

SEC. 9. Section 94874.9 is added to the Education Code, to read:

94874.9. (a) An independent institution of higher education, as defined in Section 66010, that is exempt from this chapter pursuant to subdivision (i) of Section 94874 shall comply with all applicable state and federal laws, including laws relating to fraud, abuse, and false advertising.

(b) An institution described in subdivision (a) may execute a contract with the bureau for the bureau to review and, as appropriate, act on complaints concerning the institution, in accordance with Section 600.9 of Title 34 of the Code of Federal Regulations.

(c) The execution of a contract by the bureau with an institution pursuant to subdivision (b) shall constitute establishment by the state of that institution to offer programs beyond secondary education, including programs leading to a degree or certificate, in accordance with Section 600.9 of Title 34 of the Code of Federal Regulations.

(d) The bureau may use a standard form contract for purposes of this section.

(e) A contract executed pursuant to this section shall, at a minimum, do all of the following:

(1) Require an institution to do all of the following:

(A) Cooperate with the bureau to resolve complaints received pursuant to this section.

(B) Provide the following disclosure notice in all written and Internet-based documentation in which the institution's complaint process is described, including the student catalog, student handbook, and the institution's Internet Web site:

"An individual may contact the Bureau for Private Postsecondary Education for review of a complaint. The bureau may be contacted at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and fax numbers)."

(C) Designate a person at the institution to act as a liaison to the bureau.

(D) Pay one thousand seventy-six dollars (\$1,076) each year for costs incurred by the bureau to perform activities pursuant to the contract, unless another amount is determined by the bureau.

(2) (A) Authorize the bureau, for any complaint it receives, including any complaints related to the institution's policies or procedures, or both, as determined by the bureau, to refer the complaint to the institution, an accrediting agency, or another appropriate entity for resolution.

(B) The bureau shall notify the complainant and the institution of a referral.

(C) This paragraph shall not be construed to relieve the bureau of its responsibility to review the status of a complaint it has referred for purposes of determining whether the complaint is pending or has been resolved by the receiving entity.

(f) The bureau may terminate a contract executed pursuant to this section if an institution is no longer an independent institution of higher education as defined in Section 66010 or fails to comply with the provisions of the contract.

(g) All moneys collected by the bureau that relate to a contract executed pursuant to this section, including payments collected in accordance with subparagraph (D) of paragraph (1) of subdivision (e), shall be deposited in the Private Postsecondary Education Administration Fund.

(h) The bureau shall maintain, on its Internet Web site, both of the following:

(1) The provisions of each contract entered into pursuant to this section.

(2) A list of institutions with which the bureau has executed a contract pursuant to this section.

(i) On or before February 1, 2017, and each year thereafter, the bureau shall report to the Director of Finance and, in conformity with Section 9795 of the Government Code, to the

Legislature regarding implementation of this section. The report shall include all of the following information:

(1) A list of institutions with which the bureau has executed a contract pursuant to this section.

(2) The total number of complaints received by the bureau relating to institutions listed in paragraph (1).

(3) The nature of those complaints.

(4) The total number of those complaints referred to another entity, disaggregated by the entity to which each complaint was referred.

(5) The total number of complaints closed, disaggregated by the entity that closed each complaint.

(6) The total number of complaints pending, disaggregated by the entity to which each complaint was referred.

(j) Notwithstanding any other law, the Department of General Services, at the request of the bureau, may exempt contracts executed pursuant to this section from any laws, rules, resolutions, or procedures that are otherwise applicable to public contracts that the Department of General Services administers.