



August 21, 2015

Senator Ricardo Lara
Chair, Senate Committee on Appropriations
State Capitol, Room 2206
Sacramento, CA 95814

RE: AB 573 (Medina) – SUPPORT AS AMENDED AUGUST 18, 2015

Dear Chair Lara:

The undersigned organizations are writing to express our strong support of AB 573. AB 573 would provide much needed relief to students harmed by the recent closure of Corinthian Colleges and ensure stronger protections for students at schools that close in the future. After many years of exploiting low income students through predatory and illegal recruiting and lending practices – extensively documented by California’s Attorney General and other state and federal investigations – Corinthian Colleges recently closed its remaining 30 campuses, 24 of which were in California. Students who were enrolled in these campuses at or near the point of closure have had their dreams dashed, unable to complete the programs they borrowed loans to attend. In many cases, given widespread concerns about the quality of Corinthian-owned institutions, the credits students earned at the closed schools will not transfer to more reputable colleges.

While these students have undeniably been harmed in ways that cannot be repaired, some financial relief is provided for under both federal and state law. Students who borrowed federal student loans are able to have those loans discharged if they do not transfer credits into a comparable program elsewhere, and California students who paid into a state insurance fund for such situations – the Student Tuition Relief Fund (STRF) – may benefit from further relief. Unfortunately, neither federal nor state relief is as available as it should be. U.S. Department of Education Undersecretary Ted Mitchell recently stated that in the past, only 6 percent of students eligible for “closed school discharges” had their loans discharged. STRF funds can help some students, but only to those students who attended approved schools – and the majority of Californians affected by the closure did not pay into the fund due to gaps in state oversight. AB 573 would help Californians harmed by the closure of Corinthian Colleges and improve state policy so that students enrolled in the next school to close are better protected, and better positioned to take advantage of the relief provided to them in federal and state law. Specifically, the bill:

- Provides legal services funding commensurate with the scale of the closed school, so that students can receive personalized and professional help with understanding and accessing their options for transfer and/or financial relief.

- Supports the availability of financial aid and academic advising at community colleges, so that students who either start a new program or continue their education at a California community college can get the help they need to succeed.
- Allows all California students harmed by the closure of Corinthian Colleges to benefit from STRF, including those students enrolled in Heald Colleges and enrolled in online Corinthian programs based outside of California. Those students did not have the option of making the minimum payments into STRF that entitle students to benefit. This is due to gaps in state oversight, and the harmed students should not be penalized.
- Restores students' eligibility for state Cal Grants, which is typically limited to four years, so that students can receive a true fresh start in beginning a new program.
- Establishes a single point of contact within the Attorney General's office to respond to the closure of institutions so that responses to school closures are coordinated, timely, and comprehensive.
- Increases the amount of funds collected in STRF from \$25 million to \$50 million, helping to ensure that the resources available are sufficient to help students even when relatively large institutions close.

AB 573 is an incredibly important bill that will help make sure that students have meaningful access to consumer protections if their school closes. The students at the shuttered Corinthian campuses were taken advantage of by an unscrupulous company. California cannot let these students be victimized again by robbing them of the chance to understand their options and seek and receive needed relief.

For these reasons we strongly recommend your "AYE" vote when this bill comes before the Senate Committee on Appropriations on August 24, 2015.

Sincerely,

Lande Ajose
Executive Director
California Competes

Michael Bolden
Government Relations Advocate
California SEIU

Debbie Cochrane
Research Director
The Institute for College Access and Success

Sharon Djemal
Consumer Clinic Director
East Bay Community Law Center

Kari Gibson
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Kendra Harris
Legislative Representative
California Federation of Teachers

Gustavo Herrera
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Consumers Union

Paul Leonard
California Director
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Angela Perry
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CC: The Honorable Jose Medina
Members of the Senate Appropriations Committee