

AMENDED IN SENATE JULY 9, 2015
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, Thurmond, and Ting)

(Coauthors: Senators ~~Gaines and Galgiani~~ *Gaines, Galgiani, Hill, Runner, and Wieckowski*)

February 24, 2015

An act to amend Sections 76300, 94923, ~~and 94925~~ 94924, 94925, and 94926 of, to amend the heading of Article 15 (commencing with Section 94926) of Chapter 8 of Part 59 of Division 10 of Title 3 of, and to add Sections ~~69433.61~~ 69433.61, 94051, 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 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 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 provide that, until January 1, 2020, there shall be established a single point of contact 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 the single point of contact 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 Attorney General, or a qualified entity under contract with the Attorney General, to provide timely grant funds to local legal aid eligible local nonprofit community service organizations to assist students of that institution with loan discharge and other student loan-related requests and tuition-recovery-related 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 eligible local nonprofit community service~~

organizations, as described above, for students affected by the closure of 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.

The bill would authorize a private postsecondary institution to submit Student Tuition Recovery Fund assessments to the bureau for its students who are enrolled at the institution, would prohibit the institution from advertising or marketing this as a benefit it provides for its students, and would establish additional requirements related to the fund, as specified.

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

1 the “total allocations to school districts and community college
2 districts from General Fund proceeds of taxes appropriated pursuant
3 to Article XIII B,” as defined in subdivision (e) of Section 41202
4 of the Education Code, for the 2014–15 fiscal year.

5 SEC. 2. It is the intent of the Legislature that unencumbered
6 restitution funds awarded to the state from a lawsuit involving
7 Corinthian Colleges, Inc., and its affiliate institutions, including
8 Heald College, shall be used to repay any funds provided to those
9 students pursuant to this act.

10 SEC. 3. Section 69433.61 is added to the Education Code, to
11 read:

12 69433.61. (a) Notwithstanding any other law, a student who
13 was enrolled and received a Cal Grant award in the 2013–14 or
14 2014–15 academic year at a California campus of a Corinthian
15 Colleges, Inc., institution, including Heald College, and was unable
16 to complete an educational program offered by the campus due to
17 the campus’s closure on April 27, 2015, shall not have the award
18 years used at a Corinthian Colleges, Inc., campus considered for
19 purposes of the limitation on the number of years of Cal Grant
20 award eligibility. This restoration of award years for Cal Grant
21 eligibility shall not exceed two years.

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

28 (c) An eligible student shall, before January 1, 2017, notify the
29 commission of his or her intent to use the restoration of award
30 years provided under this section and to enroll in an institution
31 eligible for initial and renewal Cal Grant awards to be eligible for
32 that restoration.

33 SEC. 4. Section 76300 of the Education Code is amended to
34 read:

35 76300. (a) The governing board of each community college
36 district shall charge each student a fee pursuant to this section.

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

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

7 (c) For the purposes of computing apportionments to community
8 college districts pursuant to Section 84750.5, the board of
9 governors shall subtract, from the total revenue owed to each
10 district, 98 percent of the revenues received by districts from
11 charging a fee pursuant to this section.

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

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

16 (1) Students enrolled in the noncredit courses designated by
17 Section 84757.

18 (2) California State University or University of California
19 students enrolled in remedial classes provided by a community
20 college district on a campus of the University of California or a
21 campus of the California State University, for whom the district
22 claims an attendance apportionment pursuant to an agreement
23 between the district and the California State University or the
24 University of California.

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

31 (f) The governing board of a community college district may
32 exempt special part-time students admitted pursuant to Section
33 76001 from the fee requirement.

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

36 (A) Meets minimum academic and progress standards adopted
37 by the board of governors, which fulfill the requirements outlined
38 in this paragraph and paragraphs (2) to (5), inclusive. Any
39 minimum academic and progress standards adopted pursuant to
40 this section shall be uniform across all community college districts

1 and campuses. These standards shall not include a maximum unit
2 cap, and community college districts and colleges shall not impose
3 requirements for fee waiver eligibility other than the minimum
4 academic and progress standards adopted by the board of governors
5 and the requirements of subparagraph (B).

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

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

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

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

16 (iv) Was enrolled at a California campus of a Corinthian
17 Colleges, Inc., institution and was unable to complete an education
18 program offered by the campus due to the campus's closure on
19 April 27, 2015. This clause shall become inoperative on July 1,
20 2018.

21 (v) Was enrolled at a California campus of a Corinthian
22 Colleges, Inc., institution and withdrew from an education program
23 offered by the campus within 120 days, or a greater period
24 determined by the Bureau for Private Postsecondary Education
25 pursuant to Section 94923, of the campus's closure on April 27,
26 2015. This clause shall become inoperative on July 1, 2018.

27 (2) (A) The board of governors, in consultation with students,
28 faculty, and other key stakeholders, shall consider all of the
29 following in the development and adoption of minimum academic
30 and progress standards pursuant to subparagraph (A) of paragraph
31 (1):

32 (i) Minimum uniform academic and progress standards that do
33 not unfairly disadvantage financially needy students in pursuing
34 their education.

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

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

4 (B) To ensure that students are not unfairly impacted by the
5 requirements of subparagraph (A) of paragraph (1), the board of
6 governors shall establish a reasonable implementation period that
7 commences no sooner than one year from adoption of the minimum
8 academic and progress standards, or any subsequent changes to
9 these standards, pursuant to subparagraph (A) of paragraph (1)
10 and that is phased in to provide students adequate notification of
11 this requirement and information about available support resources.

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

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

28 (A) Students are provided information about the available
29 student support services to assist them in maintaining fee waiver
30 eligibility.

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

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

39 (5) The board of governors shall provide notification of a
40 proposed action to adopt regulations pursuant to this subdivision

1 to the appropriate policy and fiscal committees of the Legislature
2 in accordance with the requirements of paragraph (1) of subdivision
3 (a) of Section 70901.5. This notification shall include, but not be
4 limited to, all of the following:

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

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

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

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

25 (i) The fee requirements of this section shall be waived for any
26 student who is the surviving spouse or the child, natural or adopted,
27 of a deceased person who met all of the requirements of Section
28 68120.

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

38 (1) The dependent was a resident of California on September
39 11, 2001.

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

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

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

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

17 (3) A dependent who is the surviving child, natural or adopted,
18 of an individual killed in the terrorist attacks of September 11,
19 2001, is entitled to the waivers under subdivision (j) until that
20 person attains 30 years of age.

21 (4) A dependent of an individual killed in the terrorist attacks
22 of September 11, 2001, who is determined to be eligible by the
23 California Victim Compensation and Government Claims Board,
24 is also entitled to the waivers provided in this section until January
25 1, 2013.

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

30 (2) From funds provided in the annual Budget Act, the board
31 of governors shall allocate to community college districts, pursuant
32 to this subdivision, an amount equal to 2 percent of the fees waived
33 pursuant to subdivisions (g) to (j), inclusive. From funds provided
34 in the annual Budget Act, the board of governors shall allocate to
35 community college districts, pursuant to this subdivision, an
36 amount equal to ninety-one cents (\$0.91) per credit unit waived
37 pursuant to subdivisions (g) to (j), inclusive. It is the intent of the
38 Legislature that funds provided pursuant to this subdivision be
39 used to support the determination of financial need and delivery
40 of student financial aid services, on the basis of the number of

1 students for whom fees are waived. It also is the intent of the
2 Legislature that the funds provided pursuant to this subdivision
3 directly offset mandated costs claimed by community college
4 districts pursuant to Commission on State Mandates consolidated
5 Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15
6 (Enrollment Fee Waivers). Funds allocated to a community college
7 district for determination of financial need and delivery of student
8 financial aid services shall supplement, and shall not supplant, the
9 level of funds allocated for the administration of student financial
10 aid programs during the 1992–93 fiscal year.

11 (n) The board of governors shall adopt regulations implementing
12 this section.

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

16 *SEC. 5. Section 94051 is added to the Education Code, to read:*

17 *94051. Notwithstanding any provision of law, for a period not*
18 *to exceed two years from the date of the closure of Corinthian*
19 *Colleges, Inc., a state agency that provides certification,*
20 *registration, or licensure necessary to promote the safety and*
21 *protection of the public may, on a case-by-case basis, consider*
22 *for certification, registration, or licensure students who were*
23 *enrolled in a program of Corinthian Colleges, Inc., that provided*
24 *education or training aimed towards these students receiving*
25 *certification, registration, or licensure from the state agency, and*
26 *who did not receive that certification, registration, or licensure*
27 *due to the closure of Corinthian Colleges, Inc. This consideration*
28 *shall be provided at the discretion of the state agency in*
29 *accordance with its public protection mandate and applicable*
30 *criteria established by the agency for consumer safety.*

31 ~~SEC. 5.~~

32 *SEC. 6. Section 94923 of the Education Code is amended to*
33 *read:*

34 94923. (a) The Student Tuition Recovery Fund relieves or
35 mitigates economic loss suffered by a student while enrolled in an
36 educational program, as defined in Section 94837, ~~at an institution~~
37 ~~not exempt from this article pursuant to Article 4 (commencing~~
38 ~~with Section 94874); a campus or through a distance education~~
39 *program offered by an institution with a physical presence in this*
40 *state, including any affiliates of that institution, except at an*

1 *independent institution of higher education, as defined in Section*
2 *66010, that is exempt from this chapter pursuant to subdivision*
3 *(i) of Section 94874, who, at the time of his or her enrollment, was*
4 *a California resident or was enrolled in a California residency*
5 *program, prepaid tuition, and suffered economic loss.*

6 (b) The bureau shall adopt by regulation procedures governing
7 the administration and maintenance of the Student Tuition
8 Recovery Fund, including requirements relating to assessments
9 on students and student claims against the Student Tuition
10 Recovery Fund. The regulations shall provide for awards to
11 students who suffer economic loss.

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

15 (1) Any student who was enrolled at an institution, at a location
16 of the institution, or in an educational program offered by the
17 institution, at the time that institution, location, or program was
18 closed or discontinued, as applicable, who did not choose to
19 participate in a teach-out plan approved by the bureau or did not
20 complete a chosen teach-out plan approved by the bureau.

21 (2) Any student who was enrolled at an institution or a location
22 of the institution within the 120-day period before the closure of
23 the institution or location of the institution, or who was enrolled
24 in an educational program within the 120-day period before the
25 program was discontinued, if the bureau determines there was a
26 significant decline in the quality or value of that educational
27 program during that time period.

28 (3) Any student who was enrolled at an institution or a location
29 of the institution more than 120 days before the closure of the
30 institution or location of the institution, in an educational program
31 offered by the institution as to which the bureau determines there
32 was a significant decline in the quality or value of the program
33 more than 120 days before closure.

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

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

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

8 (7) Notwithstanding the requirement of subdivision (a) that the
9 institution not be exempt from this article, a student who was
10 enrolled at a California campus of a Corinthian Colleges, Inc.,
11 institution or was a California student enrolled in an online program
12 offered by an out-of-state campus of a Corinthian Colleges, Inc.,
13 institution, who also meets all of the other eligibility requirements,
14 if the student was enrolled as of April-~~26~~, 27, 2015, or withdrew
15 within 120 days of that date or any greater period determined by
16 the bureau pursuant to this section.

17 (c) Any student who is required to pay a Student Tuition
18 Recovery Fund assessment who pays tuition equal to or greater
19 than the required assessment shall be deemed to have paid the
20 required assessment, whether or not his or her enrollment
21 agreement specifies collection of the required assessment, and
22 whether or not the institution identifies any money collected from
23 the student as a Student Tuition Recovery Fund assessment.

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

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

33 (f) The bureau shall, by regulation, define "economic loss." The
34 regulation shall ensure that the definition of "economic loss"
35 includes, but is not necessarily limited to, pecuniary loss, which
36 is the sum of the student's tuition, all other institutional charges
37 as defined in Section 94844, the cost of equipment and materials
38 required for the educational program as defined in Section 94837,
39 interest on any student loan used to pay for such charges, collection
40 costs, penalties, and any license or examination fees the student

1 paid to the institution but is unable to recover. Economic loss shall
2 also include the amount the institution collected and failed to pay
3 to third parties on behalf of the student for license fees or any other
4 purpose. Economic loss does not include Student Tuition Recovery
5 Fund assessments, unless the student is entitled to a full refund
6 under Section 94919 or 94920, room and board, supplies,
7 transportation, application fees, or nonpecuniary damages such as
8 inconvenience, aggravation, emotional distress, or punitive
9 damages. Economic loss does not include legal fees, attorney fees,
10 court costs, or arbitration fees. Nothing in this subdivision shall
11 prevent the bureau from further defining economic loss to include
12 loss of educational opportunity.

13 *(g) A representation or agreement made by a person not to*
14 *collect on a student loan shall not lessen a student's eligibility to*
15 *recover from the Student Tuition Recovery Fund or reduce the*
16 *amount of the student's economic loss unless the loan has been*
17 *forgiven, discharged, or canceled in accordance with this section.*

18 SEC. 7. Section 94924 of the Education Code is amended to
19 read:

20 94924. (a) The bureau shall determine the amount of Student
21 Tuition Recovery Fund assessments to be collected for each
22 student.

23 *(b) An institution may submit Student Tuition Recovery Fund*
24 *assessments to the bureau for its students who are enrolled at the*
25 *institution, but shall not advertise or market this as a benefit it*
26 *provides for its students.*

27 ~~(b)~~

28 (c) All assessments collected pursuant to this article shall be
29 credited to the Student Tuition Recovery Fund, along with any
30 accrued interest, for the purpose of this article. Notwithstanding
31 Section 13340 of the Government Code, the moneys in the Student
32 Tuition Recovery Fund are continuously appropriated to the bureau,
33 without regard to fiscal year, for the purposes of this article.

34 ~~(e)~~

35 (d) Except when an institution provides a full refund pursuant
36 to Section 94919 or Section 94920, the Student Tuition Recovery
37 Fund assessment is nonrefundable.

38 *(e) The bureau shall collect Student Tuition Recovery Fund*
39 *assessments from an institution for all of the institution's enrolled*
40 *students as follows:*

1 (1) For an institution that is not approved to operate as of the
2 date this subdivision becomes operative, the bureau shall collect
3 assessments from the institution upon issuance of the institution's
4 approval to operate.

5 (2) For an institution that is approved to operate as of the date
6 this subdivision becomes operative, the bureau shall collect
7 assessments from the institution for its enrolled students for whom
8 an assessment has not been collected, including assessments for
9 students enrolled in distance education programs.

10 ~~SEC. 6.~~

11 ~~SEC. 8.~~ Section 94925 of the Education Code is amended to
12 read:

13 94925. (a) The amount in the Student Tuition Recovery Fund
14 shall not exceed fifty million dollars (\$50,000,000) at any time.

15 (b) If the bureau has temporarily stopped collecting the Student
16 Tuition Recovery Fund assessments because the fund has
17 approached the fifty million dollar (\$50,000,000) limit in
18 subdivision (a), the bureau shall resume collecting Student Tuition
19 Recovery Fund assessments when the fund falls below forty-five
20 million dollars (\$45,000,000).

21 (c) An otherwise eligible student who enrolled during a period
22 when institutions were not required to collect Student Tuition
23 Recovery Fund assessments is eligible for Student Tuition
24 Recovery Fund payments despite not having paid any Student
25 Tuition Recovery Fund assessment.

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

30 ~~SEC. 7.~~ ~~Section 94926.5 is added to the Education Code, to~~
31 ~~read:~~

32 ~~94926.5. (a) (1) The bureau shall establish and coordinate a~~
33 ~~standing closed school task force to respond to the closure of~~
34 ~~institutions that do not comply with the requirements, as applicable,~~
35 ~~of this article. The task force shall ensure that students who were~~
36 ~~enrolled at, or in an online program offered by, the institution~~
37 ~~receive accurate and timely information regarding the school~~
38 ~~closure process and the students' rights and responsibilities under~~
39 ~~federal and state law. The task force shall ensure that these students~~
40 ~~are provided assistance in all of the following:~~

1 ~~(A) Obtaining refunds, loan discharges, and tuition recovery~~
2 ~~for which the student is eligible.~~

3 ~~(B) Obtaining information regarding the option to transfer credits~~
4 ~~that the student earned while attending the institution, including~~
5 ~~information necessary to help the student make an informed~~
6 ~~decision about whether to seek a loan discharge or to transfer~~
7 ~~credits.~~

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

10 ~~(2) The members of the task force should include, but not~~
11 ~~necessarily be limited to, representatives on behalf of the Student~~
12 ~~Aid Commission, the Department of Justice, the Office of the~~
13 ~~Chancellor of the California Community Colleges, the Department~~
14 ~~of Veterans Affairs, one or more legal aid organizations, and two~~
15 ~~financial experts, one representing community colleges and one~~
16 ~~representing a bureau-approved institution that meets the~~
17 ~~performance requirements of the Cal Grant program.~~

18 ~~(b) (1) Upon the unlawful closure of an institution, the bureau~~
19 ~~shall provide timely grant funds to local legal aid organizations to~~
20 ~~assist the students of that institution, including veterans, for no~~
21 ~~less than one year following the closure of the institution, with~~
22 ~~loan discharge and other student loan-related requests and tuition~~
23 ~~recovery related claims. Assistance shall include, but is not limited~~
24 ~~to, outreach and education, screening requests for assistance,~~
25 ~~referring students for additional legal assistance through pro bono~~
26 ~~referral programs, and legal services.~~

27 ~~(2) The amount of grant funds shall be calculated by multiplying~~
28 ~~the number of students affected by the institution's closure by one~~
29 ~~hundred dollars (\$100).~~

30 ~~(3) The bureau shall establish an approval process to ensure~~
31 ~~each legal aid organization that receives a grant pursuant to this~~
32 ~~section meets both of the following requirements:~~

33 ~~(A) The legal aid organization is a 501(c)(3) tax-exempt~~
34 ~~organization in good standing with the Internal Revenue Service~~
35 ~~and in compliance with all applicable laws and requirements,~~
36 ~~including, if required, registration with the Attorney General's~~
37 ~~Registry of Charitable Trusts.~~

38 ~~(B) The legal aid organization demonstrates expertise in assisting~~
39 ~~students with, and currently provides direct legal services to~~
40 ~~students for, student loan matters.~~

1 ~~(4) A legal aid organization that receives funds pursuant to this~~
2 ~~section shall enter into a grant agreement with the bureau and shall~~
3 ~~use grant funds exclusively for the purposes set forth in this section~~
4 ~~in accordance with the agreement. Any unused funds shall be~~
5 ~~returned to the bureau unless the parties enter into a new agreement~~
6 ~~authorizing the legal aid organization to expend the unused funds.~~
7 ~~The bureau may terminate the agreement for material breach.~~
8 ~~However, the bureau shall provide the grantee with written notice~~
9 ~~of the breach and a reasonable opportunity of less than 30 days to~~
10 ~~resolve the breach.~~

11 ~~(5) A legal aid organization that receives a grant may give~~
12 ~~priority to low-income students if demand exceeds available grant~~
13 ~~funds. Otherwise, the legal aid organization may provide assistance~~
14 ~~regardless of student income level.~~

15 ~~(6) A legal aid organization that receives a grant shall report to~~
16 ~~the bureau quarterly through the grant period on the number of~~
17 ~~students served from the date funds are distributed.~~

18 ~~(7) Funds shall be distributed by the bureau to preapproved legal~~
19 ~~aid organizations as follows:~~

20 ~~(A) Fifty percent shall be distributed within 30 days of the date~~
21 ~~of the institution’s unlawful closure.~~

22 ~~(B) Twenty-five percent shall be distributed upon the submission~~
23 ~~of the legal aid organization’s second quarterly report.~~

24 ~~(C) Twenty-five percent shall be distributed upon the submission~~
25 ~~of the legal aid organization’s third quarterly report.~~

26 ~~SEC. 9. The heading of Article 15 (commencing with Section~~
27 ~~94926) of Chapter 8 of Part 59 of Division 10 of Title 3 of the~~
28 ~~Education Code is amended to read:~~

29
30 ~~Article 15. Orderly Institutional Closure and Teach-outs~~

31
32 ~~SEC. 10. Section 94926 of the Education Code is amended to~~
33 ~~read:~~

34 ~~94926. (a) At least 30 days prior to closing, the institution~~
35 ~~shall notify the bureau in writing of its intention to close. The~~
36 ~~notice shall be accompanied by a closure plan, which shall include,~~
37 ~~but not necessarily be limited to, all of the following:~~

38 ~~(a)~~

1 (1) A plan for providing teach-outs of educational programs,
2 including any agreements with any other postsecondary educational
3 institutions to provide teach-outs.

4 ~~(b)~~

5 (2) If no teach-out plan is contemplated, or for students who do
6 not wish to participate in a teach-out, arrangements for making
7 refunds within 45 days from the date of closure, or for institutions
8 that participate in federal student financial aid programs
9 arrangements for making refunds and returning federal student
10 financial aid program funds.

11 ~~(c)~~

12 (3) If the institution is a participant in federal student financial
13 aid programs, it shall provide students information concerning
14 these programs and institutional closures.

15 ~~(d)~~

16 (4) A plan for the disposition of student records.

17 (b) *Until January 1, 2020, there shall be established a single*
18 *point of contact to respond to the closure of institutions that do*
19 *not comply with requirements established under state and federal*
20 *law. The goal of the point of contact shall be to ensure that students*
21 *who were enrolled at, or in an online program offered by, an*
22 *institution that has closed receive accurate and timely information*
23 *regarding the school closure process and the students' rights and*
24 *responsibilities under federal and state law. The point of contact's*
25 *duties shall include, but not be limited to, all of the following:*

26 (1) *Coordinating and working in consultation with state and*
27 *federal agencies, including, but not limited to, the Bureau for*
28 *Private Postsecondary Education, the Student Aid Commission,*
29 *the Office of the Chancellor of the California Community Colleges,*
30 *the Department of Veterans Affairs, the federal Consumer*
31 *Financial Protection Bureau, and the United States Department*
32 *of Education to determine both of the following:*

33 (A) *Options and resources available to students.*

34 (B) *Criteria which indicate additional steps are necessary for*
35 *state agencies to take to ensure the protection of the public from*
36 *school closures.*

37 (2) *Establishing and maintaining an Internet Web site to provide*
38 *information to students about options available in the event of a*
39 *school closure, including information necessary to help a student*
40 *make an informed decision about whether to seek a loan discharge*

1 *or to transfer credits. The Internet Web site shall list the names of*
2 *institutions that are on the United States Department of*
3 *Education's list for heightened cash monitoring.*

4 *(3) Assisting students in obtaining important documentation*
5 *from a closed institution, including, but not limited to, their*
6 *enrollment agreements, records, transcripts, and loan information.*

7 *(c) (1) Consideration should be given to establishing the single*
8 *point of contact within the Attorney General's office.*

9 *(2) The Legislature finds that the Attorney General's office has*
10 *expertise in complex legal situations such as those facing students*
11 *impacted by the sudden and abrupt closure of their educational*
12 *institutions and has established an online tool for students to*
13 *receive a personalized resource sheet regarding the types of relief*
14 *available to them.*

15 *(3) The Legislature finds that, among the involved agencies, the*
16 *Attorney General's office is the best situated to continue playing*
17 *a central, coordinating role in the effort to assist students of an*
18 *institution that has closed.*

19 *(4) This subdivision shall not be construed to authorize the*
20 *Attorney General's office to breach any of its responsibilities or*
21 *to provide individual legal assistance or representation to students*
22 *of an institution that has closed. If the single point of contact is*
23 *established within the Attorney General's office, the responsibilities*
24 *of the single point of contact shall be separate and distinct from*
25 *the office's efforts to uphold state law, represent state agencies,*
26 *and undertake related actions.*

27 *SEC. 11. Section 94926.5 is added to the Education Code, to*
28 *read:*

29 *94926.5. (a) Upon the unlawful closure of an institution, grant*
30 *funds shall be timely provided in accordance with this section to*
31 *eligible local nonprofit community service organizations, including,*
32 *but not limited to, legal aid organizations, organizations offering*
33 *free services for counseling on student loan debt problems, and*
34 *organizations assisting with the arrangement of debt management*
35 *and settlement plans, to assist the students of that closed institution,*
36 *including veterans, for no less than one year following the closure*
37 *of the institution, with loan discharge and other student*
38 *loan-related requests and tuition recovery-related claims.*
39 *Assistance shall include, but is not limited to, outreach and*
40 *education, screening requests for assistance, referring students*

1 for additional legal assistance through pro bono referral programs,
2 and legal services. For purposes of this section, an “eligible local
3 nonprofit community service organization” is an organization that
4 satisfies both of the following conditions:

5 (1) The organization is a 501(c)(3) tax-exempt organization in
6 good standing with the Internal Revenue Service and in compliance
7 with all applicable laws and requirements.

8 (2) The organization demonstrates expertise in assisting students
9 with, and currently provides direct legal services to students for,
10 student loan matters.

11 (b) The amount of grant funds shall be calculated by multiplying
12 the number of students affected by the institution’s closure by one
13 hundred dollars (\$100).

14 (c) (1) The bureau shall notify the Attorney General of all
15 unlawful school closures within 15 days of the closure.

16 (2) The notification shall include the name and location of the
17 school, the programs, and the number of students affected at each
18 site of the school, as appropriate. The bureau shall provide the
19 Attorney General with all additional information that the Attorney
20 General may request.

21 (3) The Attorney General shall, within 90 days of receipt of the
22 notification, solicit grant applications from eligible local nonprofit
23 community service organizations as described in subdivision (a),
24 select one or more of these organizations from among the
25 applicants who are deemed to be qualified by the Attorney General,
26 and notify the bureau and the recipient organization or
27 organizations of the selection. The Attorney General may enter
28 into a contract with another qualified entity to perform the Attorney
29 General’s duties under this subdivision.

30 (d) An eligible local nonprofit community service organization
31 that receives funds pursuant to this section shall enter into a grant
32 agreement with the Attorney General, or a qualified entity entrusted
33 with this authority pursuant to paragraph (3) of subdivision (c),
34 as applicable, and shall use grant funds exclusively for the
35 purposes set forth in this section in accordance with the agreement.
36 Any unused funds shall be returned to the Attorney General unless
37 the parties of the agreement enter into a new agreement authorizing
38 the organization to expend the unused funds. The Attorney General,
39 or a qualified entity, may terminate the agreement for material
40 breach. However, the Attorney General, or a qualified entity, shall

1 provide the grantee with written notice of the breach and a
2 reasonable opportunity of not less than 30 days to resolve the
3 breach.

4 (e) An eligible local nonprofit community service organization
5 that receives a grant may give priority to low-income students if
6 demand exceeds available grant funds. Otherwise, the organization
7 may provide assistance regardless of student income level.

8 (f) An eligible local nonprofit community service organization
9 that receives a grant shall report to the Attorney General, or a
10 qualified entity pursuant to paragraph (3) of subdivision (c), as
11 applicable, quarterly through the grant period on the number of
12 students served from the date funds are distributed.

13 (g) Funds shall be distributed by the Attorney General, or a
14 qualified entity pursuant to paragraph (3) of subdivision (c), as
15 applicable, to preapproved local nonprofit community service
16 organizations as follows:

17 (1) For a school closure involving fewer than 250 students, 100
18 percent of the grant funds shall be distributed within 30 days of
19 the selection of one or more recipient organizations.

20 (2) For a school closure involving 250 or more students:

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

23 (B) Twenty-five percent shall be distributed upon the submission
24 of the eligible local nonprofit community service organization's
25 second quarterly report.

26 (C) Twenty-five percent shall be distributed upon the submission
27 of the eligible local nonprofit community service organization's
28 third quarterly report.

29 (h) This section shall become inoperative on July 1, 2020, and,
30 as of January 1, 2021, is repealed, unless a later enacted statute,
31 that becomes operative on or before January 1, 2021, deletes or
32 extends the date on which it becomes inoperative and is repealed.

33 ~~SEC. 8.~~

34 SEC. 12. (a) The sum of one million three hundred thousand
35 dollars (\$1,300,000) is hereby appropriated from the Private
36 Postsecondary Education Administration Fund to the Bureau of
37 Private Postsecondary Education for the purposes of providing
38 financial grants pursuant to ~~subdivision (b) of Section 94926.5 of~~
39 the Education Code to ~~legal aid organizations~~ eligible local
40 nonprofit community service organizations for students affected

1 by the closure of Corinthian Colleges, Inc. Legal aid *Eligible local*
 2 *nonprofit community service* organizations may use grant funds
 3 received pursuant to ~~subdivision (b)~~ of Section 94926.5 of the
 4 Education Code for affected students served from the date of
 5 closure. Notwithstanding ~~paragraph (7)~~ of subdivision ~~(b)~~ (g) of
 6 Section 94926.5, the Bureau of Private Postsecondary Education
 7 shall ensure that these grant funds are made available within 30
 8 days of the enactment of this section. The adoption of any
 9 regulation pursuant to this subdivision shall be deemed to be an
 10 emergency and necessary for the immediate preservation of the
 11 public, health, and safety, or general welfare.

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

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

20 ~~SEC. 9:~~

21 *SEC. 13.* If the Commission on State Mandates determines that
 22 this act contains costs mandated by the state, reimbursement to
 23 local agencies and school districts for those costs shall be made
 24 pursuant to Part 7 (commencing with Section 17500) of Division
 25 4 of Title 2 of the Government Code.

26 ~~SEC. 10:~~

27 *SEC. 14.* This act is an urgency statute necessary for the
 28 immediate preservation of the public peace, health, or safety within
 29 the meaning of Article IV of the Constitution and shall go into
 30 immediate effect. The facts constituting the necessity are:

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