graduation rate requirements of the Cal Grant Program for the  
24 institution to be eligible for initial and renewal Title 38 awards.

25 67101. The Title 38 Funding Program is hereby established,  
26 under the administration of the California State Approving Agency  
27 for Veterans Education.

1 67102. As used in this chapter, the following terms have the  
2 following meanings:

3 (a) An “academic year” is July 1 to June 30, inclusive. The  
4 starting date of a session shall determine the academic year in  
5 which it is included.

6 (b) “CSAAVE” is the California State Approving Agency for  
7 Veterans Education.

8 (c) (1) “Qualifying institution” means an institution that  
9 complies with paragraphs (2) and (3) and is any of the following:

10 (A) A California private or independent postsecondary  
11 educational institution that participates in the Pell Grant Program  
12 and in at least two of the following federal campus-based student  
13 aid programs:

14 (i) Federal Work-Study.

15 (ii) Perkins Loan Program.

16 (iii) Supplemental Educational Opportunity Grant Program.

17 (B) A nonprofit institution headquartered and operating in  
18 California that certifies to CSAAVE that 10 percent of the  
19 institution’s operating budget, as demonstrated in an audited  
20 financial statement, is expended for purposes of institutionally  
21 funded student financial aid in the form of grants, that demonstrates  
22 to the CSAAVE that it has the administrative capacity to administer  
23 the funds, that is accredited by the Western Association of Schools  
24 and Colleges, and that meets any other state-required criteria  
25 adopted by regulation by the CSAAVE in consultation with the  
26 Department of Finance. A regionally accredited institution that  
27 was deemed qualified by the CSAAVE to participate in the Cal  
28 Grant Program for the 2013–14 academic year shall retain its  
29 eligibility as long as it maintains its existing accreditation status.

30 (C) A California public postsecondary educational institution.

31 (2) (A) The institution shall provide information on where to  
32 access California license examination passage rates for the most  
33 recent available year from graduates of its undergraduate programs  
34 leading to employment for which passage of a California licensing  
35 examination is required, if that data is electronically available  
36 through the Internet Web site of a California licensing or regulatory  
37 agency. For purposes of this paragraph, “provide” may exclusively  
38 include placement of an Internet Web site address labeled as an  
39 access point for the data on the passage rates of recent program  
40 graduates on the Internet Web site where enrollment information

1 is also located, on an Internet Web site that provides centralized  
2 admissions information for postsecondary educational systems  
3 with multiple campuses, or on applications for enrollment or other  
4 program information distributed to prospective students.

5 (B) The institution shall be responsible for certifying to the  
6 CSAAVE compliance with the requirements of subparagraph (A).

7 (3) (A) The CSAAVE shall certify by October 1 of each year  
8 the institution’s latest three-year cohort default rate and graduation  
9 rate as most recently reported by the United States Department of  
10 Education.

11 (B) For purposes of the 2015–16 academic year, and every  
12 academic year thereafter, an otherwise qualifying institution with  
13 a three-year cohort default rate that is equal to or greater than 15.5  
14 percent, as certified by the CSAAVE shall be deemed ineligible  
15 by CSAAVE for initial and renewal of Title 38 awards at the  
16 institution.

17 (C) (i) An otherwise qualifying institution that becomes  
18 ineligible under this paragraph for initial and renewal of Title 38  
19 awards shall regain its eligibility for the academic year for which  
20 it satisfies the requirements established in subparagraph (B) or  
21 (E), as applicable.

22 (ii) If the United States Department of Education corrects or  
23 revises an institution’s three-year cohort default rate or graduation  
24 rate that originally failed to satisfy the requirements established  
25 in subparagraph (B) or (E), as applicable, and the correction or  
26 revision results in the institution’s three-year cohort default rate  
27 or graduation rate satisfying those requirements, that institution  
28 shall immediately regain its eligibility for the academic year to  
29 which the corrected or revised three-year cohort default rate or  
30 graduation rate would have been applied.

31 (D) An otherwise qualifying institution for which no three-year  
32 cohort default rate or graduation rate has been reported by the  
33 United States Department of Education shall be provisionally  
34 eligible to participate in the Title 38 Funding Program until a  
35 three-year cohort default rate or graduation rate has been reported  
36 for the institution by the United States Department of Education.

37 (E) For purposes of the 2015–16 academic year, and every  
38 academic year thereafter, an otherwise qualifying institution with  
39 a graduation rate of 30 percent or less for students taking 150  
40 percent or less of the expected time to complete degree

1 requirements, as reported by the United States Department of  
2 Education and as certified by the CSAAVE pursuant to  
3 subparagraph (A), shall be deemed by CSAAVE to be ineligible  
4 for initial and renewal of Title 38 awards at the institution, except  
5 as provided for in subparagraph (G).

6 (F) Notwithstanding any other law, the requirements of this  
7 paragraph shall not apply to institutions with 40 percent or less of  
8 undergraduate students borrowing federal student loans, using  
9 information reported to the United States Department of Education  
10 for the academic year two years before the year in which the  
11 CSAAVE is certifying the three-year cohort default rate or  
12 graduation rate pursuant to subparagraph (A).

13 (G) Notwithstanding subparagraph (E), an otherwise qualifying  
14 institution with a three-year cohort default rate that is less than 10  
15 percent and a graduation rate above 20 percent for students taking  
16 150 percent or less of the expected time to complete degree  
17 requirements, as certified by the CSAAVE pursuant to  
18 subparagraph (A), shall remain eligible for initial and renewal Title  
19 38 awards at the institution through the 2018–19 academic year.

20 (H) The CSAAVE shall do all of the following:

21 (i) Notify initial Title 38 recipients seeking to attend, or  
22 attending, an institution that is ineligible for initial and renewal  
23 Title 38 awards under subparagraph (B) or (E) that the institution  
24 is ineligible for initial Title 38 awards for the academic year for  
25 which the student received an initial Title 38 award.

26 (ii) Provide initial and renewal Title 38 recipients seeking to  
27 attend, or attending, an institution that is ineligible for initial and  
28 renewal Title 38 awards at the institution under subparagraph (B)  
29 or (E) with a complete list of all California postsecondary  
30 educational institutions at which the student would be eligible to  
31 receive a Title 38 award.