

## AB 573 (Medina and McCarty) Relief for Corinthian College Students in California

### Summary

AB 573 ensures that California students harmed by the closure of private, for-profit colleges have access to economic relief and educational opportunity.

### Problem

On April 26, 2015, Corinthian Colleges, Inc. (CCI) announced that it has "ceased substantially all operations and discontinued instruction" at all Heald, Everest, and WyoTech campuses.

This closure follows oversight and enforcement actions by state and federal agencies, including the California Department of Justice (DOJ), U.S. Department of Education, the U.S. Consumer Financial Protection Bureau, the California Student Aid Commission, the California Bureau of Private Postsecondary Education, the California Department of Veterans Affairs, and other state attorneys general.

Claims against CCI, as outlined in a DOJ filing, include misrepresenting job placement rates to students, misrepresenting job placement rates to investors, advertising for programs that it does not offer, unlawfully using military seals in advertising, and inserting unlawful clauses into enrollment agreements to bar any and all claims by students.

Existing state and federal law provides *some* relief to *some* of the students harmed by the CCI closure:

- Federal loan forgiveness is available to students who qualify, *but only if they do not transfer any educational credits to another institution.*
- California Student Tuition Recovery (STRF) is available to California Everest and WyoTech students; *an exemption from state oversight means STRF is not available to Heald students and students enrolled in out-of-state online programs.*

Not only are existing programs insufficient to support all California students harmed by the CCI closure, evidence is surfacing that students are being provided inaccurate and inconsistent information regarding their rights and their options. A published list of "viable transfer opportunities" released by the US Department of Education includes more than a dozen other for-profit schools that are also currently under investigation by federal and state authorities.

### Solution

**AB 573** would ensure all students harmed by the closure of CCI and other high-risk, for-profit colleges have access to educational and financial opportunity. Specifically, this bill would:

**Waive community college fees** for all California students harmed by the closure of CCI. California community colleges are a viable option for students who wish to complete their educational plans. This bill will also provide **funding for community college counselors** to assist students in transferring to and enrolling in programs.

Provide **legal assistance to help students, including specialized legal assistance for veteran students**, with the loan forgiveness process. An estimated 6% of students eligible for a loan discharge claim it; legal service organizations can provide assistance to low-income students to complete the process. This bill would provide a grant of \$100 per student to legal aid services to assist students seeking loan discharge.

Provide **tuition recovery to Heald and California online students, including veteran students**, through expanding STRF eligibility to all students attending high-risk, for-profit colleges. Students attending California WyoTech and Everest campuses are already eligible for "tuition recovery" under California's STRF.

**Restore the year(s) of Cal Grant eligibility** for Heald students. This will ensure Heald students are not harmed by the four-year award limitation in the Cal Grant program.

**Increase the statutory limit on STRF from \$25 million to \$50 million** in order to ensure the STRF has sufficient funds to support all students when large for-profit institutions close abruptly. Institutions would be required to begin paying into the STRF immediately.

Establish a **Closed Schools Task Force** within the Bureau for Private Postsecondary Education to ensure that students are provided with accurate and consistent information from the agencies involved in the school closure process.

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**The closures of California CCI campuses impact approximately 9,000 Heald students and just over 4,000 Everest and WyoTech students at the following locations:**

<b>Everest Campus</b>	<b>Enrollment</b>	<b>AD</b>	<b>Member</b>	<b>SD</b>	<b>Senator</b>
Alhambra	239	49	Ed Chau	22	Ed Hernández
Anaheim	220	65	Young Kim	29	Bob Huff
City of Industry	474	57	Ian Calderon	22	Ed Hernández
Gardena	228	64	Mike Gipson	35	Isadore Hall, III
LA (Wilshire)	154	53	Miguel Santiago	24	Kevin De Leon
Ontario	400	52	Freddie Rodriguez	20	Connie Leyva
Ontario Metro	406	52	Freddie Rodriguez	20	Connie Leyva
Reseda	365	45	Matthew Dababneh	27	Fran Pavley
San Bernardino	431	47	Cheryl Brown	20	Connie Leyva
Torrance	64	66	David Hadley	35	Isadore Hall, III
West LA	156	54	Sebastian Ridley-Thomas	30	Holly Mitchell
<b>WyoTech Campus</b>	<b>Enrollment</b>	<b>AD</b>	<b>Member</b>	<b>SD</b>	<b>Senator</b>
Long Beach	558	70	Patrick O'Donnell	35	Isadore Hall, III
Fremont	356	25	Kansen Chu	10	Bob Wieckowski
<b>Heald Campus</b>	<b>AD</b>	<b>Member</b>	<b>SD</b>	<b>Senator</b>	
Roseville	4	Beth Gaines	4	Jim Nielsen	
Fresno	23	Jim Patterson	8	Tom Berryhill	
Stockton	13	Susan Eggman	5	Cathleen Galgiani	
Hayward	20	Bill Quirk	10	Bob Wieckowski	
Milpitas	25	Kansen Chu	10	Bob Wieckowski	
Modesto	12	Kristin Olsen	5	Cathleen Galgiani	
Salinas	30	Luis Alejo	12	Anthony Cannella	
San Francisco	17	David Chiu	11	Mark Leno	
Rancho Cordova	8	Ken Cooley	8	Tom Berryhill	
Concord	14	Susan Bonilla	7	Vacant	

**The following agencies and organizations have a role in assisting students affected by the CCI closures:**

**United States Department of Education** will be contacting currently and recently enrolled students to inform them of CCI's loss of federal student aid eligibility and the options available to students.

**California Department of Justice** has created an online tool for students to receive a personalized resource sheet regarding the types of relief available; the DOJ continues to pursue the complaint against CCI.

**California Bureau for Private Postsecondary Education** provides oversight of private colleges in California and administers the STRF; the Bureau has sent staff to Wyotech and Everest campuses to inform students of options.

**California Department of Veterans Affairs**, in August 2014, withdrew approval for CCI institutions; veterans at those campuses were required to transfer to an approved institution in order to receive Title 38 benefits.

**California Student Aid Commission** is working on a one-on-one basis with the 2,058 Heald students who received a Cal Grant award to ensure students can transfer to eligible institutions and continue to receive Cal Grant payments.

**California Community Colleges (CCC) Chancellor's Office** is working with local CCC representatives to send outreach teams to exit meetings CCI colleges plan to hold for students, and to assist students with enrollment and transfer.

**Legal Aid Organizations** provide free legal services to low-income individuals and are assisting students with completing loan discharge and STRF claim paperwork.