

Date of Hearing: January 14, 2014

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Das Williams, Chair
AB 330 (Chau) – As Amended: January 9, 2014

SUBJECT: Student financial aid: disclosures.

SUMMARY: Requires postsecondary educational institutions to provide their average student debt per graduate to the California Student Aid Commission (CSAC) as a condition of eligibility for the Cal Grant Program, requires CSAC to provide this information on its website in a searchable database, and requires a for-profit institution to include this information in its School Performance Fact Sheet. Specifically, this bill:

- 1) Requires postsecondary educational institutions to provide average student loan debt information concerning its graduates, as defined, to CSAC. Authorizes the University of California and the California State University to comply with this requirement by including student loan debt information, as defined, in their annual financial aid reports and providing a copy of the report to CSAC.
- 2) Requires CSAC to make all of the following information from Cal Grant participating institutions available in the searchable database on the CSAC Internet Website:
 - a) License examination passage rates;
 - b) Latest three-year cohort default rate;
 - c) Percentage of undergraduate student borrowers; and,
 - d) Average student loan debt information concerning graduates.
- 3) Requires a for-profit institution that must provide its students with a School Performance Fact Sheet (SPFS) pursuant to the Private Postsecondary Education Act to include information regarding the average student debt of its graduates.
- 4) Requires the information regarding average student loan debt to be calculated and reported as specified.

EXISTING LAW:

- 1) Establishes the Cal Grant Program under the administration of CSAC, and establishes eligibility requirements for awards under the program for participating students attending qualifying institutions. As a condition for participation in the program, existing law requires each Cal Grant participating institution to annually report specified information to CSAC, which CSAC is required to provide on its Internet Website in a searchable database. (Education Code § 69433.2)
- 2) Provides, among other things, for student protections and regulatory oversight of private postsecondary schools in the state pursuant to the California Private Postsecondary Education

Act of 2009. The Act is enforced by the Bureau for Private Postsecondary Education (Bureau) within the Department of Consumer Affairs, exempts specified institutions from all, or a portion of, its provisions, and requires an institution to provide a prospective student prior to enrollment with a SPFS, which is required to contain specified information relating to the educational program. (EC § 94800 et seq.)

FISCAL EFFECT: Unknown.

COMMENTS: Need for the bill. According to the author, "AB 330 aims to centralize the student average debt of graduates of each Title IV institution on a webpage where students and their families can easily use, compare, and understand the net price calculators for all California post-secondary education institutions and receive more comprehensive and meaningful information, so they can make the best financial and educational decision about which postsecondary education institution to attend."

Average student debt data. According to data from The Institute on College Access and Success's (TICAS) Project on Student Debt, 52% of students who graduated from reporting public and private non-profit four-year universities in California in 2012 took out student loans (ranking 42st in the nation) with an average debt of \$20,269 (ranking 48th in the nation). According to TICAS, average student debt data is incomplete because most for-profit institutions and some nonprofit colleges do not report their student debt data. Limited institutional information regarding median borrowing through federal financial aid programs can be found on the U.S. Department of Education's website. However, the USDE figures do not take into account whether the student graduated; sometimes resulting a misleading picture of affordability at colleges with high drop-out rates. This bill would require institutions to report average loan debt of graduates in certificate, associate degree, and baccalaureate degree programs. Further, this bill would require institutions to include all known loan debt associated with the student's cost of attendance, not just borrowing in federal loan programs.

CSAC reporting and web posting. Existing law requires CSAC to establish a searchable database on the CSAC website containing enrollment, persistence, graduation, job placement and wage and salary data for undergraduate programs at Cal Grant participating institutions. Existing law also requires CSAC to obtain institutional information regarding license examination passage rates, loan default rates, and percentage of borrowers at Cal Grant participating institutions. This bill would require institutions to calculate and report average student loan debt information and would require CSAC to add license examination passage rates and student loan and default information to the searchable internet database.

Bureau reporting and SPFS disclosures. Institutions regulated by the Bureau are required to report to the Bureau and provide prospective students with a SPFS containing job placement rates, license examination passage rates and salary and wage information of graduates, as well as the institution's cohort default rate and the percentage of enrolled students receiving federal loans. This bill would add to these reporting requirements and SPFS disclosure average student loan debt of graduates. The Bureau and institutions are currently required to post SPFS data on their websites.

Data calculations. This bill requires institutions to calculate the average per-undergraduate cumulative debt in federal loan programs (Perkins loans, Stafford loans, etc.) and in any student loan programs (federal, institutional, private) and to separately report averages for certificate,

associate degree, and baccalaureate degree graduates. Institutions are required to include private loans "certified or known by the institution". It is unclear under what circumstances an institution is expected to have "known" of a private loan obtained by the student. Additionally, it is unclear how closely the definitions and calculations contained in this bill mirror those in other voluntary and mandatory student debt reporting in which institutions participate. These areas deserve further examination and clarification, should this bill move forward.

Arguments in support. The California Federation of Teachers argues that it is valuable to provide prospective students and their families with information and tools to gauge college affordability and that this bill will facilitate the ability of California families to make informed financial and educational decisions. The California State Student Association notes that, while CSU is one of the most cost-effective public universities in the country, it is important that students be able to easily compare college tuition and have a better understanding of the true cost of college before they start.

Arguments in opposition. American Career College/West Coast University argues that the regulations implementing AB 2296 (Block, 2012), requiring additional SPFS disclosures, are only now being drafted and that this bill will have the effect of piling on new requirements while institutions are in the midst of understanding how AB 2296 will be implemented.

Oppose unless amended. The University of Phoenix (UOPX) and the California Coalition of Accredited Career Schools (CCACS) have requested amendments to this bill to conform the disclosure requirements to those required under federal law. Specifically, UOPX and CCACS note that the information mandated in this bill differs from existing mandates pursuant to the USDE "Gainful Employment" rules and the Integrated Postsecondary Education Data System (IPEDS), resulting in institutions being required to provide one data set to comply with GE, a different data set to comply with IPEDS and a different data set to comply with AB 330. These differing requirements create confusion for students and duplicative and costly data gathering requirements for institutions.

REGISTERED SUPPORT / OPPOSITION:

Support

California Federation of Teachers
California State Student Association

Opposition

American River College/West Coast University
California Association of Private Postsecondary Schools
California Coalition of Accredited Career Schools
University of Phoenix

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