
SENATE COMMITTEE ON EDUCATION

Senator Carol Liu, Chair
2015 - 2016 Regular

Bill No: SB 410
Author: Beall
Version: April 6, 2015
Urgency: No
Consultant: Olgalilia Ramirez
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Fiscal: Yes

NOTE: This bill has been referred to the Committees on Education and Business, Professions, and Economic Development. A “do pass” motion should include referral to the Business, Professions, and Economic Development Committee.

Subject: California Private Postsecondary Education Act of 2009

SUMMARY

This bill defines “on-time graduates” to mean students who graduate within 100% of the program length in lieu of classifying this group as “graduates.”

BACKGROUND

Existing law, until January 1, 2017, establishes the California Private Postsecondary Education Act (Act) of 2009, which provides for the approval, regulation, and enforcement of private postsecondary educational institutions by the Bureau for Private Postsecondary Education (Bureau) within the Department of Consumer Affairs (DCA). (Education Code § 94800-94950)

Existing law requires a regulated institution to provide a prospective student with a School Performance Fact Sheet containing information on completion rates, placement rates, license examination passage rates, salary or wage information, the most recent three-year cohort default rate and the percentage of enrolled students receiving federal student loans (if the institution participates in federal financial programs) and other specified information. The act defines numerous terms for purposes of reporting this requirement, including adding a second definition for graduates to mean “students who complete a program within 100% of the published program length.” (EC § 94910)

Existing law also defines graduate to mean an individual who has been awarded a degree or diploma and unless the context requires otherwise this definition governs the construction of the chapter. (EC § 94810 and 94842)

ANALYSIS

This bill:

1. Defines “on-time graduates” to mean students who complete 100% of the published program length in lieu of classifying this group as “graduates” for the purpose of making a distinction between those who graduate on-time and all other graduates as defined in section 94842 of the Education Code.

2. Requires an institution to use “on-time graduates” in lieu of “graduates,” for calculating completion rates for each program.
3. Makes another technical amendment.

STAFF COMMENTS

1. ***Need for the bill.*** Prior legislation, AB 2296 (Block, CH. 585, 2012) required institutions regulated by the Bureau to expand existing disclosures requirements, including completion and job placement rates, to prospective students. The measure also added a second definition of “graduates” as those who graduate within 100% of the originally scheduled completion date. According to the author, although it is appropriate and useful to know how many students graduate within that time frame, its application to job placement, salary and licensing data skews the results because it includes only those graduates who graduated within 100% of the scheduled time period, not all graduates.

This bill seeks to address this issue by using the term "on-time graduates" to tell how many students graduated on-time during a given reporting year and “graduate” to mean an individual who has been awarded a degree or diploma to report job placement, salaries and license passage for all graduates during the given reporting year.

2. ***Relevant calculations.*** Current law requires an institution regulated by the Bureau for Private Postsecondary Education (Bureau) to provide a prospective student with a School Performance Fact Sheet containing information on completion rates, placement rates, license examination passage rates and salary or wage information, among other things. Each rate is based on a formula outlined in statute:

- A. *Job placement rate* is calculated by dividing the number of graduates employed in the field by the number of graduates available for employment for each program.

The Children Advocacy Institute and the Center for Public Interest Law explains how the job placement rate can be very different based on the existing definition:

“In a reporting year in which 200 students are scheduled to graduate from a particular program that year, 80 graduated within 100% of the time originally scheduled. During that same reporting year, however, a total of 150 graduated from that program. Eighty-five of the graduates that year obtained employment. Of those who obtained employment, 70 had graduated on time during the reporting year.”

- B. *Completion rate* is calculated by dividing the number of graduates by the number of students available for graduation. Instead this bill requires an

institution to use “on-time graduates” in lieu of “graduates,” for calculating completion rates for each program.

- C. License examination passage rates for the immediately preceding two years is calculated by dividing the number of graduates who pass the exam by the number of graduates who take the licensing exam the first time after completing the education program.
- D. Salary and Wage information, consisting of the total number of graduates employed in the field and the annual wages or salaries of those graduates.

3. ***Related and prior legislation.***

AB 2296 (Block, CH 585, 2012) required institutions regulated by the Bureau for Private Postsecondary Education (Bureau) to provide additional disclosures to prospective students by among other things; establishing more stringent criteria for determining gainful employment and calculating job placement rates; and increasing institutional documentation and reporting requirements around completion rates, job placement/license exam passage rates for graduates. AB 2296 defined graduates to mean those who graduated with 100% of a program length.

SUPPORT

Center for Employment Training
Center for Public Interest Law
Children’s Advocacy Institute
La Cooperative
Proteus, Inc.
Public Advocates
University of San Diego School of Law
Veterans Legal Clinic

OPPOSITION

None received.

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