



Advisory Committee Meeting Minutes Thursday, August 26, 2021

WebEx Meeting

Advisory Committee Members in Attendance

1. Kansen Chu
2. Zima Creason
3. Melanie Delgado
4. Leigh Ferrin
5. Joseph Holt
6. Katherine Lee-Carey
7. Kevin Powers (on behalf of Assemblymember Jose Medina)
8. Margaret Reiter
9. David Vice

Committee Members Absent

Diana Amaya
Senator Steven Glazer (Sarah Mason)

Bureau for Private Postsecondary Education (Bureau) and Department of Consumer Affairs (DCA) Staff in Attendance

Deborah Cochrane, Bureau Chief
Leeza Rifredi, Deputy Bureau Chief
Linh Nguyen, DCA Legal Counsel
Carrie Holmes, DCA Board and Bureau Relations Deputy Director
Taylor Schick, DCA Fiscal Officer
Gregory Pruden, DCA Legislative Manger
Robert Bayles, Bureau Education Administrator Chief
Michele Allegger, Bureau Compliance Manager
Christina Villanueva, Bureau Discipline Manager
Clarisa Serrato-Chavez, Bureau Complaint Investigations Manager
Karen Borja, Bureau Compliant Investigations Manager
Ebony Santee, Bureau Licensing Chief
Scott Valverde, Office of Student Assistance and Relief (OSAR) Chief
Yvette Johnson, Bureau Administration Chief
David Dumble, Bureau Legislative/Regulation Specialist

Agenda #1 - Welcome, Introductions, and Establishment of a Quorum

Committee Chair, Katherine Lee-Carey called the meeting to order.

Agenda #2 - Public Comment on Items not on the Agenda

Mike Roberts provided public comment.

Agenda #3 - Review and Approval of May 27, 2021, Advisory Committee Meeting Minutes

Public Comment

No Public Comment.

David Vice moved to approve the minutes; Kansen Chu seconded the motion.

(Ms. Lee-Carey: Aye; Mr. Vice: Aye; Ms. Reiter: Aye; Ms. Creason: Aye; Mr. Holt: Aye; Ms. Ferrin: Aye; Ms. Delgado: Aye; Mr. Chu: Aye) The motion passed.

Agenda #4 - Remarks by Representative of the Department of Consumer Affairs

Carrie Holmes, Deputy Director for Board and Bureau Relations, provided an update on the Department of Consumer Affairs (Department).

Ms. Holmes reported that current waivers allowing Boards and Bureaus to meet remotely expire September 30, 2021. She noted that, due to ongoing changes with the COVID-19 pandemic, the ability to meet remotely may be extended to some capacity.

Ms. Holmes outlined one of California's plans to reduce the spread of COVID-19. She explained that state employees will be required to show proof of vaccination or be subject to regular COVID-19 testing and wear appropriate PPE.

Public Comment

No Public Comment.

Agenda #5 – Bureau Operations Update and Discussion

Sunset Review and Alternative Fee Proposal

Gregory Pruden, DCA Legislative Manager, provided a high-level update on the Bureau's Sunset Review. He stated that Senate Bill 802 (Private postsecondary education: California Private Postsecondary Education Act of 2009) is expected to move from the Assembly Appropriations Committee to the Assembly floor today for further action. He noted that, following discussions with various stakeholders, it does not appear the bill will include any general fund money allotted to the Bureau. He added that the bill only contains a one-year extension of the Bureau, and further discussions on fees and funding are expected to continue next year.

Taylor Schick, DCA Fiscal Officer, provided a brief overview of the Bureau's fiscal status. He referenced the alternative fee proposal included in the meeting materials. He explained the Bureau has a structural fund deficit, with expenditures are outpacing revenues. He noted that for 2021 there is a projected deficit of \$6.6 million.

Mr. Schick stated that currently roughly 90% of the Bureau's revenues are derived from annual institution fees. He outlined the alternate fee proposal attachment in the meeting packet. He pointed out proposed options that would address the revenue deficit and keep the Bureau solvent for the foreseeable future.

Ms. Reiter questioned how the Bureau determines if revenue being reported by an institution is accurate. She noted that institutional revenue could include more than just tuition and questioned how the Bureau defines revenue in relation to annual fees. Ms. Cochrane responded that revenue is limited to what an institution collects from California students. Ms. Lee-Carey pointed out that institutions are required to provide audited financial reports with the annual reports.

Public Comment

Angela Perry provided public comment.

Mike Roberts provided public comment.

Mousumi provided public comment.

Update on the Bureau's IT System Project

Sean O'Connor, Chief of Project Delivery and Administrative Services, provided an update on the Bureau's IT system project. He explained that the project implementation stage began in January 2020. He noted that due to COVID-19 the project shifted from on-site staff interactions to entirely offsite. He added that successful implementation of the project has continued remotely utilizing Microsoft Teams to facilitate staff interactions and training.

Mr. O'Connor explained that functionality is being implemented incrementally. He noted three project implementations that are already in place including an online approval application for an institution non-accredited, an online consumer complaint form with back-office processing functionality, and the conversion of enforcement data from the legacy system to the new system.

Mr. O'Connor noted that the project is trending towards being completed under the allotted budget.

Mr. O'Connor stated that the project is currently in its last major software release stage. He added that the focus is on releasing an online process for the remaining licensing applications, converting the remaining licensing data from the legacy system to the new system, and implementing an online process for the submission of Student Tuition Recovery Fund (STRF) claims.

Mr. O'Connor reported that following the completion of the implementation phase the project will shift to the maintenance and operations phase. He noted that changes to system functionality, based on internal and external user feedback, can still occur beyond the completion of the project implementation phase.

Ms. Reiter asked how much historical data in the legacy system will be converted into the new system. Mr. O'Connor responded that data at a minimum of 7 years back has or will be converted from the legacy system into the new system. He added that he could provide additional information regarding data conversion at a later time.

Ms. Reiter questioned what information may become available online to prospective students following the completion of the new IT system. She asked if there will be some sort of a rating of institutions. Mr. O'Connor replied that the scope of the project does not include ratings of institutions. He continued that the public will be able to see an institution's approval status and what programs are offered. Ms. Reiter pointed out that it would be beneficial if a student could search for a program and then compare institutions based on a rating, such as placement rates.

Ms. Reiter asked if the new system would expand on the categorical classifications of complaints, such as more specific categories for non-jurisdictional complaints. She noted it would be helpful if the Bureau could report on what new addition of categories will be available in the new system.

Public Comment

Angela Perry provided public comment.

Accrediting Council for Independent Colleges and Schools (ACICS) Implications for Bureau

Robert Bayles provided an update on ACICS and school implications for the Bureau. He referenced Attachment 5c of the meeting packet.

Ms. Reiter questioned if the Bureau is taking a closer look at the schools that are currently accredited by ACICS. Mr. Bayles responded that the Bureau is taking a proactive approach by identifying all the ACICS accredited schools, looking at discipline history, the programs they offer, and the student population that could be affected.

Public Comment

No public comment.

Annual Report (AR) Report

Mr. Bayles stated that the Annual Report is open for submissions. He noted that the 2020 annual reports are due by December 1, 2021.

Mr. Bayles reported that the Annual Report unit is now offering School Performance Fact Sheets (SPFS) virtual workshops. He listed the following upcoming virtual workshop dates: September 17, 2021, October 12, 2021, and November 16, 2021. He stated that information on how to register for the SPFS workshop is available on the Bureau's website.

Public Comment

No public comment.

Quality of Education Report

Mr. Bayles provided a report on the Quality of Education Unit (QEU). He outlined Attachment 5e, of the meeting packet.

Mr. Bayles asked the Committee if there is any additional information they would like to see at the next meeting.

Ms. Reiter stated that it would be helpful if a chart was included that showed the breakdown by accreditor for non-degree granting schools.

Mr. Holt stated that in the accreditor chart it would be better to list the number of schools accredited by the Accrediting Commission for Community and Junior Colleges (ACCJC) and WASC Senior College and University Commission (WSCUC) schools instead of just listing the total number of schools accredited by WASC. He also suggested listing the schools that are on accreditation probation or a show cause status. Ms. Reiter agreed it would be a good idea to list schools that are on some kind of discipline status.

Ms. Lee-Carey requested, at the next meeting, a brief explanation and timeline on the process QEU takes in the review of non-accredited institutions applying for approval.

Public Comment

No Public Comment.

Compliance and Discipline Report

Michele Alleger, Bureau Compliance Manager, reported on the compliance stats in Attachment 5f, of the meeting packet.

Christina Villanueva, Bureau Discipline Manager, reported on the discipline and citation stats in Attachment 5f, of the meeting packet.

Public Comment

No Public Comment.

Complaint and Investigation Report

Karen Borja, Bureau Complaint Investigations Manager, and Clarisa Serrato-Chavez, Bureau Complaint Investigations Manager, reported on the complaint and investigation stats in Attachment 5g, of the meeting packet.

Mr. Vice questioned if the fees assessed to institutions who contract with the Bureau for complaint processing cover the associated Bureau expenses. Ms. Cochrane indicated that the state authorization fee is addressed in Attachment 5a, the Alternative Fee Proposal.

Public Comment

Angela Perry provided public comment.

Licensing Report

Bureau Licensing Chief, Ebony Santee, reported on the Licensing Unit. She outlined Attachment 5h, of the meeting packet.

Mr. Holt questioned what the status of the school is while a renewal of approval application is pending. Ms. Santee responded that if an institution submits the renewal application before the expiration of the approval date, then the school may continue to operate while the renewal application is pending.

Public Comment

No Public Comment.

Office of Student Assistance and Relief (OSAR) Report

OSAR Chief, Scott Valverde, provided a report on OSAR. He covered Attachment 5i, of the meeting packet.

Ms. Reiter asked about how many emails that were sent to Corinthian students were returned due to invalid email addresses. Mr. Valverde stated that he didn't have the number with him, but that it was a fairly significant number.

Ms. Reiter commented on the Bureau web page titled "Which School is Right," and indicated that it needs to be updated.

Ms. Reiter pointed out the number of complaints that fall outside of the Bureau's jurisdiction, and that would be helpful if OSAR provided information, at student outreach events, on what falls under the Bureau's jurisdiction. Mr. Valverde noted that OSAR previously analyzed a large sample of complaints to help inform what type of information to provide to students at outreach events.

Mr. Vice asked about the high number and value of STRF claims coming from Silicon Valley students. Mr. Valverde noted that the programs were expensive and many of the students paid cash. Mr. Vice stated that the STRF fee will need to be increased to replenish the fund.

Public Comment

No Public Comment.

Student Tuition Recovery Fund (STRF) Report

Bureau Administration Chief, Yvette Johnson, provided a report on STRF. She covered Attachment 5j, of the meeting packet.

Ms. Johnson noted that the Bureau is currently assessing the STRF fee and will provide institutions ample notice in the event the fee is changed.

Public Comment

No Public Comment.

Agenda Item #6 - Status Updates on Regulations

Status on Application for Verification of Exempt Status

Ms. Johnson provided an update on the application for verification of exempt status regulatory package. She reported that the package was sent to DCA for approval on July 28, 2021.

Discussion on Draft Language for Labor Market Outcome Data Reporting

Ms. Johnson outlined the draft regulatory language for labor market outcome data reporting.

Ms. Lee-Carey questioned if the Bureau's IT system is securely certified to store the collection of sensitive student data including a social security number (SSN) or individual taxpayer identification number (ITIN). David Dumble, Bureau Legislative/Regulation Specialist, explained that the law does not require the collection of students' SSN or ITIN until the Director of DCA certifies the Bureau's IT system is qualified to store the data. He explained that institutions are currently required to collect the data but are not required to report it to the Bureau.

Discussion on Draft Out-of-State Institution Registration Form

Ms. Johnson outlined the draft out-of-state institution registration form.

Ms. Reiter commented that there needs to be a clear directive that all required items must be submitted to complete the application.

Ms. Reiter suggested expanding on the definition of "affiliated institution(s)" to provide clarity.

Ms. Lee-Carey suggested, concerning composite scores and heightened cash monitoring (HCM) documentation in Section 6, that moving "if applicable" to the front of the instructions would provide more clarity. Ms. Reiter noted that it would make more sense to break up Section 6 into two different sections. She added that verification of state authorization would apply to all institutions while the second portion of Section 6 regarding composite score and HCM would not apply to all institutions. Ms. Lee-Carey agreed that it would make sense to have a separate section asking for, if applicable, composite score and HCM status.

Mr. Holt pointed out, in number 5 of Section 8, that it may be better to include "adjudicated" as a qualifier for when to include documentation if the institution has contracted with a third party that had to pay \$250,000 or more resulting from a civil complaint made against the third party. Ms. Lee-Carey noted that an institution may not know or have no way of knowing if a third-party entity has been involved in the described instance. Ms. Reiter stated it could suffice to just reference another provision pertaining to the violation of consumer unfair business practices.

Ms. Lee-Carey referenced, in number 7 of Section 8, the requirement of providing the number of known complaints received by a non-profit private organization, such as the Better Business Bureau. She stated that complaints made to the Better Business Bureau (BBB) are different

than complaints made to a government agency. She continued that there is no certainty or understanding of how complaints are processed or resolved through the BBB. She added that an institution is not required to even respond to BBB complaints unless they are a member of the organization. Mr. Holt agreed that complaints received by a non-profit organization should not be required.

Ms. Reiter pointed out that the language in number 7 of Section 8 allows the institution to summarize the complaint and the resolution if the complaint merited one. She continued that some consumers are unsure what government agency to file a complaint with, but many consumers have heard of the BBB. Mr. Holt pointed out the administrative complexity, cost, and burden for an institution with many students all over the country having to search for and summarize complaints from the BBB and other non-profit organizations. Ms. Reiter noted that her understanding is that BBB will forward complaints to the address of the business. She added that it would be unusual for an institution to have many complaints unless there was an actual issue with the institution. Ms. Lee-Carey noted that an institution isn't required to keep track or respond to BBB complaints.

Ms. Delgado questioned why additional requirements weren't included in the form. She provided the example of not including documentation on cohort default rates. Ms. Cochrane explained that in drafting the application the focus was on identifying pertinent and timely risk factors to California students. She stated that determining what to include in the registration form was a balance in what information to collect from the institution and the burden on the institution to provide that information. She added that there was a consideration in reviewing public information as part of the review process, but it was determined that may not be allowed under the law. She noted that the Bureau is open to take another look at suggestions. Ms. Reiter requested that the Bureau take a second look at the items she suggested including in the registration form.

Public Comment

Robert Johnson provided public comment.

Angela Perry provided public comment.

Madeline Cooper provided public comment.

Agenda Item #7 - Update and Discussion on Senate Bill 118 (Committee on Budget and Fiscal Review, Chapter 29, Statutes of 2020) Prohibition on Use of Applicants' Criminal History in Admission Decisions (CEC Section 66024.5)

Ms. Cochrane outlined the memo titled “Senate Bill 118 Prohibition on Use of Applicants’ Criminal History in Admission Decisions (CEC Section 66024.5)” provided in the meeting packet.

Ms. Reiter commented that within the security guard profession there are prohibitions against getting licensed based on certain crimes. She noted that, while there is a statistically low number of individuals who could be affected, there may need to be additional guidance given on how to address these instances.

Ms. Lee-Carey suggested that, while an institution is not allowed to ask for a student’s criminal background, the institution could provide students with a disclaimer outlining what could prevent the student from completing the program, attaining licensure, and/or employment.

Public Comment

Robert Johnson provided public comment.

David Wells provided public comment.

Agenda Item #8 - Discussion on the Bureau’s Strategic Plan Framework and Goals

Ms. Cochrane referenced the memo titled “Draft Strategic Plan Framework and Goals for the Bureau for Private Postsecondary Education” provided in the meeting packet

Ms. Reiter commented that many of the goals included in the plan are lacking specificity and are not measurable. She suggested including goals with more specificity and measurables. She provided an example of adding a percentage amount in the goal of increasing the number of inspections conducted. Mr. Holt agreed that achieving the goals requires the Bureau to define and track more tactical measurable outcomes.

Ms. Lee-Carey suggested adding a goal focused on informing and guiding institutions to meet compliance standards.

Ms. Cochrane requested that Committee members provide any additional comments or suggestions to Bureau staff by September 3, 2021.

Public Comment

Angela Perry provided public comment.

Agenda #9 – Suggestions for Future Agenda Items

Ms. Reiter suggested a follow-up to Senate Bill 118.

Mr. Holt suggested a follow-up on the impact of the Silicon Valley closure.

Public Comment

Angela Perry provided public comment.

Agenda #10 – Adjournment

The meeting adjourned at 4:07 pm.