



Advisory Committee Meeting Minutes Wednesday, May 15, 2024

WebEx Meeting

Advisory Committee Members in Attendance

Leigh Ferrin
Robyn Smith
Tess Dubois-Carey
Tracy Tambascia
Melanie Delgado
Joseph Holt
Robert Boykin

Committee Members Absent

Kansen Chu
Assemblymember Mike Fong
Senator Angelique Ashby

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

Deborah Cochrane, Bureau Chief
Linh Nguyen, DCA Legal Counsel
Elizabeth Elias, Deputy Bureau Chief
Manila Vongmany, Deputy Bureau Chief
Greg Donkerbrook, Bureau Licensing Chief
Daniel Rangel, Bureau Enforcement Chief
Ebony Santee, Bureau Education Administrator
Scott Valverde, Office of Student Assistance and Relief Chief
Yvette Johnson, Bureau Administration Chief
David Dumble, Bureau Legislative/Regulation Specialist
Korrina Moreno, DCA Representative
Jason Piccione, DCA Chief Information Officer

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

Committee Chair, Leigh Ferrin, called the meeting to order.

Deborah Cochrane, Bureau Chief, reported on two new positions at the Bureau. She stated that Elizabeth Elias is the new Deputy Bureau Chief over enforcement, and Manila Vongmany is the new Deputy Bureau Chief over administration and licensing.

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

No public comment.

Agenda #3 - Review and Approval of November 8, 2024, Advisory Committee Meeting Minutes

Public Comment

No public comment.

Tess Dubois-Carey moved to approve the February 7, 2024, meeting minutes; Melanie Delgado seconded the motion.

Vote

(Tess Dubois-Carey: Aye; Tracy Tambascia: Aye; Melanie Delgado: Aye; Joseph Holt: Aye; Robert Boykin: Aye; Leigh Ferrin: Aye)

The motion passed.

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

Korrina Moreno provided an update on the Department of Consumer Affairs (Department).

Ms. Moreno welcomed new Committee members Senator Angelique Ashby and Robyn Smith.

Ms. Moreno reported that the next Board Member Orientation Training (BMOT) will be held virtually on June 18, 2024. She reminded members that BMOT must be completed within one year of appointment or reappointment. She added that BMOT will be held virtually again on October 22, 2024, and members can register for the training via the Learning Management System (LMS).

Public Comment

No public comment.

Agenda #5 – Bureau Operations Update and Discussion

Update on the Bureau’s IT System Project

Jason Piccione, DCA Chief Information Officer, provided an update on the Bureau’s IT system project.

He reported that the team has been focusing on data conversion planning and refinement, as well as testing business functions and design refinements. He noted that the target date to complete data conversion is still set for the Fall of 2024.

Public Comment

No public comment.

Licensing Report

Greg Donkerbrook, Bureau Licensing Chief, reported on the Licensing Unit. He outlined Attachment 5(b).

Ms. Ferrin commented on the reporting of the chess clock analysis. She stated it is very helpful to have insight into the time an application is pending with an institution or Bureau staff.

Mr. Holt thanked staff for reporting on the licensing applications chess clock analysis. He asked if the analysis must be completed manually and if it is labor intensive or if it can be completed more systematically. Mr. Donkerbrook responded that the analysis is currently labor intensive, but the new IT system may provide the ability for the process to become more streamlined. Mr. Holt asked if that ability has been included as a design principle in the new system. Mr. Donkerbrook responded that he did not think a specific chess clock analysis function is being built into the new system, but with improved tracking capabilities, it should be less labor-intensive to conduct the analysis. Mr. Holt suggested implementing a standard chess clock analysis workflow that is initiated based on a set time an application has been pending.

Public Comment

One member of the public provided a comment.

Quality of Education Report

Ebony Santee, Bureau Education Administrator, reported on the Quality of Education Unit (QEU). She outlined Attachment 5(c).

Public Comment

No public comment.

Annual Report (AR) Report

Elizabeth Elias, Bureau Deputy Chief, reported on the Annual Report Unit. She outlined Attachment 5(d).

Ms. Elias noted that the Annual Report online portal will open in August 2024, and the 2023 Annual Report submissions are due by December 1, 2024.

Public Comment

No public comment.

Compliance and Discipline Report

Ms. Elias reported on the Compliance and Discipline Unit. She outlined Attachment 5(e).

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).

Robyn Smith thanked staff for their hard work in reducing the number of pending complaints.

Mr. Holt suggested tracking whether a complaint is being held up with Bureau staff internally or pending a response from the complainant or an institution. He stated that analysis could provide a better understanding of the older pending complaints.

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 encouraged OSAR to reach out to county child welfare organizations or reach out to foster care ombudsman. She stated that foster care youth often get overlooked but could benefit from the information OSAR has to offer. She added that older youth who are preparing to transition out of foster care and are looking at attending college would especially benefit from the information.

Public Comment

No public comment.

Student Tuition Recovery Fund (STRF) Report

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

Public Comment

No public comment.

Agenda Item #6 - Status Updates and Discussion on Regulatory Proposals

David Dumble, Bureau Legislative/Regulation Specialist, provided a status update on Bureau regulatory matters. He outlined the Bureau Regulations Tracker in the meeting materials.

Mr. Dumble announced that he is retiring and will not be participating in future Committee meetings. He stated that it has been a pleasure to work with the Committee. Ms. Ferrin thanked Mr. Dumble for his contributions. Ms. Cochrane pointed out Mr. Dumble's outstanding accomplishment in ushering through the completion of ten regulatory packages in his short amount of time at the Bureau.

Public Comment

No public comment.

Agenda #7 – Foundation for California Community Colleges Report and Bureau Recommendations on Fees and Financial Stability

Ms. Cochrane outlined the letter titled Bureau for Private Postsecondary Education – Fee Recommendations provided in the meeting materials.

Ms. Cochrane explained that the Bureau entered into an interagency agreement with the Foundation for California Community Colleges (FoundationCCC) to explore issues and potential revenue sources beyond the typical licensing fee models that have previously been proposed.

Joseph Quintana, FoundationCCC COO, provided a brief introduction of FoundationCCC, and welcomed Sarah Billingsley, FoundationCCC, to provide details on the approach and research methodology used in the report.

Ms. Billingsley referenced the slides in the meeting packet and detailed the approach and methodology used in the report. She introduced Amy Supinger, Supinger Strategies, Inc., to provide a synopsis of the report.

Ms. Supinger provided an overview of FoundationCCC's recommendations included in the report.

Ms. Cochrane outlined Bureau recommendations based on input from FoundationCCC's report. She also covered potential alternative annual fee structures.

Ms. Ferrin and Mr. Holt commended FoundationCCC for the report.

Mr. Holt thanked the Bureau for the different annual fee alternative suggestions. He commented that the highest sensitivity from the institutional perspective is an increase in fees. He noted that the transparency and details in the alternative fee structures are helpful to institutions to understand what might change. He expressed appreciation for the creative areas outside of annual fees to pursue.

Ms. Delgado echoed all the previous compliments of the report and recommendations. She stressed the importance of remembering the primary purpose of the STRF fund in protecting students when considering drawing resources from the STRF fund to cover administrative costs. Ms. Ferrin added that it will be important to be clear and concise when considering how to distribute funds to avoid the potential for using funds in a way that was not initially intended.

Ms. Smith also gave appreciation for the hard work put into the report and the Bureau's recommended compromising solutions. She stated that she strongly supports using STRF funds to pay for transcript processing and STRF and OSAR administrative costs. She noted the importance of STRF applications being processed as quickly as possible to assist students recover from financial loss. She added that she realized the amount students would need to pay may increase, but it would be a good compromise to ensure STRF and OSAR are funded to benefit students.

Ms. Smith expressed concern that the proposed fee increases are not enough to cover the full amount the Bureau needs. She noted that most for-profit licensed businesses pay fees to fund agencies for licensure programs and oversight. She added that moving away from that model to require taxpayer funding would need justification. She stated that it would be helpful for the Bureau to collect more information on school revenues and particularly profits. She supported having some type of process in place to validate revenues reported by institutions. She continued it would be useful to determine what institutions can and can't afford by collecting information on how much institutions are spending on services, advertising, recruiting, executive compensation, and how much is being paid out to shareholders or owners. She noted that information is necessary to determine if some portion of the Bureau's oversight expenses should be covered by the general fund.

Ms. Smith stated that the Bureau has been in existence in some form since the early 90's, and most of the time the Bureau has been funded by collecting fees from institutions. She stressed that students really need a strong and adequately resourced Bureau to protect them from unscrupulous institutions. She added that it also benefits legitimate institutions that are operating in good standing to not have to compete with institutions that are engaging in fraud or providing substandard education.

Ms. Tambascia gave appreciation for the thorough report and presentation. She asked, regarding out-of-state fees, if agencies in other states were reviewed to compare how fees are structured. Ms. Supinger stated that when looking at other states they found that California is in a unique situation. She explained that California is the only state that is not a member of the State Authorization Reciprocity Agreement (SARA). She stated that the Bureau's out-of-state fees are lower than the SARA agreement fees, indicating that the Bureau's out-of-state fees are too low.

Mr. Holt asked if when looking into other industries there were comparable fee structures in relation to percentage of revenue. He asked if the Bureau's fee structure is typical to other for-profit businesses that are paying corporate taxes and a percentage of revenue to a regulatory agency. Ms. Billingsley stated there was an effort to identify similar industries but were unable to find any. Mr. Holt pointed out that DCA fees for other licensees are typically a flat fee and not derivative of revenue. Ms. Supinger noted that there was an effort to find instances where industries were charged a fee and not individuals. She continued that they looked at the Gambling Control Commission and found that even in that industry individual owners of gambling establishments are paying a fee. She noted there was some thought on whether there

is a parallel and if it would be desired for individual owners of institutions to pay a fee separate from the institution. She added that there was reluctance to further consider that option.

Public Comment

No public comment.

Agenda #8 – Future Agenda Items

No future agenda items were suggested.

Public Comment

No public comment.

Agenda #9 – Adjournment

The meeting adjourned at 12:20 pm.