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AB-1346 Postsecondary education: California Private Postsecondary Education Act of 2009: Student Tuition Recovery Fund. (2019-2020)

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Assembly Bill No. 1346

CHAPTER 521

An act to amend Section 94923 of the Education Code, relating to postsecondary education, and making an appropriation therefor.

[Approved by Governor October 04, 2019. Filed with Secretary of State October 04, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1346, Medina. Postsecondary education: California Private Postsecondary Education Act of 2009: Student Tuition Recovery Fund.

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 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 authorizes a California student of a Corinthian Colleges, Inc., institution who meets all of the other eligibility requirements, including that the student was enrolled as of June 20, 2014, or withdrew within 120 days of that date, to receive payment from the fund. The act defines economic loss, for the purposes of a student's loss that may be relieved or mitigated through the fund, to include but not necessarily be limited to, pecuniary loss, which is the sum of the student's tuition, all other institutional charges, the cost of equipment and materials required for the educational program, and interest on any student loan used to pay for such charges.

This bill would instead allow a California student of a Corinthian Colleges, Inc., institution who was residing in California and attending a campus on or after January 1, 2010, and who would be eligible but for the Corinthian College's exemption from the act, or a student of a Corinthian College who was enrolled as of June 20, 2014, or withdrew within 120 days of that date, as specified, to receive payment from the fund. The bill would expand the definition of economic loss to include all cash or other consideration paid by the student to an institution, all expenses related to private or government student loans in connection with the student's attendance, and all third-party payments paid to the student or to the institution in connection with the student's attendance at the institution, as specified. To the extent that the bill expands the purposes of the fund, the bill would make an appropriation.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 94923 of the Education Code is amended to read:

94923. (a) The Student Tuition Recovery Fund relieves or mitigates economic loss suffered by a student while enrolled in an institution not exempt from this article pursuant to Article 4 (commencing with Section 94874), who, at the time of the student's enrollment, was a California resident or was enrolled in a California residency program, prepaid tuition, and suffered economic loss.

(b) (1) The bureau shall adopt, by regulation, procedures governing the administration and maintenance of the Student Tuition Recovery Fund. The fund shall be used to provide awards to students who suffer economic loss.

(2) The following students, and any other students deemed appropriate, are eligible for payment from the Student Tuition Recovery Fund:

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

(B) Any student who was enrolled at an institution or a location of the institution within the 120-day period before the closure of the institution or location of the institution, or who was enrolled in an educational program within the 120-day period before the program was discontinued.

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

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

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

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

(G) Notwithstanding the definition of economic loss in subdivision (f), for purposes of recovery from the Student Tuition Recovery Fund, a student who has sought legal counsel that resulted in the cancellation of one or more student loans in connection with the student's Student Tuition Recovery Fund claim may seek reimbursement for legal services rendered in an amount up to five hundred dollars (\$500). The bureau shall review the invoice of the legal services rendered and evidence of the cancellation of the student loan or loans, and upon verifying that cancellation, pay the claim directly to the student.

(3) Notwithstanding the requirement that a student attend an institution that is not exempt from this article as provided in subdivision (a), the following students who either were enrolled at a California campus of a Corinthian Colleges, Inc., institution or who were California students enrolled in an online program offered by an out-of-state campus of a Corinthian Colleges, Inc., institution are eligible for payment from the Student Tuition Recovery Fund:

(A) A student who meets one of the eligibility requirements in paragraph (2), if the student also was residing in California and was attending a campus of a Corinthian Colleges, Inc., institution on or after January 1, 2010.

(B) A student who was enrolled as of June 20, 2014, or withdrew within 120 days of that date, and did not complete the student's program at the institution.

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

(d) A student who suffers educational opportunity losses, whose charges are paid by a third-party payer, is eligible for educational credits under the fund.

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

(f) (1) For purposes of this section, "economic loss" includes, but is not necessarily limited to, any of the following:

(A) All cash or other consideration paid by the student to the institution.

(B) All expenses related to private or government student loans, including retail installment contracts made by the institution, paid to the student or to the institution in connection with the student's attendance at the institution, including related principal, interest, and any fees.

(C) All third-party payments, including government grants, paid to the student or to the institution in connection with the student's attendance at the institution.

(2) Economic loss does not include Student Tuition Recovery Fund assessments, unless the student is entitled to a full refund under Section 94919 or 94920 or nonpecuniary damages such as inconvenience, aggravation, emotional distress, or punitive damages. Economic loss does not include legal fees, attorney fees, court costs, or arbitration fees. This subdivision shall not prevent the bureau from further defining economic loss to include loss of educational opportunity.

(g) As a condition of the bureau satisfying a student loan obligation on behalf of a Student Tuition Recovery Fund applicant, the loan servicer or debtholder shall submit a letter stating that the servicer or holder will no longer collect on the debt and shall report the debt as "paid in full" to all credit reporting agencies. The bureau shall retain a copy of that letter and provide the original to the applicant.

(h) Except as provided in subdivision (i), the bureau shall require a student seeking reimbursement from the Student Tuition Recovery Fund to file a written application that shall be received by the bureau no later than four years after the date of the action that made the student eligible for recovery from the Student Tuition Recovery Fund.

(i) Any student whose loan is revived by a loanholder or debt collector after a period of noncollection by the holder or collector may, at any time, file a written application for recovery from the Student Tuition Recovery Fund for the debt that would have been otherwise eligible for recovery under this section.