Los Angeles Times latimes.com

http://www.latimes.com/news/education/la-me-voced2jul02,1,7217144.story?coll=la-news-learning
From the Los Angeles Times

Stopgap school reform sought

A law targeting 'diploma mills' expires, leaving legislators grappling with how best to protect students.

By Henry Weinstein
Times Staff Writer

July 2, 2007

Landmark California reforms enacted nearly 20 years ago to protect unwary students from "diploma mills" making false promises about how their training will lead to good-paying jobs, expired at midnight Saturday.

A stopgap measure to extend the protections — while debate continues on a long-range solution — could be passed in several weeks by legislators grappling with how best to protect students and improve the operations of the state agency that oversees trade schools.

There is intense debate about what to do next. Consumer advocates think that legislation to create a new regulatory scheme is not strong enough, while the trade association representing the schools maintains that it is too draconian.

Last September, Gov. Arnold Schwarzenegger vetoed a bill that would have extended the reforms enacted in 1989, saying the statutes were "fundamentally flawed." He pledged to introduce his own proposal and work with the Legislature to get a new law passed early this year. That has not happened, and it is far from clear what can be worked out in Sacramento before the end of the year, when the stopgap law would expire.

Elena Ackel, an attorney with the Legal Aid Foundation of Los Angeles who has represented students victimized by trade schools for more than two decades, is concerned that if strong, long-term regulations are not enacted, students studying for a range of occupations, from computer programming to cosmetology, will not get the education they are seeking and wind up in debt.

The state Bureau for Private Postsecondary and Vocational Education, which had jurisdiction over more than 1,600 for-profit schools with more than 400,000 students, went at least temporarily out of business when the legislation governing the state's private postsecondary and vocational schools expired. The schools garner about $5 billion a year in tuition. Many of the students who attend the schools are low-income and are able to attend only with the help of federal loans and grants.

If action is not taken soon to replace the old regulations, the state could go back to the "Wild West" situation it experienced during the mid-1980s, when California had a reputation as one of the nation's worst "diploma mills," said Betsy Imholz, director of special projects at Consumers Union in San Francisco.

Robert Johnson, executive director of the California Assn. of Private Postsecondary Schools, the primary trade association representing school owners, acknowledged that there needs to be some law in place. "No rational person would argue you don't need an oversight body," Johnson said in an interview Sunday.

Oversight needed

But, in the meantime, he said, "the sky is not going to fall."

The reforms enacted in 1989 were designed to help students and taxpayers, who face paying part of the bill when students default on loans. Thousands of students defaulted after dropping out of shabby programs.

Today, Rep. Maxine Waters (D-Los Angeles), who was author of several of the key reforms when she was in the state Legislature, is scheduled to speak at a news conference on the issue with Ackel and several vocational school students. Waters has not unveiled any new proposals yet.

"The risk for individual students is huge" in an unregulated environment, Imholz said. "Students are putting out thousands for education and we have no system in place to ensure that they are going to get what they pay for. Before these lives are ruined by debt that they incurred for a program they couldn't handle or a job that didn't exist, they need to have certain basic rights and opportunities for redress," said Imholz, who represented a number of students who were defrauded by a nationwide trade school chain in the 1980s while she was a legal aid lawyer in Brooklyn, N.Y.

No one thinks the situation is ideal.

A 2005 report by a special monitor, commissioned by the state, said the bureau overseeing trade schools had a record of "fundamental problems." The report said the bureau did not conduct unannounced school site visits mandated by law, failed to verify "placement rates" that show how many graduates obtain jobs in the fields they study, almost never assessed fines against poorly performing schools and had never placed a school on probation or revoked a school's license.

The report also emphasized that the bureau could not impose a fine greater than $2,500.

The report also said the old law contained conflicting regulations that made it difficult for bureau staff to administer and enforce them. It also said excessively bureaucratic demands were imposed on schools seeking to renew their certification.

Zo Ann Laurente, an education specialist at the bureau, said in an interview Friday that employees did not know how to administer the law and that "the agency has not been diligent enough in protecting students." Laurente said she and perhaps a dozen other employees would be looking for new jobs, while some of her colleagues would be taking positions in the Department of Consumer Affairs, the bureau's parent agency.

"Everyone recognizes that there is a problem…. We need real reform," said Russ Heimrich, a spokesman for Consumer Affairs. "The bureau was under-staffed and under-resourced," he said. It had been operating on an $8-million yearly budget, based primarily on fees paid by the schools it regulates.

The agency's weaknesses have had consequences for students. One of the key reforms enacted in 1989 was a tuition recovery program allowing refunds for students who demonstrated that they had

not gotten what they were entitled to from a school. But that fund shrank sharply, partly because of the bureau's failure to collect all of the fees schools are supposed to pay.

When Schwarzenegger vetoed the bill that would have extended the existing laws last September, he said the measure did "nothing to address the numerous deficiencies" identified in the 2005 special report.

After working on several drafts of model legislation, the governor decided that it would be better to work with members of the Legislature to craft a bill, rather than presenting his own, said Gena Grebitus, one of his press aides.

State Sen. Don Perata (D-Oakland) has introduced a measure aimed at a long-term solution. It would extend a number of the current protections.

He said in an interview Sunday that he took such action after he got a call from Waters, who described problems encountered by some of her constituents, including paying for training for jobs that did not exist. Perata acknowledged that he expected contentious debate to continue over his bill, SB 823, and the prospect of it getting signed into law hardly seems assured.

Consumer advocates, such as Imholz and Ackel, think the bill should be tougher. They believe the state needs to enact stronger laws to regulate schools that fraudulently misrepresent their graduation and job-placement statistics.

But Johnson, executive director of the for-profit schools trade association, contends that the measure is "more punitive" for the schools than the prior law.

"Under SB 823, if you are a person (or the school itself) and you make a technical violation of one of thousands of new requirements contained in the new law, you (and your school) face fines or jail (or both) and lots of administrative punishments," Johnson told his members in a critique of the bill on the organization's website.

Johnson said Sunday that he would vigorously oppose the bill at its next hearing on Thursday in the Assembly's Higher Education Committee.

Legal Aid lawyer Ackel countered that the trade group was objecting to language the organization had previously agreed to. "Now they are acting as if it is something new."

When it became apparent that Perata's bill would not pass before the existing law expired, Schwarzenegger's staff went to Assemblyman Paul Cook (R-Yucca Valley) looking for help. The former college professor agreed to introduce a stopgap measure that has yet to be approved by the Legislature. It would keep some of the protections in place until the end of the year.

'Students in jeopardy'

"I agreed to do this for one reason," Cook said during a weekend interview. "Quite frankly, the state has put students in jeopardy of losing grants and loans and not being able to sit for board exams" that are necessary to qualify for some jobs, Cook said.

"AB 1525 will act as a bridge between the old bureau and the new bureau. We can't leave the students high and dry simply because government failed to provide a full remedy last year," Cook added.

Even though his bill would only be a temporary measure, Cook lamented in an interview that the measure had not gone into effect by the time the old law expired.

After clearing the Assembly, he said, the measure had to be debated in two policy committees in the Senate and still has to clear the Senate Appropriations Committee this week. If that occurs, as he expects it will, the bill, which has been amended in the Senate, has to go back to the Assembly for concurrence on those changes before it can go to the governor for his signature. That process is expected to take perhaps two weeks, during which time there will be no law in effect.

---

henry.weinstein@latimes.com