

AMENDED IN ASSEMBLY MAY 4, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 573

**Introduced by Assembly ~~Member~~ Members Medina and McCarty
(Coauthors: Assembly Members Alejo, Atkins, Bonilla, Brown,
Calderon, Chau, Chiu, Chu, Cooley, Dababneh, Eggman, Frazier,
Gipson, O'Donnell, Olsen, Quirk, Ridley-Thomas, Rodriguez,
Santiago, Thurmond)**

February 24, 2015

An act to amend ~~Section 69432.7~~ of Sections 69433.5, 76300, 94923, and 94925 of, and to add Sections 69433.61 and 94926.5 to, the Education Code, relating to higher education.

LEGISLATIVE COUNSEL'S DIGEST

AB 573, as amended, Medina. ~~Student financial aid: Cal Grant Program: Student Aid Commission. Higher education: campus closures: Corinthian Colleges.~~

(1) Existing law establishes the California Community Colleges under the administration of the Board of Governors of the California Community Colleges, and establishes community college districts throughout the state that operate community colleges and provide instruction to students. Existing law requires community college districts to charge each student a fee of \$46 per unit per semester. Existing law requires the waiver of this fee for students meeting prescribed requirements.

This bill would authorize the board of governors to waive the fee for students who were enrolled in a private postsecondary educational institution that provided educational services in California or online educational services to California students at the time the institution

closed or otherwise ceased to operate an academic program in which they were enrolled, and for students who withdrew from the institution within 120 days, or any greater period determined by the bureau, of the closure or cessation.

(2) The California Private Postsecondary Education Act of 2009, provides for the regulation of private postsecondary educational institutions by the Bureau for Private Postsecondary Education in the Department of Consumer Affairs. The act requires an institution subject to its provisions to follow certain requirements prior to closing.

This bill would require the bureau to establish a task force to respond to the closure of an institution that does not comply with these requirements prior to closing. The bill would require the task force to assist the students who were enrolled at, or in an online program offered by, the institution in, among other things, obtaining refunds, loan discharges, and tuition recovery.

The act also establishes the Student Tuition Recovery Fund and requires the bureau to adopt regulations governing the administration and maintenance of the fund, including requirements relating to assessments on students and student claims against the fund, and establishes that the moneys in this fund are continuously appropriated to the bureau for specified purposes. The act caps the amount that may be in the fund at any time at \$25,000,000.

This bill would deem a student who was enrolled at a California campus of a Corinthian Colleges, Inc. institution, or a California student who was enrolled in an online program offered by an out-of-state campus of a Corinthian Colleges, Inc., institution, to be eligible for recovery from the fund under specified circumstances. The bill would raise the cap for the fund to \$50,000,000.

(3) The Cal Grant Program prohibits an applicant from receiving Cal Grant awards totaling in excess of the amount equivalent to the award level for a total of four years of full-time attendance in an undergraduate program, except as provided.

This bill would exempt from this limitation on Cal Grant awards a student who was enrolled at a California campus of a Corinthian Colleges, Inc. institution, and who was unable to complete an educational program offered by the campus due to its closure.

~~Existing law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Cal Grant Program), establishes the Cal Grant A and B Entitlement Awards, the California Community College Transfer Cal Grant Entitlement Awards, the Competitive Cal Grant A and B Awards,~~

~~the Cal Grant C Awards, and the Cal Grant T Awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions. Existing law requires the Student Aid Commission to do certain things, including notifying all Cal Grant recipients seeking to attend, or attending, an institution that is ineligible for initial and renewal Cal Grant awards that the institution is ineligible for initial Cal Grant awards for the academic year for which the student received an initial Cal Grant award.~~

~~This bill would require the commission to establish a complete listing of California postsecondary educational institutions and identify which institutions are eligible and ineligible for participation in the Cal Grant Program. The bill would require the commission to make this information readily available on its Internet Web site.~~

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 that the*
 2 *California Community Colleges shall utilize available resources*
 3 *to provide matriculation services, including, but not limited to,*
 4 *assessments, counseling, and academic planning to a student who,*
 5 *as of April 26, 2015, was enrolled at a California campus of a*
 6 *Corinthian Colleges, Inc. institution, including Heald College, or*
 7 *was a California student enrolled in one or more online programs*
 8 *offered by an out-of-state campus of a Corinthian Colleges, Inc.*
 9 *institution.*

10 *SEC. 2. It is the intent of the Legislature that unencumbered*
 11 *funds awarded to the state from a lawsuit involving Corinthian*
 12 *Colleges, Inc. and its affiliate institutions, including Heald College,*
 13 *shall be used to fund this act.*

14 *SEC. 3. Section 69433.5 of the Education Code is amended to*
 15 *read:*

16 69433.5. (a) Only a resident of California, as determined by
 17 the commission pursuant to Part 41 (commencing with Section
 18 68000), is eligible for an initial Cal Grant award. The recipient
 19 shall remain eligible for award renewal only if he or she is a
 20 California resident, in attendance, and making satisfactory

1 academic progress at a qualifying institution, as determined by the
2 commission.

3 (b) A part-time student shall not be discriminated against in the
4 selection of Cal Grant Program award recipients, and an award to
5 a part-time student shall be approximately proportional to the time
6 the student spends in the instructional program, as determined by
7 the commission. A first-time Cal Grant Program award recipient
8 who is a part-time student shall be eligible for a full-time renewal
9 award if he or she becomes a full-time student.

10 (c) Cal Grant Program awards shall be awarded without regard
11 to race, religion, creed, sex, sexual orientation, gender identity,
12 gender expression, or age.

13 (d) An applicant shall not receive more than one type of Cal
14 Grant Program award concurrently. An applicant shall not:

15 (1) Receive one or a combination of Cal Grant Program awards
16 in excess of the amount equivalent to the award level for a total
17 of four years of full-time attendance in an undergraduate program,
18 except as provided in ~~Section~~ *Sections 69433.6 and 69433.61*.

19 (2) Have obtained a baccalaureate degree before receiving a
20 Cal Grant Program award.

21 (e) A Cal Grant Program award, except as provided in Section
22 69440, may only be used for educational expenses of a program
23 of study leading directly to an undergraduate degree or certificate,
24 or for expenses of undergraduate coursework in a program of study
25 leading directly to a first professional degree, but for which no
26 baccalaureate degree is awarded.

27 (f) The commission shall, for students who accelerate college
28 attendance, increase the amount of award proportional to the period
29 of additional attendance resulting from attendance in classes that
30 fulfill requirements or electives for graduation during summer
31 terms, sessions, or quarters. In the aggregate, the total amount a
32 student may receive in a four-year period may not be increased as
33 a result of accelerating his or her progress to a degree by attending
34 summer terms, sessions, or quarters.

35 (g) The commission shall notify Cal Grant award recipients of
36 the availability of funding for the summer term, session, or quarter
37 through prominent notice in financial aid award letters, materials,
38 guides, electronic information, and other means that may include,
39 but not necessarily be limited to, surveys, newspaper articles, or

1 attachments to communications from the commission and any
2 other published documents.

3 (h) The commission may require, by the adoption of rules and
4 regulations, the production of reports, accounting, documents, or
5 other necessary statements from the award recipient and the college
6 or university of attendance pertaining to the use or application of
7 the award.

8 (i) A Cal Grant Program award may be utilized only at a
9 qualifying institution.

10 (j) A recipient who initially qualified for both a Cal Grant A
11 award and a Cal Grant B award, and received a Cal Grant B award,
12 may be awarded a renewal Cal Grant A award if that recipient
13 subsequently became ineligible for a renewal Cal Grant B award
14 and meets the applicable Cal Grant A financial need and income
15 and asset criteria.

16 *SEC. 4. Section 69433.61 is added to the Education Code, to*
17 *read:*

18 *69433.61. A student who was enrolled at a California campus*
19 *of a Corinthian Colleges, Inc. institution, including Heald College,*
20 *and was unable to complete an educational program offered by*
21 *the campus due to the campus's closure on April 27, 2015, shall*
22 *be exempt from the limitation on Cal Grant Program awards in*
23 *paragraph (1) of subdivision (d) of Section 69433.5.*

24 *SEC. 5. Section 76300 of the Education Code is amended to*
25 *read:*

26 76300. (a) The governing board of each community college
27 district shall charge each student a fee pursuant to this section.

28 (b) (1) The fee prescribed by this section shall be forty-six
29 dollars (\$46) per unit per semester, effective with the summer term
30 of the 2012 calendar year.

31 (2) The board of governors shall proportionately adjust the
32 amount of the fee for term lengths based upon a quarter system,
33 and also shall proportionately adjust the amount of the fee for
34 summer sessions, intersessions, and other short-term courses. In
35 making these adjustments, the board of governors may round the
36 per unit fee and the per term or per session fee to the nearest dollar.

37 (c) For the purposes of computing apportionments to community
38 college districts pursuant to Section 84750.5, the board of
39 governors shall subtract, from the total revenue owed to each

1 district, 98 percent of the revenues received by districts from
2 charging a fee pursuant to this section.

3 (d) The board of governors shall reduce apportionments by up
4 to 10 percent to any district that does not collect the fees prescribed
5 by this section.

6 (e) The fee requirement does not apply to any of the following:

7 (1) Students enrolled in the noncredit courses designated by
8 Section 84757.

9 (2) California State University or University of California
10 students enrolled in remedial classes provided by a community
11 college district on a campus of the University of California or a
12 campus of the California State University, for whom the district
13 claims an attendance apportionment pursuant to an agreement
14 between the district and the California State University or the
15 University of California.

16 (3) Students enrolled in credit contract education courses
17 pursuant to Section 78021, if the entire cost of the course, including
18 administrative costs, is paid by the public or private agency,
19 corporation, or association with which the district is contracting
20 and if these students are not included in the calculation of the
21 full-time equivalent students (FTES) of that district.

22 (f) The governing board of a community college district may
23 exempt special part-time students admitted pursuant to Section
24 76001 from the fee requirement.

25 (g) (1) The fee requirements of this section shall be waived for
26 any student who meets all of the following requirements:

27 (A) Meets minimum academic and progress standards adopted
28 by the board of governors, which fulfill the requirements outlined
29 in this paragraph and paragraphs (2) to (5), inclusive. Any
30 minimum academic and progress standards adopted pursuant to
31 this section shall be uniform across all community college districts
32 and campuses. These standards shall not include a maximum unit
33 cap, and community college districts and colleges shall not impose
34 requirements for fee waiver eligibility other than the minimum
35 academic and progress standards adopted by the board of governors
36 and the requirements of subparagraph (B).

37 (B) Meets *at least* one of the following criteria:

38 (i) At the time of enrollment, is a recipient of benefits under the
39 Temporary Assistance for Needy Families program, the

1 Supplemental Security Income/State Supplementary Payment
2 Program, or a general assistance program.

3 (ii) Demonstrates eligibility according to income standards
4 established by regulations of the board of governors.

5 (iii) Demonstrates financial need in accordance with the
6 methodology set forth in federal law or regulation for determining
7 the expected family contribution of students seeking financial aid.

8 (iv) *Was enrolled in a private postsecondary educational*
9 *institution that provided educational services in California, or*
10 *online educational services to a California student, at the time the*
11 *institution closed or otherwise ceased to operate an academic*
12 *program in which the student was enrolled.*

13 (v) *Withdrew from a private postsecondary educational*
14 *institution that provided educational services in California, or*
15 *online educational services to a California student, that closed or*
16 *otherwise ceased to operate an academic program in which the*
17 *student was enrolled, within 120 days of the closure or cessation,*
18 *or any greater period determined by the bureau pursuant to Section*
19 *94923.*

20 (2) (A) The board of governors, in consultation with students,
21 faculty, and other key stakeholders, shall consider all of the
22 following in the development and adoption of minimum academic
23 and progress standards pursuant to subparagraph (A) of paragraph
24 (1):

25 (i) Minimum uniform academic and progress standards that do
26 not unfairly disadvantage financially needy students in pursuing
27 their education.

28 (ii) Criteria for reviewing extenuating circumstances and
29 granting appeals that, at a minimum, take into account and do not
30 penalize a student for circumstances outside his or her control,
31 such as reductions in student support services or changes to the
32 economic situation of the student.

33 (iii) A process for reestablishing fee waiver eligibility that
34 provides a student with a reasonable opportunity to continue or
35 resume his or her enrollment at a community college.

36 (B) To ensure that students are not unfairly impacted by the
37 requirements of subparagraph (A) of paragraph (1), the board of
38 governors shall establish a reasonable implementation period that
39 commences no sooner than one year from adoption of the minimum
40 academic and progress standards, or any subsequent changes to

1 these standards, pursuant to subparagraph (A) of paragraph (1)
2 and that is phased in to provide students adequate notification of
3 this requirement and information about available support resources.

4 (3) It is the intent of the Legislature that minimum academic
5 and progress standards adopted pursuant to subparagraph (A) of
6 paragraph (1) be implemented only as campuses develop and
7 implement the student support services and interventions necessary
8 to ensure no disproportionate impact to students based on ethnicity,
9 gender, disability, or socioeconomic status. The board of governors
10 shall consider the ability of community college districts to meet
11 the requirements of this paragraph before adopting minimum
12 academic and progress standards, or any subsequent changes to
13 these standards, pursuant to subparagraph (A) of paragraph (1).

14 (4) It is the intent of the Legislature to ensure that a student shall
15 not lose fee waiver eligibility without a community college campus
16 first demonstrating a reasonable effort to provide a student with
17 adequate notification and assistance in maintaining his or her fee
18 waiver eligibility. The board of governors shall adopt regulations
19 to implement this paragraph that ensure all of the following:

20 (A) Students are provided information about the available
21 student support services to assist them in maintaining fee waiver
22 eligibility.

23 (B) Community college district policies and course catalogs
24 reflect the minimum academic and progress standards adopted
25 pursuant to subparagraph (A) of paragraph (1) and that appropriate
26 notice is provided to students before the policies are put into effect.

27 (C) A student does not lose fee waiver eligibility unless he or
28 she has not met minimum academic and progress standards adopted
29 pursuant to subparagraph (A) of paragraph (1) for a period of no
30 less than two consecutive academic terms.

31 (5) The board of governors shall provide notification of a
32 proposed action to adopt regulations pursuant to this subdivision
33 to the appropriate policy and fiscal committees of the Legislature
34 in accordance with the requirements of paragraph (1) of subdivision
35 (a) of Section 70901.5. This notification shall include, but not be
36 limited to, all of the following:

37 (A) The proposed minimum academic and progress standards
38 and information detailing how the requirements of paragraphs (1)
39 to (4), inclusive, have been or will be satisfied.

1 (B) How many students may lose fee waiver eligibility by
2 ethnicity, gender, disability, and, to the extent relevant data is
3 available, by socioeconomic status.

4 (C) The criteria for reviewing extenuating circumstances,
5 granting appeals, and reestablishing fee waiver eligibility pursuant
6 to paragraph (2).

7 (h) The fee requirements of this section shall be waived for any
8 student who, at the time of enrollment, is a dependent or surviving
9 spouse who has not remarried, of any member of the California
10 National Guard who, in the line of duty and while in the active
11 service of the state, was killed, died of a disability resulting from
12 an event that occurred while in the active service of the state, or
13 is permanently disabled as a result of an event that occurred while
14 in the active service of the state. "Active service of the state," for
15 the purposes of this subdivision, refers to a member of the
16 California National Guard activated pursuant to Section 146 of
17 the Military and Veterans Code.

18 (i) The fee requirements of this section shall be waived for any
19 student who is the surviving spouse or the child, natural or adopted,
20 of a deceased person who met all of the requirements of Section
21 68120.

22 (j) The fee requirements of this section shall be waived for any
23 student in an undergraduate program, including a student who has
24 previously graduated from another undergraduate or graduate
25 program, who is the dependent of any individual killed in the
26 September 11, 2001, terrorist attacks on the World Trade Center
27 and the Pentagon or the crash of United Airlines Flight 93 in
28 southwestern Pennsylvania, if that dependent meets the financial
29 need requirements set forth in Section 69432.7 for the Cal Grant
30 A Program and either of the following applies:

31 (1) The dependent was a resident of California on September
32 11, 2001.

33 (2) The individual killed in the attacks was a resident of
34 California on September 11, 2001.

35 (k) A determination of whether a person is a resident of
36 California on September 11, 2001, for purposes of subdivision (j)
37 shall be based on the criteria set forth in Chapter 1 (commencing
38 with Section 68000) of Part 41 of Division 5 for determining
39 nonresident and resident tuition.

1 (l) (1) “Dependent,” for purposes of subdivision (j), is a person
2 who, because of his or her relationship to an individual killed as
3 a result of injuries sustained during the terrorist attacks of
4 September 11, 2001, qualifies for compensation under the federal
5 September 11th Victim Compensation Fund of 2001 (Title IV
6 (commencing with Section 401) of Public Law 107-42).

7 (2) A dependent who is the surviving spouse of an individual
8 killed in the terrorist attacks of September 11, 2001, is entitled to
9 the waivers provided in this section until January 1, 2013.

10 (3) A dependent who is the surviving child, natural or adopted,
11 of an individual killed in the terrorist attacks of September 11,
12 2001, is entitled to the waivers under subdivision (j) until that
13 person attains 30 years of age.

14 (4) A dependent of an individual killed in the terrorist attacks
15 of September 11, 2001, who is determined to be eligible by the
16 California Victim Compensation and Government Claims Board,
17 is also entitled to the waivers provided in this section until January
18 1, 2013.

19 (m) (1) It is the intent of the Legislature that sufficient funds
20 be provided to support the provision of a fee waiver for every
21 student who demonstrates eligibility pursuant to subdivisions (g)
22 to (j), inclusive.

23 (2) From funds provided in the annual Budget Act, the board
24 of governors shall allocate to community college districts, pursuant
25 to this subdivision, an amount equal to 2 percent of the fees waived
26 pursuant to subdivisions (g) to (j), inclusive. From funds provided
27 in the annual Budget Act, the board of governors shall allocate to
28 community college districts, pursuant to this subdivision, an
29 amount equal to ninety-one cents (\$0.91) per credit unit waived
30 pursuant to subdivisions (g) to (j), inclusive. It is the intent of the
31 Legislature that funds provided pursuant to this subdivision be
32 used to support the determination of financial need and delivery
33 of student financial aid services, on the basis of the number of
34 students for whom fees are waived. It also is the intent of the
35 Legislature that the funds provided pursuant to this subdivision
36 directly offset mandated costs claimed by community college
37 districts pursuant to Commission on State Mandates consolidated
38 Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15
39 (Enrollment Fee Waivers). Funds allocated to a community college
40 district for determination of financial need and delivery of student

1 financial aid services shall supplement, and shall not supplant, the
2 level of funds allocated for the administration of student financial
3 aid programs during the 1992–93 fiscal year.

4 (n) The board of governors shall adopt regulations implementing
5 this section.

6 (o) This section shall become operative on May 1, 2012, only
7 if subdivision (b) of Section 3.94 of the Budget Act of 2011 is
8 operative.

9 *SEC. 6. Section 94923 of the Education Code is amended to*
10 *read:*

11 94923. (a) The Student Tuition Recovery Fund relieves or
12 mitigates economic loss suffered by a student while enrolled in an
13 educational program, as defined in Section 94837, at an institution
14 not exempt from this article pursuant to Article 4 (commencing
15 with Section 94874), who, at the time of his or her enrollment,
16 was a California resident or was enrolled in a California residency
17 program, prepaid tuition, and suffered economic loss.

18 (b) The bureau shall adopt by regulation procedures governing
19 the administration and maintenance of the Student Tuition
20 Recovery Fund, including requirements relating to assessments
21 on students and student claims against the Student Tuition
22 Recovery Fund. The regulations shall provide for awards to
23 students who suffer economic loss.

24 The regulations shall ensure that the following students, and any
25 other students deemed appropriate, are eligible for payment from
26 the Student Tuition Recovery Fund:

27 (1) Any student who was enrolled at an institution, at a location
28 of the institution, or in an educational program offered by the
29 institution, at the time that institution, location, or program was
30 closed or discontinued, as applicable, who did not choose to
31 participate in a teach-out plan approved by the bureau or did not
32 complete a chosen teach-out plan approved by the bureau.

33 (2) Any student who was enrolled at an institution or a location
34 of the institution within the 120-day period before the closure of
35 the institution or location of the institution, or who was enrolled
36 in an educational program within the 120-day period before the
37 program was discontinued, if the bureau determines there was a
38 significant decline in the quality or value of that educational
39 program during that time period.

1 (3) Any student who was enrolled at an institution or a location
 2 of the institution more than 120 days before the closure of the
 3 institution or location of the institution, in an educational program
 4 offered by the institution as to which the bureau determines there
 5 was a significant decline in the quality or value of the program
 6 more than 120 days before closure.

7 (4) A student to whom an institution has been ordered to pay a
 8 refund by the bureau but has failed to do so.

9 (5) A student to whom an institution has failed to pay or
 10 reimburse loan proceeds under a federal student loan program as
 11 required by law, or has failed to pay or reimburse proceeds received
 12 by the institution in excess of tuition and other costs.

13 (6) A student who has been awarded restitution, a refund, or
 14 other monetary award by an arbitrator or court, based on a violation
 15 of this chapter by an institution or representative of an institution,
 16 but who has been unable to collect the award from the institution.
 17 The bureau shall review the award or judgment and shall ensure
 18 the amount to be paid from the fund does not exceed the student's
 19 economic loss.

20 (7) *Notwithstanding the requirements of subdivision (a) that*
 21 *the institution not be exempt from this article, a student who was*
 22 *enrolled at a California campus of a Corinthian Colleges, Inc.*
 23 *institution, including Heald College, or was a California student*
 24 *enrolled in an online program offered by an out-of-state campus*
 25 *of a Corinthian Colleges, Inc. institution, who also meets all of*
 26 *the other requirements in subdivision (a), if the student was*
 27 *enrolled as of April 26, 2015, or withdrew within 120 days of that*
 28 *date or any greater period determined by the bureau pursuant to*
 29 *this section.*

30 (c) Any student who is required to pay a Student Tuition
 31 Recovery Fund assessment who pays tuition equal to or greater
 32 than the required assessment shall be deemed to have paid the
 33 required assessment, whether or not his or her enrollment
 34 agreement specifies collection of the required assessment, and
 35 whether or not the institution identifies any money collected from
 36 the student as a Student Tuition Recovery Fund assessment.

37 (d) The bureau shall establish regulations ensuring, as
 38 permissible under California law, that a student who suffers
 39 educational opportunity losses, whose charges are paid by a
 40 third-party payer, is eligible for educational credits under the fund.

1 (e) The bureau may seek repayment to the Student Tuition
2 Recovery Fund from an institution found in violation of the law
3 for which a student claim was paid. An institution shall not be
4 eligible to renew its approval to operate with the bureau if the
5 repayment is not made to the bureau as requested.

6 (f) The bureau shall, by regulation, define “economic loss.” The
7 regulation shall ensure that the definition of “economic loss”
8 includes, but is not necessarily limited to, pecuniary loss, which
9 is the sum of the student’s tuition, all other institutional charges
10 as defined in Section 94844, the cost of equipment and materials
11 required for the educational program as defined in Section 94837,
12 interest on any student loan used to pay for such charges, collection
13 costs, penalties, and any license or examination fees the student
14 paid to the institution but is unable to recover. Economic loss shall
15 also include the amount the institution collected and failed to pay
16 to third parties on behalf of the student for license fees or any other
17 purpose. Economic loss does not include Student Tuition Recovery
18 Fund assessments, unless the student is entitled to a full refund
19 under Section 94919 or 94920, room and board, supplies,
20 transportation, application fees, or nonpecuniary damages such as
21 inconvenience, aggravation, emotional distress, or punitive
22 damages. Economic loss does not include legal fees, attorney fees,
23 court costs, or arbitration fees. Nothing in this subdivision shall
24 prevent the bureau from further defining economic loss to include
25 loss of educational opportunity.

26 *SEC. 7. Section 94925 of the Education Code is amended to*
27 *read:*

28 94925. (a) The amount in the Student Tuition Recovery Fund
29 shall not exceed ~~twenty-five~~ *fifty* million dollars ~~(\$25,000,000)~~
30 ~~(\$50,000,000)~~ at any time.

31 (b) If the bureau has temporarily stopped collecting the Student
32 Tuition Recovery Fund assessments because the fund has
33 approached the ~~twenty-five~~ *fifty* million dollar limit in subdivision
34 (a), the bureau shall resume collecting Student Tuition Recovery
35 Fund assessments when the fund falls below ~~twenty~~ *forty-five*
36 million dollars ~~(\$20,000,000)~~ ~~(\$45,000,000)~~.

37 (c) An otherwise eligible student who enrolled during a period
38 when institutions were not required to collect Student Tuition
39 Recovery Fund assessments is eligible for Student Tuition

1 Recovery Fund payments despite not having paid any Student
2 Tuition Recovery Fund assessment.

3 *(d) A student who is eligible for recovery from the Student
4 Tuition Recovery Fund pursuant to paragraph (7) of subdivision
5 (b) of Section 94923 shall be eligible for payments despite not
6 having paid any Student Tuition Recovery Fund assessment.*

7 *SEC. 8. Section 94926.5 is added to the Education Code, to
8 read:*

9 *94926.5. (a) (1) The bureau shall establish and coordinate a
10 closed school task force to respond to the closure of an institution
11 that does not comply with the requirements, as applicable, of this
12 article. The task force shall ensure that students who were enrolled
13 at, or in an online program offered by, the institution receive
14 accurate and uniform information regarding the school closure
15 process and the students' rights and responsibilities. The task force
16 shall assist these students in all of the following:*

17 *(A) Obtaining refunds, loan discharges, and tuition recovery
18 for which the student is eligible.*

19 *(B) Obtaining information regarding the option to transfer
20 credits that the student earned while attending the institution,
21 including information necessary to help the student make an
22 informed decision about whether to seek a loan discharge or to
23 transfer credits.*

24 *(C) Providing other support deemed necessary by the task force
25 in accordance with the bureau's consumer protection mission.*

26 *(2) The members of the task force should include, but not
27 necessarily be limited to, representatives on behalf of the Student
28 Aid Commission, the Department of Justice, the Office of the
29 Chancellor of the California Community Colleges, the Department
30 of Veterans Affairs, and one or more legal aid organizations.*

31 *(b) Upon the unlawful closure of an institution, the bureau shall
32 establish a grant fund in order to provide financial grants, not to
33 exceed one hundred dollars (\$100) per student, to local legal aid
34 organizations, which may include local legal aid organizations
35 designed specifically to assist veteran students, to assist the
36 students of that institution with completing loan discharge requests
37 and tuition recovery claims.*

38 ~~SECTION 1. Section 69432.7 of the Education Code is~~
39 ~~amended to read:~~

- 1 ~~69432.7. 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) “Access costs” means living expenses and expenses for~~
7 ~~transportation, supplies, and books.~~
- 8 ~~(c) “Award year” means one academic year, or the equivalent,~~
9 ~~of attendance at a qualifying institution.~~
- 10 ~~(d) “College grade point average” and “community college~~
11 ~~grade point average” mean a grade point average calculated on the~~
12 ~~basis of all college work completed, except for nontransferable~~
13 ~~units and courses not counted in the computation for admission to~~
14 ~~a California public institution of higher education that grants a~~
15 ~~baccalaureate degree.~~
- 16 ~~(e) “Commission” means the Student Aid Commission.~~
- 17 ~~(f) “Enrollment status” means part- or full-time status.~~
- 18 ~~(1) “Part time,” for purposes of Cal Grant eligibility, means 6~~
19 ~~to 11 semester units, inclusive, or the equivalent.~~
- 20 ~~(2) “Full time,” for purposes of Cal Grant eligibility, means 12~~
21 ~~or more semester units or the equivalent.~~
- 22 ~~(g) “Expected family contribution,” with respect to an applicant,~~
23 ~~shall be determined using the federal methodology pursuant to~~
24 ~~subdivision (a) of Section 69506 (as established by Title IV of the~~
25 ~~federal Higher Education Act of 1965, as amended (20 U.S.C. Sec.~~
26 ~~1070 et seq.)) and applicable rules and regulations adopted by the~~
27 ~~commission.~~
- 28 ~~(h) “High school grade point average” means a grade point~~
29 ~~average calculated on a 4.0 scale, using all academic coursework,~~
30 ~~for the sophomore year, the summer following the sophomore~~
31 ~~year, the junior year, and the summer following the junior year,~~
32 ~~excluding physical education, Reserve Officers’ Training Corps~~
33 ~~(ROTC), and remedial courses, and computed pursuant to~~
34 ~~regulations of the commission. However, for high school graduates~~
35 ~~who apply after their senior year, “high school grade point average”~~
36 ~~includes senior year coursework.~~
- 37 ~~(i) “Instructional program of not less than one academic year”~~
38 ~~means a program of study that results in the award of an associate~~
39 ~~or baccalaureate degree or certificate requiring at least 24 semester~~

1 units or the equivalent, or that results in eligibility for transfer from
2 a community college to a baccalaureate degree program.

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

8 (k) (1) “Maximum household income and asset levels” means
9 the applicable household income and household asset levels for
10 participants, including new applicants and renewing recipients, in
11 the Cal Grant Program, as defined and adopted in regulations by
12 the commission for the 2001–02 academic year, which shall be
13 set pursuant to the following income and asset ceiling amounts:
14
15

16 CAL GRANT PROGRAM INCOME CEILINGS

	Cal Grant A, C, and F	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

27
28
29 *Applies to independent students with dependents other than a
30 spouse.
31

32
33
34
35 CAL GRANT PROGRAM ASSET CEILINGS

	Cal Grant A, C, and F	Cal Grant B
-		

Dependent**	\$49,600	\$49,600
Independent	\$23,600	\$23,600

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

(2) ~~The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (c) of Section 8 of Article XIII B of the California Constitution. The maximum household income and asset levels applicable to a renewing recipient shall be the greater of the adjusted maximum household income and asset levels or the maximum household income and asset levels at the time of the renewing recipient's initial Cal Grant award. For a recipient who was initially awarded a Cal Grant for an academic year before the 2011-12 academic year, the maximum household income and asset levels shall be the greater of the adjusted maximum household income and asset levels or the 2010-11 academic year maximum household income and asset levels. An applicant or renewal recipient who qualifies to be considered under the simplified needs test established by federal law for student assistance shall be presumed to meet the asset level test under this section. Before disbursing any Cal Grant funds, a qualifying institution shall be obligated, under the terms of its institutional participation agreement with the commission, to resolve any conflicts that may exist in the data the institution possesses relating to that individual.~~

~~(1) "Qualifying institution" means an institution that complies with paragraphs (2) and (3) and is any of the following:~~

~~(A) A California private or independent postsecondary educational institution that participates in the Pell Grant Program and in at least two of the following federal student aid programs:~~

- ~~(i) Federal Work-Study Program.~~
- ~~(ii) Federal Stafford Loan Program.~~
- ~~(iii) Federal Supplemental Educational Opportunity Grant Program.~~

~~(B) A nonprofit institution headquartered and operating in California that certifies to the commission that 10 percent of the~~

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

12 ~~(C) A California public postsecondary educational institution.~~

13 ~~(2) (A) The institution shall provide information on where to~~
14 ~~access California license examination passage rates for the most~~
15 ~~recent available year from graduates of its undergraduate programs~~
16 ~~leading to employment for which passage of a California licensing~~
17 ~~examination is required, if that data is electronically available~~
18 ~~through the Internet Web site of a California licensing or regulatory~~
19 ~~agency. For purposes of this paragraph, "provide" may exclusively~~
20 ~~include placement of an Internet Web site address labeled as an~~
21 ~~access point for the data on the passage rates of recent program~~
22 ~~graduates on the Internet Web site where enrollment information~~
23 ~~is also located, on an Internet Web site that provides centralized~~
24 ~~admissions information for postsecondary educational systems~~
25 ~~with multiple campuses, or on applications for enrollment or other~~
26 ~~program information distributed to prospective students.~~

27 ~~(B) The institution shall be responsible for certifying to the~~
28 ~~commission compliance with the requirements of subparagraph~~

29 ~~(A):~~

30 ~~(3) (A) The commission shall certify by November 1 of each~~
31 ~~year the institution's latest official three-year cohort default rate~~
32 ~~and graduation rate as most recently reported by the United States~~
33 ~~Department of Education. For purposes of this section, the~~
34 ~~graduation rate is the percentage of full-time, first-time degree or~~
35 ~~certificate-seeking undergraduate students who graduate in 150~~
36 ~~percent or less of the expected time to complete degree~~
37 ~~requirements as most recently reported publicly in any format,~~
38 ~~including preliminary data records, by the United States~~
39 ~~Department of Education.~~

1 ~~(B) For purposes of the 2011–12 academic year, an otherwise~~
2 ~~qualifying institution with a three-year cohort default rate reported~~
3 ~~by the United States Department of Education that is equal to or~~
4 ~~greater than 24.6 percent shall be ineligible for initial and renewal~~
5 ~~Cal Grant awards at the institution.~~

6 ~~(C) For purposes of the 2012–13 academic year, and every~~
7 ~~academic year thereafter, an otherwise qualifying institution with~~
8 ~~a three-year cohort default rate that is equal to or greater than 15.5~~
9 ~~percent, as certified by the commission on October 1, 2011, and~~
10 ~~every year thereafter, shall be ineligible for initial and renewal Cal~~
11 ~~Grant awards at the institution.~~

12 ~~(D) (i) An otherwise qualifying institution that becomes~~
13 ~~ineligible under this paragraph for initial and renewal Cal Grant~~
14 ~~awards shall regain its eligibility for the academic year for which~~
15 ~~it satisfies the requirements established in subparagraph (B), (C),~~
16 ~~or (F), as applicable.~~

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

26 ~~(E) An otherwise qualifying institution for which no three-year~~
27 ~~cohort default rate or graduation rate has been reported by the~~
28 ~~United States Department of Education shall be provisionally~~
29 ~~eligible to participate in the Cal Grant Program until a three-year~~
30 ~~cohort default rate or graduation rate has been reported for the~~
31 ~~institution by the United States Department of Education.~~

32 ~~(F) For purposes of the 2012–13 academic year, and every~~
33 ~~academic year thereafter, an otherwise qualifying institution with~~
34 ~~a graduation rate of 30 percent or less, as certified by the~~
35 ~~commission pursuant to subparagraph (A), shall be ineligible for~~
36 ~~initial and renewal Cal Grant awards at the institution, except as~~
37 ~~provided for in subparagraph (H).~~

38 ~~(G) Notwithstanding any other law, the requirements of this~~
39 ~~paragraph shall not apply to institutions with 40 percent or less of~~
40 ~~undergraduate students borrowing federal student loans, using~~

1 information reported to the United States Department of Education
2 for the academic year two years before the academic year in which
3 the commission is certifying the three-year cohort default rate or
4 graduation rate pursuant to subparagraph (A).

5 (H) Notwithstanding subparagraph (F), an otherwise qualifying
6 institution that maintains a three-year cohort default rate that is
7 less than 15.5 percent and a graduation rate above 20 percent for
8 students taking 150 percent or less of the expected time to complete
9 degree requirements, as certified by the commission pursuant to
10 subparagraph (A), shall be eligible for initial and renewal Cal Grant
11 awards at the institution through the 2016–17 academic year.

12 (I) ~~The commission shall do all of the following:~~

13 (i) ~~Establish a complete listing of California postsecondary~~
14 ~~educational institutions and identify which institutions are eligible~~
15 ~~and ineligible for participation in the Cal Grant program. The~~
16 ~~commission shall make this information readily available on the~~
17 ~~commission's Internet Web site.~~

18 (ii) ~~Notify initial Cal Grant recipients seeking to attend, or~~
19 ~~attending, an institution that is ineligible for initial and renewal~~
20 ~~Cal Grant awards under subparagraph (C) or (F) that the institution~~
21 ~~is ineligible for initial Cal Grant awards for the academic year for~~
22 ~~which the student received an initial Cal Grant award.~~

23 (iii) ~~Notify renewal Cal Grant recipients attending an institution~~
24 ~~that is ineligible for initial and renewal Cal Grant awards at the~~
25 ~~institution under subparagraph (C) or (F) that the student's Cal~~
26 ~~Grant award will be reduced by 20 percent, or eliminated, as~~
27 ~~appropriate, if the student attends the ineligible institution in an~~
28 ~~academic year in which the institution is ineligible.~~

29 (iv) ~~Provide initial and renewal Cal Grant recipients seeking to~~
30 ~~attend, or attending, an institution that is ineligible for initial and~~
31 ~~renewal Cal Grant awards at the institution under subparagraph~~
32 ~~(C) or (F) with a complete list of all California postsecondary~~
33 ~~educational institutions at which the student would be eligible to~~
34 ~~receive an unreduced Cal Grant award.~~

35 (m) ~~“Satisfactory academic progress” means those criteria~~
36 ~~required by applicable federal standards published in Title 34 of~~
37 ~~the Code of Federal Regulations. The commission may adopt~~

- 1 regulations defining “satisfactory academic progress” in a manner
- 2 that is consistent with those federal standards.

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