



Advisory Committee Meeting Minutes Tuesday, May 17, 2022

WebEx Meeting

Advisory Committee Members in Attendance

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

Committee Members Absent

Senator Richard Roth

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

Deborah Cochrane, Bureau Chief
Leeza Rifredi, Bureau Deputy Chief
Linh Nguyen, DCA Legal Counsel
Daniel Rangel, Bureau Enforcement Chief
Ebony Santee, Bureau Licensing Chief
Scott Valverde, Office of Student Assistance and Relief Chief
Yvette Johnson, Bureau Administration Chief
Joanna Murray, Bureau Acting Education Administrator
Michele Alleger, Bureau Compliance Manager
David Dumble, Bureau Legislative/Regulation Specialist
Sean O'Connor, DCA Chief of Project Delivery and Administrative Services
Brianna Miller, DCA Board and Bureau Relations
Gregory Pruden, DCA Legislative Manager
Taylor Schick, DCA Fiscal Officer

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

Committee Chair, Joseph Hot called the meeting to order.

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

No public comment.

Agenda #3 - Review and Approval of February 23, 2022, Advisory Committee Meeting Minutes

Public Comment

No Public Comment.

David Vice moved to approve February 23, 2022, meeting minutes; Leigh Ferrin seconded the motion.

Vote

(Kansen Chu: Aye; David Vice: Aye; Melanie Delgado: Aye; Leigh Ferrin: Aye; Joseph Holt: Aye; Margaret Reiter: Aye; Tess Dubois-Carey: Abstain) The motion passed.

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

Brianna Miller, DCA Board and Bureau Relations, provided an update on the Department of Consumer Affairs (Department).

Ms. Miller reported there is legislation, AB 1733, that would permanently allow boards and bureaus to meet remotely while also providing both virtual and physical options for members of the public to participate. She noted that the bill was not heard in the Policy Committee before the deadline and will not move forward this year. She added that DCA is requesting that boards and bureaus share with the DCA Legislative Affairs Office any positions taken on AB 1733 and/or problems based on obtaining a quorum now that meetings are back to being held in person.

Ms. Miller announced the release of DCA's Enlighten Licensing Report. She explained that the report is an innovative and collaborative project slated to streamline and enhance licensing processes by utilizing the knowledge and expertise of subject matter experts within DCA boards and bureaus.

Ms. Miller reported that effective March 2, 2022, Tonya Corcoran began serving as DCA's first Compliance and Equity Officer. She explained that Ms. Corcoran's role is to oversee DCA's SOLID Training and Planning, Organizational Improvement Office, and Internal Audits office.

Public Comment

No public comment.

Agenda #5 – Bureau Operations Update and Discussion

Update on the Bureau's IT System Project

Sean O'Connor, DCA Chief of Project Delivery and Administrative Services, provided an update on the Bureau's IT system project.

Mr. O'Connor reported that the following major software releases have been implemented: online non-accredited application for approval, online consumer complaint form, back-office consumer complaint processing, back-office compliance inspection processes, and conversion of all investigation, discipline, inspection, and licensing data.

Mr. O'Connor stated that the project is projected to come in under budget.

Mr. O'Connor outlined current project activities. He stated that the Bureau staff are participating with project staff and the vendor in the final phases of user acceptance and data conversion. He added that the final phase is focused on converting the rest of the licensing applications the Bureau utilizes.

Mr. O'Connor explained that when refinements or changes are needed to the system the team interacts closely with subject matter experts and Bureau leadership to determine whether implementation of those refinements should be included with the software launch. He added that there will be an opportunity to continually improve the system based on internal and external user feedback. He noted that there are a robust set of maintenance and operation resources.

Ms. Reiter asked if the new system includes a new list of complaint categories to differentiate types of complaints. She requested the list of new categories if available. Mr. O'Connor responded that the system has a tremendous amount of data items that are associated with complaints. He added that reports can be generated out of the system based on trends.

Mr. Holt asked for the effective date for the new expanded data fields in the new complaint system. Mr. O'Connor stated some enforcement functionality was launched in late 2020 and the remaining in July 2021.

Ms. Ferrin asked how easy it would be for the Bureau to add new category fields in the system. Mr. O'Connor stated it will be technically feasible to add new data fields.

Mr. Holt asked what methods are utilized to get stakeholder feedback. Mr. O'Connor replied that before launch an external-user focus group may be conducted to obtain constructive feedback, and that informal feedback is expected from a variety of users following the launch of the software. He added that post-launch formal surveys may be utilized to collect feedback.

Ms. Reiter asked if any website improvements are included within the scope of the IT system project. Mr. O'Connor stated the one website function included is an updated license search. He noted that one new feature of the search is the inclusion of when a school was last inspected and the results of inspections. Ms. Cochrane noted that there are plans to make a survey available on the website for users to provide feedback on the usability of the website.

Public Comment

Angela Perry provided a public comment.

Licensing Report

Ebony Santee, Bureau Licensing Chief, reported on the Licensing Unit. She outlined Attachment 5(b).

Mr. Holt asked if there are any database measures indicating how much time passes waiting on an institution to respond to an incomplete application as opposed to internal application processing times. Ms. Santee responded that there are internal benchmarks that could potentially provide more detail into processing times. Mr. Holt stated it would be helpful to have that information in future reports.

Mr. Holt pointed out instances during the application process when the Bureau requests that an institution provide a certain type of documentation from an accreditor and the accreditor tells an institution it does not have that specific documentation. Ms. Cochrane noted that the Bureau has raised this issue to the legislature. She provided an example of when an accreditor does not find a change substantive and thus the Bureau would not need to consider that change substantive.

Public Comment

No public comment.

Quality of Education Report

Joanna Murray, Bureau Acting Education Administrator, reported on the Quality of Education Unit. She outlined Attachment 5(c).

Mr. Holt suggested narrowing the report to include a single table that highlights institutions that are still in process of seeking accreditation.

Ms. Reiter suggested a report at the conclusion of the extension provided by Senate Bill (SB) 1247 that shows the number of institutions that had degree programs suspended.

Public Comment

No public comment.

Annual Report (AR) Report

Leeza Rifredi, Bureau Deputy Chief, reported on the Annual Report (AR) Unit. She explained that the Unit is currently prioritizing getting annual report information on the website faster. She added that there is a focus on obtaining timely reports from institutions and ensuring compliance. She noted this allows for real-time assessments of the financial stabilities of institutions.

Ms. Rifredi reported that the Bureau is looking to do some reclassifications within the Unit to bring in staff with data analysis expertise to help in expanding research and utilization of data.

Ms. Reiter asked if there was an update on the number of institutions that previously did not submit an annual report on time. Ms. Rifredi stated she did not have an update on the number of institutions but indicated that referrals for citations had been made for institutions that have not submitted timely reports.

Mr. Holt asked about the AR unit's process for referring institutions for citation. Ms. Rifredi stated that the AR unit sends the referrals to the Discipline Unit for citation when an annual report has not been submitted timely.

Mr. Holt asked if there will be any new improved technical tools for institutions submitting annual reports at the launch of the new IT system. Ms. Rifredi stated that is not part of the current launch.

Public Comment

No public comment.

Compliance and Discipline Report

Michele Alleger, Bureau Compliance Manager, reported on the Compliance and Discipline Unit. She outlined Attachment 5(e).

Ms. Reiter asked about the inspection cancellations listed in the report. Ms. Alleger stated that those inspections were attempted but canceled because the institution was unavailable. She noted that staff tries to contact the school, and when contact is unsuccessful an enforcement referral is sent to the Discipline Unit.

Mr. Vice suggested adding information on what types of institutions have canceled inspections. Ms. Ferrin added that the first page in the Compliance and Discipline Unit report is most helpful but could include additional information on the causes of cancellations.

Mr. Powers asked if it would be beneficial to the Bureau if virtual inspections were authorized. Ms. Alleger stated that in-person inspections are preferable when possible.

Public Comment

No public comment.

Complaint and Investigation Report

Daniel Rangel, Bureau Enforcement Chief over complaints and investigations, reported on the Complaint and Investigation Unit. He outlined Attachment 5(f).

Ms. Reiter commented that it might be helpful to break down the number of total complaints received and the number of total schools receiving complaints to highlight instances of schools receiving a high number of complaints.

Ms. Reiter asked to see in future reports the top five closure reasons that involve some type of resolution for the student as opposed to the current top five closures that did not result in student resolution or corrective action.

Public Comment

No public comment.

Office of Student Assistance and Relief (OSAR) Report

Scott Valverde, OSAR Chief, reported on the OSAR Unit. He outlined Attachment 5(g).

Ms. Delgado commented that foster youth students could greatly benefit from knowing about the services OSAR provides. She asked if any outreach with social services had been conducted to reach that student population. Mr. Valverde stated there have been some outreach efforts with those groups in the past, and that he appreciated the recommendation to follow up with those outreach efforts.

Public Comment

Angela Perry provided a public comment.

Student Tuition Recovery Fund (STRF) Report

Yvette Johnson, Bureau Administration Chief, provided a report on STRF. She covered Attachment 5(h).

Ms. Reiter suggested for future meetings reporting on the percentage of student claims that originated from a school closing and what percentage of claims came from other situations.

Mr. Holt recommended updating the large impact closure chart to only include school closures that occurred within the past 5 years or a timeframe relevant to the impact the closure has on the fund. Ms. Reiter suggested keeping at least 5 years of data on the chart to understand the number of students impacted and the outcomes.

Public Comment

No public comment.

Agenda Item #6 - Status Update and Discussion related to the following Regulatory Matters

David Dumble, Bureau Legislative/Regulation Specialist, provided a status update on Bureau regulatory matters.

Mr. Dumble reported that the AB 1340 proposed regulations (Annual Report and Labor Market Outcome Data Reporting (California Code of Regulations (CCR) Sections 74110 and CEC Section 94892.6)) are moving ahead on schedule. He stated that the comment period will end on May 19, 2022. He noted that the Bureau is planning outreach efforts to notify institutions of upcoming compliance changes embodied in this regulation for the anticipated effective date of December 1, 2022.

Mr. Holt asked about the requirement for certification of the data system's readiness to receive the data. Mr. Dumble stated that the data transfer system has been certified.

Mr. Dumble reported that SB 802 added four categories considered a substantive change requiring Bureau pre-approval. He continued that two of the changes required the Bureau to create new forms. He stated those two changes include a change of participation in Federal Title IV financial aid and a change from clock hours to credit hours. He added that the forms have been created and are incorporated by reference in the regulatory package. He stated that a third change regarding the number of credit hours needed to complete a program will be reported to the Bureau through the Change in Educational Objectives form that already exists. He noted a change in regulation CCR section 71650 that expressly states changes to clock or credit hours should be reported on that form. He continued that the fourth change added by SB 802 involves changing the distance education learning management system which will be incorporated by updating the Change in Instructional Delivery form as part of the Bureau's 2023 regulatory agenda.

Mr. Dumble reported on the Denial of Out-of-State Application (California Code of Regulations (CCR) section 71397, CEC section 94801.5(a), AB 1344 (2019)) regulatory proposed changes. He referenced Attachment 6b(ii) in the meeting packet.

Mr. Vice asked for clarification on the phrase "reasonable discretion" in the proposed regulation. Linh Nguyen, DCA Legal Counsel, responded that phrase is used in AB 1344. He noted that even if a statute does not state "reasonable discretion," "reasonableness" is implied in various statutes. Ms. Cochrane added that AB 1344 focused on the risk posed to California students enrolling in out-of-state institutions. She clarified that the Out-of-State Registration form had to be updated to require an institution to complete the form and that Attachment 6b(ii) in the meeting packet is specifically how to address the information provided to the Bureau through the form.

Mr. Holt asked if the purpose of an informal conference following a denial is to allow the institution an opportunity to discuss the rationale for the denial. Mr. Dumble stated it provides the institution an opportunity to remedy issues. Mr. Nguyen added the conference provides the institution an opportunity to present its side before the Bureau moves forward with a decision.

Public Comment

No public comment.

Agenda Item #7 - Status Update and Discussion related to the Bureau's Sunset Review and Finances

Gregory Pruden, DCA Legislative Manager, provided an update on the Bureau's Sunset Review. He explained that SB 802 granted the Bureau an additional year of authorization through January 1, 2023. He continued that SB 1433 was introduced in February 2022 and is the Bureau's sunset bill. He noted that, as of the meeting date, SB 1433 only makes changes to CEC sections 94933 and 94936, related to prospective harm, and does not currently extend the

Bureau's sunset date. He noted that the bill is currently in the Senate Committee on Appropriations where it has been released on suspense file and will be taken up on May 19, 2022.

Mr. Pruden explained that the Bureau put forward several policy ideas for the legislature to consider during the sunset review. He noted that the policy idea regarding gaps in prohibited business practices was mentioned in an analysis by the Senate Committee on Higher Education. He continued that DCA and the Bureau look forward to working with the legislature on these ideas and the sunset date extension as SB 1433 progresses through the legislative process.

Mr. Pruden reported that the Governor's May revise proposes \$24 million in General Fund money for the Bureau.

Taylor Schick, DCA Fiscal Officer, provided an update on the Bureau's financial status. He referenced the proposed \$24 million in General Fund resources. He clarified that the resources would supplement the Bureau's existing revenues by \$14 million in FY 2023, \$6 million in FY 2024, and \$4 million in FY 2025, allowing the Bureau to maintain operation for an additional three fiscal years without fee changes. He further noted that the proposed General Fund resources would allow the Bureau to repay the loan borrowed from the Bureau of Automotive Repair to avoid incurring additional interest charges.

Mr. Powers stated the intent to have additional policy language in SB 1433, including an extension of the sunset date, before it moves out of the Senate. He anticipates that Assembly committees will analyze more policy than is currently in the bill.

Mr. Holt asked if a legislative change would be required to use General Fund to support Bureau operations on an ongoing basis. Mr. Schick stated that it would.

Public Comment

Angela Perry provided a public comment.

Agenda Item #8 - Addressing Suspected Human Trafficking in Private Postsecondary Education Institutions

Ms. Murray provided a report on suspected human trafficking in private postsecondary education institutions. She outlined the memo in the meeting packet titled Addressing Suspected Human Trafficking in Private Postsecondary Education Institutions.

Ms. Delgado asked if the Bureau sought advice from the Polaris Project. Ms. Murray stated the Bureau collaborated with Polaris in researching resources.

Ms. Delgado commented that there is only so much the Bureau can do to address this issue within its scope and asked if there is a gap in the Bureau's ability to do more to protect

students. Ms. Murray stated that the current focus is on helping staff recognize signs of human trafficking.

Ms. Reiter commented that the more the Bureau can collaborate with other agencies, the more effective the Bureau can be at addressing issues beyond its scope.

Ms. Ferrin suggested collaborating with other agencies such that other agencies could notify the Bureau if they become aware of potential issues at an institution.

Mr. Holt asked if occurrences of suspected human trafficking before the Bureau's general awareness were reported retroactively. Ms. Murray replied that some staff including herself were able to directly refer past occurrences of suspicion to the Department of Justice.

Public Comment

No public comment.

Agenda Item #9 - Proposed Modifications to Advisory Committee Handbook

Ms. Cochrane reported on the proposed modifications to the Advisory Committee handbook. She referenced the attachment in the meeting packet titled Amendments to the Advisory Committee Handbook for the Bureau for Private Postsecondary Education.

Mr. Holt asked if there will be an annual or bi-annual review of the handbook. Ms. Cochrane stated that the current review is based on a single legislative mandate. Mr. Holt suggested adding in the handbook a review of the handbook every 5 years.

Ms. Reiter suggested the possibility of adding to the handbook required training on the Open Meeting Act.

Mr. Holt suggested deferring a vote on the handbook until the next meeting.

Public Comment

No public comment

Agenda #10 – Suggestions for Future Agenda Items

Ms. Reiter requested that the Bureau perform a financial analysis on the cost of school closures to determine the need for a bond. Ms. Ferrin seconded the request.

Ms. Reiter suggested discussing the relationship between federal complaint handling and the Bureau's state authorization contract process to include complaint resolution data from state authorization contracted institutions.

Ms. Reiter suggested discussing the implications of programs under 32 hours no longer needing approval. She noted that approved schools offering less than 32-hour programs with no oversight and also programs over 32 hours could lead to students assuming all programs are covered by Bureau oversight.

Ms. Reiter requested a discussion on what information is currently available or could be available on the Bureau website.

Ms. Reiter requested information on how far back in time data in SAIL goes.

Ms. Reiter suggested considering whether the Bureau should have a Sunset date.

Ms. Reiter requested that Bureau staff provide forward modeling on the new STRF Assessment rate.

Ms. Ferris suggested a discussion on the triaging of complaints at intake to determine if the Committee could help identify data points or provide guidance in the process.

Public Comment

No public comment.

Agenda #11 – Adjournment

The meeting adjourned at 1:32.