

ASSEMBLY BILL

No. 797

Introduced by Assembly Member Conway

February 17, 2011

An act to amend Section 94874 of the Education Code, relating to schools of cosmetology.

LEGISLATIVE COUNSEL'S DIGEST

AB 797, as introduced, Conway. Private postsecondary education: schools of cosmetology.

Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary schools in the state. Schools of cosmetology are regulated under the act.

This bill would exempt schools of cosmetology, as defined, 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. The following are exempt from this chapter:
- 4 (a) An institution that offers solely avocational or recreational
- 5 educational programs.
- 6 (b) An institution offering educational programs sponsored by
- 7 a bona fide trade, business, professional, or fraternal organization,
- 8 solely for that organization's membership.

1 (c) A postsecondary educational institution established, operated,
2 and governed by the federal government or by this state or its
3 political subdivisions.

4 (d) An institution offering either of the following:

5 (1) Test preparation for examinations required for admission to
6 a postsecondary educational institution.

7 (2) Continuing education or license examination preparation,
8 if the institution or the program is approved, certified, or sponsored
9 by any of the following:

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

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

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

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

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

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

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

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

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

35 (5) A degree awarded under this subdivision shall reflect the
36 nature of the degree title, such as "associate of religious studies,"
37 "bachelor of religious studies," "master of divinity," or "doctor of
38 divinity."

39 (f) An institution that does not award degrees and that solely
40 provides educational programs for total charges of two thousand

1 five hundred dollars (\$2,500) or less when no part of the total
2 charges is paid from state or federal student financial aid programs.
3 The bureau may adjust this cost threshold based upon the California
4 Consumer Price Index and post notification of the adjusted cost
5 threshold on its Internet Web site, as the bureau determines,
6 through the promulgation of regulations, that the adjustment is
7 consistent with the intent of this chapter.

8 (g) A law school that is accredited by the Council of the Section
9 of Legal Education and Admissions to the Bar of the American
10 Bar Association or a law school or law study program that is
11 subject to the approval, regulation, and oversight of the Committee
12 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the
13 Business and Professions Code.

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

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

18 (2) Is organized specifically to provide workforce development
19 or rehabilitation services.

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

23 (i) An institution that is accredited by the Accrediting
24 Commission for Senior Colleges and Universities, Western
25 Association of Schools and Colleges, or the Accrediting
26 Commission for Community and Junior Colleges, Western
27 Association of Schools and Colleges.

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

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

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

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

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

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

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

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

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

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

21 (k) *A school of cosmetology, as defined in Sections 7362 and*
22 *7362.1 of the Business and Professions Code.*