

ASSEMBLY BILL

No. 534

Introduced by Assembly Member Wieckowski

February 20, 2013

An act to add Chapter 1.5 (commencing with Section 99050) to Part 65 of Division 14 of Title 3 of the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 534, as introduced, Wieckowski. Postsecondary education: institutional and financial assistance information for students.

Under existing law, there are 4 segments of postsecondary education in this state: the University of California, the California State University, the California Community Colleges, and independent institutions of higher education. Existing law, the California Private Postsecondary Education Act of 2009, regulates the operations of private postsecondary educational institutions, as defined, some of which are not accredited. Existing federal law, the Higher Education Opportunity Act, requires postsecondary institutions whose students receive certain federally funded, or federally insured or guaranteed, student loans to provide, among other services, entrance and exit counseling to students with specified information about these loans.

This bill would require each campus of the 4 segments listed above, and private postsecondary educational institutions subject to the California Private Postsecondary Education Act of 2009, to provide entrance and exit counseling, as specified, with respect to any institutional or state-funded loans offered or recommended to the student by the institution or segment. The bill would not apply to federally funded, federally insured, or federally guaranteed loans for which

counseling is required by the federal Higher Education Opportunity Act.

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. Chapter 1.5 (commencing with Section 99050)
2 is added to Part 65 of Division 14 of Title 3 of the Education Code,
3 to read:

4
5 CHAPTER 1.5. INSTITUTIONAL AND FINANCIAL ASSISTANCE
6 INFORMATION FOR STUDENTS
7

8 99050. The Regents of the University of California, the
9 Trustees of the California State University, the governing board
10 of each community college district, the governing body of each
11 accredited independent institution of higher education in this state,
12 and the governing body of each private postsecondary educational
13 institution as defined in Section 94858 that is subject to Chapter
14 8 (commencing with Section 94800) of Part 59 of Division 10,
15 shall each provide entrance and exit counseling services for
16 students at all campuses within their respective jurisdictions with
17 respect to any institutional or state-funded loans offered or
18 recommended to a student by the institution or segment, except as
19 provided in Section 99051.

20 99051. This chapter shall not apply to a federally funded,
21 federally insured, or federally guaranteed loan for which counseling
22 is required by Section 1092 of Title 20 of the United States Code.

23 99052. As used in this chapter:

24 (a) "Entrance counseling" includes all of the following:

25 (1) Providing the student with comprehensive information on
26 the terms and conditions of the loan and of the responsibilities the
27 student has with respect to the loan. This information shall be
28 provided before the student enters into the loan agreement, and
29 shall be expressed in a simple and understandable manner. The
30 information may be provided during an entrance counseling session
31 conducted in person, on a written form provided to the student that
32 the student signs and returns to the institution, or online, with the
33 student acknowledging receipt of the information.

1 (2) The comprehensive information provided under this
2 subdivision shall include all of the following:

3 (A) To the extent practicable, the effect of accepting the loan
4 to be disbursed on the eligibility of the borrower for other forms
5 of student financial assistance.

6 (B) Information on how interest accrues and is capitalized during
7 periods when the interest is not paid by the borrower.

8 (C) The definitions of full-time and half-time enrollment at the
9 institution, during regular terms and intersession terms, if
10 applicable, and the consequences of not maintaining full-time or
11 half-time enrollment.

12 (D) An explanation of the importance of contacting the
13 appropriate offices at the institution if the borrower withdraws
14 before completing his or her program of study so that the institution
15 can provide exit counseling.

16 (E) Sample monthly repayment amounts, based on a range of
17 levels of indebtedness.

18 (F) The obligation of the borrower to repay the full amount of
19 the loan, irrespective of whether the borrower completes his or her
20 program of study at the institution.

21 (G) The likely consequences of default on the loan, including
22 adverse credit reports, delinquent debt collection procedures, and
23 litigation.

24 (H) Information on the National Student Loan Data System and
25 how the borrower can access his or her records.

26 (I) The name of, and contact information for, an individual the
27 borrower may contact if he or she has any questions about the
28 borrower's rights and responsibilities or the terms and conditions
29 of the loan.

30 (b) (1) "Exit counseling" shall be provided as close as
31 practicable to the date that a student graduates from, transfers from,
32 withdraws from, or otherwise completes his or her program of
33 study at, the institution. "Exit counseling" includes information
34 relating to all of the following:

35 (A) Repayment plans that are available, including a description
36 of the different features of each plan and sample information
37 showing the average anticipated monthly payments, and the
38 difference in interest paid and total payments, under each plan.

39 (B) Debt management strategies that are designed to facilitate
40 the repayment of indebtedness.

1 (C) An explanation that the borrower has the options to prepay
2 each loan, pay each loan on a shorter schedule, or change
3 repayment plans.

4 (D) The likely consequences of default on the loan, including
5 adverse credit reports, delinquent debt collection procedures, and
6 litigation.

7 (E) Information on the effects of consolidation on a borrower's
8 underlying loan benefits.

9 (F) Information on grace periods, loan forgiveness, cancellation,
10 and deferment opportunities.

11 (G) The borrower benefit programs of different lenders.

12 (H) A general description of the tax benefits that may be
13 available to borrowers.

14 (2) With respect to a student who leaves an institution without
15 the knowledge of the institution, the institution shall attempt to
16 provide the information described in paragraph (1) to the student
17 in writing.

18 (c) For purposes of this section, "institution" means a campus
19 of the University of California, the California State University, or
20 the California Community Colleges, an accredited private and
21 independent college or university, or a private postsecondary
22 educational institution as defined in Section 94858 that is subject
23 to Chapter 8 (commencing with Section 94800) of Part 59 of
24 Division 10.