

AMENDED IN SENATE JUNE 2, 2015
AMENDED IN ASSEMBLY MAY 11, 2015
AMENDED IN ASSEMBLY MAY 7, 2015
AMENDED IN ASSEMBLY MAY 4, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 573

Introduced by Assembly Members Medina and McCarty

(Principal coauthor: Senator Block)

(Coauthors: Assembly Members Alejo, Atkins, Baker, Bonilla, Brown, Calderon, Chau, Chávez, Chiu, Chu, Cooley, Dababneh, Eggman, Frazier, Gipson, Hadley, Kim, O’Donnell, Olsen, Quirk, Ridley-Thomas, Rodriguez, Santiago, and ~~Thurmond~~ Thurmond, and Ting)

(Coauthors: Senators Gaines and Galgiani)

February 24, 2015

An act to amend Sections 76300, 94923, and 94925 of, and to add Sections 69433.61 and 94926.5 to, the Education Code, relating to higher education, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL’S DIGEST

AB 573, as amended, Medina. 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, until July 1, 2018, require the board of governors to waive the fee for students who meet prescribed requirements, were enrolled at a California campus of a Corinthian Colleges, Inc., institution, and were either unable to complete an educational program offered by the campus due to the campus's closure on April 27, 2015, or withdrew from an educational program offered by a *Corinthian Colleges* campus within 120 days, ~~or a greater period determined by the Bureau for Private Postsecondary Education, of the campus's closure on April 27, 2015.~~ *days of that date.* To the extent this provision would impose additional duties on community college districts, it would constitute a state-mandated local program.

(2) The California Private Postsecondary Education Act of ~~2009,~~ *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 standing task force to respond to the closure of institutions that do 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, an institution that closes in, among other things, obtaining refunds, loan discharges, and tuition recovery. The bill would, upon the unlawful closure of an institution, require the bureau to provide timely grant funds to local legal aid organizations to assist students of that institution with loan discharge *and other student loan-related* requests and tuition recovery related claims, as specified.

(3) This bill would appropriate the sum of \$1,300,000 from the Private Postsecondary Education Administration Fund to the Bureau of Private Postsecondary Education for the purposes of providing financial grants to legal aid organizations, as described above, for students affected by the closure of ~~Corinthians~~ *Corinthian* Colleges, Inc., as specified, thereby making an appropriation.

(4) 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. By expanding the purpose for which moneys in the Student Tuition Recovery Fund may be used, this bill would make an appropriation. The bill would raise the cap for the fund to \$50,000,000.

(5) 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 *partially* exempt from this limitation on Cal Grant awards a student who was enrolled and received a Cal Grant award 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.

(6) This bill would appropriate \$100,000 from the General Fund to the Chancellor of the California Community Colleges for allocation to a community college district for the purpose of conducting a statewide media campaign to inform students affected by the closure of Corinthian Colleges, Inc., of the education opportunities available at community colleges, thereby making an appropriation.

Funds appropriated by this bill to a community college district would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(8) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
 State-mandated local program: yes.

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

1 SECTION 1. (a) 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~~
 5 *planning, to students* ~~who was~~ *were* enrolled at a California campus
 6 of a Corinthian Colleges, Inc., institution, including Heald College,
 7 ~~or was a~~ *and* California ~~student~~ *students* enrolled in one or more
 8 online programs offered by an out-of-state campus of a Corinthian
 9 Colleges, Inc., institution ~~and was~~ *who were* harmed by the closure
 10 of Corinthian Colleges, Inc., that took place on April 27, 2015.

11 (b) (1) The sum of one hundred thousand dollars (\$100,000)
 12 is hereby appropriated from the General Fund to the Chancellor
 13 of the California Community Colleges for allocation to a
 14 community college district to conduct a statewide media campaign
 15 to inform students affected by the closure of Corinthian Colleges,
 16 Inc., of education opportunities available at community colleges.

17 (2) For purposes of making the computations required by Section
 18 8 of Article XVI of the California Constitution, the funds
 19 appropriated pursuant to this section shall be deemed to be
 20 “General Fund revenues appropriated for community college
 21 districts,” as defined in subdivision (d) of Section 41202 of the
 22 Education Code, for the 2014–15 fiscal year, and included within
 23 the “total allocations to school districts and community college
 24 districts from General Fund proceeds of taxes appropriated pursuant
 25 to Article XIII B,” as defined in subdivision (e) of Section 41202
 26 of the Education Code, for the 2014–15 fiscal year.

27 SEC. 2. It is the intent of the Legislature that unencumbered
 28 restitution funds awarded to the ~~students of the state, who received~~
 29 ~~funds pursuant to Section 5 of this act, state~~ from a lawsuit
 30 involving Corinthian Colleges, ~~Inc.~~ *Inc.*, and its affiliate
 31 institutions, including Heald College, shall be used to repay any
 32 funds provided to those students pursuant to ~~Section 5 of this act.~~

33 SEC. 3. Section 69433.61 is added to the Education Code, to
 34 read:

1 69433.61. (a) Notwithstanding any other law, a student who
2 was enrolled and received a Cal Grant award *in the 2013–14 or*
3 *2014–15 academic year* at a California campus of a Corinthian
4 Colleges, Inc., institution, including Heald College, and was unable
5 to complete an educational program offered by the campus due to
6 the campus’s closure on April 27, 2015, shall not have the award
7 years used at a Corinthian Colleges, Inc., campus considered for
8 purposes of the limitation on the number of years of Cal Grant
9 award eligibility. *This restoration of award years for Cal Grant*
10 *eligibility shall not exceed two years.*

11 (b) *A student shall be eligible for the restoration of award years*
12 *if the student was enrolled at a campus of Corinthian Colleges*
13 *Inc., on April 27, 2015, or had withdrawn from enrollment within*
14 *120 days of that date. The Bureau for Private Postsecondary*
15 *Education shall provide the commission with confirmation of*
16 *student enrollment for purposes of this section.*

17 (c) *An eligible student shall, before January 1, 2017, notify the*
18 *commission of his or her intent to use the restoration of award*
19 *years provided under this section and to enroll in an institution*
20 *eligible for initial and renewal Cal Grant awards to be eligible*
21 *for that restoration.*

22 SEC. 4. Section 76300 of the Education Code is amended to
23 read:

24 76300. (a) The governing board of each community college
25 district shall charge each student a fee pursuant to this section.

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

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

35 (c) For the purposes of computing apportionments to community
36 college districts pursuant to Section 84750.5, the board of
37 governors shall subtract, from the total revenue owed to each
38 district, 98 percent of the revenues received by districts from
39 charging a fee pursuant to this section.

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

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

5 (1) Students enrolled in the noncredit courses designated by
6 Section 84757.

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

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

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

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

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

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

36 (i) At the time of enrollment, is a recipient of benefits under the
37 Temporary Assistance for Needy Families program, the
38 Supplemental Security Income/State Supplementary Payment
39 Program, or a general assistance program.

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

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

6 (iv) Was enrolled at a California campus of a Corinthian
7 Colleges, ~~Inc.~~ *Inc.*, institution and was unable to complete an
8 education program offered by the campus due to the campus's
9 closure on April 27, 2015. This clause shall become inoperative
10 on July 1, 2018.

11 (v) Was enrolled at a California campus of a Corinthian
12 Colleges, ~~Inc.~~ *Inc.*, institution and withdrew from an education
13 program offered by the campus within 120 days, or a greater period
14 determined by the Bureau for Private Postsecondary Education
15 pursuant to Section 94923, of the campus's closure on April 27,
16 2015. This clause shall become inoperative on July 1, 2018.

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

22 (i) Minimum uniform academic and progress standards that do
23 not unfairly disadvantage financially needy students in pursuing
24 their education.

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

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

33 (B) To ensure that students are not unfairly impacted by the
34 requirements of subparagraph (A) of paragraph (1), the board of
35 governors shall establish a reasonable implementation period that
36 commences no sooner than one year from adoption of the minimum
37 academic and progress standards, or any subsequent changes to
38 these standards, pursuant to subparagraph (A) of paragraph (1)
39 and that is phased in to provide students adequate notification of
40 this requirement and information about available support resources.

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

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

17 (A) Students are provided information about the available
18 student support services to assist them in maintaining fee waiver
19 eligibility.

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

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

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

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

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

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

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

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

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

28 (1) The dependent was a resident of California on September
29 11, 2001.

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

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

37 (l) (1) “Dependent,” for purposes of subdivision (j), is a person
38 who, because of his or her relationship to an individual killed as
39 a result of injuries sustained during the terrorist attacks of
40 September 11, 2001, qualifies for compensation under the federal

1 September 11th Victim Compensation Fund of 2001 (Title IV
2 (commencing with Section 401) of Public Law 107-42).

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

6 (3) A dependent who is the surviving child, natural or adopted,
7 of an individual killed in the terrorist attacks of September 11,
8 2001, is entitled to the waivers under subdivision (j) until that
9 person attains 30 years of age.

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

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

19 (2) From funds provided in the annual Budget Act, the board
20 of governors shall allocate to community college districts, pursuant
21 to this subdivision, an amount equal to 2 percent of the fees waived
22 pursuant to subdivisions (g) to (j), inclusive. From funds provided
23 in the annual Budget Act, the board of governors shall allocate to
24 community college districts, pursuant to this subdivision, an
25 amount equal to ninety-one cents (\$0.91) per credit unit waived
26 pursuant to subdivisions (g) to (j), inclusive. It is the intent of the
27 Legislature that funds provided pursuant to this subdivision be
28 used to support the determination of financial need and delivery
29 of student financial aid services, on the basis of the number of
30 students for whom fees are waived. It also is the intent of the
31 Legislature that the funds provided pursuant to this subdivision
32 directly offset mandated costs claimed by community college
33 districts pursuant to Commission on State Mandates consolidated
34 Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15
35 (Enrollment Fee Waivers). Funds allocated to a community college
36 district for determination of financial need and delivery of student
37 financial aid services shall supplement, and shall not supplant, the
38 level of funds allocated for the administration of student financial
39 aid programs during the 1992–93 fiscal year.

1 (n) The board of governors shall adopt regulations implementing
2 this section.

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

6 SEC. 5. Section 94923 of the Education Code is amended to
7 read:

8 94923. (a) The Student Tuition Recovery Fund relieves or
9 mitigates economic loss suffered by a student while enrolled in an
10 educational program, as defined in Section 94837, at an institution
11 not exempt from this article pursuant to Article 4 (commencing
12 with Section 94874), who, at the time of his or her enrollment,
13 was a California resident or was enrolled in a California residency
14 program, prepaid tuition, and suffered economic loss.

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

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

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

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

37 (3) Any student who was enrolled at an institution or a location
38 of the institution more than 120 days before the closure of the
39 institution or location of the institution, in an educational program
40 offered by the institution as to which the bureau determines there

1 was a significant decline in the quality or value of the program
2 more than 120 days before closure.

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

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

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

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

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

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

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

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

21 SEC. 6. Section 94925 of the Education Code is amended to
22 read:

23 94925. (a) The amount in the Student Tuition Recovery Fund
24 shall not exceed fifty million dollars (\$50,000,000) at any time.

25 (b) If the bureau has temporarily stopped collecting the Student
26 Tuition Recovery Fund assessments because the fund has
27 approached the fifty million dollar (\$50,000,000) limit in
28 subdivision (a), the bureau shall resume collecting Student Tuition
29 Recovery Fund assessments when the fund falls below forty-five
30 million dollars (\$45,000,000).

31 (c) An otherwise eligible student who enrolled during a period
32 when institutions were not required to collect Student Tuition
33 Recovery Fund assessments is eligible for Student Tuition
34 Recovery Fund payments despite not having paid any Student
35 Tuition Recovery Fund assessment.

36 (d) A student who is eligible for recovery from the Student
37 Tuition Recovery Fund pursuant to paragraph (7) of subdivision
38 (b) of Section 94923 shall be eligible for payments despite not
39 having paid any Student Tuition Recovery Fund assessment.

1 SEC. 7. Section 94926.5 is added to the Education Code, to
 2 read:

3 94926.5. (a) (1) The bureau shall establish and coordinate a
 4 standing closed school task force to respond to the closure of
 5 institutions that do not comply with the requirements, as applicable,
 6 of this article. The task force shall ensure that students who were
 7 enrolled at, or in an online program offered by, the institution
 8 receive accurate and timely information regarding the school
 9 closure process and the students' rights and responsibilities under
 10 federal and state law. The task force shall ensure that these students
 11 are provided assistance in all of the following:

12 (A) Obtaining refunds, loan discharges, and tuition recovery
 13 for which the student is eligible.

14 (B) Obtaining information regarding the option to transfer credits
 15 that the student earned while attending the institution, including
 16 information necessary to help the student make an informed
 17 decision about whether to seek a loan discharge or to transfer
 18 credits.

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

21 (2) The members of the task force should include, but not
 22 necessarily be limited to, representatives on behalf of the Student
 23 Aid Commission, the Department of Justice, the Office of the
 24 Chancellor of the California Community Colleges, the Department
 25 of Veterans Affairs, ~~and one or more legal aid organizations.~~
 26 *organizations, and two financial experts, one representing*
 27 *community colleges and one representing a bureau-approved*
 28 *institution that meets the performance requirements of the Cal*
 29 *Grant program.*

30 (b) (1) Upon the unlawful closure of an institution, the bureau
 31 shall provide timely grant funds to local legal aid ~~organizations,~~
 32 ~~which may include local legal aid organizations designed~~
 33 ~~specifically to assist veteran students,~~ *organizations* to assist the
 34 students of that institution, *including veterans*, for no less than one
 35 year following the closure of the institution, with loan discharge
 36 *and other student loan-related* requests and tuition recovery related
 37 claims. ~~The Assistance shall include, but is not limited to, outreach~~
 38 *and education, screening requests for assistance, referring students*
 39 *for additional legal assistance through pro bono referral programs,*
 40 *and legal services.*

1 (2) *The amount of grant funds shall be calculated by multiplying*
2 *the number of students affected by the institution's closure by one*
3 *hundred dollars (\$100). ~~Legal aid organizations that receive grants~~*
4 *~~should be located in the areas of the state affected by the~~*
5 *~~institutional closure. Legal aid organizations that receive grants~~*
6 *~~may give priority to low income students if demand exceeds~~*
7 *~~available grant funds. Legal aid organizations that receive grants~~*
8 *~~shall report to the bureau after completing their obligations under~~*
9 *~~the grant on the number of students served from the date of the~~*
10 *~~institution's closure.~~*

11 (3) *The bureau shall establish an approval process to ensure*
12 *each legal aid organization that receives a grant pursuant to this*
13 *section meets both of the following requirements:*

14 (A) *The legal aid organization is a 501(c)(3) tax-exempt*
15 *organization in good standing with the Internal Revenue Service*
16 *and in compliance with all applicable laws and requirements,*
17 *including, if required, registration with the Attorney General's*
18 *Registry of Charitable Trusts.*

19 (B) *The legal aid organization demonstrates expertise in*
20 *assisting students with, and currently provides direct legal services*
21 *to students for, student loan matters.*

22 (4) *A legal aid organization that receives funds pursuant to this*
23 *section shall enter into a grant agreement with the bureau and*
24 *shall use grant funds exclusively for the purposes set forth in this*
25 *section in accordance with the agreement. Any unused funds shall*
26 *be returned to the bureau unless the parties enter into a new*
27 *agreement authorizing the legal aid organization to expend the*
28 *unused funds. The bureau may terminate the agreement for*
29 *material breach. However, the bureau shall provide the grantee*
30 *with written notice of the breach and a reasonable opportunity of*
31 *less than 30 days to resolve the breach.*

32 (5) *A legal aid organization that receives a grant may give*
33 *priority to low-income students if demand exceeds available grant*
34 *funds. Otherwise, the legal aid organization may provide assistance*
35 *regardless of student income level.*

36 (6) *A legal aid organization that receives a grant shall report*
37 *to the bureau quarterly through the grant period on the number*
38 *of students served from the date funds are distributed.*

39 (7) *Funds shall be distributed by the bureau to preapproved*
40 *legal aid organizations as follows:*

1 (A) Fifty percent shall be distributed within 30 days of the date
 2 of the institution's unlawful closure.

3 (B) Twenty-five percent shall be distributed upon the submission
 4 of the legal aid organization's second quarterly report.

5 (C) Twenty-five percent shall be distributed upon the submission
 6 of the legal aid organization's third quarterly report.

7 SEC. 8. (a) The sum of one million three hundred thousand
 8 dollars (\$1,300,000) is hereby appropriated from the Private
 9 Postsecondary Education Administration Fund to the Bureau of
 10 Private Postsecondary Education for the purposes of providing
 11 financial grants pursuant to subdivision (b) of Section 94926.5 of
 12 the Education Code to legal aid organizations for students affected
 13 by the closure of ~~Corinthians~~ *Corinthian Colleges, Inc., Inc.* Legal
 14 aid organizations may use grant funds received pursuant to
 15 subdivision (b) of Section 94926.5 of the Education Code for
 16 affected students served from the date of closure.—The
 17 *Notwithstanding paragraph (7) of subdivision (b) of Section*
 18 *94926.5, the* Bureau of Private Postsecondary Education shall
 19 ensure that these grant funds are made available within 30 days of
 20 the enactment of this section. The adoption of any regulation
 21 pursuant to this subdivision shall be deemed to be an emergency
 22 and necessary for the immediate preservation of the public, health,
 23 and safety, or general welfare.

24 (b) The amount appropriated in subdivision (a) may include
 25 revenues derived from the assessment of fines and penalties
 26 imposed, and expenditures of these funds is specifically authorized
 27 for purposes of Section 13332.18 of the Government Code.

28 (c) The Private Postsecondary Education Administration Fund
 29 reserve limit of six months of operating expenses pursuant to
 30 subdivision (b) of Section 94930 of the Education Code shall be
 31 suspended until July 1, 2016.

32 SEC. 9. If the Commission on State Mandates determines that
 33 this act contains costs mandated by the state, reimbursement to
 34 local agencies and school districts for those costs shall be made
 35 pursuant to Part 7 (commencing with Section 17500) of Division
 36 4 of Title 2 of the Government Code.

37 SEC. 10. This act is an urgency statute necessary for the
 38 immediate preservation of the public peace, health, or safety within
 39 the meaning of Article IV of the Constitution and shall go into
 40 immediate effect. The facts constituting the necessity are:

- 1 In order to provide immediate educational and economic relief
- 2 to the thousands of students harmed by the closure of Corinthian
- 3 Colleges, Inc., it is necessary for this act to take effect immediately.

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