

**Bureau for Private Postsecondary Education
Department of Consumer Affairs**

Initial Statement of Reasons

Hearing Date: July 21, 2015

Subject Matter of Proposed Regulations: Disclosures to Prospective Students; School Performance Fact Sheets; Annual Reports to the Bureau by Approved Institutions

Sections Affected:

Amend Sections 74110 and 74112 of Division 7.5 of Title 5 of the California Code of Regulations:

Introduction:

AB 48 (Portantino, Chapter 310, Statutes of 2009) enacted the California Private Postsecondary Education Act of 2009 (Act) and reestablished after a two and one half year absence, regulation of private postsecondary educational institutions in California by the Bureau for Private Postsecondary Education (Bureau). Previously, the Bureau for Private Postsecondary and Vocational Education regulated these institutions. However, the law authorizing the existence of that entity and every statute and regulation related to ensuring the sound operation of these institutions, including all student protections, became inoperative on July 1, 2007, and was repealed as of January 1, 2008.

AB 2296 (Block, Chapter 585, Statutes of 2012) expanded the disclosure requirements for institutions under the Bureau related to unaccredited programs; expanded disclosure requirements for all regulated institutions; established more stringent criteria for determining gainful employment and calculating job placement rates; and increased institutional documentation and reporting requirements around completion rates, job placement/license exam passage rates, and salary/wage information for graduates. The proposed amendments revise and clarify current regulations to implement changes required by AB 2296.

Identification of Problems:

Bureau approved institutions must provide prospective students with a Performance Fact Sheet that includes specified data regarding student program completion, licensing exam passage rates, job placement, and salary information. Institutions must also include this information as well as other specified information in the Annual Reports that they are required to file with the Bureau on an annual basis.

AB 2296, Chapter 585, Statutes of 2012 (AB 2296), requires the Bureau to develop and adopt regulations to implement revisions to the current requirements for approved institutions' Annual Reports and Performance Fact Sheets. Among other things, the Bureau is required to adopt measures and standards for determining whether a graduate is gainfully employed in a position for which the institution represents a program prepared its students, for reporting institutional

participation in federal student loan programs, and for revised information to be included in approved institution's Performance Fact Sheets and Annual Reports.

Education Code section 94880 establishes a 14-member Advisory Committee within the Bureau. The Advisory Committee is required to include three consumer advocates, two current or past students, three representatives of institutions, two employers that hire students, two public members, and two nonvoting, ex officio members, namely, the chairs of the policy committees of the Assembly and the Senate with jurisdiction over legislation relating to the bureau. This section further requires the Bureau to actively seek input from, and consult with, the Advisory Committee regarding the development of regulations. During the past two years, the Bureau and its Advisory Committee have reviewed current law and regulations and participated in development of the proposed revisions to the current regulations. Following are the issues which the proposed changes to the current regulations address:

**1. Annual Report-
Section 74110**

Problem: Under current law and regulations, approved institutions must report specified information to the Bureau in required Annual Reports. AB 2296 revised the information that must be included in an institution's Annual Report.

Proposed Solution and Necessity: The proposal revises current regulations to implement the changes required by AB 2296 and to revise and clarify the information to be included in Annual Reports.

**2. Performance Fact Sheet
Section 74112**

Problem: Under current law and regulations, approved institutions must provide prospective enrollees with a Performance Fact Sheet which includes specified information regarding student course completion rates, exam passage rates, and job placement. AB 2296 revised the information that must be included in the Performance Fact Sheet.

Proposed Solution and Necessity: The proposal revises current regulations to implement the changes required by AB 2296 and to revise and clarify the information to be included in Performance Fact Sheets.

Specific Changes and Factual Basis/Rationale:

The changes proposed by this regulatory package are as follows:

1. Amend section 74110(a) - Annual Report

Proposed Change: The proposal adds Education Code section 94929.5 to the Code sections upon which the Annual Report regulations are based. The proposal also adds the phrase "and all of the following" to the end of this section.

Rationale: Education Code section 94929.5, as amended by AB 2296, specifies and authorizes additional information to be included in the Annual Report. Proposed changes are based on these new statutory requirements.

The phrase “and all of the following” refers to the proposed addition of subsections 74110(a)(1-5), which lists information that must now be included in the Annual Report.

Anticipated Benefit: The proposal clarifies the statutory basis for the proposed changes and what specifically is to be included in the revised Annual Report. The proposed change assists stakeholders, such as approved schools, and other interested parties by clearly indicating all information that must be included in the Annual Report.

2. Adopt subsection 74110(a)(1) - Annual Report

Proposed Change: The proposal specifies that branch locations, if any, their addresses and a list of programs offered at each campus are to be included in the Annual Report.

Rationale: Information regarding branch locations and their programs would assist the Bureau in verifying compliance with the law by ensuring that appropriate fees are collected for additional locations and all listed programs are approved. Education Code section 94934(a)(9) authorizes the Bureau to collect additional information reasonably required to ascertain compliance with the Act.

Anticipated Benefit: The proposed change provides expanded information for all stakeholders. The proposal assists the Bureau in monitoring compliance with the Act where collecting appropriate fees for additional sites is concerned and in verifying that all listed programs are approved.

3. Adopt subsection 74110(a)(2) - Annual Report

Proposed Change: The proposal specifies that satellite locations, if any, including addresses and which campus the satellite location is affiliated are to be included in the Annual Report.

Rationale: Education Code section 94934(a)(9) authorizes the Bureau to collect additional information reasonably required to ascertain compliance with the act. Information regarding satellite locations and which campus they are affiliated with would assist the Bureau in verifying compliance with the law by ensuring that satellite locations are within the statutorily required distance of the campus to which they are affiliated.

Anticipated Benefit: The proposed change provides expanded information for all stakeholders. The proposal assists the Bureau in monitoring compliance with the Act where collecting appropriate fees for additional sites is concerned and in verifying that

satellite locations are within the statutorily required distance of the campus to which they are affiliated.

4. Adopt subsection 74110(a)(3) – Annual Report

Proposed Change: The proposal specifies that information regarding accreditation is to be included in the Annual Report.

Rationale: Education Code section 94897(p), as amended by AB 2296, prohibits an institution from offering an associate, baccalaureate, Master’s or doctoral degree without disclosing their accreditation status prior to enrollment of prospective students. The proposal directs a school to include its accreditation status in its Annual Report.

Anticipated Benefit: The proposed change provides expanded information for all stakeholders. This information is helpful to stakeholders such as prospective students and to policymakers.

5. Adopt subsection 74110(a)(4) - Annual Report

Proposed Change: The proposal specifies that information regarding participation in state and federal student loan and grant programs, including the amount of funding received from each source, is to be included in the Annual Reports.

Rationale: Education Code section 94929.5(a)(4), as added by AB 2296, requires an institution that offers federal student loans to include its most recent official three-year cohort default rate and percentage of its enrolled students receiving federal student loans in its Annual Report. Further, Education Code section 94929.5(b)(1-4), as added by AB 2296, authorizes the Bureau to collect information that is useful to students and policymakers, is based on the most creditable and verifiable data available, and does not impose burdens on an institution.

The proposal directs approved institutions to include information regarding participation in federal and state student aid programs and the amounts they received from these public funding sources in their Annual Reports. Various state and federal programs require the institutions to keep this information, thus it does not impose an undue burden on the institution to report this information.

Anticipated Benefit: The proposal provides for the collection of information concerning state and federal loan and grant programs. This information is helpful to stakeholders such as prospective students as it provides a financial picture of costs and potential funding sources. It is also beneficial to policymakers in reviewing and verifying financial costs and opportunities of programs and institutions.

6. Adopt subsection 74110(a)(5) - Annual Report

Proposed Change: The proposal specifies that information regarding participation in other public funding programs, including the amount of funding received from each public funding source, is to be included in the Annual Report. Additionally, the proposal provides a definition for public funding under this section.

Rationale: The proposal provides for a separate and distinct reporting of alternative public funding programs besides those under Title 4. Education Code section 94929.5(b)(1-4), as added by AB 2296, authorizes the Bureau to collect information that is useful to students and policymakers, is based on the most creditable and verifiable data available, and does not impose undue compliance burdens on an institution. The information to be included in the Annual Report is required to be kept by the various public funding programs, thus it does not impose an undue burden on the institution to report this information.

Anticipated Benefit: The proposal provides for the collection of information regarding other public funding programs. The addition of these alternative public funding sources provides prospective students and policymakers with a more complete and detailed picture of both the costs of the programs and for prospective students, information on potential alternative funding sources besides the traditional state and federal loans and grants.

7. Adopt subsection 74110(a)(6) - Annual Report

Proposed Change: The proposal requires that institutions report the total percentage of the institutional income that comes from public funds.

Rationale: Education Code section 94941(b) requires the Bureau to establish priorities for inspections and other investigative and enforcement resources. Education Code 94941(c) provides a list of factors to be included in establishing said priorities and section 94941(c)(1) provides a specific standard where the percentage of institutional income from public funding sources is involved.

Anticipated Benefit: The proposal provides for collection of required information for use in establishing prioritization of inspections and investigations. This information, in combination with other data, will assist the Bureau in identifying at risk institutions and subsequently help to protect students.

8. Amend section 74110(b) and (d) - Annual Report

Proposed Change: The proposal adds the phrase “and this section” to the sentences indicating that schools must include information required by Education Code section 94934 and “this section” of the regulations in their Annual Reports.

Rationale: The addition of this phrase is necessary to include that the specific requirements of these regulations be included in addition to the statutory requirements for Annual Reports.

Anticipated Benefit: The proposal adds clarity to the Annual Report requirements and assists institutions in completing their Annual Reports. The included information also benefits prospective students and policymakers by providing more thorough and complete information about each institution and its programs.

9. Amend section 74110(c) - Annual Report

Proposed Change: The proposal changes the due date of the Annual Report from September 1st to December 1st.

Rationale: Students studying for occupations that require passing an exam take longer to obtain gainful employment in that occupation. The proposal recognizes this fact and provides additional time for an institution to collect and report the information to take into account the extra time necessary for taking of an exam, obtaining results, and securing employment.

Anticipated Benefit: The proposal allows for more complete information to be collected. More complete information provides more accurate information for prospective students, stakeholders, and policymakers.

10. Amend section 74110(d) - Annual Report

Proposed Change: The proposal adds the phrase “online form provided on the” to the first sentence of this section regarding electronically filed Annual Reports.

Rationale: The proposal makes it clear that the Bureau’s website will include an online form for electronic submission of Annual Reports.

Anticipated Benefit: The proposal adds clarity to the regulation and assists approved institutions in understanding and complying with Annual Report submission requirements.

11. Amend section 74110(d) - Annual Report

Proposed Change: The proposal also adds enrollment agreements to the items to be attached and submitted with the Annual Report to be filed electronically.

Rationale: Education Code section 94934 provides for the inclusion of the Performance Fact Sheet and school catalog with an Annual Report. Education Code section 94934(a)(9) authorizes the Bureau to collect additional information reasonably required to ascertain compliance with the Act. This proposal adds Enrollment Agreements to the items to be included with the Annual Report. The addition will provide necessary materials for verification of both the Annual Report and compliance with the Act.

Anticipated Benefit: The proposal adds clarity to the regulation and assists approved institutions in understanding and complying with Annual Report submission requirements. Additionally, it provides policymakers with information necessary to verify compliance with the Act.

12. Amend section 74110(d) - Annual Report

Proposed Change: The proposal also deletes the provision that allows an institution to submit its Annual Report by means other than an electronic submission.

Rationale: The Bureau only accepts Annual Reports through electronic submission. This provides for a timely and uniform method for the submission of the Annual Report. It is timely as electronic submission is instantaneous and uniform because all institutions use the same electronic format to submit the Annual report.

Anticipated Benefit: The proposed change provides for more timely and consistent submission of Annual Reports.

13. Amend subsection 74112(a) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: This proposal adds the provision of Education Code section 94929.5 to the list of required and specifically permitted information to be contained in a Performance Fact Sheet.

Rationale: SB 1247 provided that specific institutions or programs are exempt from reporting requirements in Education Code section 94910. Education Code section 94929.5(c) provides and that certain data may be excluded, but if excluded must be disclosed.

Anticipated Benefit: The proposal clarifies that the institutions that may exclude certain data as allowed under Education Code section 94929.5, must also disclose that the data was excluded. This benefits all stakeholders in making clear the requirements, which helps to ensure that the correct information is reported by the various institutions and brings the requirements into alignment with the amended statutes.

14. Adopt subsection 74112(b) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: With respect to Performance Fact Sheets, the proposal adds a new subsection that directs institutions with programs that are too new to provide the required two years of completion and placement data to provide the date the program began, the required statement from Education Code section 94910(e), and give an estimated date for when a full year's worth of data will be available.

Rationale: Education Code section 94910(e) provides specific language to be included if an institution or program is too new to provide the required information. This proposal adds the date the program began to the disclosure of information and an estimate of when a full year's worth of data for the institution or program will be available.

Anticipated Benefit: The proposal provides for the reporting of more comprehensive and timely program completion and placement rate data by providing the required disclosure along with a time frame of both the date the program began and when a year's worth of information will be available. This information is helpful to prospective students, policymakers, and all other stakeholders as it provides for specific and timely reporting of the important information on the Performance Fact Sheet thus avoiding the pitfall of providing a disclosure which appears open ended.

15. Adopt subsection 74112(c) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: Currently, the "Reporting Period" regulatory language requires that Performance Fact Sheets include data for the previous two calendar years. The proposal revises the Performance Fact Sheet for exempt but approved institutions. These institutions would report their date of approval and when the required data will be available.

Rationale: Education Code section 94874.8 allows institutions that are exempt from Bureau oversight to still be approved. However, Education Code section 94874.8(4)(A) provides that these institutions need not report certain data on their Performance Fact Sheet that it wasn't required to collect and does not have available. This proposal provides these institutions with an alternative for these statutorily allowed exemptions from reporting.

Anticipated Benefit: The proposal provides a necessary alternative for institutions which are neither too new nor are required to collect all data required by the Bureau prior to their approval. This provides students with information and data that is as accurate as possible while simultaneously noting that certain areas of information are incomplete at this time and when complete information will become available. This provides both transparency and clarity for all stakeholders.

16. Re-letter subsection 74112(b) as subsection 74112(d) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: Subsection 74112(b) is re-lettered as subsection 74112(d) to reflect the proposed addition of new subsections 74112(b) and 74112(c).

Rationale: This is a technical change.

Anticipated Benefit: The change is necessary to maintain logic and clarity in the regulation.

17. Amend subsection 74112(d)(1) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal adds the word “the” to the phrase “Number of Students Who Began (the) Program,” throughout the section.

Rationale: This is a technical amendment. The added word corrects grammatical errors.

Anticipated Benefit: The proposal adds clarity to the regulation.

18. Amend subsection 74112(d)(1) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The word “are” is proposed to be changed to “were” in the phrase, “who began the program who [were] scheduled to complete the program within...”.

Rationale: This is a technical change. As this part of the sentence refers to actions that happened in the past and as the other parts of the sentence are in past tense, this change is needed to accurately reflect when the action occurred.

Anticipated Benefit: The proposed change adds clarity to the regulation.

19. Amend subsection 74112(d)(1) – Uniform Data – Annual report, Performance Fact Sheet

Proposed change: The proposal changes the wording from including students who remained enrolled after the cancellation period to excluding students who cancelled during the cancellation period.

Rationale: This change is for clarity. To “include” usually means to add to the sum. Since this section relates to students who began a program and are scheduled to complete the program, it is logical to exclude students who have cancelled or left the program after first starting.

Anticipated Benefit: This is to clarify that students who cancel during the cancellation period are not to be counted towards the “number of students who began the program.” Clarity in the definition will help to provide more accurate information for all stakeholders. As this definition is used for a number of calculations, having an accurate number is vital for all the calculations which follow.

20. Amend section 74112(d)(2) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The phrase “on-time” is added throughout this section with respect to graduates.

Rationale: The language is added for clarity. The Act permits reporting on both graduates who complete within 100% and those who complete within 150% of published program length. However, only those graduates who complete on time, meaning within 100% of published program length, can be included in placement calculations in Annual Reports and Performance Fact Sheets.

Anticipated Benefit: The proposal adds clarity to the regulation. The clarification benefits not only institutions preparing Annual Reports and Performance Fact Sheets but also students and other stakeholders who will be using these documents for information and guidance.

21. Delete subsection 74112(d)(3) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal deletes language defining graduates employed in the field.

Rationale: Subsection (d) is an additional definition beyond those contained in section 94928 of the Code. AB 2296 revised section 94928(e) of the Code which now contains a definition for the term “graduates employed in the field” in section 94928(e)(1) of the Code.

Anticipated Benefit: The proposal makes the regulations consistent with AB 2296 and provides specified placement information for enrolling students, policy makers, and other interested stakeholders.

22. Adopt subsection 74112 (d)(3)(A) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal adds a definition of “gainfully employed” for purposes of preparing the Performance Fact Sheet and the Annual Report. Specifically, a gainfully employed graduate must be employed in a job classification under the U.S. Department of Labor’s Standard Occupational Classification codes for which the institution has identified that the program prepares its graduates.

Rationale: AB 2296 deleted the definition of graduates employed in the field that was previously included in Education Code section 94928(e) and replaced it with a new definition in Education Code section 94928(e)(1). AB 2296 also added Education Code subsection 94928(e)(2), which directs the Bureau to define specific measures and standards for determining whether a student is gainfully employed. Additionally subsection 94928(e)(2) provides that the Bureau may use any job classification methodology determined to be appropriate including the United States Department of

Labor’s Standard Occupational Classification codes. This proposal includes the use of these codes as part of the definition.

Anticipated Benefit: The proposal provides guidance to institutions preparing Annual Reports and Performance Fact Sheets. The proposal also assists all stakeholders by providing a clear definition of gainful employment and allows for more complete accounting and verification of reported gainful employment, specifically providing a classification method for determining whether the employment is one in which the institution represents the program prepares its graduates.

23. Adopt subsection 74112 (d)(3)(B)(i) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal adds a definition of “gainfully employed” for purposes of preparing the Performance Fact Sheet and the Annual Report. Specifically, that the on-time graduate is employed in a single position or concurrent aggregated single positions totaling at least 30 hours per week, that the on-time graduate or employer has reported to the institution that the graduate has been gainfully employed for at least twenty one days and that continued employment in the position(s) is expected.

Rationale: AB 2296 deleted the definition of gainfully employed that was previously included in Education Code section 94928(e), and replaced it with a new definition in Education Code section 94928(e)(1). AB 2296 also added Education Code subsection 94928(e)(2) which directs the Bureau to define specific measures and standards for determining whether a student is gainfully employed, including determining the standard for hours per week and duration of employment. This proposal sets a standard for the number of hours per week to constitute full time employment, allows for aggregation, and provides a minimum duration of employment, which includes an expectancy of continued employment.

Anticipated Benefit: The proposal provides guidance to institutions preparing Annual Reports and Performance Fact Sheets. The proposal also assists all stakeholders by providing a clear definition of gainful employment and allows for more complete accounting and verification of reported gainful employment, specifically setting standards for full time work and minimum duration of employment. These help to provide all stakeholders with more accurate information that is based on quantitative factors.

24. Adopt subsection 74112 (d)(3)(B)(ii) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal adds a definition of “gainfully employed” for purposes of preparing the Performance Fact Sheet and the Annual Report. This provision is an alternative for the on-time graduate who is self-employed or working freelance as evidenced by a business license, fictitious business name statement, advertising (other than business cards), website, or an attestation signed by the graduate of self-employment or freelance work.

Rationale: AB 2296 deleted the definition of gainfully employed that was previously included in Education Code section 94928(e), and replaced it with a new definition in Education Code section 94928(e)(1). AB 2296 also added Education Code subsection 94928(e)(2), which directs the Bureau to define specific measures and standards for determining whether a student is gainfully employed. Specifically, subsection 94928(e)(2) requires the inclusion of standards for those who are either self-employed or conducting freelance work such as various documents common to self-employment or freelance work or an attestation from the graduate. This proposal defines the provisions for the alternative working styles of self-employment and freelance work.

Anticipated Benefit: The proposal provides guidance to institutions preparing Annual Reports and Performance Fact Sheets, specifically regarding the job placement area where self-employment and freelance work are concerned. The proposal also assists all stakeholders by providing a clear definition of gainful employment and allows for more complete accounting and verification of reported gainful employment, specifically those on-time graduates who work either as self-employed or as freelance workers including potential methods of verification.

25. Re-letter subsection 74112(c) as subsection 74112(e) - Uniform Data - Annual Report, Performance Fact Sheet

26. Amend subsection 74112 (e)(2) Reporting Periods - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposed change would extend the deadline for the current Performance Fact Sheet from August 1st to December 1st of each year.

Rationale: Students preparing for occupations that require passing an exam take longer to obtain gainful employment in that occupation. The proposal recognizes this fact and provides additional time for an institution to collect and report the information to take into account the extra time necessary for taking of an exam, obtaining results, and securing employment. This also makes the deadline for Performance Fact Sheets and the Annual Report the same.

Anticipated Benefit: The proposal allows for more complete information to be collected, particularly with occupations that require an exam as the reporting period is longer since the six month period does not start until after the exam results are announced. More complete information provides more accurate information for prospective students, stakeholders, and policymakers.

27. Amend subsection 74112(e)(2) Reporting Periods - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: Currently, the “Reporting Period” regulatory language requires that Performance Fact Sheets include data for the previous two calendar years. The proposal revises the Performance Fact Sheet requirement from the previous two calendar years to for at least the previous two calendar years.

Rationale: Two years was meant to be a minimum requirement, not a limitation. Institutions may have good reasons to include data for more than just two calendar years. This proposal clarifies that two calendar years is the minimum reporting requirement; however, it also allows institutions that wish to include more than two years to do so.

Anticipated Benefit: The proposal allows for the presentation of more complete information on the Performance Fact Sheet. The proposed changes provide stakeholders with more complete information regarding program outcomes and assist prospective students in making informed decisions about enrolling in programs.

28. Amend subsection 74112(e)(2) Reporting Periods - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal changes the subsection referred to from (b) to (d)(1) of this section. This is done throughout the section to refer to the proper subsection.

Rationale: This is a technical change.

Anticipated Benefit: The change is necessary to maintain logic and clarity in the regulations.

29. Amend subsection 74112(e)(2) Reporting Periods - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: This proposal provides guidance as to which students should be included in which year for the Performance Fact Sheet. Specifically, it requires students who were scheduled to graduate to be reported for each calendar year and deletes the non-specific term “number of graduates” and “for each reported calendar year.”

Rationale: Section 94910 of the Code provides a minimum contents list for the Performance Fact Sheet, but does not identify which students should be included. This proposal makes clear that students scheduled to graduate in the year reported are to be the ones from which the required data is listed. The proposed addition and deletions are to avoid confusion by institutions when classifying students into their respective reporting years.

Anticipated Benefit: This provides specific guidelines as to which portion of the student body should be used for reporting information for the Performance Fact Sheet. This benefits all stakeholders in ensuring accurate data is provided. Accurate data benefits both students and policymakers in the decision making process. Institutions benefit from a clear delineation of how to categorize the students for reporting purposes.

30. Adopt subsection 74112(f) Total Charges - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal revises Performance Fact Sheet requirements to include a “Total Charges” section, which must state the total charges to complete a program within published program length. Furthermore, there must be a statement that if a program isn’t completed on-time that there may be additional charges.

Rationale: Education Code section 94934(a)(6) requires Annual Reports to include total charges for each educational program by period of attendance. Education Code section 90909(a)(9) requires Total Charges to be disclosed on the Enrollment Agreement. Education Code section 94910 provides that the list of information to be included on the Performance Fact Sheet is “at a minimum,” allowing for additional items to be included. Providing Total Charges on the Performance Fact Sheet gives a prospective student notice of what the cost will be without having to go all the way to the Enrollment Agreement before finding out what are the costs.

Anticipated Benefit: The proposed changes assist prospective students in making informed decisions about enrolling in a program. Total Charges are already a requirement for the institutions Annual Report, but the party that would benefit most from this information is prospective students. Including this information on the Performance Fact Sheet is a logical addition given the vital financial information this would provide prospective students.

31. Adopt subsection 74112(f) Total Charges - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: Beginning with this subsection and throughout the remainder of the proposal, a suggested format for inclusion of this information including a line for student initials and date on the Performance Fact Sheet is provided.

Rationale: Formatting examples are included to help institutions with satisfying the requirements of this section and providing what would be a consistent form for all institutions. The addition of the student initials and date are to help bring to a student’s attention areas of particular importance on the Performance Fact Sheet as required by Education Code section 90902(b)(3).

Anticipated Benefit: Providing a suggested format for institutions should help prospective students in understanding the reporting requirements and creating useful and acceptable Performance Fact Sheets, which in turn will help to make an informed decision when choosing a program of study. The student initials benefit students by drawing the students’ attention to particular sections of the Performance Fact Sheet which contain important information such as costs, graduation rate, job replacement rates, and others.

32. Adopt subsection 74112(g)(1) Student Loan/Debt Information - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposed subsection specifies federal student loan information to be included in Annual Reports and Performance Fact Sheets by institutions participating in federal financial aid programs.

33. Adopt subsection 74112(g)(1)(A) Student Loan/Debt Information - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal requires institutions to provide the most recent three year cohort default rate, as reported by the United States Department of Education.

34. Adopt subsection 74112(g)(1)(B) Student Loan/Debt Information - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal requires institutions to provide the percentage of enrolled students receiving federal student loans.

35. Adopt subsection 74112(g)(1)(C) Student Loan/Debt Information - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal requires institutions to provide the average amount of federal student loan debt of on-time graduates in the reporting year.

36. Adopt subsection 74112(g)(1)(D) Student Loan/Debt Information - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal requires the percentage of on-time graduates with federal student loans, as calculated by the institution.

Rationale: Education Code sections 94910(h) and 94929.5(a)(4), added by AB 2296, require the inclusion of cohort default rates and the percentage of student borrowers in Annual Reports and Performance Fact Sheets. Education Code section 94929.5(b)(1-4), as amended by AB 2296, authorizes the Bureau to collect information in Annual Reports and Performance Fact Sheets that is useful to students and policymakers, is based on the most credible and verifiable data available, and does not impose undue compliance burdens on an institution. This information is required to be kept as part of the institution's participation in federal student loan programs and thus does not constitute an undue burden, while providing valuable information on the amount of debt which might be incurred by students who choose the given program.

Anticipated Benefit: The proposed changes assist prospective students in making informed decisions about enrolling in a program, particularly where debt from student loans is concerned. This allows the student to compare the cost of federal loan debt with potential income thus allowing for a cost-benefit analysis by the student. The changes

also provide policymakers and other stakeholders with timely and useful data regarding student loans, particularly the default rate that can be an indicator of other larger issues and can be used as a factor for determining prioritization for inspections and investigations.

37. Adopt subsection 74112(g)(2) Student Loan/Debt Information - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal revises information to be included in Annual Reports and Performance Fact Sheets of schools that do not or cannot participate in federal financial aid programs. Unaccredited schools must indicate that they are not eligible for federal financial aid programs, while some accredited schools that simply choose not to participate in federal financial aid programs must indicate that choice. The proposal also includes a format for presenting this information with separate examples for unaccredited and accredited institutions.

Rationale: Education Code sections 94910(h) and 94929.5(a)(4), added by AB 2296, require institutions that participate in federal financial aid programs to include three-year cohort default rates and percentage of students receiving federal student loans in their Performance Fact Sheets and Annual Reports. Education Code section 94929.5(b)(1-4), as amended by AB 2296, authorizes the Bureau to collect information in Annual Reports and Performance Fact Sheets that is useful to students and policymakers, is based on the most credible and verifiable data available, and does not impose undue compliance burdens on an institution. This information is particularly useful to prospective students as this indicates they will not be able to receive federal aid because the institution does not or cannot participate in any of these programs. This does not constitute an undue burden on the institution as there is nothing to report, simply a few lines of text indicating that the institution doesn't participate in federal aid programs, which an example is included in this subsection.

Anticipated Benefit: The proposed changes assist prospective students in making informed decisions about enrolling in a program; the availability of federal financial aid programs can be very important in a prospective student's decision of which program or institution to attend. Without this requirement, a prospective student might not otherwise be aware that the institution does not participate in federal financial aid programs. The changes provide policymakers and other stakeholders with timely and useful data regarding which programs and institutions do and do not participate in these federal aid programs, including which ones do not participate by choice.

38. Re-letter subsection 74112(d) as subsection 74112(h) - Uniform Data - Annual Report, Performance Fact Sheet

39. Amend subsection 74112(h) Completion Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: For “Completion Rate” reporting in Annual Reports and Performance Fact Sheets, the proposal changes the 101-150% completion period to 150% of published program length.

Rationale: For purposes of “Completion Rate” reporting, Education Code section 94928(c) defines graduates as only those students who complete a program within 100% of the scheduled program length, or on-time and requires an institution to report the number and percentage of graduates who complete a program within 100% of scheduled program length. However, Education Code section 94928(c) also allows institutions to separately report the number and percentage of students who completed within 150%, not 101-150%, of scheduled program length. This change makes the regulation consistent with language in the Act.

Anticipated Benefit: The proposal allows the regulation to agree with the Act.

40. Amend subsection 74112(h) Completion Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal deletes a period and inserts the word “and the” in its place.

Rationale: This makes two sentences into one sentence because questions had been raised about the clarity. As two sentences, some could interpret this as two separate ideas. By combining the sentences this makes clear that they are one idea.

Anticipated Benefit: This is for clarity, particularly for the institutions creating these reports. A minor misunderstanding can require that both reports need to be redone to correct the mistake. In addition to taking time, any erroneous Performance Fact Sheets would have to be collected and removed and an entirely new set of Performance Fact Sheets created and distributed because of a misunderstanding.

41. Amend subsection 74112(h) Completion Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: Beginning with this subsection, the proposal deletes all footnotes following tables in this section.

Rationale: For consistency and clarity, all definitions currently in footnotes in this section have been moved to a single new definitions section under section 74112(l).

Anticipated Benefit: The consolidation of footnotes for all of the tables in this section makes the regulation clearer and more readable. This single list of definitions should assist prospective students as well as other stakeholders evaluating information in Performance Fact Sheets and Annual Reports. The removal of footnotes will make tables easier to create for the institutions while making them clear and less ponderous for

students trying to make use of the information. It also avoids repetition of certain terms being repeated again and again in the footnotes.

42. Amend subsection 74112(h) Completion Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal adds “On-Time Graduate” to the title of the first completion rate chart.

Rationale: The added term provides specific identification of the chart as applying to only On-time graduates and separates it from the following chart.

Anticipated Benefit: This clarifies the purpose of the first chart as the completion rate for just On-time graduates of the program. This adds clarification to the chart and will assist anyone in clearly identifying its purpose.

43. Amend subsection 74112(h) Completion Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: Beginning with this subsection, the proposal changes the requirement for the charts from “data for the two calendar years” to “data for a minimum of two calendar years.”

Rationale: The two calendar years requirement is intended to be a minimum not a requirement of only two years. This makes clear that institutions that wish to provide more years of data may do so. Institutions with longer programs will be able to report a larger sampling size if they choose.

Anticipated Benefit: This proposal allows for more accurate information as well as clarity and completeness by allowing more years to be reported if an institution feels it is relevant. This benefits all stakeholders through clear, accurate information which aids in the evaluation of the program or institution.

44. Amend subsection 74112(h) Completion Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: Beginning with this subsection, various chart column headings have been altered to accurately reflect changes in statutory and regulatory definition. Examples include the aforementioned inclusion of “the” for grammatical purposes or “on-time” to clarify the information is only based on on-time graduates.

Rationale: Several definitions have been altered or made more specific beginning with AB 2296 and continuing through the required regulatory changes in this section. This proposal provides clear and consistent column headings that match the definitions provided in subsection (l) to create a complete and accurate listing of what each chart represents.

Anticipated Benefit: Updating the definitions and the column chart headings reduces confusion by those who the Performance Fact Sheet was meant to help, particularly students, but also the Bureau and policymakers.

45. Amend subsection 74112(h) Completion Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal amends the title of the table currently labeled “Students Completing After Published Program Length” to “Students Completing Within 150% of Published Program Length.” The proposal also revises the graduation and completion rate calculations in this table.

Rationale: The current regulation allows graduation and completion rates to be calculated for students who complete a program between 101-150% of published program length. As the proposal revises this period to agree with the Act and include all graduates who complete within 150% of published program length, the graduation and completion rates calculations in the table must also be revised to reflect the new standard and calculations.

Anticipated Benefit: The proposed change assists students in making informed decisions regarding enrollment in approved programs by providing more detailed information regarding graduation rates, both on-time and 150% program length graduates. The proposal also provides more useful information for all other stakeholders in evaluating the graduation rates of the programs and institutions including the difference in the percentages of on-time graduates compared to all graduates.

46. Re-letter subsection 74112(e) as subsection 74112(i) - Uniform Data - Annual Report, Performance Fact Sheet

47. Amend subsection 74112(i)(1) Job Placement Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: Beginning with this subsection and throughout this section, the proposal adds “Job” to “Placement Rate.”

Rationale: The change is for the purpose of matching statutory terminology, which references job placement, not merely placement.

Anticipated Benefit: The proposal provides clarity and specificity regarding job placement and further avoids any confusion by using the same terminology as that found in the Act.

48. Amend subsection 74112(i)(2) Job Placement Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: Currently, only those who obtain jobs within six months of graduation can be counted as job placements in the Performance Fact Sheet and Annual Report. For graduates who must pass licensing exams, the proposal starts the reporting period six months after results of the first available licensing exam are announced.

Rationale: Education Code section 94928(e)(1), as amended by AB 2296, adds the prescribed waiting period for occupations which require a licensing exam. Students pursuing occupations in these fields must first take and obtain the results of the exam before they can secure employment. This addition for those taking exams recognizes the delay this causes and starts counting the six month period after results from the first available exam are obtained.

Anticipated Benefit: The proposed change allows for the collection of more realistic and meaningful data, which will help prospective students when choosing a program of study. Without this delay for the taking of an exam, programs that might require an exam would likely appear to have a lower job placement rate within the six month period because part or all of the period was used taking the exam and waiting for the results.

49. Amend subsection 74112 (i)(3) Job Placement Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal deletes the reference to section 74112(b)(3) and adds reference to section 94928(e)(1) of the Code.

Rationale: The definition being referred to in the regulations is being deleted as it exists in section 94928(e)(1) of the Code.

Anticipated Benefit: Maintains clarity and logic as the proposed definition is located in the Code rather than this section of the regulations, thus avoiding redundancy.

50. Delete subsection 74112(i)(4) Job Placement Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal deletes language defining graduates employed in the field.

Rationale: AB 2296 added Education Code section 94928(e)(2) to require the Bureau to define specific measures and standards for determining whether a student is gainfully employed. The proposal replaces the language in this section with language in new subsection 74112(d)(3) defining gainfully employed graduates.

Anticipated Benefit: The proposal fulfills the requirements of AB 2296 and provides specified placement information for enrolling students, policy makers, and other interested stakeholders while avoiding redundancy.

51. Amend subsection 74112(i)(3) Job Placement Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal deletes the two columns of the current table containing data for graduates employed which is based on hours per week.

Rationale: As the proposed definition of gainfully employed in the field no longer addresses graduates employed more or less than 32 hours per week, this data must be deleted.

Anticipated Benefit: The proposal adds benefit by making the table consistent with the proposed regulatory language, which adds clarity for all stakeholders.

52. Adopt subsection 74112(i)(4) Job Placement Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal would add a disclosure for programs that may result in alternative freelance work or self-employment rather than typical work hours and schedule.

Rationale: AB 2296 deleted the definition of “gainfully employed” that was previously included in Education Code section 94928(e) and replaced it with a new definition in Education Code section 94928(e)(1). AB 2296 also added Education Code subsection 94928(e)(2), which directs the Bureau to define specific measures and standards for determining whether a student is gainfully employed including self-employment or conducting freelance work. By including provision for self-employment and freelance, the proposal provides for this alternative work-style and makes prospective students aware that the program might lead to these alternative work-styles.

Anticipated Benefit: The proposal assists all stakeholders by recognizing and providing an alternative for those whose employment is freelance work or self-employment to be counted as gainfully employed, and allows for more complete verification of reported job placement. It further benefits prospective students by making them aware that the program could lead to alternative, non-traditional work-styles so that they may make an informed decision as to whether that work-style is right for them.

53. Re-letter subsection 74112(f) as subsection 74112(j) - Uniform Data - Annual Report, Performance Fact Sheet

54. Amend subsection 74112(j) License Examination Passage Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: For purposes of reporting license exam passage rates, the proposal deletes references to students completing a program within 150% of published program length. The proposal further clarifies that only on-time graduates and on-time graduates

who passed the first available exam are to be included in the Annual Report and Performance Fact Sheet.

Rationale: Education Code section 94928(e)(1) only permits placement calculations in the Performance Fact Sheet for on-time graduates, not those who graduate within 150% of published program length. The changes bring the regulations in line with statutory requirements.

Anticipated Benefit: The proposal makes the regulations consistent with the Act and provides clarity for all stakeholders by providing a single, clear definition of those students to be reported.

55. Amend subsection 74112(j) License Examination Passage Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal would reverse the first and second columns for the first chart which is for licensing examinations that are not continuously administered. This would make the “Date” the first column and the “Number” the second column.

Rationale: This is for continuity and clarity. All other charts or tables in this section begin with a date, usually “Calendar Year” and then move to the numbers. This revision would match that and have the date come first, then the numbers. It also puts all the numbers together in the table giving it a logical, sequential order: number taking, number passed, number failed, and passage rate.

Anticipated Benefit: This makes the chart have a better, more logical flow which improves the clarity and ease of use of the data being presented. This benefits stakeholders by allowing for an easy, logical, clear format for the table, thus making it easy to read and follow.

56. Amend subsection 74112(j) License Examination Passage Rates - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: This proposal adds “available” or “first available” to column headings when referring to the first examination.

Rationale: Section 94928(e)(1) of the Code, as added by AB 2296, requires exam passage rates be based only on those on-time graduates who took the first available exam after graduation. This proposal makes that more clear by adding the proper terms to the column headings.

Anticipated Benefit: This makes specific which “first exam” by defining it as the first available exam. This adds clarity for all stakeholders and policymakers by providing the necessary guidance of which exam to include in meeting reporting requirements.

57. Re-letter subsection 74112(g) as subsection 74112(k) - Uniform Data - Annual Report, Performance Fact Sheet

58. Amend subsection 74112(k) Salary and Wage Information - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal revises and re-states the requirements for salary and wage information to be included in Performance Fact Sheets and Annual Reports. All programs must now report salary and wage information. The proposal also re-letters reference to Education Code section 94929.5(c) to 94929.5(a)(3).

Rationale: Education Code section 94910(d), as amended by AB 2296, requires reporting of salary and wage information in Performance Fact Sheets and Annual Reports of all approved schools. Previously, Education Code section 94910(d) only required such reporting in Performance Fact Sheets if a school made any express or implied claim about salaries to be earned by graduates of a program. AB 2296 also moved the language in Education Code 94929.5(c) to 94929.5(a)(3). The changes in the regulation are needed to conform to the amended Act.

Anticipated Benefit: The amended language agrees with the Act as amended by SB 2296. The changes assist institutions in accurately completing required reports.

59. Amend table in subsection 74112(k) Salary and Wage Information - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The title line in the table is changed from “Annual Salary and Wages Reported by Graduates Employed in the Field” to “Annual Salary and Wages Reported for On-time Graduates Employed in the Field.”

Rationale: The proposal changes the wording from “reported by” to “reported for” to reflect that graduates or their employers are allowed to report employment information. Throughout the proposal, “graduate” is changed to “on-time graduates” to clearly indicate that, in accordance with the Act, only graduates who complete a program within 100% of scheduled program length can be counted in calculations regarding program completion and job placement.

Anticipated Benefit: This change allows employers as well as graduates to report employment data. This allows for more complete and accurate data to be reported. Prospective students benefit by having more accurate employment information upon which to base their decisions. Other stakeholders benefit from having more complete and accurate employment information when making evaluations of programs and institutions.

60. Amend subsection 74112(k) Salary and Wage Information - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal changes the last column heading from “Students Not Reporting Salary” to “No Salary Information Reported.” It also deletes the cents from the salary ranges.

Rationale: Employment information is now allowed to be reported by either the student or the employer. The change reflects that the information can come from more than just students, but in the case of this column, neither has reported any salary information. The removal of the cents from the columns removes clutter from the chart while also allowing for more columns to be added as necessary.

Anticipated Benefit: This change provides clarity to the chart given the reporting changes. Clarity of the chart makes it easier for all stakeholders analyzing the chart to properly complete or interpret the information contained within the chart.

61. Amend subsection 74112(k) Salary and Wage Information - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal adds a statement below the Annual Salary and Wages table directing schools to state how a list of sources used to substantiate the table’s reported salaries can be obtained from the school.

Rationale: Education Code section 94910(f)(3) requires institutions to include a statement in the Performance Fact Sheet indicating where the reader may obtain a list of the objective sources of information used to substantiate the institution’s salary disclosures. The proposal requires this information be located immediately following the Annual Salary and Wages table.

Anticipated Benefit: The change benefits prospective students by providing how this verification information can be obtained and requires the disclosure to be located under this chart as it is most relevant to the verification information. Additionally, this will benefit all other stakeholders by providing how to obtain this verification information as needed.

62. Adopt subsection 74112(l) Definitions - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal adds a new “definitions” subsection to replace the footnotes for all tables in this section. The proposal requires the definitions to be included as part of the Performance Fact Sheet and be included in the same format as all other information on the Performance Fact Sheet.

Rationale: The current system of using footnotes was creating confusion among some users and contained numerous redundancies. By replacing them with a single list of definitions, the terms can be referred to easily and provide a more user friendly format. Furthermore, the definitions were revised, when necessary, to be consistent with those in other parts of the section.

Anticipated Benefit: Inclusion of a single list of definitions, rather than five sets of footnotes, should assist prospective students and all other stakeholders in more easily understanding the contents of the Performance Fact Sheet and the meaning of the different terms.

63. Re-letter subsection 74112(h) as subsection 74112(m) - Uniform Data - Annual Report, Performance Fact Sheet

64. Amend subsection 74112(m) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal revises the requirements for an institution's documentation of information included in its Performance Fact Sheets and Annual Reports. The proposal requires that this information be maintained electronically, and requires that this information be provided to the Bureau upon request.

Rationale: Education Code section 94929.7(a), as amended by AB 2296, requires that documentation supporting information and data in Performance Fact Sheets and Annual Reports be retained electronically and be available to the Bureau upon request. These changes bring the regulations into conformity with the requirements of the Act.

Anticipated Benefit: The proposal provides that the required information be stored electronically. This benefits all stakeholders as electronic storage is more easily accessible and more easily distributed when necessary. Additionally, this benefits institutions as electronic storage takes up far less space. Furthermore the proposal requires that the information be provided to the Bureau upon request. This benefits the Bureau and other stakeholders by making the information readily available for inspection when necessary.

65. Adopt subsection 74112(m)(1) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal provides that as part of the supporting documentation the data shall include a list of job classifications determined to be considered gainful employment for the educational program.

66. Adopt subsection 74112(m)(2) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed change: The proposal provides that as part of the supporting documentation the data shall include student information, specifically their name(s), address, phone number, email address, if they completed the program, the program start date, scheduled completion date and actual completion date.

67. Adopt subsection 74112(m)(3) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal provides that as part of the supporting documentation the data shall include graduate's place of employment and position, date employment began, date employment ended, if applicable, actual salary and hours per week.

68. Adopt subsection 74112(m)(4) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal provides that as part of the supporting documentation the data shall include that for each employer from which employment or salary information was obtained, the employer name, address and general telephone number, the contact person at the employer and the contact's phone number and email address, and all written communication with employer verifying student's employment or salary.

69. Adopt subsection 74112(m)(5) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal provides that as part of the supporting documentation the data shall include that for students who become self-employed, all documentation necessary to demonstrate self-employment.

70. Adopt subsection 74112(m)(6) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal provides that as part of the supporting documentation the data shall include a description of all attempts to contact each student or employer.

71. Adopt subsection 74112(m)(7) - Uniform Data - Annual Report, Performance Fact Sheet

Proposed Change: The proposal provides that as part of the supporting documentation the data shall include the name, email address, phone number, and position or title of the institution's representative who was primarily responsible for obtaining the students' completion, placement, licensing, and salary and wage data, the date that the information was gathered, and copies of notes, letters or emails through which the information was requested and gathered.

Rationale: AB 2296 amended Education Code section 94929.7 to include subdivision (c) that requires the Bureau to identify the specific information that an institution is required to document and maintain to substantiate rates and information. This information constitutes a minimum requirement for what is needed to properly verify the information reported on both Performance Fact Sheets and Annual Reports.

Anticipated Benefit: These changes benefit most stakeholders by requiring the maintaining of basic data from which the reported information is based. The benefit to the Bureau and other policymakers is the ability to verify both the reported information and, in so doing, verify compliance with the Act. The benefit for prospective students is that the information being provided to them, from which they make their decisions, is as accurate and complete as possible and can be verified when necessary.

Underlying Data

2010 Standard Occupational Classification published by the Bureau of Labor Statistics on behalf of the Standard Occupational Classification Policy Committee. This is available on the web at www.bls.gov/soc/#publications located under 2010 SOC Downloadable Materials. The file is entitled 2010 SOC structure and is available in both PDF and Excel format.

Business Impact

This regulation will not have a significant adverse economic impact on businesses. The reports are already a requirement. The proposed regulations require additional information to be provided, but it is not difficult to obtain. The Bureau estimates any additional costs for institutions to comply with the proposed regulations to be minor and insignificant.

The proposal does not require any fundamentally new reporting or recordkeeping. Rather it simply expands on already existing requirements.

Economic Impact Assessment

The regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California because the reports are already a requirement. The proposed regulations simply require additional information to be provided.
- It will not create new businesses or eliminate existing businesses within the State of California because the proposed regulations only require additional information to be provided on reports that are already required.
- It will not affect the expansion of businesses currently doing business within the State of California because the proposed regulations do not add new reports, rather they simply require additional information to be provided for existing reports.
- The regulatory proposal does not affect the health and safety, worker safety or the state's environment because the proposed regulations simply require the additional information to be included in already existing reports.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are alternatives that were considered and the reasons each alternative was rejected:

Keep status quo:

Do nothing. Do not provide institutions updated regulatory guidance for reporting required data on their performance fact sheets. Because the Bureau is mandated by law to promulgate regulations related to performance fact sheets, the Bureau would be remiss in its statutory duty.

Definition of “gainfully employed”:

The decision to use a different job classification level under the United States Department of Labor’s Standard Occupation Classification codes was considered. United States Department of Labor’s Standard Occupational Classification (SOC) codes are broken into four levels: major group, minor group, broad occupation, and detailed occupation. There are 23 major groups, 97 minor groups, 461 broad occupations, and 840 detailed occupations. Given the very large number of job titles and occupations available, the major and minor groups appeared too small to provide appreciable guidance. The 840 detailed occupations were overwhelming; particularly when considering that over 60% of the broad occupations have only a single detailed occupation under it. Therefore, broad occupations seemed the best compromise, giving sufficient detail to properly define the various occupations, while not overwhelming students with a barrage of listings.

Additionally, discussions surrounded the number of days required to be employed to meet the definition of “gainfully employed.” With regard to the number of days, the statute requires that to be counted a graduate must meet the definition within six months. The longer the period of time a graduate must be employed, the less real time the student has to find a job and still be considered “gainfully employed” and reportable by the institution under the statutory definition. For example, if the requirement was to be employed for 45 days, as proposed, and the information must be collected six months after graduation; that provides only four and a half months for the student to obtain employment and still be counted. On the other hand, too few days risks questions of tampering or non-meaningful employment. Twenty one days provides a central amount of time for showing employment is consistent without taking away too much of the six month mandate.

Total charges- particularly those for students exceeding the on-time completion for the program:

An alternative presented was to list the highest amount paid in charges of a graduate within the reporting period. This is problematic because not completing on-time can mean just a matter of days or weeks while an internship is completed. Or it could mean up to two years when referring to a four year Bachelor's Degree program. The variation in charges can be substantial depending on how much longer a student takes to complete a program. Trying to pin down a number to represent the substantial potential variation in charges is futile. A notice informing students that addition charges may exist if the program is not completed in time, serves as fair warning for those not finishing their respective programs on-time.