California BPPE Announces Changes to the Student Tuition Recovery Fund

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The California Bureau for Private Postsecondary Education (BPPE or Bureau) recently published amended regulations governing the Student Tuition Recovery Fund (STRF), effective as of August 10, 2017. The changes cover many aspects of the STRF process and will impact not only institutions approved to operate by the Bureau, but also institutions that have recently registered as out-of-state distance learning providers, pursuant to a new law that became effective on July 1, 2017. As Cooley outlined in a recent blog post, California now requires private postsecondary institutions with a physical presence outside the state, that provide distance education opportunities to California residents, to register with the BPPE and comply with the STRF law and regulations. Nonprofit, accredited, degree-granting institutions and public institutions are exempt from the registration requirement.

Note that California is the only state that has no plans to join the State Authorization Reciprocity Agreement (known as SARA). Accordingly, institutions that operate in California must continue to comply with any California requirements applicable to them.

While the current STRF assessment amount remains at $0 for new students based on STRF being fully funded under the authorizing statute, the new regulations amend the definitions of who is eligible, the eligibility criteria (including a new four-year statute of limitations on claims) and the disclosure language all institutions must publish. The data collection and quarterly reporting processes were not amended with this regulatory package.

These regulatory amendments will require immediate action from institutions to update their catalog and enrollment agreement disclosures. The new language, which must be included verbatim, can be found in California Code of Regulations § 76215. The disclosures must now include a reminder to students to maintain all of their enrollment and financial aid documents to support a future claim, as well as codifying the option for students to seek reimbursement from STRF for legal services used to apply for loan forgiveness. We recommend institutions review the entirety of the new regulations to better understand the purpose and scope of STRF protections and how they will impact both students and institutions.

If you have questions about how to comply with these new regulations, please do not hesitate to reach out for assistance.

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