Children's Advocacy Institute

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AB 2296 (Block)
Fair Disclosures for Postsecondary Schools

Prospective students of postsecondary schools ought to be provided job placement and salary information before they take out life-altering student loans and enroll in a program. Current California law acknowledges this by requiring that schools provide students a School Performance Fact Sheet before they enroll.

Question: So what is wrong with California's current disclosure laws?

Answer: Unfortunately, a close reading of current law reveals unintentional loopholes, resulting in State law actually endorsing sometimes grossly misleading disclosures. These unintentionally erroneous disclosures can harm students and create unfair competition for quality schools that successfully train students and place them in good jobs.

Loophole #1: Inaccurate Salary Disclosure

Imagine you are shopping for a fuel efficient SUV. While each car has a sticker in the window showing a gas mileage amount, the figure is actually the *average figure for all makes and models of all SUVs.* This type of disclosure would tell you very little about the actual car you are interested in buying. Worse, it could mislead consumers and creates unfair competition for those manufacturers who invest the money to make fuel efficient SUVs.

Current California law allows for this kind of misleading disclosure when it comes to the salaries of vocational school graduates. Education Code section 94910(d)(2) currently provides:

> Additionally, each institution that offers an educational program designed to lead to a particular career, occupation, vocation, trade, job, or job title ***shall disclose the wage and salary data for the particular career, occupation, trade, job, or job title***, as provided by the Employment Development Department's Occupational Employment Statistics, if that data is available. (Emphasis added)

This official state-mandated disclosure that is supposed to aid a student choose one school over another currently permits a salary number to be disclosed to students for the "particular career, occupation, trade, or job" generally as if it revealed the school's performance -- e*ven if not one student from that school has ever earned the salary amount disclosed.*

Loophole #2: Vague Claims Require No Disclosure

Many vocational school advertisements on TV, radio, and the Internet use effective marketing strategies to imply promising and lucrative career prospects. ***However, current California law only requires vocational school to***

disclose salary information if they have made an express or implied claim about an actual salary. Education Code section 94910(d)(1) provides:

> Salary or wage information, as calculated pursuant to Article 16 (commencing with Section 94928), if the institution or a representative of the institution makes any express or implied ***claim about the salary*** that may be earned after completing the educational program. (Emphasis added)

Advertisements often highlight smiling, prosperous looking people who speak in persuasive generalities about their improved finances, job prospects, or life-long careers *without making any "claims" about "salaries."*

Loophole #3: Misleading Job Placement Disclosures Harm Students

Imagine you are a prospective vocational student without a high school diploma looking to enroll in a medical assistant program. The student loans you take out to complete this program will be with you for years. Before deciding, you want to know how many graduates from the program are able to get a job – *so you review the official state-mandated performance disclosures provided by the school.*

What you wouldn't know is that the fact sheet you've received, that is endorsed by California state law, lawfully and secretly includes in its aggregate calculation job placements at fast-food restaurants.

Under current California law, job placement in a fast food restaurant would count as a "graduate employed in the field" – so long as the education received "provided a significant advantage to the graduate obtaining" the fast-food job. Adding to the problem, the current requirement allows schools to count job placements for students who work as little as one day or an hour a week.

Education Code section 94928(e) currently provides:

> "Graduates employed in the field" means graduates who are gainfully employed within six months of graduation in a position for which the skills obtained through the education and training provided by the institution are required ***or provided a significant advantage to the graduate in obtaining the position***. (Emphasis added)

The Children's Advocacy Institute at the University of San Diego School of Law, which focuses on aiding foster children and supports AB 2296, provides a recent example of how this loophole works:

> JS aged out of foster care at 18 without a high school diploma or GED. To better his circumstances, he completed a program vocational school and obtained substantial student loan debt.
>
> While he completed the program, the school will not release his diploma until he pays them $420 that he still owes him. During an interview with Stand Up for Kids, a homeless Drop-In Center in San Diego, he emphasized his frustration that while he "had a college degree and everything," he was unable to find a job.
>
> The counselors at the vocational school have offered to assist with job placement, but continue to send him employment opportunities at fast food restaurants rather than in the field for which he was trained.

Since JS didn't have a diploma or GED, ***any*** education will provide him arguably a "significant advantage" in getting any job, including one at a fast-food restaurant. And, under the current definition of what constitutes "in the field," any job in any field can qualify.

This is why his school ***can now legally add a fast-food job to the job placement successes "in the field" for graduates of the medical assistant program***. This ***currently legal*** practice is not only unfair to students who are trying to evaluate whether or not to attend a school or take out a loan, it is unfair to vocational schools who are successfully placing students in the fields for which they were trained.

Below is another example of how current law allows for misleading disclosures.

> Assume that of 100 students who graduated with a B.A. in graphic design, only 30 have steady part- or full-time jobs as graphic designers or in other jobs that require similar training.
>
> Most (55) of the other graduates have some work, but not in jobs for which the training they received was required – for instance, working at, say, Starbucks. The other 15 graduates remain unemployed.
>
> Under ***current law*** salary and job placement disclosures, a school can lawfully disclose to a student the following:

Job placement rate: **85%**

This is worse than no disclosure at all.

Question: Are there any regulations that attempt to, or could be created to, plug these loopholes?

Answer: Unfortunately, no. Currently regulatory attempts address the forms of reporting, ***but not the substance of what is disclosed.***

Moreover, regulations cannot contradict or undermine statutes. If the Bureau attempted to plug these holes through regulation, a school could sue arguing that the regulations violate the statute, and hold-up the regulation for years.

AB 2296 Repairs the Loopholes that Allow Misleading Practices.

AB 2296 makes the market competition work by ensuring students can choose between schools based on how well or poorly they actually perform.