

CALIFORNIA PRIVATE POSTSECONDARY EDUCATION ACT OF 2009
(California Education Code, Title 3, Division 10, Part 59, Chapter8)

Article 4. Exemptions

94874. Categories of Exempt Institutions

The following are exempt from this chapter:

- (a) An institution that offers solely avocational or recreational educational programs.
- (b) An institution offering educational programs sponsored by a bona fide trade, business, professional, or fraternal organization, solely for that organization's membership.
- (c) A postsecondary educational institution established, operated, and governed by the federal government or by this state or its political subdivisions.
- (d) An institution offering either of the following:
 - (1) Test preparation for examinations required for admission to a postsecondary educational institution.
 - (2) Continuing education or license examination preparation, if the institution or the program is approved, certified, or sponsored by any of the following:
 - (A) A government agency, other than the bureau, that licenses persons in a particular profession, occupation, trade, or career field.
 - (B) A state-recognized professional licensing body, such as the State Bar of California, that licenses persons in a particular profession, occupation, trade, or career field.
 - (C) A bona fide trade, business, or professional organization.
- (e) (1) An institution owned, controlled, and operated and maintained by a religious organization lawfully operating as a nonprofit religious corporation pursuant to Part 4 (commencing with Section 9110) of Division 2 of Title 1 of the Corporations Code, that meets all of the following requirements:
 - (A) The instruction is limited to the principles of that religious organization, or to courses offered pursuant to Section 2789 of Business and Professions Code.
 - (B) The diploma or degree is limited to evidence of completion of that education.
 - (2) An institution operating under this subdivision shall offer degrees and diplomas only in the beliefs and practices of the church, religious denomination, or religious organization.
 - (3) An institution operating under this subdivision shall not award degrees in any area of physical science.
 - (4) Any degree or diploma granted under this subdivision shall contain on its face, in the written description of the title of the degree being conferred, a reference to the theological or religious aspect of the degree's subject area.
 - (5) A degree awarded under this subdivision shall reflect the nature of the degree title, such as "associate of religious studies," "bachelor of religious studies," "master of divinity," or "doctor of divinity."
- (f) An institution that does not award degrees and that solely provides educational programs for total charges of two thousand five hundred dollars (\$2,500) or less when no part of the total charges is paid from state or federal student financial aid programs. The bureau may adjust this cost threshold based upon the California Consumer Price Index and post notification of the adjusted cost threshold on its Internet Web site, as the bureau determines, through the promulgation of regulations, that the adjustment is consistent with the intent of this chapter.
- (g) A law school that is accredited by the Council of the Section of Legal Education and Admissions to the Bar of the American Bar Association or a law school or law study program that is subject to the approval, regulation, and oversight of the Committee of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the Business and Professions Code.
- (h) A nonprofit public benefit corporation that satisfies all of the following criteria:
 - (1) Is qualified under Section 501(c)(3) of the United States Internal Revenue Code.
 - (2) Is organized specifically to provide workforce development or rehabilitation services.
 - (3) Is accredited by an accrediting organization for workforce development or rehabilitation services recognized by the Department of Rehabilitation.
- (i) An institution that is accredited by the Accrediting Commission for Senior Colleges and Universities, Western Association of Schools and Colleges, or the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges.
- (j) An institution that satisfies all of the following criteria:
 - (1) The institution has been accredited, for at least 10 years, by an accrediting agency that is recognized by the United States Department of Education.
 - (2) The institution has operated continuously in this state for at least 25 years.
 - (3) During its existence, the institution has not filed for bankruptcy protection pursuant to Title 11 of the United

States Code.

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

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

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

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

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

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

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

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

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

94874.1. Non-WASC Regional Accreditation

(a) An institution that is accredited by a regional accrediting agency that is recognized by the United States Department of Education, and is not an agency described in subdivision (i) of Section 94874, is exempt from this chapter, except Article 14 (commencing with Section 94923).

(b) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

94874.5. Limitation to Exemption

Notwithstanding Sections 94874 and 94874.1, an institution that is otherwise exempt from this chapter shall comply with the requirements of Section 94927.5.

94874.7. Verification of Exemption

The bureau shall establish, by regulation, a process pursuant to which an institution that is exempt from this chapter may request, and obtain, from the bureau verification that the institution is exempt. The bureau shall establish a reasonable fee to reimburse the bureau's costs associated with the implementation of this section.

Article 14. Student Tuition Recovery Fund

94923. Administration of the STRF

The bureau shall, by January 1, 2011, adopt by regulation procedures governing the administration and maintenance of the Student Tuition Recovery Fund, including requirements relating to assessments on students and student claims against the Student Tuition Recovery Fund.

94924. Deposit of STRF Assessments, Continuous Appropriation

All assessments collected pursuant to this article shall be credited to the Student Tuition Recovery Fund, along with any accrued interest, for the purpose of this article. Notwithstanding Section 13340 of the Government Code, the moneys in the Student Tuition Recovery Fund are continuously appropriated to the bureau, without regard to fiscal year, for the purposes of this article.

94925. Limit on Funds in STRF Account

The amount in the Student Tuition Recovery Fund shall not exceed twenty-five million dollars (\$25,000,000) at any time.