

ASSEMBLY BILL

No. 1996

Introduced by Assembly Member Gordon

February 16, 2016

An act to amend Section 94874 of the Education Code, relating to private postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 1996, as introduced, Gordon. Private postsecondary education: exemptions.

Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. The act exempts an institution from its provisions if any of a list of specific criteria are met.

This bill would make nonsubstantive changes in the provision that relates to exemptions from the act.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

- 1 SECTION 1. Section 94874 of the Education Code is amended
- 2 to read:
- 3 94874. Except as provided in Section 94874.2, *all of the*
- 4 following are exempt from this chapter:
- 5 (a) An institution that offers solely avocational or recreational
- 6 educational programs.

1 (b) (1) An institution offering educational programs sponsored
2 by a bona fide trade, business, professional, or fraternal
3 organization, solely for that organization's membership.

4 (2) (A) Except as provided in subparagraph (B), a bona fide
5 organization, association, or council that offers preapprenticeship
6 training programs, on behalf of one or more Division of
7 Apprenticeship Standards-approved labor-management
8 apprenticeship programs that satisfies one of the following
9 conditions:

10 (i) It is not on the Eligible Training Provider List established
11 and maintained by the California Workforce Investment ~~Board~~
12 *Board*, but has met the requirements for placement on the list.

13 (ii) It is on the Eligible Training Provider List established and
14 maintained by the California Workforce Investment ~~Board~~ *Board*,
15 and meets the requirements for continued listing.

16 (B) If an organization, association, or council has been removed
17 from the Eligible Training Provider List established and maintained
18 by the California Workforce Investment Board for failure to meet
19 performance standards, it is not exempt until it meets all applicable
20 performance standards.

21 (c) A postsecondary educational institution established, operated,
22 and governed by the federal government or by this state or its
23 political subdivisions.

24 (d) An institution *solely* offering either of the following:

25 (1) Test preparation for examinations required for admission to
26 a postsecondary educational institution.

27 (2) Continuing education or license examination preparation,
28 if the institution or the program is approved, certified, or sponsored
29 by any of the following:

30 (A) A government agency, other than the bureau, that licenses
31 persons in a particular profession, occupation, trade, or career field.

32 (B) A state-recognized professional licensing body, such as the
33 State Bar of California, that licenses persons in a particular
34 profession, occupation, trade, or career field.

35 (C) A bona fide trade, business, or professional organization.

36 (e) (1) An institution owned, controlled, and operated and
37 maintained by a religious organization lawfully operating as a
38 nonprofit religious corporation pursuant to Part 4 (commencing
39 with Section 9110) of Division 2 of Title 1 of the Corporations
40 Code, that meets all of the following requirements:

1 (A) The instruction is limited to the principles of that religious
2 organization, or to courses offered pursuant to Section 2789 of
3 Business and Professions Code.

4 (B) The diploma or degree is limited to evidence of completion
5 of that education.

6 (2) An institution operating under this subdivision shall offer
7 degrees and diplomas only in the beliefs and practices of the
8 church, religious denomination, or religious organization.

9 (3) An institution operating under this subdivision shall not
10 award degrees in any area of physical science.

11 (4) Any degree or diploma granted under this subdivision shall
12 contain on its face, in the written description of the title of the
13 degree being conferred, a reference to the theological or religious
14 aspect of the degree's subject area.

15 (5) A degree awarded under this subdivision shall reflect the
16 nature of the degree title, such as "associate of religious studies,"
17 "bachelor of religious studies," "master of divinity," or "doctor of
18 divinity."

19 (f) An institution that does not award degrees and that solely
20 provides educational programs for total charges of two thousand
21 five hundred dollars (\$2,500) or less when no part of the total
22 charges is paid from state or federal student financial aid programs.
23 The bureau may adjust this cost threshold based upon the California
24 Consumer Price ~~Index~~ *Index*, and post notification of the adjusted
25 cost threshold on its Internet Web site, as the bureau determines,
26 through the promulgation of regulations, that the adjustment is
27 consistent with the intent of this chapter.

28 (g) A law school that is accredited by the Council of the Section
29 of Legal Education and Admissions to the Bar of the American
30 Bar Association or a law school or law study program that is
31 subject to the approval, regulation, and oversight of the Committee
32 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the
33 Business and Professions Code.

34 (h) A nonprofit public benefit corporation that satisfies all of
35 the following criteria:

36 (1) Is qualified under Section 501(c)(3) of the United States
37 Internal Revenue Code.

38 (2) Is organized specifically to provide workforce development
39 or rehabilitation services.

1 (3) Is accredited by an accrediting organization for workforce
2 development or rehabilitation services recognized by the
3 Department of Rehabilitation.

4 (i) An institution that is accredited by the Accrediting
5 Commission for Senior Colleges and Universities, Western
6 Association of Schools and Colleges, or the Accrediting
7 Commission for Community and Junior Colleges, Western
8 Association of Schools and Colleges.

9 (j) An institution that satisfies all of the following criteria:

10 (1) The institution has been accredited, for at least 10 years, by
11 an accrediting agency that is recognized by the United States
12 Department of Education.

13 (2) The institution has operated continuously in this state for at
14 least 25 years.

15 (3) During its existence, the institution has not filed for
16 bankruptcy protection pursuant to Title 11 of the United States
17 Code.

18 (4) The institution's cohort default rate on guaranteed student
19 loans does not exceed 10 percent for the most recent three years,
20 as published by the United States Department of Education.

21 (5) The institution maintains a composite score of 1.5 or greater
22 on its equity, primary reserve, and net income ratios, as provided
23 under Section 668.172 of Title 34 of the Code of Federal
24 Regulations.

25 (6) The institution provides a pro rata refund of unearned
26 institutional charges to students who complete 75 percent or less
27 of the period of attendance.

28 (7) The institution provides to all students the right to cancel
29 the enrollment agreement and obtain a refund of charges paid
30 through attendance at the second class session, or the 14th day
31 after enrollment, whichever is later.

32 (8) The institution submits to the bureau copies of its most recent
33 IRS Form 990, the institution's Integrated Postsecondary Education
34 Data System Report of the United States Department of Education,
35 and its accumulated default rate.

36 (9) The institution is incorporated and lawfully operates as a
37 nonprofit public benefit corporation pursuant to Part 2
38 (commencing with Section 5110) of Division 2 of Title 1 of the
39 Corporations-Code Code, and is not managed or administered by
40 an entity for profit.

1 (k) Flight instruction providers or programs that provide flight
2 instruction pursuant to Federal Aviation Administration regulations
3 and meet both of the following criteria:

4 (1) The flight instruction provider or program does not require
5 students to enter into written or oral contracts of indebtedness.

6 (2) The flight instruction provider or program does not require
7 or accept prepayment of instruction-related costs in excess of two
8 thousand five hundred dollars (\$2,500).

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