

AMENDED IN ASSEMBLY APRIL 14, 2016

AMENDED IN ASSEMBLY MARCH 15, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

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 amended, 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 ~~specify that exempt JobTrain, Inc. from the act if it maintains its status as~~ a nonprofit institution that is accredited by the Accrediting Commission for Schools, Western Association of Schools and Colleges, does not award degrees or diplomas, and is paid from state or federal student financial aid programs for fewer than ~~20 percent~~ 20% of its students who receive vocational ~~training is also exempted from the act.~~ training. The bill would also make nonsubstantive changes in the provision that relates to exemptions from the act.

This bill would make legislative findings and declarations as to the necessity of a special statute for JobTrain, Inc.

Vote: majority. Appropriation: no. Fiscal committee: yes.
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.
7 (b) (1) An institution offering educational programs sponsored
8 by a bona fide trade, business, professional, or fraternal
9 organization, solely for that organization's membership.
10 (2) (A) Except as provided in subparagraph (B), a bona fide
11 organization, association, or council that offers preapprenticeship
12 training programs, on behalf of one or more Division of
13 Apprenticeship Standards-approved labor-management
14 apprenticeship programs that satisfies one of the following
15 conditions:
16 (i) It is not on the Eligible Training Provider List established
17 and maintained by the California Workforce Investment Board,
18 but has met the requirements for placement on the list.
19 (ii) It is on the Eligible Training Provider List established and
20 maintained by the California Workforce Investment Board, and
21 meets the requirements for continued listing.
22 (B) If an organization, association, or council has been removed
23 from the Eligible Training Provider List established and maintained
24 by the California Workforce Investment Board for failure to meet
25 performance standards, it is not exempt until it meets all applicable
26 performance standards.
27 (c) A postsecondary educational institution established, operated,
28 and governed by the federal government or by this state or its
29 political subdivisions.
30 (d) An institution solely offering either of the following:
31 (1) Test preparation for examinations required for admission to
32 a postsecondary educational institution.
33 (2) Continuing education or license examination preparation,
34 if the institution or the program is approved, certified, or sponsored
35 by any of the following:

- 1 (A) A government agency, other than the bureau, that licenses
2 persons in a particular profession, occupation, trade, or career field.
- 3 (B) A state-recognized professional licensing body, such as the
4 State Bar of California, that licenses persons in a particular
5 profession, occupation, trade, or career field.
- 6 (C) A bona fide trade, business, or professional organization.
- 7 (e) (1) An institution owned, controlled, and operated and
8 maintained by a religious organization lawfully operating as a
9 nonprofit religious corporation pursuant to Part 4 (commencing
10 with Section 9110) of Division 2 of Title 1 of the Corporations
11 Code, that meets all of the following requirements:
- 12 (A) The instruction is limited to the principles of that religious
13 organization, or to courses offered pursuant to Section 2789 of the
14 Business and Professions Code.
- 15 (B) The diploma or degree is limited to evidence of completion
16 of that education.
- 17 (2) An institution operating under this subdivision shall offer
18 degrees and diplomas only in the beliefs and practices of the
19 church, religious denomination, or religious organization.
- 20 (3) An institution operating under this subdivision shall not
21 award degrees in any area of physical science.
- 22 (4) Any degree or diploma granted under this subdivision shall
23 contain on its face, in the written description of the title of the
24 degree being conferred, a reference to the theological or religious
25 aspect of the degree's subject area.
- 26 (5) A degree awarded under this subdivision shall reflect the
27 nature of the degree title, such as "associate of religious studies,"
28 "bachelor of religious studies," "master of divinity," or "doctor of
29 divinity."
- 30 (f) An institution that does not award degrees and that solely
31 provides educational programs for total charges of two thousand
32 five hundred dollars (\$2,500) or less when no part of the total
33 charges is paid from state or federal student financial aid programs.
34 The bureau may adjust this cost threshold based upon the California
35 Consumer Price Index, and post notification of the adjusted cost
36 threshold on its Internet Web site, as the bureau determines,
37 through the promulgation of regulations, that the adjustment is
38 consistent with the intent of this chapter.
- 39 (g) A law school that is accredited by the Council of the Section
40 of Legal Education and Admissions to the Bar of the American

1 Bar Association or a law school or law study program that is
2 subject to the approval, regulation, and oversight of the Committee
3 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the
4 Business and Professions Code.

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

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

9 (2) Is organized specifically to provide workforce development
10 or rehabilitation services.

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

14 (i) An institution that is accredited by the Accrediting
15 Commission for Senior Colleges and Universities, Western
16 Association of Schools and Colleges, or the Accrediting
17 Commission for Community and Junior Colleges, Western
18 Association of Schools and Colleges.

19 (j) ~~A—JobTrain, Inc., if it maintains its status as a~~ nonprofit
20 institution that is accredited by the Accrediting Commission for
21 Schools, Western Association of Schools and Colleges, and does
22 not award degrees or diplomas, and is paid from state or federal
23 student financial aid programs for fewer than 20 percent of its
24 students who receive vocational training.

25 (k) An institution that satisfies all of the following criteria:

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

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

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

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

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

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

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

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

12 (9) The institution is incorporated and lawfully operates as a
13 nonprofit public benefit corporation pursuant to Part 2
14 (commencing with Section 5110) of Division 2 of Title 1 of the
15 Corporations Code, and is not managed or administered by an
16 entity for profit.

17 (l) Flight instruction providers or programs that provide flight
18 instruction pursuant to Federal Aviation Administration regulations
19 and meet both of the following criteria:

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

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

25 *SEC. 2. The Legislature finds and declares that a special law*
26 *is necessary and that a general law cannot be made applicable*
27 *within the meaning of Section 16 of Article IV of the California*
28 *Constitution because of the unique circumstances surrounding*
29 *JobTrain, Inc.*