

**Assembly Bill No. 1996**

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Passed the Assembly August 31, 2016

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*Chief Clerk of the Assembly*

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Passed the Senate August 23, 2016

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2016, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add and repeal Section 94874.4 of the Education Code, and to amend Section 1095 of, and to add Section 14018 to, the Unemployment Insurance Code, relating to private postsecondary education.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1996, Gordon. Private postsecondary education: exemptions.

Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. The act exempts an institution from its provisions if any of a list of specific criteria are met.

This bill would exempt, until January 1, 2022, an institution from the act if it maintains its status as a nonprofit institution that is accredited by the Accrediting Commission for Schools, Western Association of Schools and Colleges, has operated continuously in California for at least 50 years as a nonprofit entity, as specified, does not award degrees or diplomas, is paid from state or federal student financial aid programs for fewer than 20% of its students who receive vocational training, and previously had an exemption from the bureau and did not utilize a specified pathway under the act.

Existing law requires the Employment Development Department within the Labor and Workforce Development Agency to administer various programs, including the state unemployment and disability compensation programs, and perform duties relating to income tax withholding, which require the furnishment of social security numbers of employees or other individuals. Existing law also deems the California Workforce Development Board responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system and the alignment of the education and workforce investment systems to the needs of the 21st century economy and workforce.

Under existing law, the information obtained in the administration of the Unemployment Insurance Code is for the exclusive use and information of the Director of Employment Development in the discharge of his or her duties and is not open to the public. However, existing law permits the use of the information for specified purposes, and allows the director to require reimbursement for direct costs incurred.

This bill would require the Employment Development Department, in conjunction with the California Workforce Development Board, to annually collect specified information from an institution meeting specified requirements, and provide a report to the Bureau for Private Postsecondary Education. The bill would also require the Employment Development Department to make the report available on the searchable CalJOBS Web site, through the training and education providers link on the Internet Web site, for the institution about which the report was made. This bill would require the Director of Employment Development to permit the use of information collected, as specified.

*The people of the State of California do enact as follows:*

SECTION 1. Section 94874.4 is added to the Education Code, to read:

94874.4. (a) (1) Except as provided in Sections 94874.2 and 94874.7, an institution that meets all of the requirements of paragraph (2) is exempt from this chapter.

(2) It maintains its status as a nonprofit institution that is accredited by the Accrediting Commission for Schools, Western Association of Schools and Colleges; as of January 1, 2016, it has operated continuously in California for at least 50 years as a nonprofit entity in accordance with Section 501(c)(3) of the federal Internal Revenue Code and not as a private foundation as defined in Section 509(a) of the federal Internal Revenue Code; it does not award degrees or diplomas; it is paid from state or federal student financial aid programs for fewer than 20 percent of its students who receive vocational training; and it previously had an exemption from the bureau and did not utilize the pathway provided in Section 94874.8.

(b) This section shall remain in effect only until January 1, 2022, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2022, deletes or extends that date.

SEC. 2. Section 1095 of the Unemployment Insurance Code, as amended by Section 277 of Chapter 31 of the Statutes of 2016, is amended to read:

1095. The director shall permit the use of any information in his or her possession to the extent necessary for any of the following purposes and may require reimbursement for all direct costs incurred in providing any and all information specified in this section, except information specified in subdivisions (a) to (e), inclusive:

(a) To enable the director or his or her representative to carry out his or her responsibilities under this code.

(b) To properly present a claim for benefits.

(c) To acquaint a worker or his or her authorized agent with his or her existing or prospective right to benefits.

(d) To furnish an employer or his or her authorized agent with information to enable him or her to fully discharge his or her obligations or safeguard his or her rights under this division or Division 3 (commencing with Section 9000).

(e) To enable an employer to receive a reduction in contribution rate.

(f) To enable federal, state, or local governmental departments or agencies, subject to federal law, to verify or determine the eligibility or entitlement of an applicant for, or a recipient of, public social services provided pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code, or Part A of Subchapter IV of the federal Social Security Act (42 U.S.C. Sec. 601 et seq.), when the verification or determination is directly connected with, and limited to, the administration of public social services.

(g) To enable county administrators of general relief or assistance, or their representatives, to determine entitlement to locally provided general relief or assistance, when the determination is directly connected with, and limited to, the administration of general relief or assistance.

(h) To enable state or local governmental departments or agencies to seek criminal, civil, or administrative remedies in connection with the unlawful application for, or receipt of, relief

provided under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or to enable the collection of expenditures for medical assistance services pursuant to Part 5 (commencing with Section 17000) of Division 9 of the Welfare and Institutions Code.

(i) To provide any law enforcement agency with the name, address, telephone number, birth date, social security number, physical description, and names and addresses of present and past employers, of any victim, suspect, missing person, potential witness, or person for whom a felony arrest warrant has been issued, when a request for this information is made by any investigator or peace officer as defined by Sections 830.1 and 830.2 of the Penal Code, or by any federal law enforcement officer to whom the Attorney General has delegated authority to enforce federal search warrants, as defined under Sections 60.2 and 60.3 of Title 28 of the Code of Federal Regulations, as amended, and when the requesting officer has been designated by the head of the law enforcement agency and requests this information in the course of and as a part of an investigation into the commission of a crime when there is a reasonable suspicion that the crime is a felony and that the information would lead to relevant evidence. The information provided pursuant to this subdivision shall be provided to the extent permitted by federal law and regulations, and to the extent the information is available and accessible within the constraints and configurations of existing department records. Any person who receives any information under this subdivision shall make a written report of the information to the law enforcement agency that employs him or her, for filing under the normal procedures of that agency.

(1) This subdivision shall not be construed to authorize the release to any law enforcement agency of a general list identifying individuals applying for or receiving benefits.

(2) The department shall maintain records pursuant to this subdivision only for periods required under regulations or statutes enacted for the administration of its programs.

(3) This subdivision shall not be construed as limiting the information provided to law enforcement agencies to that pertaining only to applicants for, or recipients of, benefits.

(4) The department shall notify all applicants for benefits that release of confidential information from their records will not be

protected should there be a felony arrest warrant issued against the applicant or in the event of an investigation by a law enforcement agency into the commission of a felony.

(j) To provide public employee retirement systems in California with information relating to the earnings of any person who has applied for or is receiving a disability income, disability allowance, or disability retirement allowance, from a public employee retirement system. The earnings information shall be released only upon written request from the governing board specifying that the person has applied for or is receiving a disability allowance or disability retirement allowance from its retirement system. The request may be made by the chief executive officer of the system or by an employee of the system so authorized and identified by name and title by the chief executive officer in writing.

(k) To enable the Division of Labor Standards Enforcement in the Department of Industrial Relations to seek criminal, civil, or administrative remedies in connection with the failure to pay, or the unlawful payment of, wages pursuant to Chapter 1 (commencing with Section 200) of Part 1 of Division 2 of, and Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of, the Labor Code.

(l) To enable federal, state, or local governmental departments or agencies to administer child support enforcement programs under Part D of Title IV of the federal Social Security Act (42 U.S.C. Sec. 651 et seq.).

(m) To provide federal, state, or local governmental departments or agencies with wage and claim information in its possession that will assist those departments and agencies in the administration of the Victims of Crime Program or in the location of victims of crime who, by state mandate or court order, are entitled to restitution that has been or can be recovered.

(n) To provide federal, state, or local governmental departments or agencies with information concerning any individuals who are or have been:

(1) Directed by state mandate or court order to pay restitution, fines, penalties, assessments, or fees as a result of a violation of law.

(2) Delinquent or in default on guaranteed student loans or who owe repayment of funds received through other financial assistance programs administered by those agencies. The information released

by the director for the purposes of this paragraph shall not include unemployment insurance benefit information.

(o) To provide an authorized governmental agency with any or all relevant information that relates to any specific workers' compensation insurance fraud investigation. The information shall be provided to the extent permitted by federal law and regulations. For the purposes of this subdivision, "authorized governmental agency" means the district attorney of any county, the office of the Attorney General, the Contractors' State License Board, the Department of Industrial Relations, and the Department of Insurance. An authorized governmental agency may disclose this information to the State Bar, the Medical Board of California, or any other licensing board or department whose licensee is the subject of a workers' compensation insurance fraud investigation. This subdivision shall not prevent any authorized governmental agency from reporting to any board or department the suspected misconduct of any licensee of that body.

(p) To enable the Director of Consumer Affairs, or his or her representatives, to access unemployment insurance quarterly wage data on a case-by-case basis to verify information on school administrators, school staff, and students provided by those schools who are being investigated for possible violations of Chapter 8 (commencing with Section 94800) of Part 59 of Division 10 of Title 3 of the Education Code.

(q) To provide employment tax information to the tax officials of Mexico, if a reciprocal agreement exists. For purposes of this subdivision, "reciprocal agreement" means a formal agreement to exchange information between national taxing officials of Mexico and taxing authorities of the State Board of Equalization, the Franchise Tax Board, and the Employment Development Department. Furthermore, the reciprocal agreement shall be limited to the exchange of information that is essential for tax administration purposes only. Taxing authorities of the State of California shall be granted tax information only on California residents. Taxing authorities of Mexico shall be granted tax information only on Mexican nationals.

(r) To enable city and county planning agencies to develop economic forecasts for planning purposes. The information shall be limited to businesses within the jurisdiction of the city or county

whose planning agency is requesting the information, and shall not include information regarding individual employees.

(s) To provide the State Department of Developmental Services with wage and employer information that will assist in the collection of moneys owed by the recipient, parent, or any other legally liable individual for services and supports provided pursuant to Chapter 9 (commencing with Section 4775) of Division 4.5 of, and Chapter 2 (commencing with Section 7200) and Chapter 3 (commencing with Section 7500) of Division 7 of, the Welfare and Institutions Code.

(t) To provide the State Board of Equalization with employment tax information that will assist in the administration of tax programs. The information shall be limited to the exchange of employment tax information essential for tax administration purposes to the extent permitted by federal law and regulations.

(u) Nothing in this section shall be construed to authorize or permit the use of information obtained in the administration of this code by any private collection agency.

(v) The disclosure of the name and address of an individual or business entity that was issued an assessment that included penalties under Section 1128 or 1128.1 shall not be in violation of Section 1094 if the assessment is final. The disclosure may also include any of the following:

(1) The total amount of the assessment.

(2) The amount of the penalty imposed under Section 1128 or 1128.1 that is included in the assessment.

(3) The facts that resulted in the charging of the penalty under Section 1128 or 1128.1.

(w) To enable the Contractors' State License Board to verify the employment history of an individual applying for licensure pursuant to Section 7068 of the Business and Professions Code.

(x) To provide any peace officer with the Division of Investigation in the Department of Consumer Affairs information pursuant to subdivision (i) when the requesting peace officer has been designated by the chief of the Division of Investigation and requests this information in the course of and as part of an investigation into the commission of a crime or other unlawful act when there is reasonable suspicion to believe that the crime or act may be connected to the information requested and would lead to relevant information regarding the crime or unlawful act.

(y) To enable the Labor Commissioner of the Division of Labor Standards Enforcement in the Department of Industrial Relations to identify, pursuant to Section 90.3 of the Labor Code, unlawfully uninsured employers. The information shall be provided to the extent permitted by federal law and regulations.

(z) To enable the Chancellor of the California Community Colleges, in accordance with the requirements of Section 84754.5 of the Education Code, to obtain quarterly wage data, commencing January 1, 1993, on students who have attended one or more community colleges, to assess the impact of education on the employment and earnings of students, to conduct the annual evaluation of district-level and individual college performance in achieving priority educational outcomes, and to submit the required reports to the Legislature and the Governor. The information shall be provided to the extent permitted by federal statutes and regulations.

(aa) To enable the Public Employees' Retirement System to seek criminal, civil, or administrative remedies in connection with the unlawful application for, or receipt of, benefits provided under Part 3 (commencing with Section 20000) of Division 5 of Title 2 of the Government Code.

(ab) To enable the State Department of Education, the University of California, the California State University, and the Chancellor of the California Community Colleges, pursuant to the requirements prescribed by the federal American Recovery and Reinvestment Act of 2009 (Public Law 111-5), to obtain quarterly wage data, commencing July 1, 2010, on students who have attended their respective systems to assess the impact of education on the employment and earnings of those students, to conduct the annual analysis of district-level and individual district or postsecondary education system performance in achieving priority educational outcomes, and to submit the required reports to the Legislature and the Governor. The information shall be provided to the extent permitted by federal statutes and regulations.

(ac) To provide the Agricultural Labor Relations Board with employee, wage, and employer information, for use in the investigation or enforcement of the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975 (Part 3.5 (commencing with Section 1140) of Division

2 of the Labor Code). The information shall be provided to the extent permitted by federal statutes and regulations.

(ad) (1) To enable the State Department of Health Care Services, the California Health Benefit Exchange, the Managed Risk Medical Insurance Board, and county departments and agencies to obtain information regarding employee wages, California employer names and account numbers, employer reports of wages and number of employees, and disability insurance and unemployment insurance claim information, for the purpose of:

(A) Verifying or determining the eligibility of an applicant for, or a recipient of, state health subsidy programs, limited to the Medi-Cal program, provided pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, and the Access for Infants and Mothers Program, provided pursuant to Part 6.3 (commencing with Section 12695) of Division 2 of the Insurance Code, when the verification or determination is directly connected with, and limited to, the administration of the state health subsidy programs referenced in this subparagraph.

(B) Verifying or determining the eligibility of an applicant for, or a recipient of, federal subsidies offered through the California Health Benefit Exchange, provided pursuant to Title 22 (commencing with Section 100500) of the Government Code, including federal tax credits and cost-sharing assistance pursuant to the federal Patient Protection and Affordable Care Act (Public Law 111-148), as amended by the federal Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), when the verification or determination is directly connected with, and limited to, the administration of the California Health Benefit Exchange.

(C) Verifying or determining the eligibility of employees and employers for health coverage through the Small Business Health Options Program, provided pursuant to Section 100502 of the Government Code, when the verification or determination is directly connected with, and limited to, the administration of the Small Business Health Options Program.

(2) The information provided under this subdivision shall be subject to the requirements of, and provided to the extent permitted by, federal law and regulations, including Part 603 of Title 20 of the Code of Federal Regulations.

(ae) To provide any peace officer with the Investigations Division of the Department of Motor Vehicles with information pursuant to subdivision (i), when the requesting peace officer has been designated by the Chief of the Investigations Division and requests this information in the course of, and as part of, an investigation into identity theft, counterfeiting, document fraud, or consumer fraud, and there is reasonable suspicion that the crime is a felony and that the information would lead to relevant evidence regarding the identity theft, counterfeiting, document fraud, or consumer fraud. The information provided pursuant to this subdivision shall be provided to the extent permitted by federal law and regulations, and to the extent the information is available and accessible within the constraints and configurations of existing department records. Any person who receives any information under this subdivision shall make a written report of the information to the Investigations Division of the Department of Motor Vehicles, for filing under the normal procedures of that division.

(af) Until January 1, 2020, to enable the Department of Finance to prepare and submit the report required by Section 13084 of the Government Code that identifies all employers in California that employ 100 or more employees who receive benefits from the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code). The information used for this purpose shall be limited to information obtained pursuant to Section 11026.5 of the Welfare and Institutions Code and from the administration of personal income tax wage withholding pursuant to Division 6 (commencing with Section 13000) and the disability insurance program and may be disclosed to the Department of Finance only for the purpose of preparing and submitting the report and only to the extent not prohibited by federal law.

(ag) To provide, to the extent permitted by federal law and regulations, the Student Aid Commission with wage information in order to verify the employment status of an individual applying for a Cal Grant C award pursuant to subdivision (c) of Section 69439 of the Education Code.

(ah) To enable the Department of Corrections and Rehabilitation to obtain quarterly wage data of former inmates who have been incarcerated within the prison system in order to assess the impact

of rehabilitation services or the lack of these services on the employment and earnings of these former inmates. Quarterly data for a former inmate's employment status and wage history shall be provided for a period of one year, three years, and five years following release. The data shall only be used for the purpose of tracking outcomes for former inmates in order to assess the effectiveness of rehabilitation strategies on the wages and employment histories of those formerly incarcerated. The information shall be provided to the department to the extent not prohibited by federal law.

(ai) To enable federal, state, or local government departments or agencies, or their contracted agencies, subject to federal law, including the confidentiality, disclosure, and other requirements set forth in Part 603 of Title 20 of the Code of Federal Regulations, to evaluate, research, or forecast the effectiveness of public social services programs administered pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code, or Part A of Subchapter IV of Chapter 7 of the federal Social Security Act (42 U.S.C. Sec. 601 et seq.), when the evaluation, research, or forecast is directly connected with, and limited to, the administration of the public social services programs.

(aj) To enable the California Workforce Development Board, the Chancellor of the California Community Colleges, the Superintendent of Public Instruction, the Department of Rehabilitation, the State Department of Social Services, the Bureau for Private Postsecondary Education, the Department of Industrial Relations, the Division of Apprenticeship Standards, and the Employment Training Panel to access any relevant quarterly wage data necessary for the evaluation and reporting of their respective program performance outcomes as required and permitted by various state and federal laws pertaining to performance measurement and program evaluation under the federal Workforce Innovation and Opportunity Act (Public Law 113-128); the workforce performance metrics dashboard pursuant to paragraph (1) of subdivision (i) of Section 14013; the Adult Education Block Grant Program consortia performance metrics pursuant to Section 84920 of the Education Code; the economic and workforce development program performance measures pursuant to Section 88650 of the Education Code; and the California Community Colleges Economic and Workforce Development Program

performance measures established in Part 52.5 (commencing with Section 88600) of Division 7 of Title 3 of the Education Code.

(ak) To enable the California Workforce Development Board to collect information from an institution that meets all of the requirements of paragraph (2) of subdivision (a) of Section 94874.4 of the Education Code and provide a report to the Bureau for Private Postsecondary Education on the information described in Section 14018, and to make the report available on the searchable CalJOBS Web site.

SEC. 3. Section 14018 is added to the Unemployment Insurance Code, to read:

14018. (a) The Employment Development Department, in conjunction with the California Workforce Development Board, shall annually collect information from an institution that meets all of the requirements of paragraph (2) of subdivision (a) of Section 94874.4 of the Education Code, and provide a report to the Bureau for Private Postsecondary Education on the following:

(1) The number of students enrolled in an institution that meets all of the requirements of paragraph (2) of subdivision (a) of Section 94874.4 of the Education Code, and the number that have completed their respective training programs offered by that institution.

(2) The number of students attaining training from an institution that meets all of the requirements of paragraph (2) of subdivision (a) of Section 94874.4 of the Education Code, using funds made available pursuant to the federal Workforce Innovation and Opportunity Act of 2014.

(3) The skills or competency attained through their respective program offered by an institution that meets all of the requirements of paragraph (2) of subdivision (a) of Section 94874.4 of the Education Code, and subsequent employment placement and retention information, including income.

(b) To the extent permitted by federal law and to the extent that individually identifiable information is not made available, the Employment Development Department shall make the report available on the searchable CalJOBS web site, through the training and education providers link on the Internet Web site, for an institution that meets all of the requirements of paragraph (2) of subdivision (a) of Section 94874.4 of the Education Code.





Approved \_\_\_\_\_, 2016

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*Governor*