Advisory Committee Meeting Minutes
Wednesday, February 19, 2020

Department of Consumer Affairs
Hearing Room, 1st Floor
1625 North Market Blvd.
Sacramento, CA 95834

Advisory Committee Members in Attendance

1. Joseph Holt
2. Katherine Lee-Carey
3. Margaret Reiter
4. Kevin Powers (on behalf of Assemblymember Jose Medina)
5. Dr. Robert Snowden
6. Thomas Wong
7. Natalie Lyons
8. Diana Amaya
9. Sarah Mason (on behalf of Senator Steven Glazer)

Committee Members Absent

Hanya Carbajal
David Vice

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

Dr. Michael Marion Jr., Bureau Chief
Leeza Rifredi, Deputy Bureau Chief
Beth Scott, Bureau Enforcement Chief
Beth Danielson, Bureau Enforcement Chief
Ebony Santee, Bureau Licensing Chief
Scott Valverde, Office of Student Assistance and Relief (OSAR) Chief
Robert Bayles, Bureau Education Administrator Chief
Yvette Johnson, Bureau Administration Chief
Doug Smith, Bureau Legal Counsel
Norine Marks, DCA Legal Counsel
Kimberly Kirchmeyer, DCA Director
Suzanne Mayes, DCA Business Analyst

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

Committee Chair, Katherine Lee-Carey called the meeting to order at 9:36 AM.

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

No Public Comment.

Agenda #3 - Review and Approval of November 19, 2019, Advisory Committee Meeting Minutes

Thomas Wong moved to approve the minutes; Joseph Holt seconded the motion.
(Mr. Wong: Aye; Natalie Lyons: Aye; Mr. Holt: Aye; Ms. Reiter: Aye; Ms. Lee-Carey: Aye; Robert Snowden: Aye; Diana Amaya: Aye) The motion passed.

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

Kimberly Kirchmeyer, DCA Director, provided updates on DCA. She reported on an email she sent out to all DCA employees. She outlined main areas DCA is focusing on. She stated that client service and satisfaction is a priority. She added that to achieve best practices, DCA will be working smarter together, with the boards and bureaus.

Ms. Kirchmeyer continued that data and transparency is really important to her. She stated that she wants to use data and technology to make better informed decisions and provide measurable achievements. She noted that due to the Bureau's current IT system, Bureau staff must put in a lot of work to provide statistics to the Committee. She referenced the new IT system the Bureau is in the process of implementing and noted that the new technology will enable Bureau staff to more efficiently provide statistics to the Committee.

Ms. Kirchmeyer outlined the following main focuses: reducing the timeframe for producing regulations, streamlining the process for producing fiscal reports, decreasing the timeframes of investigations at the Division of Investigations (DOI), meeting ADA compliance standards, and ensuring all legislation is implemented by the boards and bureaus.

Ms. Kirchmeyer reported that the DCA legal office created a regulations unit to assist DCA offices in the rulemaking proposal process. She noted that a main priority of the unit is complying with AB-2138 (Licensing boards: denial of application: revocation or suspension of licensure: criminal conviction). She added that DCA is implementing a data system for boards and bureaus to track the status of regulation packages.

Ms. Kirchmeyer stated that DCA remains committed to assisting the Bureau throughout its sunset review process. She added that she met with Dr. Marion regarding the sunset review and will continue to assist in preparation of the sunset review hearings.

Ms. Kirchmeyer discussed DCA's Organizational Improvement Office (OIO). She explained that the unit provides program change management, business process mapping, and information technology documentation services. She noted that OIO has two central focuses, including the review of centralized services and assisting boards and bureaus in implementing business modernization processes.

Public Comment

No Public Comment.

Agenda #5 – Bureau Operations Update and Discussion

Update on Advisory Committee Handbook Revisions

Doug Smith, Bureau Legal Counsel, provided an update on the Advisory Committee handbook. He explained that the Bureau is in the process of updating the handbook. He added that the intent is to create a more useful guide to help provide reference for Committee procedures, responsibilities, and recommendations. He noted that the Bureau would like suggestions or advice from the Committee, in updating the handbook.

Public Comment

No public comment.

Update on Bureau Staffing Levels (BPPE Organization Chart)

Dr. Michael Marion Jr., Bureau Chief, referenced attachment 5b, the Bureau's organizational chart, in the meeting packet.

Dr. Marion also provided the Committee with a brochure that included a high overview of Bureau operations.

Ms. Lyons questioned if all the Special Enforcement Unit positions are limited term. Dr. Marion explained that the positions are limited term pending further review, to determine if the classifications are meeting the demands of what work needs to be done. He noted that it is likely that the positions will be converted to permanent. Ms. Reiter asked if there has been a request made to make the positions permanent, and the length of limited term positions. Leeza Rifredi, Deputy Bureau Chief, explained that no request has been made to make the positions

permanent, as it is still under review. She added that the limited positions are for a duration of two years with the possibility of becoming permanent.

Mr. Holt questioned if there are plans to add more positions in the Office of Student Assistance and Relief (OSAR) Unit. Dr. Marion responded that there will be ongoing discussions on OSAR staffing levels.

<u>Public Comment</u>

No public comment.

<u>Update on the Bureau's 2020 Strategic Plan Presented by SOLID</u>

Suzanne Mayes, DCA Business Analyst, provided an overview on the strategic planning process. She referenced a slide show containing information on the process.

Ms. Lyons questioned if the surveys being conducted for input are anonymous. Ms. Mayes responded that the surveys are anonymous. She added that there are textbox options for stakeholders to provide additional input.

Ms. Reiter asked how often the Bureau is supposed to do a strategic plan. Ms. Mayes stated that the timeframe is typically three to five years and varies depending on the organization. Dr. Marion noted that the Bureau's current strategic plan ends in 2020.

Ms. Reiter stated that the last time she reviewed the Bureau's strategic plan, the goals were so broad and general that one could not tell if the goals had been met. She questioned if the new strategic plan will have specific, objective, and measurable goals. Ms. Mayes responded that the process includes a focus on 3 to 5 objectives for each goal area to help with specificity. She added that there has been additional focus placed on action planning to address the question of meeting measurable outcomes. Dr. Marion added that the Bureau has worked a lot with SOLID to ensure objectives are measurable. Ms. Reiter commented that she would like to see more emphasis on quality over quantity in regard to measuring the outcome of goals.

Mr. Wong questioned if members could have an opportunity to review the current strategic plan to determine if goals have been met. Dr. Marion responded that he would look into the best approach to relay that information to the Committee.

Ms. Lee-Carey questioned if the goal is to complete the strategic planning process by the end of 2020. Dr. Marion confirmed that is the goal. Ms. Mayes added that it would be ideal to conduct the action planning session after the Bureau's sunset review hearing, in order to incorporate any issues brought forth by the sunset review process.

Mr. Holt requested an opportunity for the Committee to engage in the strategic planning process. Dr. Marion responded that the Bureau provided the survey to Committee members and that the Bureau certainly wants input from the Committee.

Public Comment

Angela Perry, with the Institution for College Access and Success (TICAS), provided public comment.

Update on the Bureau's IT System Project

Sean Oconnor, Project Delivery and Administrative Services Chief with DCA Office of Information Services (OIS), provided an update on the Bureau's IT system project. He reported that the project formally kicked off on January 10, 2020. He continued to elaborate that the system integrator is InLumon. He noted that the company has implemented licensing and regulatory systems in multiple states. He added that the company has some expertise in the education space.

Mr. Oconnor reported that the goal is to have the ability submit applications online for licensure and complaints, and for this goal to be functional by Summer 2020. He explained that the process is being conducted using an agile methodology approach which allows functionality to be implemented in pieces, as opposed to using a big-bang approach with having the entire system go live at once. He noted that this allows for incremental organizational change management and for quicker access to new functionality.

Mr. Holt questioned what future capabilities the Bureau will have with data base management and generating reports from data collection. Mr. Oconnor explained that system will allow for real time configuration by creating new categories and values of data. He added that the focus will be on engineering a system that allows for the most effective and beneficial system for tracking and reporting. Mr. Holt asked about data migration from the current system to the new system. Mr. Oconnor explained that the scope of the project includes total migration from the current system to the new system before the end of the project. He added that it will be important to focus on how far back and how detailed the Bureau should be when choosing what data to migrate to the new system.

Mr. Holt asked about the project length. Mr. Oconnor stated the project will be conducted over an 18 month period with an additional year of maintenance and operational services from the vendor.

Ms. Reiter commented that she hopes aged complaint data will be secured to ensure the historical relevance will be maintained. Ms. Reiter asked about the qualifications of the company chosen to do the system integration. Mr. Oconnor commented that the company was chosen utilizing a procurement service provided through the Department of General Services, which prescreens companies.

Ms. Lyons asked if staff will have the capability to generate various reports. Mr. Oconnor responded that the ability for staff to generate reports is included in the scope of the project.

Sarah Mason questioned if the new system will be able to communicate with other outside systems. Mr. Oconnor stated that part of the requirement of the new system will be the ability to interact with other systems utilizing universal programming languages.

Ms. Mason asked for clarification on the incremental organizational change management approach. Mr. Oconnor stated that change management will correspond with the release of each new system functionality.

Ms. Reiter asked what the dollar amount is for the initial contract. Mr. Oconnor stated that market research on cost for the project was around 5 million dollars and the total project contract came in below that amount. He added that the contract is shared among four programs and will not be completely paid for by the Bureau.

Public Comment

No public comment.

Annual Reports (AR) Report

Robert Bayles, Bureau Education Administrator, provided a report on the Annuals Reports Unit. He outlined Attachment 5e of the meeting packet.

Ms. Lee-Carey questioned if there is a fine or abatement for schools that do not send a report. Mr. Bayles stated that an abatement would be issued to the school for the submission of the report. He added that if a school is nonresponsive, then a citation would be issued.

Mr. Wong questioned how the submission rate for this year compares to prior years. Mr. Bayles responded that the previous year was different due to the implementation of the online submission portal and the corresponding outreach that went along with that. He added that change in outreach could explain the difference in the submission rate(s).

Ms. Lyons questioned what happens if a school issued a citation but still does not submit a report. Mr. Bayles explained that the Enforcement Unit would handle the situation and that the issue will not be ignored. Mr. Wong asked for additional information regarding those schools who do not submit a report. Mr. Bayles explained that it depends on the situation. He continued that a school may submit the report late and/or a school may not submit a report at all. He added that some schools may submit an incomplete report, at which point an analyst will work with the school to get a complete report.

Ms. Mason questioned what process occurs during the review of the annual report submissions. She asked if analysts are just looking for completion or also looking for certain red

flags.

Mr. Bayles explained that analysts are checking for completion and red flags. He added that initially an analyst will do a quantitative review for completion, and then the analyst will look for red flags, while working in conjunction with the Compliance Unit. He noted that analysts may also be asked to review a school's annual report prior to a school investigation to identify any red flags.

Ms. Mason questioned if the annual report analysts are trained to identify red flags. Mr. Bayles responded that analysts are trained to identify red flags. He added that they are primarily looking for disparities in the documents provided by the school. He gave the example that if a school provides data on 10 programs while only being approved for 9 programs, then that would be a red flag.

Public Comment

No public comment.

Quality of Education Report

Mr. Bayles provided a report on the Quality of Education Unit. He outlined Attachment 5f of the meeting packet.

Ms. Mason asked if there were any noticeable trends in which accrediting institutions are pursing. Mr. Bayles stated that he could provide that information at the next meeting.

Public Comment

No public comment.

Compliance and Discipline Report

BPPE Enforcement Chief, Beth Scott, provided a report on the Compliance and Discipline Units. She referenced Attachment 5g of the meeting packet.

Ms. Lee-Carey questioned if the current trend of increased inspections will continue. Ms. Scott responded that she anticipates that the units will continue to perform at the current level and may even increase. Ms. Lee-Carey asked how many inspectors contributed to the 51 inspections conducted. Ms. Scott stated that there are 12 inspectors in the unit.

Mr. Holt asked for clarification on the change between 2018 and 2019 regarding "Notice to Comply" and "Enforcement Referrals". Ms. Scott explained that an increase in unannounced inspections contributed to the change. She noted that there has also been an increase in collaboration with other units within the Bureau.

Mr. Holt commented that it would be helpful to track issues that are remediated during the inspection process at an institution. He stated that it would be beneficial to tabulate total issues identified, issues corrected on site, and issues resulting in a notice to comply.

Ms. Mason asked if there is an average time that an inspector spends on an announced and unannounced inspection. Ms. Scott responded that there is a lot of work that occurs in the office prior to the inspection. She continued that during an announced inspection, staff will let the school know about identified issues, so they can have ample time to attempt to correct those issues prior to the inspection. She added that staff look for the same items during an announced and an unannounced inspection. She stated that typically it takes one day to complete an inspection. She noted that occasionally an inspector will be able to conduct two inspections in one day or it can take up to two days to complete a single inspection.

Ms. Mason questioned if there is a geographical breakdown of where inspections occur. Ms. Scott responded that inspections are often based on location. For example, if multiple schools are due for an inspection and are in close proximity, then they will be scheduled to be inspected accordingly.

Ms. Mason asked how often inspections occur with collaboration from outside agencies. She asked if the collaboration would result in a violation of BPPE's laws, in addition to laws of other agencies. Ms. Scott responded that if another agency goes to the inspection, then that agency would deal directly with the violations to its laws. She explained that collaboration with other entities is based on need but estimated that 10% of inspections are done in collaboration with outside agencies.

Ms. Reiter asked for clarification on schools who refuse an inspection. Ms. Scott stated that the citation process is prioritized for schools who refuse an inspection. She added that the goal is to have a citation completed within two weeks of a school refusing an inspection. Ms. Reiter questioned if schools comply, following the issuance of a citation. Ms. Scott stated that if a school does not comply with the requirements set forth in the citation, then they are referred to the Attorney General's (AG) office for further action.

Ms. Reiter questioned if there are ever instances when students are given an opportunity to reevaluate the choice to attend a school following the school receiving a citation. Ms. Scott stated that has not been placed in an abatement at this point. Ms. Reiter stated that she would like to see that being considered in the rectification of a citation.

Ms. Lyons asked for clarification on the material harm requirement that must be met, in order for the Bureau to pursue certain actions. Dr. Marion explained that in order for the Bureau to take certain actions there must be proven student harm. He added that ideally the Bureau would not need to wait until harm has already occurred, but rather act before student harm occurs. Ms. Lyons questioned if student harm must be proven in order to refer a case to the AG office. Ms. Scott confirmed that the presence of evidence supporting student harm is necessary

for a case to transfer to the AG's office. Ms. Reiter questioned if legislative action is necessary to deal with the issue of student harm.

Dr. Marion confirmed it will require a legislative change.

Complaint and Investigation Report

Beth Danielson reported on the Complaint and Investigation Unit. She outlined Attachment 5H in the meeting packet.

Ms. Reiter questioned if citations are handled differently when they originate from an inspection or a complaint. Ms. Danielson responded that the goal with a complaint, is to make the student whole. She added that when identified issues in a complaint have the possibility of affecting a student or other students, staff will attempt to reach out to those students.

Mr. Holt asked if the current trend of open complaints will continue trending down or has an equilibrium been met. Ms. Danielson stated that the numbers are close to being held at a steady rate.

Mr. Holt suggested for a breakdown of the allegation categories found to be unsubstantiated. He gave the example of whether a complaint was unsubstantiated on the face or lacks evidence. He continued that would give more insight in to whether there are certain types of allegations that are typically found to be unsubstantiated. Ms. Danielson stated that might be a statistic more readily available with the new IT system. Mr. Holt added that it would be helpful for institutions to know what type of issues need to be addressed in order to better assist students.

Ms. Danielson commented on Video Symphony. She reported that the Bureau has paid out over $200,000 of STRF funds to former Video Symphony students. She added that the Bureau has no jurisdiction to assist or appear on behalf of students, related to or regarding legal matters. She noted that students are still encouraged to contact OSAR even if they have previously filed a STRF claim.

Ms. Reiter asked if the Bureau has reached out to other agencies regarding Video Symphony. Dr. Marion stated that the situation no longer falls under the Bureau's jurisdiction. Ms. Reiter questioned if the Bureau has provided documents to any outside agencies. Dr. Marion responded that the Bureau is open to working with other law enforcement agencies, but noted that currently none have reached out to the Bureau.

Mr. Wong questioned if there is a process a school is supposed to follow upon closure. Ms. Danielson stated there is a process schools are supposed to follow. Mr. Wong questioned if there are any repercussions if a school does not follow the school closure process. Ms. Scott stated that citations will be issued if a school does not follow the process, but it is difficult to resolve the citation after the school has closed. Ms. Scott added that documentation is

maintained on what occurred. Ms. Reiter pointed out the importance of the new IT system, including that historical data be transferred.

Ms. Reiter questioned if the Bureau's ability to bring a lawsuit for restitution against an institution ends once the school is no longer approved to operate by the Bureau. Dr. Marion stated he would review that scenario with legal counsel and respond at a later time. Ms. Lyons questioned who at the Bureau works to ensure student records are acquired and maintained in the event of a school closure. Ms. Scott responded that there is a closed school analyst. She added that there is a proactive approach to collect records prior to a school closing. Ms. Lyons questioned what more is needed to ensure student records are maintained, if a school doesn't cooperate during a closure. Dr. Marion responded that the record keeping following a school closure, is outlined in the Sunset Report and the goal is to develop a way to address the issue.

Public Comment

Angela Perry with TICAS provided public comment.

Licensing Report

Ebony Santee introduced herself as the Bureau's new Licensing Chief. She reported on the licensing report and outlined Attachment 5I, of the meeting packet.

Public Comment

No comment.

Office of Student Assistance and Relief (OSAR) Report

OSAR Chief, Scott Valverde, provided a report on OSAR. He covered OSAR's Report within Attachment 5J, of the meeting packet.

Ms. Mason questioned if OSAR is working with partnered agencies to utilize different mediums to reach out to students. Mr. Valverde responded that OSAR has worked with partners to expand outreach efforts to students.

Mr. Powers asked for more information on the OSAR's mass communication system. Mr. Valverde explained that it is a customizable system that allows OSAR to send out a message to a large number of students at once. He added that there was a very high turnout at the last event when the mass communication system was utilized.

Ms. Lyons questioned when to expect the additional outreach efforts to be conducted regarding the new statute impacting past Corinthian students. Mr. Valverde responded that it

will likely be conducted in roughly 30 days and added he would be very happy to report on it at the next Committee meeting.

Ms. Lyons asked about OSAR staffing levels. Dr. Marion responded that it is a team effort with staff in other units assisting OSAR. Ms. Lyons suggested that OSAR will likely need more staff following additional outreach efforts to past Corinthian students.

Student Tuition Recovery Fund (STRF) Report

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

Ms. Lyons questioned how long it takes for staff to review and process a complete STRF application. Ms. Johnson stated that depending on staff workload it can take up to 30 days. Ms. Rifredi added that it can take between 30 to 90 days for a payment to be processed by the State Controller's Office. Ms. Lyons asked if when a student is notified that an application has been approved. Ms. Rifredi responded that once the application goes to the State Controller's Office for payment, the student is notified by mail and includes the amount to be paid.

Ms. Lyons commented on the recommendation in the sunset report for using STRF funds for record maintenance. She pointed out that there will likely be an increase in STRF applications after outreach efforts to past Corinthian students regarding the new eligibility requirements and noted the potential for more school closures that could impact the fund. She stated that STRF was set up to assist students with economic loss and stressed the importance of institutions being responsible for maintaining records.

Public Comment

No comment.

Agenda Item #6 - Status Updates on Regulations

Dr. Marion provided a status update on regulations. He outlined Attachment 6A of the meeting packet.

Public Comment

Robert Johnson with the California Association of Private Postsecondary Schools provided public comment.

Agenda Item #7 – Future Agenda Items

Ms. Reiter suggested a discussion on strategic planning in regard to the sunset review process.

Ms. Reiter requested in any input or positions on future legislation items affecting the Bureau. Ms. Lee-Carey suggested more discussion on income share agreements (ISA).

Agenda #8 – Adjournment

The meeting adjourned.