

AMENDED IN SENATE APRIL 13, 2015

SENATE BILL

No. 440

**Introduced by Committee on Education (Senators Liu (Chair),
Block, Hancock, Huff, Leyva, Mendoza, Pan, and Vidak)**

February 25, 2015

An act to amend Section ~~66010~~ 70037 of the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

SB 440, as amended, Committee on Education. Postsecondary education: institutions.

Existing law establishes the California DREAM Loan Program, which provides a student attending a participating campus of the University of California or California State University with a loan, referred to as a DREAM loan, if the student satisfies specified requirements. The program requires the trustees and requests the regents to adopt regulations providing for the withholding of institutional services from current and former students who have been notified in writing that they are in default on DREAM loans. The program specifies that registration privileges may not be withheld from students who are in default on DREAM loans.

This bill would authorize the withholding of registration privileges from these students.

~~Existing law, the Donahoe Higher Education Act, sets forth the missions and functions of the segments of the public postsecondary education system in the state, including the University of California, administered by the Regents of the University of California, the California State University, administered by the Trustees of the California State University, and the California Community Colleges,~~

administered by the Board of Governors of the California Community Colleges. The act specifies that it is not intended to regulate, subsidize, or intrude upon private education.

~~This bill would make nonsubstantive changes to this provision.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

1 SECTION 1. Section 70037 of the Education Code is amended
2 to read:

3 70037. (a) The Trustees of the California State University and
4 the Regents of the University of California shall adopt regulations
5 providing for the withholding of institutional services from students
6 or former students who have been notified in writing at the
7 student’s or former student’s last known address that he or she is
8 in default on a loan or loans under the DREAM Program.

9 (b) ~~(1)~~The regulations adopted pursuant to subdivision (a) shall
10 provide that the services withheld may be provided during a period
11 when the facts are in dispute or when the student or former student
12 demonstrates to either the Trustees of the California State
13 University or the Regents of the University of California, as
14 applicable, that reasonable progress has been made to repay the
15 loan or that there exists a reasonable justification for the delay as
16 determined by the institution. The regulations shall specify the
17 services to be withheld from the student, which may include, but
18 are not limited to, the following:

19 ~~(A)~~
20 (1) The provision of grades.

21 ~~(B)~~
22 (2) The provision of transcripts.

23 ~~(C)~~
24 (3) The provision of diplomas.

25 ~~(2) The services withheld pursuant to paragraph (1) shall not~~
26 ~~include the withholding of registration privileges.~~

27 (c) “Default,” for purposes of this section, means the failure of
28 a borrower to make an installment payment when due, or to meet
29 other terms of the promissory note under circumstances where the
30 institution holding the loan finds it reasonable to conclude that the
31 borrower no longer intends to honor the obligation to repay,

1 provided that this failure persists for 180 days for a loan repayable
2 in monthly installments, or 240 days for a loan repayable in less
3 frequent installments.

4 (d) This section shall not impose any requirement upon the
5 University of California unless the Regents of the University of
6 California, by resolution, makes this section applicable.

7 ~~SECTION 1. Section 66010 of the Education Code is amended~~
8 ~~to read:~~

9 ~~66010. (a) Public higher education consists of (1) the~~
10 ~~California Community Colleges, (2) the California State University,~~
11 ~~and each campus, branch, and function thereof, and (3) each~~
12 ~~campus, branch, and function of the University of California.~~

13 ~~(b) As used in this part, “independent institutions of higher~~
14 ~~education” are nonpublic higher education institutions that grant~~
15 ~~undergraduate degrees, graduate degrees, or both, and that are~~
16 ~~formed as nonprofit corporations in this state and are accredited~~
17 ~~by an agency recognized by the United States Department of~~
18 ~~Education.~~

19 ~~(c) This part is not intended to regulate, subsidize, or intrude~~
20 ~~upon private education, including, but not limited to, independent~~
21 ~~educational institutions and religious schools, or to vary existing~~
22 ~~state law or state constitutional provisions relating to private~~
23 ~~education.~~