

AMENDED IN SENATE AUGUST 31, 2015

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**

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**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

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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~~, *after the earlier of either (A) 120 days before the closure, or an earlier date as may determined by the Bureau for Private Postsecondary Education, or (B) the date set by the United States Department of Education for closed school loan discharge eligibility*, and have demonstrated *financial* 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 the Governor shall be established~~ *establish* a single point of contact to respond to ~~the each closure of institutions~~ *an institution that does not comply with these closure and related 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, *receiving information on* 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)~~

(3) 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, 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 nonprofit community service organizations, as defined, to assist students of that institution with loan discharge and other student loan-related requests and tuition recovery-related claims, as specified. The bill would provide that the aggregate amount of these grants and the reasonable administrative costs to the Attorney General's office related to the grants would be made available from the Student Tuition Recovery Fund, thereby making an appropriation.*~~

~~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.~~

*(4) This bill would appropriate the sum of \$1,300,000 from the Student Tuition Recovery Fund to the Bureau of Private Postsecondary Education for the purposes of providing grants to eligible nonprofit community service organizations to assist students affected by the closure of Corinthian Colleges, Inc., as defined, with loan discharge and other student loan-related requests and tuition recovery-related claims, and to pay for the reasonable administrative costs of the Attorney General's office related to these grants, as specified, thereby making an appropriation. The bill would require the bureau to ensure that these grant funds are made available within 30 days of its enactment.*

(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 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.

(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.

(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.

(9) 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  
23 the "total allocations to school districts and community college  
24 districts from General Fund proceeds of taxes appropriated pursuant

1 to Article XIII B,” as defined in subdivision (e) of Section 41202  
2 of the Education Code, for the 2014–15 fiscal year.

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

8 SEC. 3. Section 69433.61 is added to the Education Code, to  
9 read:

10 69433.61. (a) Notwithstanding any other law, a student who  
11 was enrolled and received a Cal Grant award in the 2013–14 or  
12 2014–15 academic year at a California campus of Heald College,  
13 and was unable to complete an educational program offered by  
14 the campus due to the campus’s closure on April 27, 2015, shall  
15 not have the award years used at a Heald College campus  
16 considered for purposes of the limitation on the number of years  
17 of Cal Grant award eligibility. This restoration of award years for  
18 Cal Grant eligibility shall not exceed two years.

19 (b) A student shall be eligible for the restoration of award years  
20 if the student was enrolled at a campus of Heald College on April  
21 27, 2015, or ~~had withdrawn~~ *withdrew* from enrollment ~~within 120~~  
22 ~~days of that date.~~ *between July 1, 2014, and April 27, 2015.* The  
23 Bureau for Private Postsecondary Education shall provide the  
24 commission with confirmation of student enrollment for purposes  
25 of this section.

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

31 SEC. 4. Section 69999.19 is added to the Education Code, to  
32 read:

33 69999.19. (a) Notwithstanding any other law, a student who  
34 was enrolled and received a California National Guard Education  
35 Assistance Award in the 2013–14 or 2014–15 academic year at a  
36 California campus of Heald College, and was unable to complete  
37 an educational program offered by the campus due to the campus’s  
38 closure on April 27, 2015, shall not have the award years used at  
39 a Heald College campus considered for purposes of the limitation  
40 on the number of years of California National Guard Education

1 Assistance Award eligibility. This restoration of award years for  
2 California National Guard Education Assistance Award eligibility  
3 shall not exceed two years.

4 (b) A student shall be eligible for the restoration of award years  
5 if the student was enrolled at a campus of Heald College on April  
6 27, 2015, or ~~had withdrawn~~ *withdrew* from enrollment ~~within 120~~  
7 ~~days of that date.~~ *between July 1, 2014, and April 27, 2015.* The  
8 Bureau for Private Postsecondary Education shall provide the  
9 commission with confirmation of student enrollment for purposes  
10 of this section.

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

16 SEC. 5. Section 76300 of the Education Code is amended to  
17 read:

18 76300. (a) The governing board of each community college  
19 district shall charge each student a fee pursuant to this section.

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

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

29 (c) For the purposes of computing apportionments to community  
30 college districts pursuant to Section 84750.5, the board of  
31 governors shall subtract, from the total revenue owed to each  
32 district, 98 percent of the revenues received by districts from  
33 charging a fee pursuant to this section.

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

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

38 (1) Students enrolled in the noncredit courses designated by  
39 Section 84757.

1 (2) California State University or University of California  
2 students enrolled in remedial classes provided by a community  
3 college district on a campus of the University of California or a  
4 campus of the California State University, for whom the district  
5 claims an attendance apportionment pursuant to an agreement  
6 between the district and the California State University or the  
7 University of California.

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

14 (f) The governing board of a community college district may  
15 exempt special part-time students admitted pursuant to Section  
16 76001 from the fee requirement.

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

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

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

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

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

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

39 (iv) Was enrolled at a California campus of a Corinthian  
40 Colleges, Inc., institution, was unable to complete an education

1 program offered by the campus due to the campus's closure on  
2 April 27, 2015, and has demonstrated *financial* need, as determined  
3 by the enrolling campus. This clause shall become inoperative on  
4 July 1, 2018.

5 (v) Was enrolled at a California campus of a Corinthian  
6 Colleges, Inc., institution, withdrew from an education program  
7 offered by the campus ~~within 120 days, or a greater period after~~  
8 ~~the earlier of either (1) 120 days before the April 27, 2015, closure,~~  
9 ~~or an earlier date as may be determined by the Bureau for Private~~  
10 ~~Postsecondary Education pursuant to Section 94923, of the~~  
11 ~~campus's closure on April 27, 2015, or (2) the date set by the~~  
12 ~~United States Department of Education for closed school loan~~  
13 ~~discharge eligibility, and has demonstrated *financial* need, as~~  
14 ~~determined by the enrolling campus. This clause shall become~~  
15 ~~inoperative on July 1, 2018.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 94051. Notwithstanding any provision of law, for a period not  
8 to exceed two years from the date of the closure of Corinthian  
9 Colleges, Inc., a state agency that provides certification,  
10 registration, or licensure necessary to promote the safety and  
11 protection of the public may, on a case-by-case basis, consider for  
12 certification, registration, or licensure students who were enrolled  
13 in a program of Corinthian Colleges, Inc., that provided education  
14 or training aimed towards these students receiving certification,  
15 registration, or licensure from the state agency, and who did not  
16 receive that certification, registration, or licensure due to the closure  
17 of Corinthian Colleges, Inc. This consideration shall be provided  
18 at the discretion of the state agency in accordance with its public  
19 protection mandate and applicable criteria established by the  
20 agency for consumer safety.

21 ~~SEC. 7. Section 94923 of the Education Code is amended to~~  
22 ~~read:~~

23 ~~94923. (a) The Student Tuition Recovery Fund relieves or~~  
24 ~~mitigates economic loss suffered by a student while enrolled in an~~  
25 ~~educational program, as defined in Section 94837, at a campus or~~  
26 ~~through a distance education program offered by an institution~~  
27 ~~with a physical presence in this state, including any affiliates of~~  
28 ~~that institution, except at an independent institution of higher~~  
29 ~~education, as defined in Section 66010, that is exempt from this~~  
30 ~~chapter pursuant to subdivision (i) of Section 94874, who, at the~~  
31 ~~time of his or her enrollment, was a California resident or was~~  
32 ~~enrolled in a California residency program, prepaid tuition, and~~  
33 ~~suffered economic loss.~~

34 ~~(b) The bureau shall adopt by regulation procedures governing~~  
35 ~~the administration and maintenance of the Student Tuition~~  
36 ~~Recovery Fund, including requirements relating to assessments~~  
37 ~~on students and student claims against the Student Tuition~~  
38 ~~Recovery Fund. The regulations shall provide for awards to~~  
39 ~~students who suffer economic loss.~~

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

4 (1) Any student who was enrolled at an institution, at a location  
5 of the institution, or in an educational program offered by the  
6 institution, at the time that institution, location, or program was  
7 closed or discontinued, as applicable, who did not choose to  
8 participate in a teach-out plan approved by the bureau or did not  
9 complete a chosen teach-out plan approved by the bureau.

10 (2) Any student who was enrolled at an institution or a location  
11 of the institution within the 120-day period before the closure of  
12 the institution or location of the institution, or who was enrolled  
13 in an educational program within the 120-day period before the  
14 program was discontinued, if the bureau determines there was a  
15 significant decline in the quality or value of that educational  
16 program during that time period.

17 (3) Any student who was enrolled at an institution or a location  
18 of the institution more than 120 days before the closure of the  
19 institution or location of the institution, in an educational program  
20 offered by the institution as to which the bureau determines there  
21 was a significant decline in the quality or value of the program  
22 more than 120 days before closure.

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

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

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

36 (7) Notwithstanding the requirement of subdivision (a) that the  
37 institution not be exempt from this article, a student who was  
38 enrolled at a California campus of a Corinthian Colleges, Inc.,  
39 institution or was a California student enrolled in an online program  
40 offered by an out-of-state campus of a Corinthian Colleges, Inc.,

1 institution, who also meets all of the other eligibility requirements,  
2 if the student was enrolled as of April 27, 2015, or withdrew within  
3 120 days of that date or any greater period determined by the  
4 bureau pursuant to this section.

5 (e) Any student who is required to pay a Student Tuition  
6 Recovery Fund assessment who pays tuition equal to or greater  
7 than the required assessment shall be deemed to have paid the  
8 required assessment, whether or not his or her enrollment  
9 agreement specifies collection of the required assessment, and  
10 whether or not the institution identifies any money collected from  
11 the student as a Student Tuition Recovery Fund assessment.

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

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

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

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

~~SEC. 8. Section 94924 of the Education Code is amended to read:~~

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

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

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

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

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

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

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

~~SEC. 9.~~

~~SEC. 7. Section 94925 of the Education Code is amended to read:~~

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

1 (b) If the bureau has temporarily stopped collecting the Student  
 2 Tuition Recovery Fund assessments because the fund has  
 3 approached the fifty million dollar (\$50,000,000) limit in  
 4 subdivision (a), the bureau shall resume collecting Student Tuition  
 5 Recovery Fund assessments when the fund falls below ~~forty-five~~  
 6 *forty* million dollars ~~(\$45,000,000)~~. *(\$40,000,000)*.

7 (c) An otherwise eligible student who enrolled during a period  
 8 when institutions were not required to collect Student Tuition  
 9 Recovery Fund assessments is eligible for Student Tuition  
 10 Recovery Fund payments despite not having paid any Student  
 11 Tuition Recovery Fund assessment.

12 ~~(d) A student who is eligible for recovery from the Student~~  
 13 ~~Tuition Recovery Fund pursuant to paragraph (7) of subdivision~~  
 14 ~~(b) of Section 94923 shall be eligible for payments despite not~~  
 15 ~~having paid any Student Tuition Recovery Fund assessment.~~

16 ~~SEC. 10.~~

17 *SEC. 8.* The heading of Article 15 (commencing with Section  
 18 94926) of Chapter 8 of Part 59 of Division 10 of Title 3 of the  
 19 Education Code is amended to read:

20

21 Article 15. Institutional Closure and Teach-outs

22

23 ~~SEC. 11.~~

24 *SEC. 9.* Section 94926 of the Education Code is amended to  
 25 read:

26 94926. (a) At least 30 days prior to closing, the institution  
 27 shall notify the bureau in writing of its intention to close. The  
 28 notice shall be accompanied by a closure plan, which shall include,  
 29 but not necessarily be limited to, all of the following:

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

33 (2) If no teach-out plan is contemplated, or for students who do  
 34 not wish to participate in a teach-out, arrangements for making  
 35 refunds within 45 days from the date of closure, or for institutions  
 36 that participate in federal student financial aid programs  
 37 arrangements for making refunds and returning federal student  
 38 financial aid program funds.

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

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

5 (b) Until January 1, 2020, ~~there~~ *the Governor shall be*  
6 ~~established~~ *establish* a single point of contact to respond to ~~the~~  
7 ~~each~~ *closure of institutions an institution that does not comply*  
8 *with closure and related requirements established under state and*  
9 *federal law. The goal of the point of contact shall be to ensure that*  
10 *students who were enrolled at, or in an online program offered by,*  
11 *an institution that has closed receive accurate and timely*  
12 *information regarding the school closure process and the students'*  
13 *rights and responsibilities under federal and state law. The point*  
14 *of contact's primary duty shall be to advocate on behalf of and*  
15 *represent the interest of California students who attended the*  
16 *closed institutions; other duties shall include, but not necessarily*  
17 *be limited to, all of the following:*

18 (1) Coordinating and working in consultation with state and  
19 federal agencies, including, but not limited to, the Bureau for  
20 Private Postsecondary Education, the Student Aid Commission,  
21 *the Attorney General's Office*, the Office of the Chancellor of the  
22 California Community Colleges, the Department of Veterans  
23 Affairs, the federal Consumer Financial Protection Bureau, and  
24 the United States Department of Education to determine both of  
25 the following:

26 (A) Options and resources available to students.

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

30 (2) Establishing and maintaining an Internet Web site to provide  
31 information to students about options available in the event of a  
32 school closure, including information necessary to help a student  
33 make an informed decision about whether to seek a loan discharge  
34 or to transfer credits. The Internet Web site shall list the names of  
35 institutions that are on the United States Department of Education's  
36 list for heightened cash monitoring.

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

1 (c) (1) ~~Consideration~~ *For unlawful closures of large institutions*  
2 *regarding which the Attorney General has a pending investigation*  
3 *or ongoing litigation, consideration* should be given to establishing  
4 the single point of contact within the Attorney General's office.

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

11 (3) The Legislature finds ~~that, among the involved agencies,~~  
12 *that* the Attorney General's office is ~~the best~~ situated to continue  
13 playing a ~~central, coordinating~~ *central* role in the effort to assist  
14 students of an institution that has *unlawfully* closed.

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

23 ~~SEC. 12.~~

24 *SEC. 10.* Section 94926.5 is added to the Education Code, to  
25 read:

26 94926.5. (a) Upon the unlawful closure of an institution, grant  
27 funds shall be timely provided in accordance with this section to  
28 eligible ~~local~~ nonprofit community service organizations, including,  
29 but not limited to, legal aid ~~organizations,~~ *organizations and*  
30 *organizations* offering free services for counseling on student  
31 *financial aid and* loan debt problems, ~~and organizations assisting~~  
32 ~~with the arrangement of debt management and settlement plans,~~  
33 to assist the students of that closed institution, including veterans,  
34 for no less than one year following the closure of the institution,  
35 *by relieving or mitigating the economic and educational*  
36 *opportunity loss associated with the closure of the institution.*  
37 *Services provided by eligible nonprofit community services*  
38 *organizations shall include assistance* with loan discharge and  
39 other student *financial aid, veterans education benefits,* loan-related  
40 ~~requests~~ *relief,* and tuition recovery-related claims. Assistance

1 ~~shall~~ *may* include, but is not limited to, outreach and education,  
2 screening requests for assistance, referring students for additional  
3 legal assistance through pro bono referral programs, and legal  
4 services. *The terms and conditions of the grant funds may permit*  
5 *recipients to use excess grant funds to provide assistance to other*  
6 *clients related to school closure or student debt.* For purposes of  
7 this section, an “eligible-~~local~~ nonprofit community service  
8 organization” is an organization that satisfies-~~both~~ *all* 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 *free* direct legal services to students  
15 for, *or will work in partnership with or under the supervision of*  
16 *an attorney or a nonprofit legal services organization that has*  
17 *demonstrated expertise in assisting students with, student loan and*  
18 *tuition recovery-related matters.*

19 (3) *The organization does not charge students for services,*  
20 *including services provided pursuant to this section.*

21 (b) (1) The aggregate amount of ~~these grant funds funds~~, which  
22 *shall be made available from the Student Tuition Recovery Fund,*  
23 *shall be calculated by multiplying the number of students affected*  
24 *by the institution’s closure by one hundred dollars (\$100).*

25 (2) *The reasonable administrative costs of the Attorney*  
26 *General’s office pursuant to this section shall be made available*  
27 *from the Student Tuition Recovery Fund.*

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

30 (2) The notification shall include the name and location of the  
31 school, the programs, and the number of students affected at each  
32 site of the school, as appropriate. The bureau shall provide the  
33 Attorney General with all additional information that the Attorney  
34 General may request.

35 (3) The Attorney General shall, within 90 days of receipt of the  
36 notification, solicit grant applications from eligible-~~local~~ nonprofit  
37 community service organizations as described in subdivision (a),  
38 select one or more of these organizations from among the  
39 applicants who are deemed to be qualified by the Attorney General,  
40 *set additional terms and conditions of the grants as necessary, and*

1 notify the bureau and the recipient organization or organizations  
2 of the selection. The Attorney General may enter into a contract  
3 with another qualified entity to perform the Attorney General's  
4 duties under this subdivision.

5 (d) An eligible ~~local~~ nonprofit community service organization  
6 that receives funds pursuant to this section shall enter into a grant  
7 agreement with the Attorney General, or a qualified entity entrusted  
8 with this authority pursuant to paragraph (3) of subdivision (c), as  
9 applicable, and shall use grant funds exclusively for the purposes  
10 set forth in this section in accordance with the agreement. Any  
11 unused funds shall be returned to the Attorney General unless the  
12 parties of the agreement enter into a new agreement authorizing  
13 the organization to expend the unused funds. The Attorney General,  
14 or a qualified entity, may terminate the agreement for material  
15 breach. However, the Attorney General, or a qualified entity, shall  
16 provide the grantee with written notice of the breach and a  
17 reasonable opportunity of not less than 30 days to resolve the  
18 breach.

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

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

28 (g) Funds shall be distributed ~~by the Attorney General, or a~~  
29 ~~qualified entity pursuant to paragraph (3) of subdivision (c), as~~  
30 ~~applicable~~, to preapproved ~~local~~ nonprofit community service  
31 organizations as follows:

32 (1) For a school closure involving fewer than 250 students, 100  
33 percent of the grant funds shall be distributed within 30 days of  
34 ~~the selection of one or more recipient organizations.~~ *grantee*  
35 *entering into a grant agreement.*

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

37 (A) Fifty percent shall be distributed within 30 days of the ~~date~~  
38 ~~of the institution's unlawful closure.~~ *grantee entering into a grant*  
39 *agreement.*

1 (B) Twenty-five percent shall be distributed upon the submission  
2 of the ~~eligible local nonprofit community service organization's~~  
3 ~~grantee's~~ second quarterly report.

4 (C) Twenty-five percent shall be distributed upon the submission  
5 of the ~~eligible local nonprofit community service organization's~~  
6 ~~grantee's~~ third quarterly report.

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

11 ~~SEC. 13.~~

12 *SEC. 11.* (a) The sum of one million three hundred thousand  
13 dollars (\$1,300,000) is hereby appropriated from the ~~Private~~  
14 ~~Postsecondary Education Administration Student Tuition Recovery~~  
15 Fund to the Bureau of Private Postsecondary Education for the  
16 purposes of providing financial grants pursuant to Section 94926.5  
17 of the Education Code to eligible ~~local~~ nonprofit community  
18 service organizations ~~for~~ *to assist eligible* students affected by the  
19 closure of Corinthian Colleges, ~~Inc.~~ *Inc.*, and to pay for the  
20 reasonable administrative costs of the Attorney General's office  
21 related to these grants, as provided in subdivision (b). Eligible  
22 ~~local~~ nonprofit community service organizations may use grant  
23 funds received pursuant to Section 94926.5 of the Education Code  
24 *this section* for affected students *who have been served* from the  
25 date of closure. ~~Notwithstanding subdivision (g) of Section~~  
26 ~~94926.5, the~~

27 (b) *Grants shall be issued consistent with the procedures*  
28 *specified in Section 94926.5 of the Education Code, except that*  
29 *the* Bureau of Private Postsecondary Education shall ensure that  
30 these grant funds are made available within 30 days of the  
31 enactment of this section. ~~The~~

32 (c) *The* adoption of any regulation pursuant to this ~~subdivision~~  
33 *section* shall be deemed to be an emergency and necessary for the  
34 immediate preservation of the public, health, and safety, or general  
35 welfare.

36 (d) *For purposes of this section the following definitions shall*  
37 *apply:*

38 (1) *"Eligible nonprofit community service organization" shall*  
39 *have the same meaning as specified in subdivision (a) of Section*  
40 *94926.5 of the Education Code.*

1 (2) “Eligible students affected by the closure of Corinthian  
2 Colleges, Inc.” means either of the following:

3 (A) A student who was enrolled at a California campus of a  
4 Corinthian Colleges, Inc., institution and was unable to complete  
5 an education program offered by the campus due to the campus’s  
6 closure on April 27, 2015.

7 (B) A student who was enrolled at a California campus of a  
8 Corinthian Colleges, Inc., institution and withdrew from an  
9 education program offered by the campus after the earlier of either  
10 (i) 120 days before the April 27, 2015, closure, or an earlier date  
11 as may be determined by the Bureau for Private Postsecondary  
12 Education pursuant to Section 94923, or (ii) the date set by the  
13 United States Department of Education for closed school loan  
14 discharge eligibility.

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

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

23 ~~SEC. 14.~~

24 *SEC. 12.* If the Commission on State Mandates determines that  
25 this act contains costs mandated by the state, reimbursement to  
26 local agencies and school districts for those costs shall be made  
27 pursuant to Part 7 (commencing with Section 17500) of Division  
28 4 of Title 2 of the Government Code.

29 ~~SEC. 15.~~

30 *SEC. 13.* This act is an urgency statute necessary for the  
31 immediate preservation of the public peace, health, or safety within  
32 the meaning of Article IV of the Constitution and shall go into  
33 immediate effect. The facts constituting the necessity are:

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