

AMENDED IN SENATE AUGUST 18, 2015

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, Galgiani, Hill, Runner, and Wieckowski)

February 24, 2015

An act to amend Sections 76300, 94923, 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, 69999.19, 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~~. *date, and have demonstrated need, as determined by the enrolling campus.* 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 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 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 Attorney General, or a qualified entity under contract with the Attorney General, to provide timely grant funds to 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 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 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~~, *Heald College*, and who was unable to complete an educational program offered by the campus due to its closure.

(6) The California National Guard Education Assistance Award Program authorizes the renewal of California National Guard Education Assistance Awards, for a maximum of the greater of either four years of full-time equivalent enrollment or the duration for which the qualifying member would otherwise be eligible pursuant to the Cal Grant Program, if specified conditions are met.

This bill would partially exempt from this limitation on California National Guard Education Assistance Awards a student who was

enrolled and received a California National Guard Education Assistance Award at a California campus of Heald College, and who was unable to complete an educational program offered by the campus due to its closure.

(6)

(7) 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)

(8) 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)

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

Vote: 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

1 by the closure of Corinthian Colleges, Inc., that took place on April
2 27, 2015.

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

9 (2) For purposes of making the computations required by Section
10 8 of Article XVI of the California Constitution, the funds
11 appropriated pursuant to this section shall be deemed to be
12 “General Fund revenues appropriated for community college
13 districts,” as defined in subdivision (d) of Section 41202 of the
14 Education Code, for the 2014–15 fiscal year, and included within
15 the “total allocations to school districts and community college
16 districts from General Fund proceeds of taxes appropriated pursuant
17 to Article XIII B,” as defined in subdivision (e) of Section 41202
18 of the Education Code, for the 2014–15 fiscal year.

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

24 SEC. 3. Section 69433.61 is added to the Education Code, to
25 read:

26 69433.61. (a) Notwithstanding any other law, a student who
27 was enrolled and received a Cal Grant award in the 2013–14 or
28 2014–15 academic year at a California campus of ~~a Corinthian~~
29 ~~Colleges, Inc., institution, including~~ Heald College, and was unable
30 to complete an educational program offered by the campus due to
31 the campus’s closure on April 27, 2015, shall not have the award
32 years used at a ~~Corinthian Colleges, Inc.,~~ *Heald College* campus
33 considered for purposes of the limitation on the number of years
34 of Cal Grant award eligibility. This restoration of award years for
35 Cal Grant eligibility shall not exceed two years.

36 (b) A student shall be eligible for the restoration of award years
37 if the student was enrolled at a campus of ~~Corinthian Colleges,~~
38 ~~Inc.,~~ *Heald College* on April 27, 2015, or had withdrawn from
39 enrollment within 120 days of that date. The Bureau for Private

1 Postsecondary Education shall provide the commission with
2 confirmation of student enrollment for purposes of this section.

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

8 *SEC. 4. Section 69999.19 is added to the Education Code, to*
9 *read:*

10 *69999.19. (a) Notwithstanding any other law, a student who*
11 *was enrolled and received a California National Guard Education*
12 *Assistance Award in the 2013–14 or 2014–15 academic year at a*
13 *California campus of Heald College, and was unable to complete*
14 *an educational program offered by the campus due to the campus's*
15 *closure on April 27, 2015, shall not have the award years used at*
16 *a Heald College campus considered for purposes of the limitation*
17 *on the number of years of California National Guard Education*
18 *Assistance Award eligibility. This restoration of award years for*
19 *California National Guard Education Assistance Award eligibility*
20 *shall not exceed two years.*

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

27 *(c) An eligible student shall, before January 1, 2017, notify the*
28 *commission of his or her intent to use the restoration of award*
29 *years provided under this section and to enroll in an institution*
30 *eligible for initial and renewal California National Guard*
31 *Education Assistance Awards to be eligible for that restoration.*

32 ~~SEC. 4.~~

33 *SEC. 5. 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 *institution*, was unable to complete
 18 an education program offered by the campus due to the campus's
 19 closure on April 27, ~~2015~~. 2015, and has demonstrated need, as
 20 determined by the enrolling campus. This clause shall become
 21 inoperative on July 1, 2018.

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

30 (2) (A) The board of governors, in consultation with students,
 31 faculty, and other key stakeholders, shall consider all of the
 32 following in the development and adoption of minimum academic
 33 and progress standards pursuant to subparagraph (A) of paragraph
 34 (1):

35 (i) Minimum uniform academic and progress standards that do
 36 not unfairly disadvantage financially needy students in pursuing
 37 their education.

38 (ii) Criteria for reviewing extenuating circumstances and
 39 granting appeals that, at a minimum, take into account and do not
 40 penalize a student for circumstances outside his or her control,

1 such as reductions in student support services or changes to the
2 economic situation of the student.

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

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

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

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

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

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

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

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

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

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

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

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

27 (i) The fee requirements of this section shall be waived for any
28 student who is the surviving spouse or the child, natural or adopted,
29 of a deceased person who met all of the requirements of Section
30 68120.

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

1 (1) The dependent was a resident of California on September
2 11, 2001.

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

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

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

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

19 (3) A dependent who is the surviving child, natural or adopted,
20 of an individual killed in the terrorist attacks of September 11,
21 2001, is entitled to the waivers under subdivision (j) until that
22 person attains 30 years of age.

23 (4) A dependent of an individual killed in the terrorist attacks
24 of September 11, 2001, who is determined to be eligible by the
25 California Victim Compensation and Government Claims Board,
26 is also entitled to the waivers provided in this section until January
27 1, 2013.

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

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

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

13 (n) The board of governors shall adopt regulations implementing
14 this section.

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

18 ~~SEC. 5.~~

19 *SEC. 6.* Section 94051 is added to the Education Code, to read:

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

34 ~~SEC. 6.~~

35 *SEC. 7.* Section 94923 of the Education Code is amended to
36 read:

37 94923. (a) The Student Tuition Recovery Fund relieves or
38 mitigates economic loss suffered by a student while enrolled in an
39 educational program, as defined in Section 94837, at a campus or
40 through a distance education program offered by an institution

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

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

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

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

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

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

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

38 (5) A student to whom an institution has failed to pay or
39 reimburse loan proceeds under a federal student loan program as

1 required by law, or has failed to pay or reimburse proceeds received
2 by the institution in excess of tuition and other costs.

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

10 (7) Notwithstanding the requirement of subdivision (a) that the
11 institution not be exempt from this article, a student who was
12 enrolled at a California campus of a Corinthian Colleges, Inc.,
13 institution or was a California student enrolled in an online program
14 offered by an out-of-state campus of a Corinthian Colleges, Inc.,
15 institution, who also meets all of the other eligibility requirements,
16 if the student was enrolled as of April 27, 2015, or withdrew within
17 120 days of that date or any greater period determined by the
18 bureau pursuant to this section.

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

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

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

35 (f) The bureau shall, by regulation, define "economic loss." The
36 regulation shall ensure that the definition of "economic loss"
37 includes, but is not necessarily limited to, pecuniary loss, which
38 is the sum of the student's tuition, all other institutional charges
39 as defined in Section 94844, the cost of equipment and materials
40 required for the educational program as defined in Section 94837,

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

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

20 ~~SEC. 7:~~

21 *SEC. 8.* Section 94924 of the Education Code is amended to
22 read:

23 94924. (a) The bureau shall determine the amount of Student
24 Tuition Recovery Fund assessments to be collected for each
25 student.

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

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

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

1 (e) The bureau shall collect Student Tuition Recovery Fund
2 assessments from an institution for all of the institution’s enrolled
3 students as follows:

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

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

13 ~~SEC. 8.~~

14 *SEC. 9.* Section 94925 of the Education Code is amended to
15 read:

16 94925. (a) The amount in the Student Tuition Recovery Fund
17 shall not exceed fifty million dollars (\$50,000,000) at any time.

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

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

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

33 ~~SEC. 9.~~

34 *SEC. 10.* The heading of Article 15 (commencing with Section
35 94926) of Chapter 8 of Part 59 of Division 10 of Title 3 of the
36 Education Code is amended to read:

37
38
39

Article 15. Institutional Closure and Teach-outs

1 ~~SEC. 10.~~

2 *SEC. 11.* Section 94926 of the Education Code is amended to
3 read:

4 94926. (a) At least 30 days prior to closing, the institution
5 shall notify the bureau in writing of its intention to close. The
6 notice shall be accompanied by a closure plan, which shall include,
7 but not necessarily be limited to, all of the following:

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

11 (2) If no teach-out plan is contemplated, or for students who do
12 not wish to participate in a teach-out, arrangements for making
13 refunds within 45 days from the date of closure, or for institutions
14 that participate in federal student financial aid programs
15 arrangements for making refunds and returning federal student
16 financial aid program funds.

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

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

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

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

37 (A) Options and resources available to students.

38 (B) Criteria which indicate additional steps are necessary for
39 state agencies to take to ensure the protection of the public from
40 school closures.

1 (2) Establishing and maintaining an Internet Web site to provide
 2 information to students about options available in the event of a
 3 school closure, including information necessary to help a student
 4 make an informed decision about whether to seek a loan discharge
 5 or to transfer credits. The Internet Web site shall list the names of
 6 institutions that are on the United States Department of Education’s
 7 list for heightened cash monitoring.

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

11 (c) (1) Consideration should be given to establishing the single
 12 point of contact within the Attorney General’s office.

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

19 (3) The Legislature finds that, among the involved agencies,
 20 the Attorney General’s office is the best situated to continue
 21 playing a central, coordinating role in the effort to assist students
 22 of an institution that has closed.

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

31 ~~SEC. 11.~~

32 *SEC. 12.* Section 94926.5 is added to the Education Code, to
 33 read:

34 94926.5. (a) Upon the unlawful closure of an institution, grant
 35 funds shall be timely provided in accordance with this section to
 36 eligible local nonprofit community service organizations, including,
 37 but not limited to, legal aid organizations, organizations offering
 38 free services for counseling on student loan debt problems, and
 39 organizations assisting with the arrangement of debt management
 40 and settlement plans, to assist the students of that closed institution,

1 including veterans, for no less than one year following the closure
2 of the institution, with loan discharge and other student loan-related
3 requests and tuition recovery-related claims. Assistance shall
4 include, but is not limited to, outreach and education, screening
5 requests for assistance, referring students for additional legal
6 assistance through pro bono referral programs, and legal services.
7 For purposes of this section, an “eligible local nonprofit community
8 service organization” is an organization that satisfies both of the
9 following conditions:

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

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

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

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

21 (2) The notification shall include the name and location of the
22 school, the programs, and the number of students affected at each
23 site of the school, as appropriate. The bureau shall provide the
24 Attorney General with all additional information that the Attorney
25 General may request.

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

35 (d) An eligible local nonprofit community service organization
36 that receives funds pursuant to this section shall enter into a grant
37 agreement with the Attorney General, or a qualified entity entrusted
38 with this authority pursuant to paragraph (3) of subdivision (c), as
39 applicable, and shall use grant funds exclusively for the purposes
40 set forth in this section in accordance with the agreement. Any

1 unused funds shall be returned to the Attorney General unless the
 2 parties of the agreement enter into a new agreement authorizing
 3 the organization to expend the unused funds. The Attorney General,
 4 or a qualified entity, may terminate the agreement for material
 5 breach. However, the Attorney General, or a qualified entity, shall
 6 provide the grantee with written notice of the breach and a
 7 reasonable opportunity of not less than 30 days to resolve the
 8 breach.

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

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

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

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

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

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

28 (B) Twenty-five percent shall be distributed upon the submission
 29 of the eligible local nonprofit community service organization’s
 30 second quarterly report.

31 (C) Twenty-five percent shall be distributed upon the submission
 32 of the eligible local nonprofit community service organization’s
 33 third quarterly report.

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

38 ~~SEC. 12.~~

39 *SEC. 13.* (a) The sum of one million three hundred thousand
 40 dollars (\$1,300,000) is hereby appropriated from the Private

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

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

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

24 ~~SEC. 13.~~

25 *SEC. 14.* If the Commission on State Mandates determines that
26 this act contains costs mandated by the state, reimbursement to
27 local agencies and school districts for those costs shall be made
28 pursuant to Part 7 (commencing with Section 17500) of Division
29 4 of Title 2 of the Government Code.

30 ~~SEC. 14.~~

31 *SEC. 15.* This act is an urgency statute necessary for the
32 immediate preservation of the public peace, health, or safety within
33 the meaning of Article IV of the Constitution and shall go into
34 immediate effect. The facts constituting the necessity are:

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