Legislation & Regulation: What does the future hold for IECs?

IECA Government Relations Briefing
October 2, 2019
Agenda

● Introductions
● Overview of recent legislative activity in
  ○ California
  ○ Illinois
● What is next for the profession?
IECA Government Relations Committee

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California

Operation Varsity Blues & the College Consultant’s Act (Assembly Bill 1312)

Why California?

AB 1312 is part of a package of bills introduced by six legislators

AB 1312 seeks to regulate college admission counselors for the first time

Introduced by Assemblymember Evan Low (D) 28th CA Assembly District encompasses parts of the South Bay & Silicon Valley
CA Response to Varsity Blues

AB 1383 - Strengthens checks and balances on special admissions
*Passed through legislature; awaiting Governor signature (9/24/19)*

ACR 64 - Studies phasing out the use of SAT and ACT scores for admissions
*Enacted (9/11/19)*

AB 136 - Prohibits fraudulent tax write-offs for individuals charged in the scandal
*Passed through legislature; awaiting Governor signature (9/11/19)*

AB 697 - Require colleges to disclose to the state whether they give preferential admissions treatment to applicants related to donor or alumni, and detail how many students were admitted under such practices
*Passed through legislature; awaiting Governor signature (9/9/19)*

Audit request of the University of California’s admission policies and practices
*Audit request approved by the Joint Legislative Audit Committee (6/26/19); referred to the California State Auditor; audit pending*

AB 1312 - Establishes a registration process for college admission consultants
*In Committee*
Original Language in AB 1312

Defines “college consultant” to mean an individual who receives $5,000 or more in income on an annual basis from compensation by, or on behalf of, clients* for the purpose of assisting clients in obtaining admission to an institution of higher education or otherwise influencing the actions of admission staff of an institution of higher education on behalf of clients.

*Client is defined as a resident of CA
Two Components of AB 1312

1. Electronic Registration for all College Consultants through the CA Secretary of State.

2. College Consulting Advisory Task Force through the CA Dept of Consumer Affairs.
Registry

Entirely online and publicly available

Requires each college consulting firm to register with the Secretary of State and provide:

- A recent photograph of the college consultant
- Reasonable registration fees by each college consultant or college consulting
- College consultant certification

Quarterly reports to the Secretary of State containing the following:

- The total amount of itemized payments received by the college consulting firm each quarter
- Goods and services used by a college consultant in connection with business activities
College Consulting Advisory Task Force

On before Jan 1, 2022...

Representatives from both the public and private sectors with expertise in education.

The task force shall submit a report of its findings and recommendations to the Legislature, including, best practices in the college consulting industry and other recommendations that may be taken to better regulate the field of college consulting.
What happened to AB 1312?

**March 2019** - Varsity Blues Scandal news breaks.

**April 2019** - AB 1312 Introduced by Senator Low supported by California Association of School Counselors.

**April through June 2019** - AB 1312 is amended several times.

**May 2019** - Passes Assembly, moves to Senate.

**June 2019** - Senate sends to Appropriations Committee.

**August 2019** - Appropriations Committee keeps bill in Suspense file where AB 1312 “dies” in suspension.
How much might AB 1312 cost the state?

Registry:

Year 1 startup to create and staff an online registry $3.1 million

Annual to maintain the registry $1.9 million

Task Force:

10 to 12 members for 2 years $310,800
The final version of AB 1312

“College consultant” means an individual who receives five thousand dollars ($5,000) or more in income on an annual basis from compensation by, or on behalf of, clients* for the purpose of assisting clients in the process of applying for admission to an institution of higher education.

*Client is still defined as a resident of CA

Online Registry:

Be made publicly available by the Secretary of State on its internet website.

Provide for the payment of reasonable registration fees by each college consultant or college consulting firm via an online process.

College Consulting Advisory Task Force:

No changes from original bill.
Is AB 1312 really dead?

AB 1312 is in the suspense file. It has not been formally defeated or withdrawn.

Chief of Staff for Assemblymember Low has indicated that they are "committed" to reintroducing in the second year of the cycle.

75% chance that the bill will be introduced.

If reintroduced, the bill would face fewer hurdles than it did last time.

Cost is still the largest hurdle.

California Association School Counselors continues to be involved.
What might happen next?

2 potential outcomes:

1. An IEC registry that will require membership in an organization such as IECA, HECA and the Western Association of College Admission Counseling.

2. College Consulting Advisory Task Force will proceed and be charged with making further recommendations for what CA might do to regulate IECs.
How did IECA respond?

Legislative team reached out to Assemblymember Low & staff; provided history, and background on numbers of IECs, income, average client fees to Committee staffs.

Educated legislators on the profession and the role of associations such as IECA.

Issued a Call to Action to IECA members.

Convened the IECA Government Relations Committee.

Hired Pillsbury Winthrop Shaw Pittman LLP, a national lobbying firm based in Washington DC with extensive network of lobbyists throughout the US.
What are we doing now?

IECA Board & Government Relations Committee

● Defining strategic objectives

IECA’s Lobbyist & IECA Staff

● Creating a proactive strategy to work with CA legislators in anticipation that the bill will be reintroduced
● Will be meeting with CA legislators late 2019

IECA Members

● Continue to educate yourselves on the legislative process and be available to participate in the future
Illinois

July 2019 articles in the Wall Street Journal and ProPublica revealed unsavory (but legal) practices attributed to a “college consultant”

Families in suburban Chicago legally transferred guardianship of their high school age students to take advantage of a loophole in the financial aid process

Loophole allows students to declare themselves financially independent when applying for need-based aid
Brisk response from legislators

August 2019 - Hearings conducted by the Illinois House to discuss the issue

Legislation could be introduced by the end of the year or early next year

Most likely outcome is to close this loophole by:

- Changing guardianship approval process
- Giving colleges discretion to reduce state need-based aid in questionable guardianship cases.
Other legislative scenarios in Illinois

Could this result in regulation of IECs?

- 50/50 chance regulation of IECs is pursued.
- Regulation of consultants was raised during recent hearings.
- Fewer than 200 IECs in Illinois so may not be worth the effort or cost.
What is IECA doing in Illinois?

IECA lobbyist is monitoring the situation closely on the ground.

Wait-and-see approach – Illinois legislature is out of session until January.

If legislation to regulate IEC’s is introduced then IECA has time to work with our lobbyist and Illinois legislators.
What comes after California and Illinois?

This is an opportunity for IECs to “own” the legislative positions that may arise in the future.

Long-term goals:

- Distinguish ourselves as ethical and professional experts
- Build relationships with legislators in states where regulation may arise
- Encourage an internal discussion around regulation
- Encourage cooperative action with like-minded associations and IECs