

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 509

Introduced by Assembly Member Perea

February 23, 2015

An act to amend Section ~~94874.7~~ 94874 of the Education Code, relating to private postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 509, as amended, Perea. 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 institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. ~~The act requires the bureau to establish, by regulation, a process pursuant to which an institution that is exempt from the act may request and obtain from the bureau verification that the institution is exempt. The act exempts an institution from its provisions, if any of a list of specific criteria are met.~~

This bill would ~~make nonsubstantive changes to the provision requiring the bureau to establish that verification process exempt from the provisions of the act a bona fide organization, association, or council that offers preapprenticeship training programs on behalf of one or more apprenticeship programs that are approved by the Division of Apprenticeship Standards.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-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. Except as provided in Section 94874.2, the following
4 are exempt from this chapter:

5 (a) An institution that offers solely avocational or recreational
6 educational programs.

7 (b) (1) An institution offering educational programs sponsored
8 by a bona fide trade, business, professional, or fraternal
9 organization, solely for that organization's membership.

10 (2) *A bona fide organization, association, or council that offers*
11 *preapprenticeship training programs, on behalf of one or more*
12 *Division of Apprenticeship Standards-approved apprenticeship*
13 *programs.*

14 (c) A postsecondary educational institution established, operated,
15 and governed by the federal government or by this state or its
16 political subdivisions.

17 (d) An institution offering either of the following:

18 (1) Test preparation for examinations required for admission to
19 a postsecondary educational institution.

20 (2) Continuing education or license examination preparation,
21 if the institution or the program is approved, certified, or sponsored
22 by any of the following:

23 (A) A government agency, other than the bureau, that licenses
24 persons in a particular profession, occupation, trade, or career field.

25 (B) A state-recognized professional licensing body, such as the
26 State Bar of California, that licenses persons in a particular
27 profession, occupation, trade, or career field.

28 (C) A bona fide trade, business, or professional organization.

29 (e) (1) An institution owned, controlled, and operated and
30 maintained by a religious organization lawfully operating as a
31 nonprofit religious corporation pursuant to Part 4 (commencing
32 with Section 9110) of Division 2 of Title 1 of the Corporations
33 Code, that meets all of the following requirements:

34 (A) The instruction is limited to the principles of that religious
35 organization, or to courses offered pursuant to Section 2789 of
36 Business and Professions Code.

37 (B) The diploma or degree is limited to evidence of completion
38 of that education.

1 (2) An institution operating under this subdivision shall offer
2 degrees and diplomas only in the beliefs and practices of the
3 church, religious denomination, or religious organization.

4 (3) An institution operating under this subdivision shall not
5 award degrees in any area of physical science.

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

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

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

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

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

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

33 (2) Is organized specifically to provide workforce development
34 or rehabilitation services.

35 (3) Is accredited by an accrediting organization for workforce
36 development or rehabilitation services recognized by the
37 Department of Rehabilitation.

38 (i) An institution that is accredited by the Accrediting
39 Commission for Senior Colleges and Universities, Western
40 Association of Schools and Colleges, or the Accrediting

1 Commission for Community and Junior Colleges, Western
2 Association of Schools and Colleges.

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

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

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

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

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

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

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

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

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

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

35 (k) Flight instruction providers or programs that provide flight
36 instruction pursuant to Federal Aviation Administration regulations
37 and meet both of the following criteria:

38 (1) The flight instruction provider or program does not require
39 students to enter into written or oral contracts of indebtedness.

1 (2) The flight instruction provider or program does not require
2 or accept prepayment of instruction-related costs in excess of two
3 thousand five hundred dollars (\$2,500).

4 ~~SECTION 1. Section 94874.7 of the Education Code is~~
5 ~~amended to read:~~

6 ~~94874.7. The bureau shall establish, by regulation, a process~~
7 ~~pursuant to which an institution that is exempt from this chapter~~
8 ~~may request and obtain from the bureau verification that the~~
9 ~~institution is exempt. The bureau shall establish a reasonable fee~~
10 ~~to reimburse the bureau's costs associated with the implementation~~
11 ~~of this section.~~