



Bureau for Private Postsecondary Education
Notice of Advisory Committee WebEx Meeting Agenda

Wednesday, November 8, 2023, 9:30 a.m.

NOTE: Pursuant to the provisions of Government Code section 11133, neither a public location nor teleconference locations are provided.

INSTRUCTIONS FOR OBSERVATION:

WEBCAST: Webcast of the meeting will be available at 9:30 a.m. on November 8, 2023 and viewable at <https://thedcapage.blog/webcasts>.

FOR PUBLIC COMMENT, PLEASE LOG ON TO THIS WEBSITE

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Event Number: 2489 857 7815

Event Password: BPPE118

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Important Notices to the Public: The Bureau for Private Postsecondary Education will hold a meeting via WebEx. Access information is provided above. General instructions for using WebEx are attached at the bottom of the agenda.

The Advisory Committee Meeting is open to the public. Members of the public may, but are not obligated to, provide their names or personal information as a condition of observing or participating in the meeting. When signing into the WebEx platform, participants may be asked for their name and email address. Participants who choose not to provide their names will need to provide a unique identifier such as their initials or another alternative, so that the meeting moderator can identify individuals who wish to make public comment; participants who choose not to provide their email address may utilize a fictitious email address like in the following sample format:
XXXXX@mailinator.com.

The Advisory Committee Meeting is accessible to the physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Richie Barnard at (279) 666-5875, by emailing richie.barnard@dca.ca.gov or sending a written request to the Bureau for Private Postsecondary Education, P.O. Box 980818, West Sacramento, CA 95798-0818. Providing your request at least five business days before the meeting will help ensure availability of the requested accommodation.

Discussion and action may be taken on any item on the agenda. The time and order of agenda items are subject to change at the discretion of the Chair. In the event a quorum of the committee is unable to attend the meeting, or the committee is unable to maintain a quorum once the meeting is called to order, the members present may, at the chair's discretion, continue to discuss items from the agenda and make recommendations to the full committee at a future meeting.

Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the committee or prior to the committee taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issues before the Advisory Committee, but the chair may, at her discretion, apportion available time among those who wish to speak. If public comment is not specifically requested, members of the public should feel free to request an opportunity to comment. Individuals may present to the Advisory Committee on items not on the agenda, however, the committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)). The Advisory Committee plans to webcast this meeting at <https://thedcapage.blog/webcasts>. Webcast availability cannot, however, be guaranteed due to limited resources or technical difficulties. The meeting will not be cancelled if webcast is not available. Using the WebEx link will allow for participation and observation with closed captioning.

Agenda

The public may provide appropriate comment on any issue before the Advisory Committee at the time the item is discussed. If public comment is not specifically requested, members of the public should feel free to request an opportunity to comment.

1. Welcome, Introductions, and Establishment of a Quorum
2. Public Comment on Items not on the Agenda (Note: The Advisory Committee may not discuss or take action on any matter raised during this public comment section, except to decide whether to place the matter on the agenda of a future meeting (Government Code Sections 11125 and 11125.7(a)))
3. Review and Approval of August 16, 2023, Advisory Committee Meeting Minutes
4. Remarks by a Representative of the Department of Consumer Affairs, which may include updates pertaining to the Bureau's Operations, Human Resources, Department's Administrative Services, Enforcement, Information Technology, Communications and Outreach, as well as Regulatory and Policy Matters
5. Bureau Operations Update and Discussion related to the following:
 - a. IT System Project
 - b. Licensing Report
 - c. Quality of Education Report
 - d. Annual Report Update
 - e. Compliance and Discipline Report
 - f. Complaint and Investigation Report
 - g. Office of Student Assistance and Relief (OSAR) Report
 - h. Student Tuition Recovery Fund (STRF) Report

6. Status Updates and Discussion on Regulatory Proposals
 - a. Reduction of STRF Assessment Rate to \$0.00, Effective April 1, 2024 (5 California Code of Regulations (CCR) section 76120).
 - b. Expired Approvals to Operate (5 CCR sections 71475 and 71480).
 - i. See Memo: Proposed Regulatory Change Regarding Expired Approvals
 - c. Minimum Operating Standards for Financial Standards and Associated Reporting Requirements (5 CCR sections 71745, 74110, and 74115).
 - i. See Memo: Proposed Regulatory Change Regarding Financial Resources, Statements, and Reporting
7. Considerations for Amending STRF Statute
8. Future Agenda Items
9. Future Meeting Dates
10. Chair and Vice Chair Elections
11. Adjournment

Bureau for Private Postsecondary Advisory Committee Meeting

November 8, 2023

9:30 am until completion of business



1. Welcome, Introductions, and Establishment of a Quorum

Members:

- Joseph Holt, Chair
- Leigh Ferrin, Vice-Chair
- Margaret Reiter
- Robert Boykin
- Kansen Chu
- Melanie Delgado
- Tess Dubois-Carey
- Tracy Tambascia
- Senator Richard Roth
- Assemblymember Mike Fong



2. Public Comment on Items not on the Agenda

(Note: The Advisory Committee may not discuss or take action on any matter raised during this public comment section, except to decide whether to place the matter on the agenda of a future meeting (Government Code Sections 11125 and 11125.7(a))



3. Review and Approval of August 16, 2023, Advisory Committee Meeting Minutes





Advisory Committee Meeting Minutes Wednesday, August 16, 2023

WebEx Meeting

Advisory Committee Members in Attendance

1. Tess Dubois-Carey
2. Tracy Tambascia
3. Melanie Delgado
4. Joseph Holt
5. Robert Boykin
6. Kevin Powers
7. Margaret Reiter

Committee Members Absent

Kansen Chu
Leigh Ferrin
Senator Richard Roth

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

Deborah Cochrane, Bureau Chief
Linh Nguyen, DCA Legal Counsel
Daniel Rangel, Bureau Enforcement Chief
Elizabeth Elias, 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 Customer Information Center
Jeff Alameida, DCA Information System Specialist

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

Committee Chair, Joseph Holt 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 16, 2023, Advisory Committee Meeting Minutes

Margaret Reiter requested an amendment to page 7 of the minutes.

Tess Dubois-Carey moved to approve the May 24, 2023 meeting minutes as amended; Robert Boykin seconded the motion.

Public Comment

No public comment.

Vote

(Melanie Delgado: Aye; Tess Dubois-Carey: Aye; Margaret Reiter: Aye; Joseph Holt: Aye; Robert Boykin: Aye; Tracy Tambascia: abstain) The motion passed.

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

Korrina Moreno, DCA Customer Information Center, provided an update on the Department of Consumer Affairs (Department).

Ms. Moreno reported that prior changes to the Bagley Keene Open Meeting Act that allowed members to attend meetings virtually without noticing their meeting locations expired on July 1, 2023. She noted that members are now subject to the traditional pre-COVID requirements for open meetings. She continued that DCA Boards and Bureaus should be prepared to conduct meetings in-person at noticed meeting locations, in compliance with the Open Meeting Act. She noted that Senate Bill 544, which may allow some meetings to be held virtually, is still going through the legislative process.

Public Comment

No public comment.

Agenda #5 – Bureau Operations Update and Discussion

Update on the Bureau’s IT System Project

Jeff Alameida, DCA Information System Specialist, provided an update on the Bureau’s IT system project. He reported on details in refining the detailed project plan. He noted efforts in fully transitioning staff off the legacy IT system to the new system. He explained that, rather than focusing on infrequent larger releases with voluminous changes and functionality, the revised project plan includes more frequent deployments of smaller meaningful improvements that will support business processes across the Bureau. He stated that the project plan has been shared with the Bureau Chief and project leadership for active ownership across the organization.

Mr. Alameida outlined the first successful release on August 8, 2023, under the revised project plan. He explained that several improvements were deployed to the approval of non-accredited applications to make it easier for staff to process the applications.

Mr. Alameida credited the recent successes of the project to the Bureau Chief for providing appropriate resources to test the system and validate processes and to the staff for their involvement.

Yvette Johnson, Bureau Administration Chief, reported that refinements were made to the Bureau website to include highlighting the option of filing a STRF claim online. She added more efforts are underway to make the website more user-friendly. She noted that staff are working on a video of a step-by-step walkthrough of how to complete the online STRF claim application.

Ms. Reiter asked if progress has been made to add links to inspection results or citations within the results of a school search on the website. Mr. Alameida responded that the request has been incorporated into the project plan.

Ms. Johnson introduced Bureau program analyst, Parker Strohmeyer, to provide more details on the processes of the online STRF claim application. Mr. Strohmeyer explained that the new system appears to allow for more streamlined and efficient claim processing, while also improving the overall quality of applications received. He reported, that as of August 7, 2023, 28 STRF claims have been received via the online portal. He noted that students have generally given positive feedback on the new online application option.

Mr. Holt asked at what point in assisting a student with the application would Bureau staff involve OSAR staff. Ms. Johnson responded that Bureau staff address minor issues but enlist OSAR staff when a student requires more in-depth assistance. Mr. Holt asked what involvement OSAR staff has had with the new online system. Ms. Johnson responded that OSAR staff have had some training on the new system and will have additional involvement in the future.

Ms. Tambascia suggested adding a function within the online application process where users could mouse over terms or phrases to get definitions or additional information. She also noted it would be helpful if there was a way to identify areas of confusion or frequent errors made within the claim application.

Mr. Holt asked if changing the STRF claim application is a regulatory process. Ms. Johnson confirmed that it is.

Public Comment

One member of the public provided a comment.

Licensing Report

Ebony Santee, Bureau Education Administrator, reported on the Licensing Unit. Ms. Santee introduced Greg Donkerbrook as the new Bureau Licensing Chief.

Ms. Santee outlined Attachment 5(b).

Ms. Reiter asked how the number of institutions operating has varied over the years. Ms. Santee responded that she did not have that information but would take note for a later meeting.

Ms. Dubois-Carey suggested adding a column in the licensing applications chart to include the reduction in days to approve. She asked if the average days to approve include the time an application is pending due to an institution. Ms. Santee responded that the average days to approve includes the time the application is with Bureau staff and the institution. Mr. Holt noted the continuing work of Bureau staff to analyze and understand the amount of time an application is with the Bureau and the time an application is with an institution.

Public Comment

One member of the public provided a comment.

Quality of Education Report

Ms. Santee reported on the Quality of Education Unit. She outlined Attachment 5(c).

Public Comment

No public comment.

Annual Report (AR) Report

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

Ms. Elias noted that the 2022 Annual Report online portal opened on August 1, 2023, and the reports are due by December 1, 2023.

Ms. Reiter asked how many institutions failed to submit the 2021 Annual Report. Ms. Elias responded that 73 citations were issued for Annual Report violations in the last fiscal year.

Mr. Holt asked if the Bureau has made any analysis of the graduate identification collected in the 2021 Annual Report. Ms. Elias responded that more information on the graduate identification data will be provided at a future meeting.

Mr. Holt asked if any institutions have not submitted a prior year's Annual Report and have not been cited. Ms. Elias responded that staff are still citing institutions that have not submitted the Annual Report. She added that the first round of cited institutions included those that have not submitted anything. She noted that staff are currently working on citing institutions that only partially submitted the report.

Public Comment

Two members of the public provided a comment.

Compliance and Discipline Report

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

Ms. Reiter asked what progress the Bureau has made in completing the mandated number of inspections. Ms. Elias responded that an update on that can be provided at the next meeting.

Public Comment

One member of the public provided a 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. Tambascia asked if there is a process to address concerns upstream. Ms. Cochrane provided an example of an institution being cited for a problematic policy that violates laws and regulations which results in the institution updating the policy.

Mr. Holt asked if the number of complaints closed includes administrative and investigative case closures. Mr. Rangel responded that the number of cases closed includes both. Mr. Holt suggested tracking case closures excluding duplicate, consolidated, and exempt non-jurisdictional cases. He added it could also be helpful to separately track the time taken to close cases in the administrative categories to consider ways to expedite those processes.

Kevin Powers asked if additional support is needed to address the pending caseload. Mr. Rangel responded that staff has primarily focused on the quality of the investigations. He explained that addressing cases appropriately through remediation of deficiencies and holding institutions accountable will eventually result in a reduction in the number of complaints received. He added that, along with vacant positions being filled, staff focusing on quality investigations is leading to efficiency. He noted that the results of these efforts have been noticed in the last six months.

Public Comment

No public comment.

Office of Student Assistance and Relief (OSAR) Report

Scott Valverde, OSAR Chief, reported on the OSAR Unit. He stated that OSAR staff have been involved in the online STRF claim application rollout. He explained that staff participated in training, internal staff testing, and provided general feedback and observations. He noted that staff will continue training in preparation for more involvement in assisting students in completing the online application. He added that OSAR will also be supporting the outreach efforts to let students know about the online application option.

Mr. Valverde outlined Attachment 5(g).

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).

Ms. Reiter asked how the paper application is entered into the new system. Ms. Johnson responded that the paper application is scanned and saved in the new system as a PDF, and then some information from the paper application is entered manually into the new system. She added that the goal is to get more users to utilize the online system.

Ms. Reiter asked if work is being done to track the status of STRF applications to report like how licensing applications and complaints are tracked and reported on. Ms. Johnson responded that staff have been working on gathering that information as the new system is continually being developed and utilized. Mr. Holt added that a pending caseload age report using similar visuals and vocabulary as other units would be helpful.

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 Regulation Tracker and the Changes to Application Signature Requirements: Updated Proposal that were provided in the meeting materials.

Mr. Dumble outlined some potential 2024 packages. He pointed out the vastness of language in the minimum operating standards proposal previously shared. He explained that to address all the potential changes in the regulation the Bureau plans to break up the minimum operating standards into different components pieces. He noted that one possibility would be to break up the standards based on the 9 subcategories that are expressed in Minimum Operating Standards regulation 94885(a).

Mr. Dumble continued that another possible package next year will address language in the 74110(b), which specifies that the Annual Report financials report must be submitted in a hard copy format. He added that the Bureau is currently looking into whether it would be more efficient to allow institutions to submit financials in an electronic format. He added that the Bureau is also looking at 74115(d), which defines a “current” financial statement. He noted that institutions have stated that the definition is confusing.

Mr. Dumble reported that the Bureau has identified potentially confusing language regarding renewals in 71475(jj) and 71480(h). He explained that these sections specify that after an institution’s approval to operate has expired the institution has 6 months to file a renewal application. He stated that this raises the question of the institution’s status between the time the institution’s approval expired and then 6 months later when the approval was canceled. He noted the ambiguity of status has tangible impacts on nearly every element of the Bureau’s operations.

Ms. Reiter stated that it would be helpful to include in the tracker the statute that is driving a regulatory proposal.

Mr. Holt expressed appreciation for the Committee's opportunity to provide feedback on regulatory changes early in the process.

Ms. Reiter asked for feedback on DCA's new regulatory process which is intended to speed up the regulatory process. Mr. Dumble responded that it is too early to know the impact of the new changes. He noted that he received valuable feedback from DCA regulatory attorneys at the kickoff meeting for the new regulatory process.

Public Comment

One member of the public provided a comment.

Agenda #7 – Future Agenda Items

Mr. Reiter expressed appreciation for the Bureau addressing many of her prior future agenda item suggestions.

Mr. Holt suggested an item to discuss the unique situation with Silicon Valley University and the disproportionate financial impact it has had on the STRF fund. He proposed that the discussion primarily include Committee members, as Bureau staff already addressed the issue in a prior memo at the November 2021 meeting. He encouraged other members to review the memo and to consider potential statutory changes the Committee could recommend. He added that one focus should be on the mitigation of the impact of international students on the STRF fund. Ms. Reiter added that the Bureau staff could focus on what lessons were learned from Silicon Valley University, and what actions could or could not be taken sooner.

Public Comment

No public comment.

Agenda #8 – Adjournment

The meeting adjourned at 12:35 p.m.

4. Remarks By A Representative Of The Department Of Consumer Affairs

(Note: May include updates pertaining to the Bureau's Operations, Human Resources, Department's Administrative Services, Fees, Enforcement, Information Technology, Communications and Outreach, as well as Regulatory and Policy Matters)



5. Bureau Operations Update and Discussion related to the following:

- a. IT System Project
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IT System Project

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November 2023 Deployment

- Includes over 30 tickets
- Most tickets updated/fixed/refined the Approval Non-Accredited Application and its back-office workflow and processes
- Significant immediate improvements for both staff and institutions
- Streamlined development of future applications given broad relevance of improvements

Major Improvements Include:

- Overhaul of the approval and deficiency processes to account for the complexities of application progression, including non-standard application outcomes (e.g., conditional approvals or withdrawn applications) and support historical analysis of application deficiencies
- Fixes related to logic of digital signatures so that applications progress appropriately (i.e., some applications move forward in the queue without all required signatures; others with all required signatures do not move forward)
- Updates and expansion of back-office application statuses and milestone dates to more fully reflect procedures and application flow, facilitate application prioritization, and support tracking and reporting
- Refinements and updates to ten application sections, including adding Tax ID disclosure where necessary and clarifying instructions for institutions to upload documents
- Fixes for miscellaneous bugs and typos throughout the system

Recent Connect Progress

- STRF Claim Online Functionality – May 2023
- Back-office Staff Improvements and User Experience - August 2023
- Non-Accredited Online Application Improvements – November 2023

Looking Ahead

- SAIL conversion estimated in October 2024
- Major steps include:
 - Establishing “institutions” data to allow for transition to new system of record
 - Includes data quality assessment and cleansing
 - Adding online and back-office application processing
 - Incorporating STRF quarterly invoicing and online processing
 - Incorporating annual fee invoicing and online processing

Licensing Unit

Q1, F1 2023-2024

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FY 2023/24 Q1 LICENSE APPLICATIONS - SUMMARY

| License | Received FY 23/24 | Pending Assignment (Queue) | Under Review | Total Pending | Approved | Withdrawn or Abandoned | Denied | Total Closed | Average Days to Approve ^a |
|---------------------------|-------------------|----------------------------|--------------|---------------|----------|------------------------|--------|--------------|--------------------------------------|
| New Full Approval | 11 | 27 | 31 | 58 | 10 | 2 | 1 | 12 | 562 |
| New Acc Approval | 14 | 0 | 14 | 14 | 14 | 1 | 0 | 15 | 99 |
| Renewal Full | 24 | 0 | 116 | 116 | 15 | 2 | 3 | 20 | 380 |
| Renewal Accredited | 25 | 0 | 55* | 55 | 20 | 2 | 0 | 22 | 193 |
| Changes Full | 48 | 0 | 79 | 79 | 22 | 3 | 3 | 28 | 159 |
| Changes Accredited | 37 | 0 | 32 | 32 | 21 | 4 | 0 | 25 | 84 |
| Verification of Exemption | 86 | 0 | 48 | 48 | 68 | 5 | 27 | 100 | 57 |
| Out of State Registration | 30 | 0 | 16 | 16 | 21 | 0 | 0 | 21 | 35 |
| Totals | 275 | 27 | 391 | 418 | 186 | 19 | 34 | 239 | |

^a Average Days to Approve is calculated from time assigned to analyst.

* 44 applications pending new term of accreditation.

FY 2023/24 Q1 LICENSE APPLICATIONS – SUMMARY (continued)

| Oldest Pending Full Applications (as of 10/1/2023) | | |
|--|------------|---|
| Oldest Full Apps in Queue: | 6/2/2023 | |
| Oldest Full Apps Under Review: | 11/30/2020 | BPPE waiting on submission of signed withdrawal letter as of 10/15/23 |
| Oldest Renewal Full Apps Under Review: | 1/21/2020 | Waiting on response to deficiency letter – Due 11/21/23 |
| Median Date of Full Apps in Queue: | 7/31/2023 | |

FY 2023/24 Q1 Statewide Population by Location Type & Approval Type

| Location Type for Approval to Operate | Main | Branch | Satellite | Total |
|---------------------------------------|------|--------|-----------|-------|
| | 967 | 355 | 509 | 1831 |

| Approval Types Population | ABMA (Accredited) | Full (Non-Accredited) | Conditional ^a | Provisional ^b | Out of State Registration |
|---------------------------|-------------------|-----------------------|--------------------------|--------------------------|---------------------------|
| | 423 | 515 | 0 | 29 | 97 |

^aConditional Approvals are issued for a period up to six months when minor deficiencies exist but the institution is substantially in compliance with the requirements of the laws and regulations (California Code of Regulations section 71400(d)(1)).

^bProvisional Approvals are issued to unaccredited institutions seeking approval to offer one or more-degree programs and must satisfy the requirements under California Education Code section 94885.5.

Licensing Workshops

- The Bureau offers online, interactive Licensing Workshops for Institutions to help them understand how to complete a first-time applications.
- Institutions may register on the Bureau's website:
https://www.bppe.ca.gov/schools/application_workshops.shtml

- Upcoming Q2 Workshops

- October 24, 2023
- November 14, 2023
- December 19, 2023

| Q1 Workshop Date | Location | Registrants |
|--------------------|-----------------|-------------|
| July 18, 2023 | WebEx - Virtual | 22 |
| August 22, 2023 | WebEx - Virtual | 20 |
| September 19, 2023 | WebEx - Virtual | 28 |

Submit questions and/or comments to:

Greg Donkerbrook

Bureau for Private Postsecondary Education

1747 N. Market Blvd, Suite 225

Sacramento, CA 95834

(916)-574-2716

Gregory.Donkerbrook@dca.ca.gov

Quality of Education Report Q1, FY 2023-2024

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Status of 1247 Institutions: CEC 94885.1 Schools

(Approved to Offer Degree Programs Prior to January 1, 2015)

| Outcome | Institution Count |
|----------------------------|-------------------|
| Accredited | 46 |
| Closed or Approval Expired | 49 |
| Exempt | 19 |
| On Approved Extension | 2 |
| Surrendered Degrees | 22 |
| Suspended Degrees | 4 |
| Total | 142 |

Status of 1247 Institutions: CEC 94885.5 Schools (Provisionally Approved for Degree Programs Since January 1, 2015)

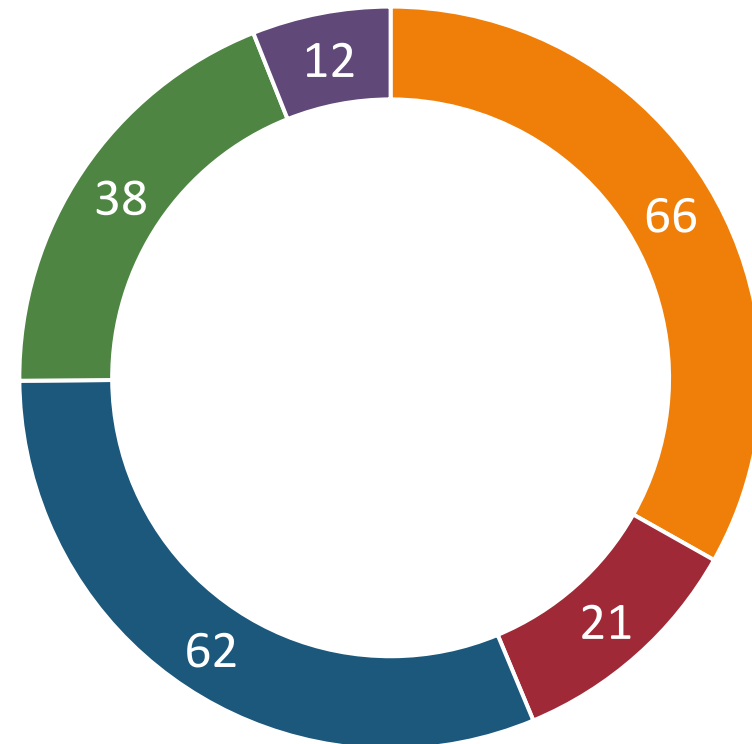
| Outcome | Institution Count |
|----------------------------|-------------------|
| Accredited | 20 |
| Closed or Approval Expired | 13 |
| Exempt | 2 |
| Surrendered Degrees | 16 |
| Suspended Degrees | 8 |
| Pursing Accreditation | 31 |
| Total | 90 |

Outcomes of SB 1247 Institutions

Includes CEC 94885.1 and CEC 94885.5 institutions that have concluded their efforts to obtain accreditation; excludes institutions still pursuing accreditation.

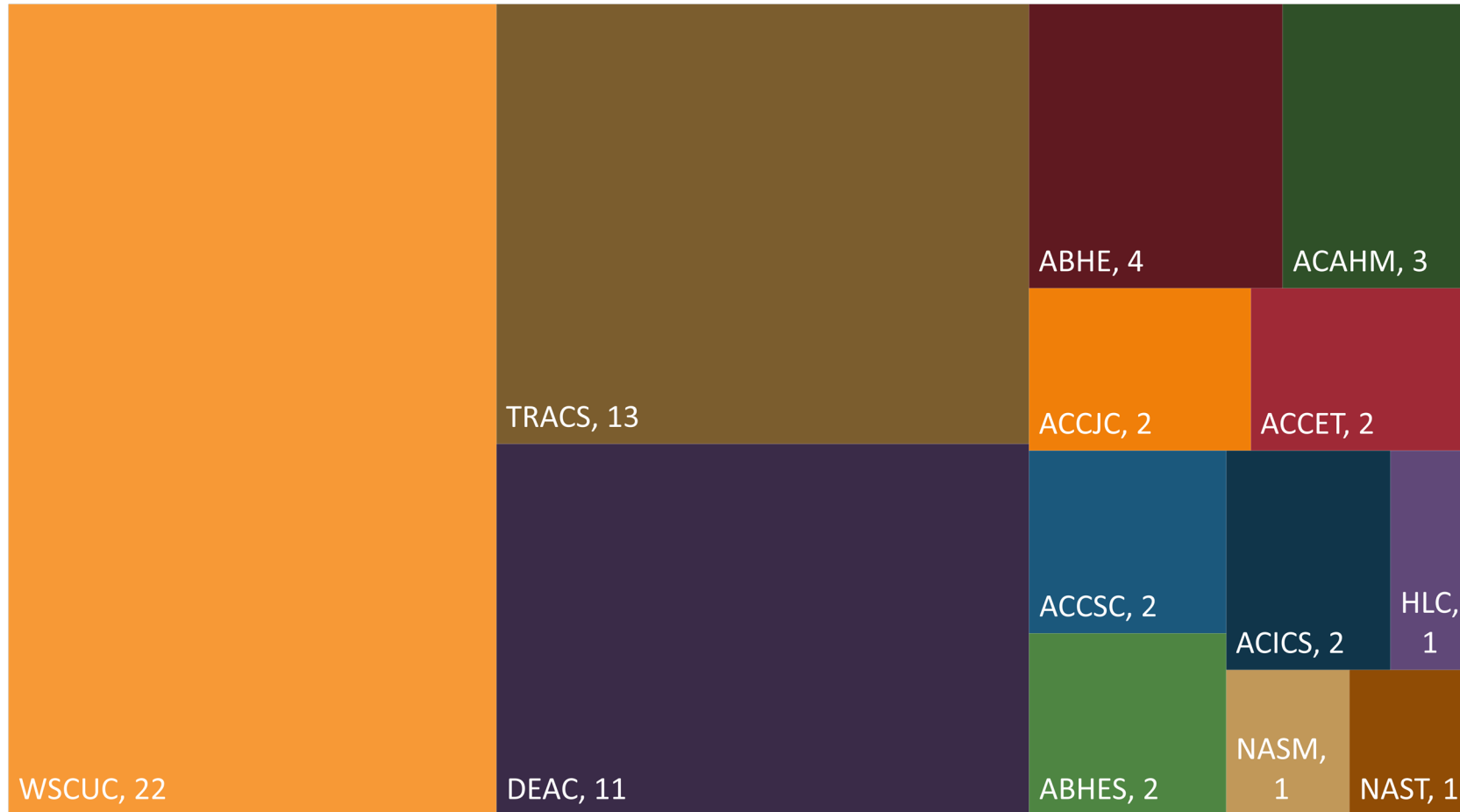
Total Institution Count: 199

- Obtained Accreditation
- Became Exempt
- Institution Closed
- Degree Programs Surrendered
- Degree Programs Suspended



Accreditors of Successful SB 1247 Institutions

Includes CEC 94885.1 and CEC 94885.5 institutions that obtained accreditation



- ABHE: Association for Biblical Higher Education
- ABHES: Accrediting Bureau of Health Education Schools
- ACAHM: Accrediting Commission for Acupuncture & Herbal Medicine
- ACCJC: Accrediting Commission for Community and Junior Colleges
- ACCET: Accrediting Council for Continuing Education & Training
- ACCSC: Accrediting Commission of Career Schools and Colleges
- ACICS: Accrediting Council for Independent Colleges and Schools
- HLC: Higher Learning Commission
- DEAC: Distance Education Accrediting Commission
- NASM: National Association of Schools of Music
- NAST: National Association of Schools of Theater
- TRACS: Transnational Association of Christian Colleges and Schools
- WSCUC: WASC Senior College and University Commission

Submit questions and/or comments to:

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Annual Report Update Q1, FY 2023-2024

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2022 Annual Report

- Portal opened on August 1, 2023
- Report due **December 1, 2023**
- Report Submission Must Include
 - ❖ PORTAL
 - Annual Report
 - School Performance Fact Sheets
 - 2022 Catalog
 - Enrollment Agreements
 - Graduate Identification Data
 - ❖ MAIL – HARD COPY
 - Financial Statements

Annual Report Portal - Submission Progress*

| Annual Report Reporting Year | Jul. | Aug. | Sept. | Oct. | Nov. | Dec. 1st Final Due Date | Institutions Who Initiated Submission of an Annual Report Late | Total Institutions Who Initiated an Annual Report Submission | Institutions Who Did Not Initiate Submitting an Annual Report | Institutions Required to Submit an Annual Report |
|------------------------------|------|------|-------|------|------|-------------------------|--|--|---|--|
| 2019 | 0 | 50 | 53 | 111 | 451 | 41 | 162 | 868 | 46 | 914 |
| 2020 | 1 | 36 | 44 | 89 | 438 | 80 | 175 | 863 | 35 | 898 |
| 2021 | 0 | 30 | 40 | 78 | 454 | 53 | 178 | 833 | 18 | 851 |
| 2022 | 0 | 60 | 57 | 88 | N/A | N/A | N/A | 205 | 636 | 841 |

*Approximate figures – Data as of 10/27/2023

School Performance Fact Sheet Workshops

- The Bureau offers School Performance Fact Sheet (SPFS) Workshops for Institutions to help them understand the Bureau's laws and regulations.
- Workshops are conducted in an online and interactive format.
- Institutions are encouraged to register online at the Bureau's website:
https://bppe.ca.gov/schools/school_perf_workshops.shtml

School Performance Fact Sheet Workshops FY 2023-2024

| Date | Location | Attendees |
|-----------------|-----------------|-----------|
| August 25, 2023 | WebEx - Virtual | 11 |
| October 6, 2023 | WebEx - Virtual | 4 |

Submit questions and/or comments to:

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Compliance & Discipline Report Q1, FY 2023-2024

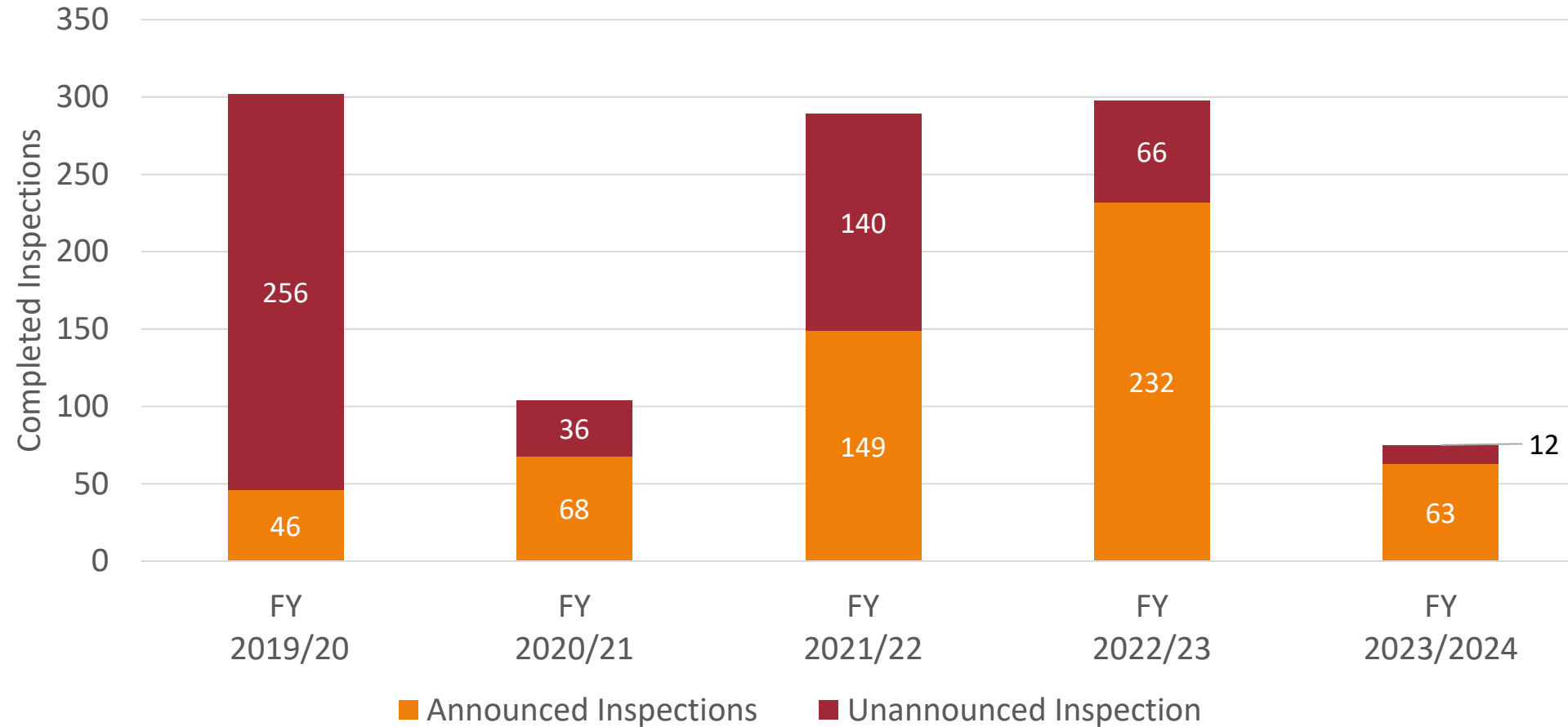
Bureau for Private Postsecondary Education
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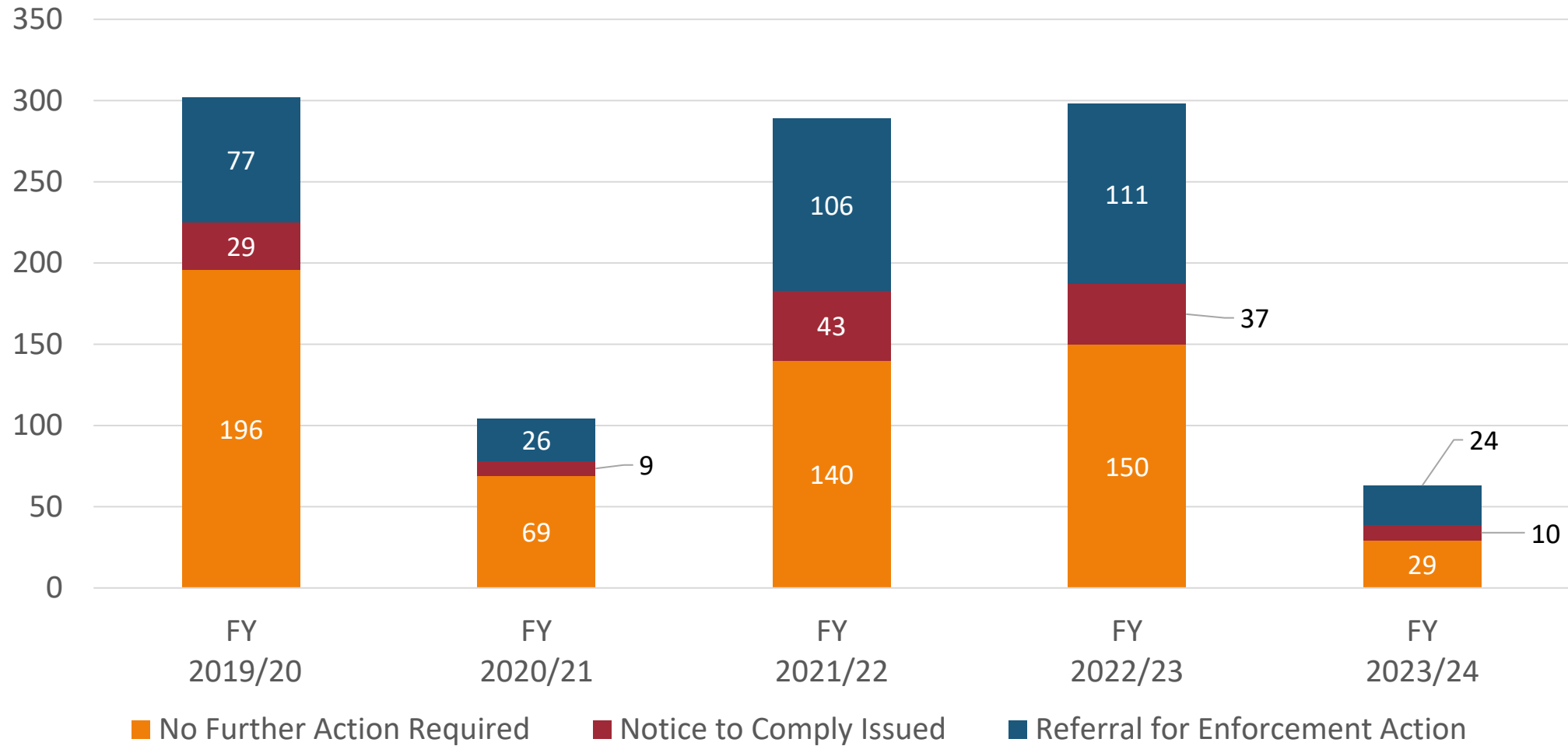
Inspections

| INSPECTIONS | FY | FY | FY | FY | FY 2023/24 | | | | |
|-----------------------------|---------|---------|---------|---------|------------|----|----|----|-----|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | | | | | |
| | YTD | YTD | YTD | YTD | Q1 | Q2 | Q3 | Q4 | YTD |
| Total Completed Inspections | 302 | 104 | 289 | 298 | 63 | | | | 63 |
| Announced Inspections | 46 | 68 | 149 | 232 | 51 | | | | 51 |
| Unannounced Inspections | 256 | 36 | 140 | 66 | 12 | | | | 12 |

Inspections by Type



Inspection Results



Compliance Workshops

- The Bureau offers Compliance Workshops for Institutions to help them understand the Bureau's laws and regulations.
- Workshops are held monthly and are conducted in an online and interactive format.
- Institutions are encouraged to register online at the Bureau's website:
https://bppe.ca.gov/enforcement/compliance_workshops.shtml
- Upcoming Workshops
 - November 9, 2023
 - December 6, 2023

| Compliance Workshop Attendance | | |
|--------------------------------|-----------------|-----------|
| Workshop Date | Location | Attendees |
| 20-Jul-23 | WebEx - Virtual | 26 |
| 17-Aug-23 | WebEx - Virtual | 31 |
| 14-Sep-23 | WebEx - Virtual | 16 |

Enforcement Actions Resulting from an Accusation

| Actions Taken | FY | FY | FY | FY | FY 2023 -2024 | | | | |
|--|-------|-------|-------|-------|---------------|----|----|----|-----|
| | 19/20 | 20/21 | 21/22 | 22/23 | Q1 | Q2 | Q3 | Q4 | YTD |
| | YTD | YTD | YTD | YTD | | | | | |
| Default: Revocation | 1 | 7 | 7 | 5 | 0 | | | | 0 |
| PC 23 | 0 | 0 | 0 | 2 | 0 | | | | 0 |
| Proposed Decision (Hearing Outcome): Order to Comply | 0 | 0 | 0 | 1 | 0 | | | | 0 |
| Proposed Decision (Hearing Outcome): Probation Granted | 0 | 0 | 0 | 0 | 0 | | | | 0 |
| Proposed Decision (Hearing Outcome): Revocation | 1 | 1 | 0 | 3 | 0 | | | | 0 |
| Rejected by DAG | 0 | 1 | 1 | 1 | 0 | | | | 0 |
| Stipulated Settlement: Probation | 6 | 1 | 0 | 1 | 0 | | | | 0 |
| Stipulated Settlement: Surrender | 3 | 4 | 2 | 0 | 0 | | | | 0 |
| Stipulated Settlement: Revocation | 0 | 0 | 0 | 1 | 1 | | | | 1 |
| Stipulated Settlement: Public Repeval | 1 | 1 | 0 | 0 | 0 | | | | 0 |
| Withdrawn By Bureau: Citation Issued | 1 | 0 | 0 | 0 | 0 | | | | 0 |
| Withdrawn by Bureau: Violations Resolved | 0 | 0 | 1 | 0 | 0 | | | | 0 |
| Withdrawn by Bureau: Renewal Granted | 0 | 0 | 0 | 0 | 0 | | | | 0 |
| Total Actions Taken: | 13 | 15 | 11 | 14 | 1 | | | | 1 |

Enforcement Actions Resulting from a Statement of Issues

| Actions Taken | FY | FY | FY | FY | FY 2023/24 | | | | | |
|---|-----------|-----------|----------|----------|------------|----|----|----|-----|----------|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | | | | | | |
| | YTD | YTD | YTD | YTD | Q1 | Q2 | Q3 | Q4 | YTD | |
| In-House Default: Denial Upheld | 1 | 0 | 0 | 0 | 0 | | | | | 0 |
| Proposed Decision (Hearing Outcome): Denial Upheld | 3 | 0 | 2 | 3 | 0 | | | | | 0 |
| Proposed Decision (Hearing Outcome): Conditional Approval Granted | 0 | 0 | 0 | 0 | 0 | | | | | 0 |
| Stipulated Settlement: Denial Upheld (School Closure) | 0 | 0 | 0 | 0 | 0 | | | | | 0 |
| Stipulated Settlement: Conditional Approval Granted | 0 | 0 | 0 | 0 | 0 | | | | | 0 |
| Withdrawn: Approval Granted (Mitigation Satisfied Deficiencies) | 13 | 3 | 1 | 4 | 0 | | | | | 0 |
| Withdrawn: Denial Upheld (Appeal Withdrawn by Institution) | 5 | 6 | 2 | 1 | 1 | | | | | 1 |
| Withdrawn: Exempt Institution | 1 | 2 | 0 | 0 | 0 | | | | | 0 |
| Total Actions Taken: | 23 | 11 | 5 | 8 | 1 | | | | | 1 |

Additional Enforcement Actions

| | FY 2019/20 | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2032/24 | | | | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|----|----|----|-----|
| | YTD | YTD | YTD | YTD | Q1 | Q2 | Q3 | Q4 | YTD |
| Emergency Decisions | 2 | 1 | 0 | 2 | 0 | | | | 0 |
| Automatic Suspensions | 4 | 10 | 4 | 1 | 0 | | | | 0 |

Open Cases at the Attorney General's Office Pending Disciplinary Action

| As of 9/30/2023 | Total Cases Transmitted (Number of Cases the Bureau has initiated Disciplinary Action) | Total Cases Filed (Cases Pending Adjudication and Public) |
|------------------------|---|--|
| Accusations | 6 | 5 |
| Statement of Issues | 6 | 3 |
| Totals: | 12 | 8 |

Citations Issued

| | FY | FY | FY | FY | FY 2022/23 | | | | |
|-------------------------------|---------|---------|---------|---------|------------|----|----|----|-----|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | | | | | |
| | YTD | YTD | YTD | YTD | Q1 | Q2 | Q3 | Q4 | YTD |
| Citations Issued ¹ | 333 | 280 | 146 | 150 | 61 | | | | 61 |
| Number of Schools Cited | 325 | 273 | 144 | 147 | 61 | | | | 61 |

¹Common Violations Cited

- Unlicensed Activity – An institution without Bureau approval to operate.
- Failure to submit annual fees.
- Failure to submit student tuition recovery fund assessments.
- Failure to submit the annual report.
- Failure to submit school performance fact sheets.

Disciplinary Actions by Month



BUREAU FOR PRIVATE POSTSECONDARY EDUCATION DISCIPLINARY ACTIONS – JULY 2022

This notice displays Institutions who have had disciplinary actions filed and taken by the Bureau during July 2022. To view documents related to a disciplinary action, please follow the directions listed below:

1. Visit www.bppe.ca.gov.
2. Select [Enforcement](#) from the top menu.
3. Then select [Disciplinary Actions](#).
4. Find the Institution's name. Institutions are listed in alphabetical order.
5. Documents listed below the Institution's name include information regarding the cause(s) for violations and the disciplinary orders issued.

https://www.bppe.ca.gov/enforcement/disciplinary_actions.shtml

| DISCIPLINARY ACTION FILED | |
|----------------------------|--------------------------------|
| Institution Name: | California Vocational Academy |
| Institution Code: | 41462892 |
| Case Number: | BPPE22-043 |
| Date Filed: | July 14, 2022 |
| Date Served: | July 15, 2022 |
| Disciplinary Action Filed: | Accusation |
| Institution Name: | Deep Creek Construction School |
| Institution Code: | 3604681 |
| Case Number: | BPPE21-550 |
| Date Filed: | July 20, 2022 |
| Date Served: | July 27, 2022 |
| Disciplinary Action Filed: | Accusation |
| Institution Name: | South Bay Massage College |
| Institution Code: | 1936381 |
| Case Number: | BPPE21-384 |
| Date Filed: | July 8, 2022 |
| Date Served: | July 8, 2022 |
| Disciplinary Action Filed: | Accusation |

Submit questions and/or comments to:

Elizabeth Elias

Bureau for Private Postsecondary Education

1747 N. Market Blvd, Suite 225

Sacramento, CA 95834

(279) 212-1986

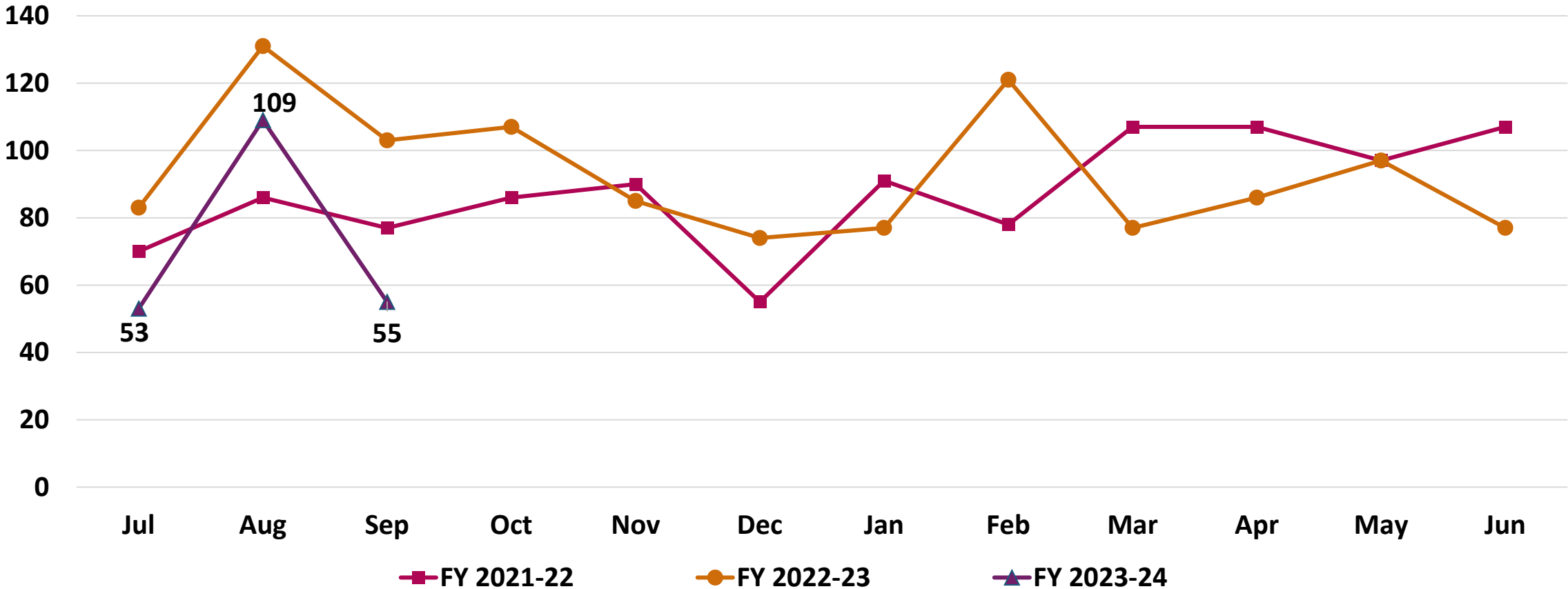
elizabeth.elias@dca.ca.gov

Complaint Investigation Report Q1, FY 2023-2024

Bureau for Private Postsecondary Education
Advisory Committee Meeting
November 8, 2023

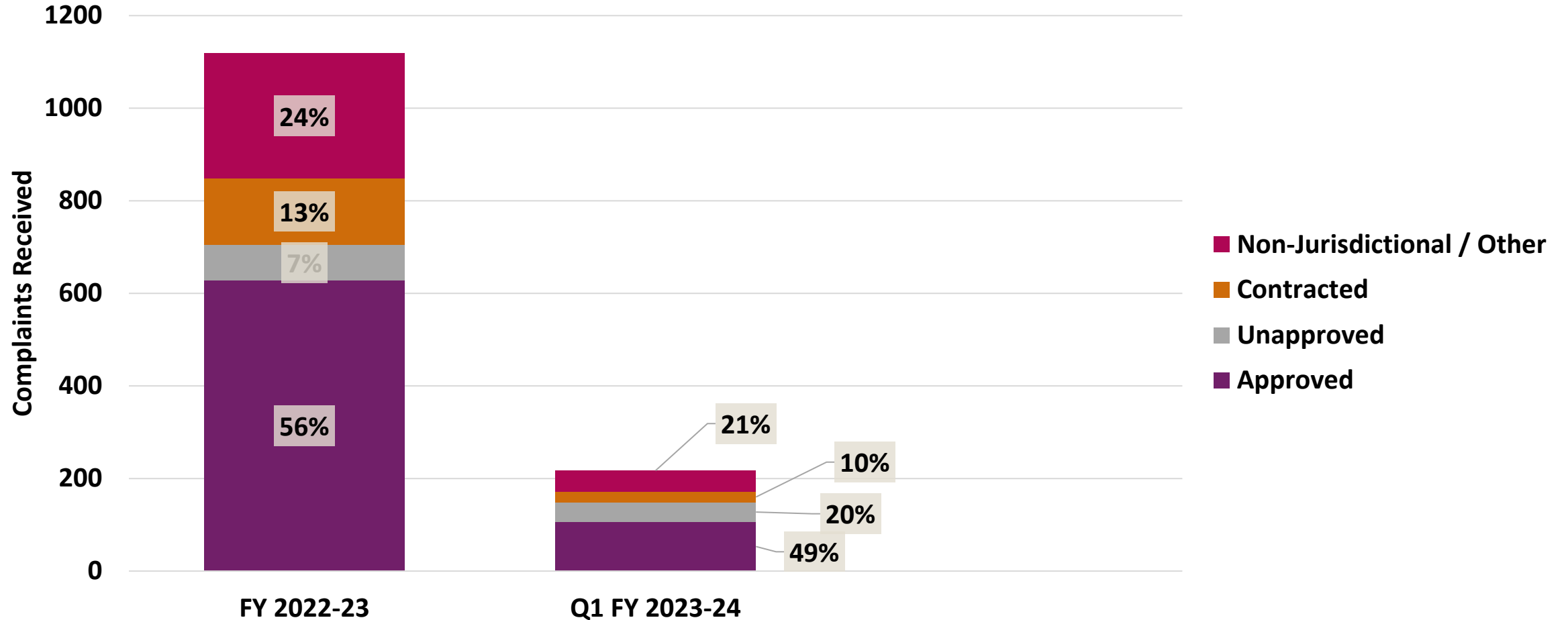


Complaints Received: FY 2021-22 to Q1 FY 2023-24

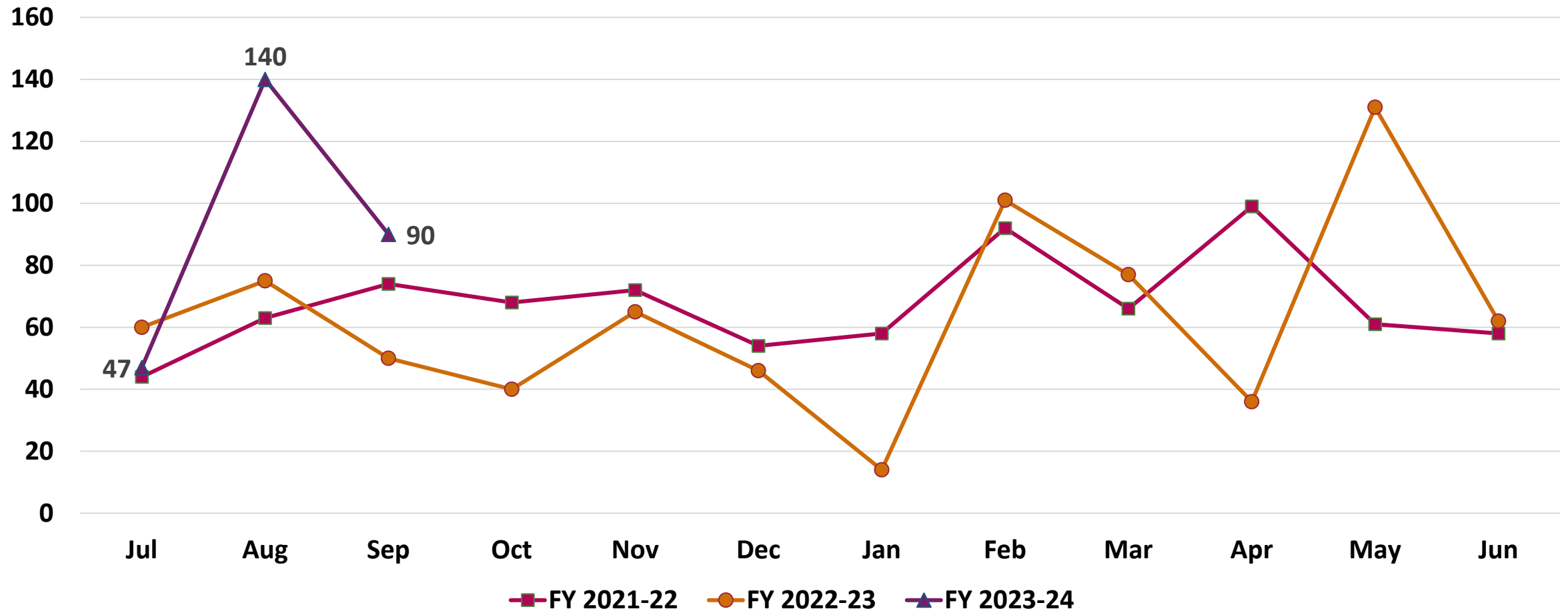


Complaints Received by School Status

FY 2022-23 to Q1 FY 2023-24

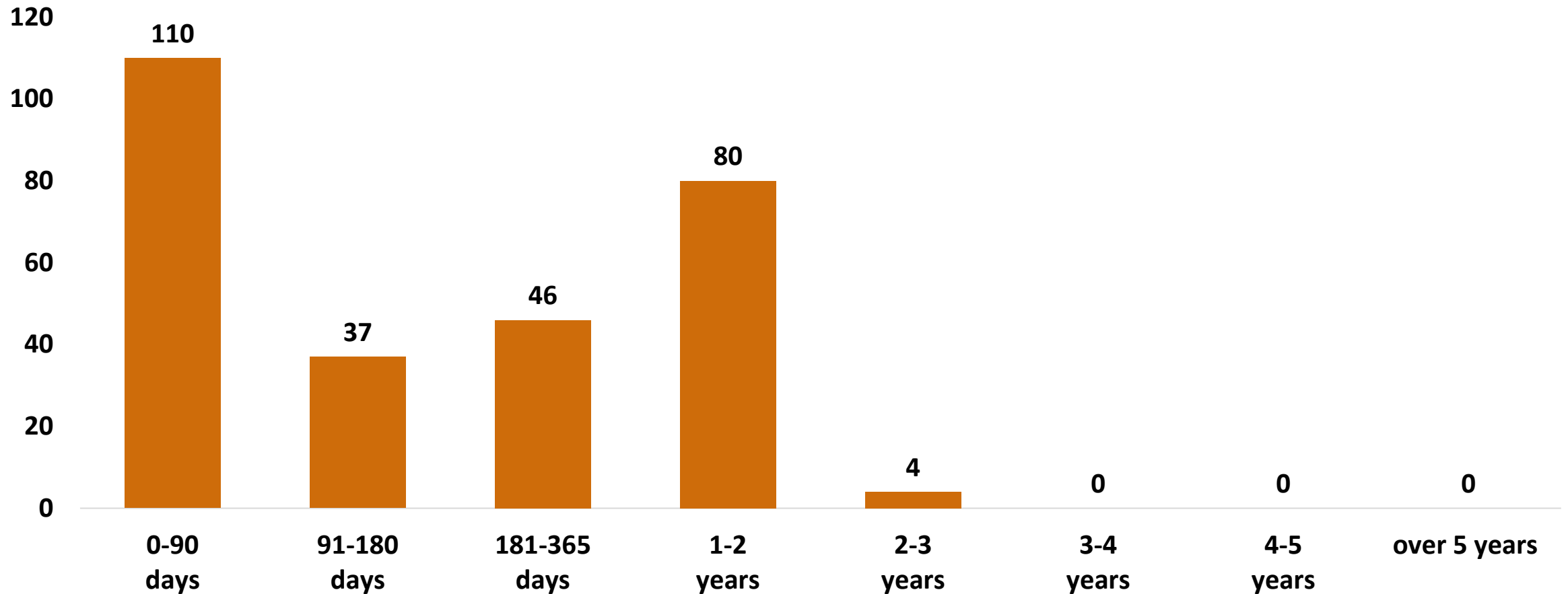


Closed Complaints FY 2021-22 to Q1 FY 2023-24

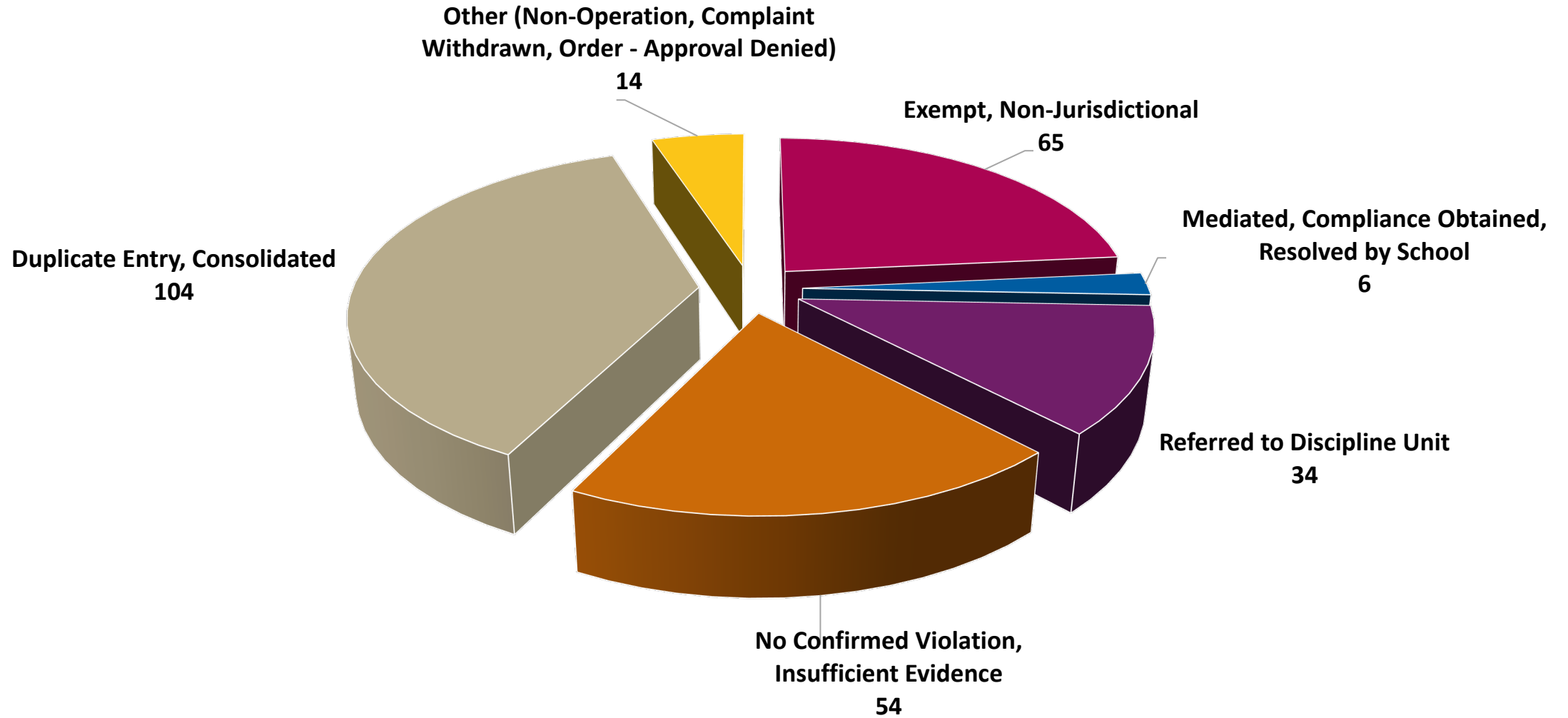


Closed Complaints

Days to Close (Cases Closed FY 2021-22, FY 2022-23, and Q1 FY 2023-24)



Case Disposition: Q1 FY 2023-24

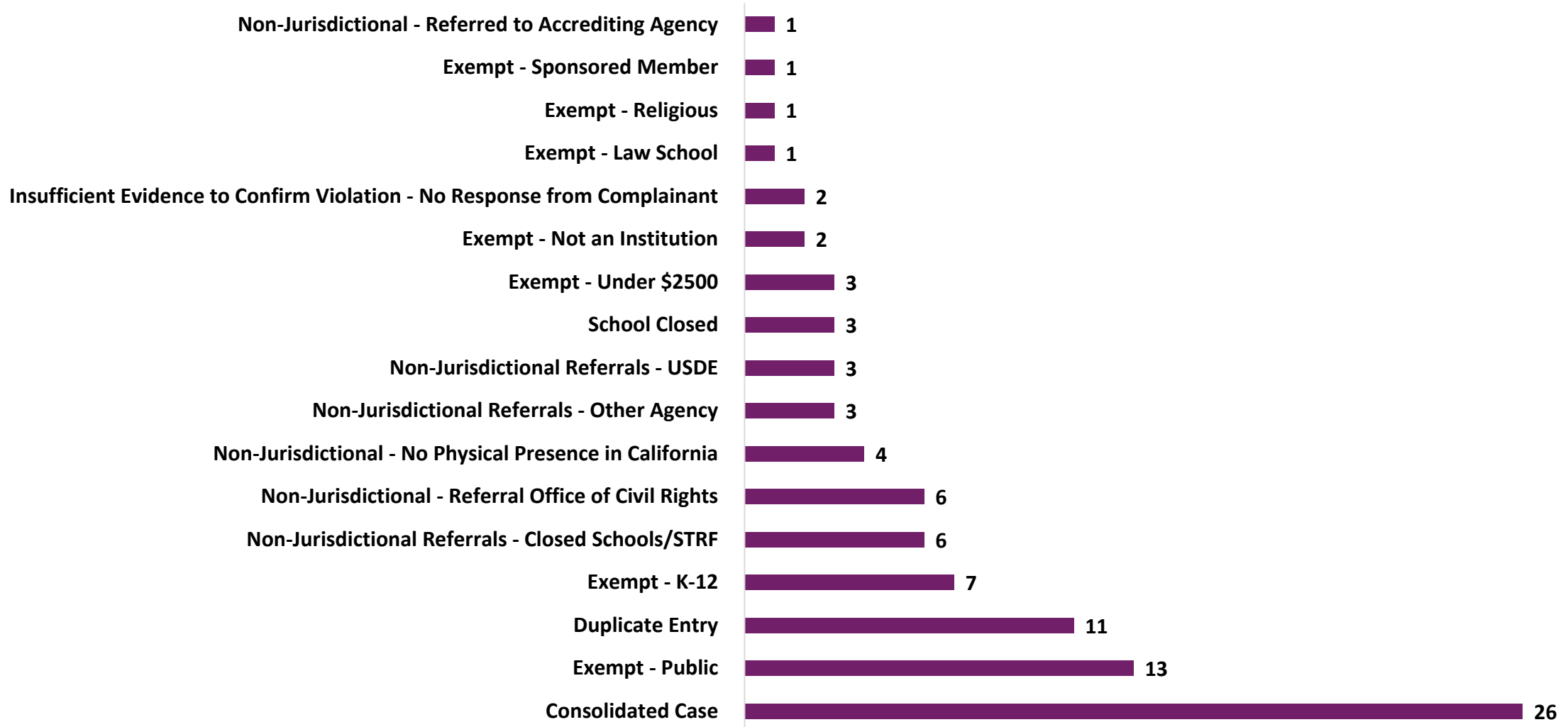


Discipline Unit Referrals: Top Allegations

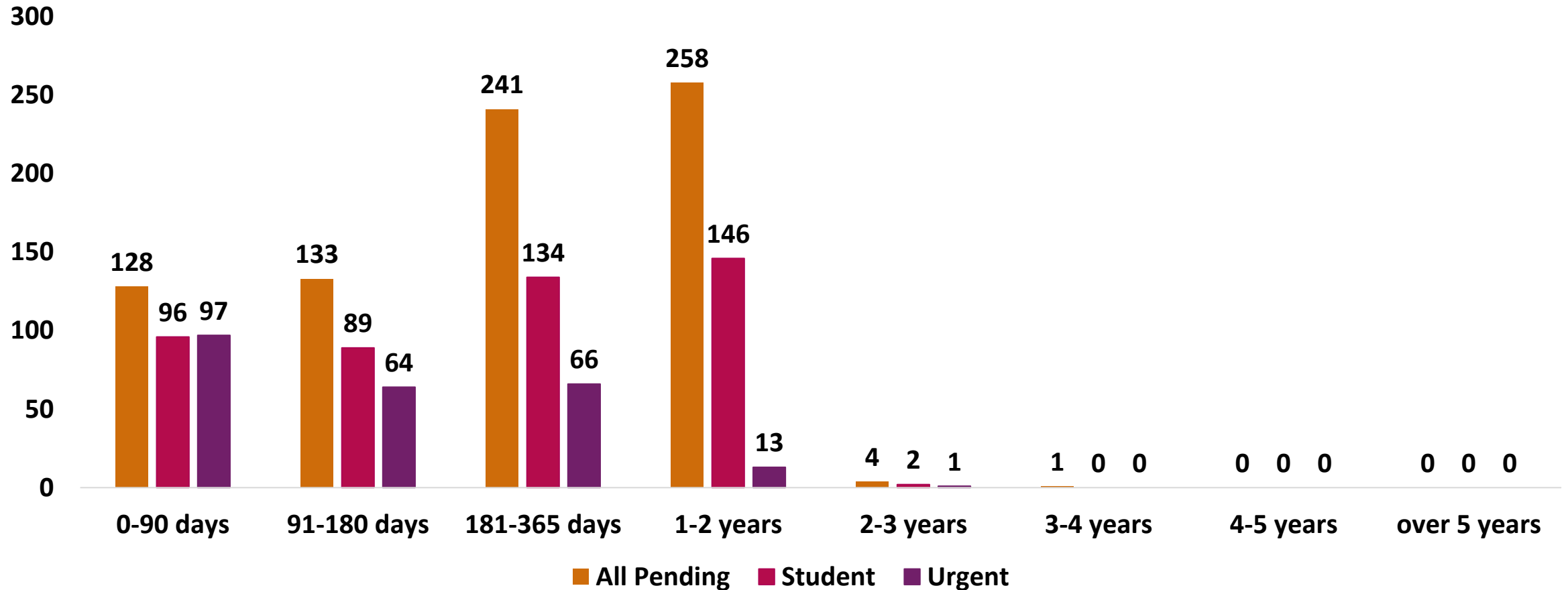
Q1 FY 2023-24



Complaints Closed At Intake: Q1 FY 2023-24

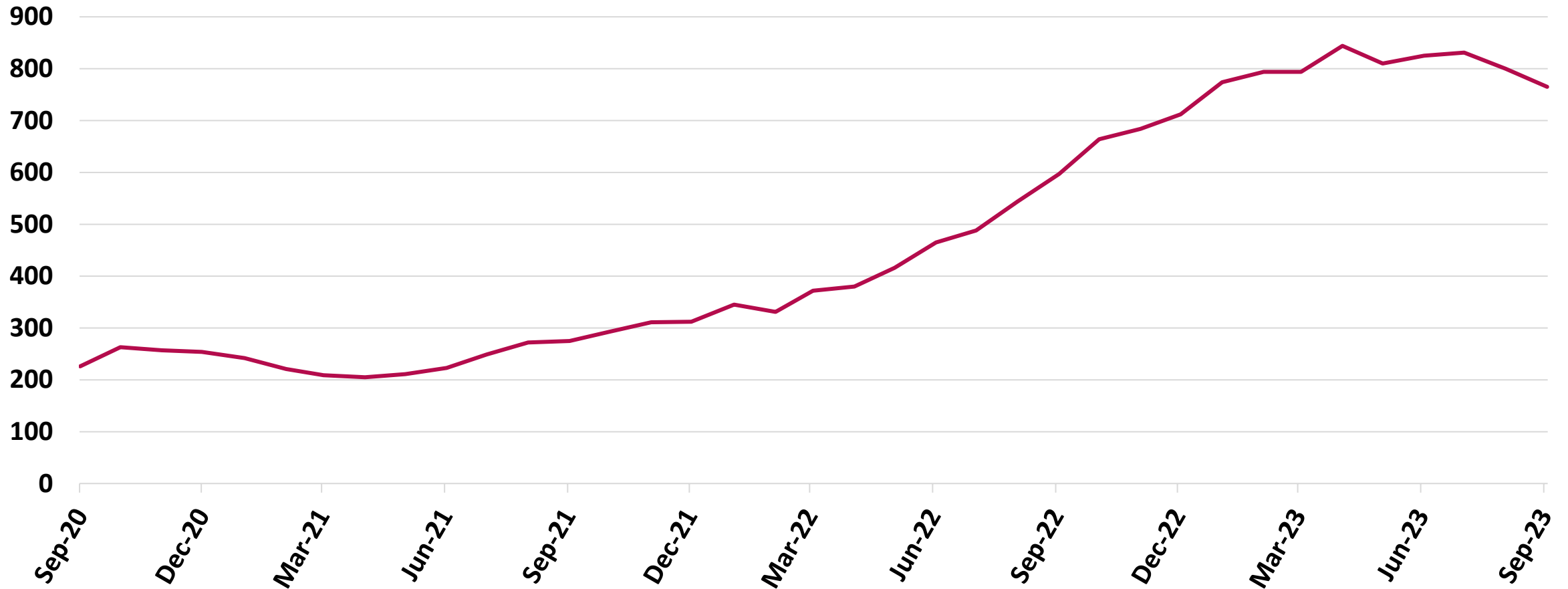


Pending Caseload Age, as of 9/30/23



Pending Caseload Count

September 2019 - September 2023



Student Impact

- Total of \$5,701.50 in refunds to students or to their federal student aid account.
- Students received proofs-of-training, records.
- Students referred to Student Tuition Recovery Fund.
- Schools revised its policies, disclosures, website.
- School agreed to provide supplies.
- School came into compliance with accrediting agency standards.

Submit questions and/or comments to:

Daniel Rangel

Bureau for Private Postsecondary Education

1747 N. Market Blvd, Suite 225

Sacramento, CA 95834

(916) 879-1827

Daniel.Rangel@dca.ca.gov

Office of Student Assistance and Relief Outreach (OSAR) Report Q1, FY 2023-2024

Bureau for Private Postsecondary Education
Advisory Committee Meeting
November 8, 2023



Office of Student Assistance and Relief: Student Outreach Report

CHART A: INFORMED CHOICE OUTREACH AND EDUCATIONAL ACTIVITIES

| Student Outreach Activity | Event Type | Event Date | Event Location | Total Students Reached |
|--|------------------------------------|------------|--------------------|------------------------|
| California Transition Assistance Program Beale Air Force Base Workshop | Student Workshop / Presentation | 7/20/2023 | Yuba County, CA | 17 |
| Chicano Latino Youth Leadership Project College Fair | College Fair | 7/27/2023 | Sacramento, CA | 70 |
| California Transition Assistance Program Marine Corps Air Station Miramar | Student Workshop / Presentation | 8/10/2023 | San Diego, CA | 16 |
| California Transition Assistance Program Naval Base Ventura | Student Workshop / Presentation | 8/23/2023 | Ventura County, CA | 16 |
| Latino College Expo | College Fair | 9/16/2023 | Los Angeles, CA | 400 |
| TOTAL | | | | 519 |

Office of Student Assistance and Relief: Student Outreach Report

| CHART B: MISC. STUDENT OUTREACH EFFORTS | | | | |
|--|----------------|------------|-------------------|------------------------|
| Student Outreach Activity | Event Type | Event Date | Event Location | Total Students Reached |
| Intercultural Institute of California | Email Outreach | 8/9/2023 | San Francisco, CA | 60 |
| Data Science Evangelists, Inc dba The Data Incubator | Email Outreach | 8/9/2023 | Berkeley, CA | 17 |
| California Christian College | Email Outreach | 8/11/2023 | Fresno, CA | 17 |
| Advance Beauty College | Email Outreach | 8/25/2023 | Laguna Hills, CA | 71 |
| California Intercontinental University | Email Outreach | 9/26/2023 | Irvine, CA | 106 |
| Toni and Guy Hairdressing Academy | Email Outreach | 9/29/2023 | Los Angeles, CA | 67 |
| DeVry University (Branch) | Email Outreach | 9/29/2023 | Long Beach, CA | 44 |
| | | | TOTAL | 382 |

Office of Student Assistance and Relief: Student Outreach Report

CHART C: CLOSED SCHOOL OUTREACH WORKSHOPS

| Student Outreach Activity | Event Type | Event Date | Event Location | Total Students Reached |
|--|--------------------------|------------|-----------------|------------------------|
| Hussian College School Closure Outreach Events | Virtual Student Workshop | 7/18/2023 | Los Angeles, CA | 55 |
| | Student Workshop | 7/25/2023 | | |
| | | | TOTAL | 55 |

Office of Student Assistance and Relief: Student Contact Report

| CHART D: PHONE CALLS RECEIVED | | | | |
|--|------------|-------------|----------------|------------|
| Call Category | July 2023 | August 2023 | September 2023 | Total |
| Student Tuition Recovery Fund Application Assistance | 28 | 20 | 17 | 65 |
| Student Loan Relief Assistance | 5 | 2 | 0 | 7 |
| School / Program Closure Outreach | 56 | 36 | 28 | 120 |
| Informed Choice Consultation | 2 | 5 | 2 | 9 |
| Transcript Assistance | 7 | 1 | 2 | 10 |
| Other | 3 | 0 | 4 | 7 |
| TOTAL CALLS | 101 | 64 | 53 | 218 |

Office of Student Assistance and Relief: Student Contact Report

| CHART E: EMAILS RECEIVED | | | | |
|--|------------|-------------|----------------|------------|
| Email Category | July 2023 | August 2023 | September 2023 | Total |
| Student Tuition Recovery Fund Application Assistance | 31 | 42 | 33 | 106 |
| Student Loan Relief Assistance | 4 | 4 | 10 | 18 |
| School / Program Closure Outreach | 175 | 95 | 60 | 330 |
| Informed Choice Consultation | 9 | 11 | 15 | 35 |
| Transcript Assistance | 15 | 24 | 26 | 65 |
| Other | 4 | 7 | 8 | 19 |
| TOTAL EMAILS | 238 | 183 | 152 | 573 |

Office of Student Assistance and Relief: Student Appointment Report

CHART F: APPOINTMENTS CONDUCTED

| Category | July 2023 | August 2023 | September 2023 | Total |
|------------------------|-----------|-------------|----------------|-------|
| Individual Appointment | 23 | 17 | 17 | 57 |

Most Common Appointment Topics

Student Tuition Recovery Fund
Application Assistance

Student Loan Relief Assistance

School / Program Closure Assistance

Submit questions and/or comments to:

Office of Student Assistance and Relief

Bureau for Private Postsecondary Education

1747 N. Market Blvd, Suite 225

Sacramento, CA 95834

(888) 370-7589, Option #5

osar@dca.ca.gov

Student Tuition Recovery Fund (STRF) Report Q1, FY 2023-2024

Bureau for Private Postsecondary Education
Advisory Committee Meeting
November 8, 2023



Student Tuition Recovery Fund (STRF) Claims

| STRF Claims Received | | |
|--|-------------------|-------------|
| State Fiscal Year | 22/23 End of Year | FY 23/24 Q1 |
| Total Claims Received | 200 | 75 |
| Claims Received via Connect | 16 | 48 |
| Claims Received via Paper Applications | 184 | 27 |

Student Tuition Recovery Fund (STRF) Claims

| STRF Claims Closed | | |
|--------------------|----------------------|-------------|
| State Fiscal Year | FY 22/23 End of Year | FY 23/24 Q1 |
| Claims Approved | 271 | 104 |
| Claims Ineligible | 66 | 12 |
| Claims Denied | 21 | 22 |
| Unable to Contact | 77 | 0 |
| TOTAL | 435 | 138 |

Student Tuition Recovery Fund (STRF) Claims

Current STRF Claims as of 9/30/2023

| Current STRF Claims | |
|--|-----|
| Analyst's First Review Complete/Rec. Pending | 134 |
| Analyst Review | 137 |
| Waiting for Student Response | 91 |
| In Queue | 473 |
| TOTAL | 835 |

Student Tuition Recovery Fund (STRF) Claims

STRF Claims Pending Payment – State Controller’s Office

| State Fiscal Year | FY 22/23 End of Year | FY 23/24 Q1 |
|-------------------|----------------------|----------------|
| Amount | \$131,535.89 | \$2,201,151.40 |
| Claims | 9 | 126 |

STRF Claims Paid Amount

| State Fiscal Year | FY 22/23 End of Year | FY 23/24 Q1 |
|-------------------|----------------------|----------------|
| Amount | \$3,694,060.58 | \$1,714,391.40 |
| Claims | 244 | 102 |

STRF Current Balance as of 9/30/2023

\$26,439,453.48

Student Tuition Recovery Fund (STRF) Claims

Large Impact Closures (From School Closure to Current – Total Impact)

| School | STRF Claims Received | STRF Claims Pending | Ineligible / Denied | Unable to Contact | Number of STRF Claims Approved | Dollar Amount Paid to Student/Loan | Dollar Amount Paid - Ed Credit (To New School) | Total Dollar Amount Paid |
|----------------------|----------------------|---------------------|---------------------|-------------------|--------------------------------|------------------------------------|--|--------------------------|
| Heald ¹ | 500 | 168 | 106 | 116 | 110 | \$889,531.39 | \$32,708.96 | \$922,240.35 |
| WyoTech ¹ | 174 | 21 | 50 | 39 | 64 | \$353,156.94 | \$0.00 | \$353,156.94 |
| Everest ¹ | 570 | 130 | 143 | 140 | 157 | \$620,256.13 | \$0.00 | \$620,256.13 |
| Silicon Valley | 1328 | 557 | 70 | 30 | 671 | \$12,195,896.67 | \$0.00 | \$12,195,896.67 |

¹ Heald College, WyoTech, and Everest College were operated by Corinthian Colleges, Inc. - "STRF Claims Pending" includes claims that are awaiting a decision on their Federal Borrower Defense applications.

Submit questions and/or comments to:

Yvette Johnson

Bureau for Private Postsecondary Education

1747 N. Market Blvd, Suite 225

Sacramento, CA 95834

(279) 895-6099

Yvette.Johnson@dca.ca.gov

6. Status Updates and Discussion on Regulatory Proposals

- a. Reduction of STRF Assessment Rate to \$0.00, Effective April 1, 2024 (5 California Code of Regulations (CCR) section 76120).
- b. Expired Approvals to Operate (5 CCR sections 71475 and 71480).
 - i. See Memo: Proposed Regulatory Change Regarding Expired Approvals
- c. Minimum Operating Standards for Financial Standards and Associated Reporting Requirements (5 CCR sections 71745, 74110, and 74115).
 - i. See Memo: Proposed Regulatory Change Regarding Financial Resources, Statements, and Reporting



Regulation Tracker

| Title | Status Summary | ACM | DCA | Agency | Public Comment | OAL | Final |
|--|------------------------|-------------------------|--|------------|----------------|-----|-------|
| | | (text only) | (full package) | | | | |
| Reporting of Substantive Change: Distance Education Learning Management System | Submitted to DCA | 11/16/2022 | 2/2/2023, 7/17/2023, 9/11/2023 | 10/23/2023 | | | |
| Identifying Date of Closure | Submitted to DCA | 2/16/2023, 5/24/2023 | 5/31/2023, 6/19/2023, 10/09/2023 | | | | |
| Signature Requirements | Submitted to DCA | 5/24/2023 | 6/26/2023, 9/26/2023 | | | | |
| Public Institution Approval | Submitted to DCA | 5/24/2023 | 6/1/2023, 6/28/2023 | | | | |
| STRF Fee Change | For Advisory Committee | 11/8/2023 | | | | | |
| Expired Approvals | For Advisory Committee | 11/8/2023 | | | | | |
| Financial Resources, Statements, and Annual Report Filing | For Advisory Committee | 11/8/2023 | | | | | |
| Verification of Exempt Status Application | On hold | 8/26/2021, 5/24/2023 | | | | | |
| Substantive Change-Change of Person In Control | In development | TBD | | | | | |
| Definition of "Physical Presence" | In development | TBD | | | | | |
| Past Bad Actions | In development | TBD | | | | | |



MEMORANDUM

| | |
|----------------|---|
| DATE | October 30, 2023 |
| TO | Advisory Committee Members |
| FROM | Bureau for Private Postsecondary Education |
| SUBJECT | Proposed Regulatory Change Regarding Expired Approvals |

The Bureau for Private Postsecondary Education (Bureau) regulates private postsecondary educational institutions operating from a physical presence in California.¹ This includes granting their approval to operate and, later, renewing that approval if necessary.

Current regulations create unnecessary complexity and ambiguity in the renewal process. This memo discusses the challenge and a proposal for modifying regulations and current procedures to reduce confusion and improve student protection.

Current Approval Requirement Framework and Problem:

A private postsecondary educational institution needs an approval from the Bureau to operate, which is granted for either five years or, if the institution is approved by means of its accreditation, for the length of the institution’s accreditation term. An institution may renew the approval at the end of its approval term by submitting a renewal application. After a complete renewal application has been submitted to the Bureau, an institution may continue to operate until the Bureau acts upon the renewal application. An institution that has not submitted a renewal application by the end of its approval term must cease operation.

Current regulations create unnecessary complexity and confusion by allowing an institution to renew its approval to operate at any time within six months after expiration of its approval to operate. Many institutions erroneously believe this provision allows them to continue to operate during this six-month period without consequence even if they have not submitted a renewal application. To the contrary, an institution may not continue to operate if it failed to submit a complete renewal application prior to expiration. In fact, until their renewal application is approved by the Bureau, such institutions may not operate even if they submit a renewal application during this six-month period.

Further, at the conclusion of this period, the approval is said to be “cancelled,” a term neither defined nor used elsewhere in the statute or regulations pertaining to institutional

¹ The Bureau also has jurisdiction over specified public institutions and specified out-of-state institutions enrolling California students.

approvals. Title 5, California Code of Regulations (5 CCR) section 71475(jj) reads as follows (and is mirrored in 5 CCR section 71480(h)):

(jj) An approval to operate that has expired may be renewed at any time within 6 months after its expiration on filing of an application for renewal and, as a condition precedent to renewal, payment of all accrued and unpaid renewal fees, late payment penalty fees prescribed in subdivision (e) of this section, and any other fees that would have been due in order to renew timely. After an approval to operate has expired for more than 6 months, the approval is automatically cancelled and the institution must submit a complete application pursuant to section 71100, meet all current requirements, and pay all fees that would have been due in order to timely renew, in order to apply for approval.

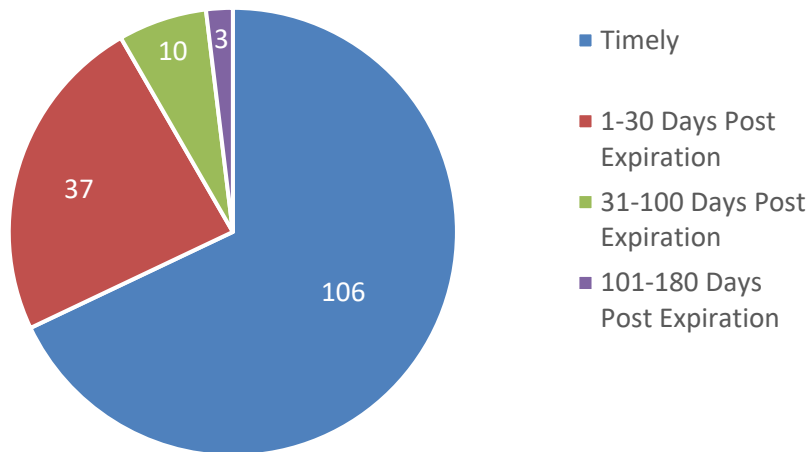
This reference to a six-month period after the expiration of an approval to operate during which an institution may still apply for renewal creates significant confusion and complexity. Only those institutions that submit timely renewal applications are authorized to continue operations while their application is being processed; those that submit applications after expiration of their approval to operate are engaged in unapproved activity and are subject to citation. Yet institutions may incorrectly believe they are approved to operate during this time, as well as up until their application is adjudicated, since they remain eligible to “renew.”

Administratively, approved institutions receive routine communications, on a scheduled cycle, from the Bureau. This includes annual fee invoices (yearly), STRF assessment invoices (four times per year), and compliance inspections (at least two every five years). Expired institutions, without approval to operate, are removed from routine communications and any previously planned compliance inspections are cancelled. Removing expired institutions from the administrative list, only to later have to add them back after they have renewed, disrupts typical communication cycles and creates opportunity for error.

Analysis of Renewal Applications Received

Bureau staff analyzed available information to understand the prevalence of renewal applications being submitted after expiry. Bureau records show 156 institutional approvals scheduled to expire in 2022 for which a renewal application was received.

Timing of Renewal Application Receipt for Approvals to Operate Expiring in 2022



Over two-thirds of renewing institutions submitted applications timely, on or before the expiration date (106). Of those that submitted applications after the expiration date, three-quarters did so within 30 days of expiration (37 of 50). Among this group of applicants, the median number of days the application was submitted post-expiration was 4.5. Only 13 of renewal applications were received more than 30 days after expiry (10 between 31-100 days and three between 101-180 days).

Proposed Changes

The Bureau proposes to modify its regulations to replace the six-month post-expiry period in which an institution may submit a renewal application with a thirty-day period in which an institution may renew and continue to operate as if the application were received timely. Such a 'grace period' will reduce institutional confusion, reduce administrative complexity in several Bureau units, and sufficiently address the vast majority of late applications received. The proposed change to CCR section 71475 (jj) would read as follows, to be mirrored in CCR section 71480 (CCR section 71475 (ii) shown for clarity only):

(ii) Provided that a complete renewal application is received by the Bureau prior to the expiration of the approval, a valid approval to operate shall continue until the Bureau has acted upon the renewal application.

(jj) An institution with an approval to operate that has expired may submit a renewal application under the same terms as (ii) above for thirty days after expiration. On the thirty-first day after expiration, the institution's approval will be terminated by the Bureau. An institution continuing to operate more than thirty days beyond expiration will be subject to citation for operating without approval. Subsequent approval to operate shall only be granted after the institution submits, and the Bureau approves, a new application for approval to operate. An approval to operate that has expired may be renewed at any time within 6 months after its expiration on filing of an application for renewal and, as a condition precedent to renewal, payment of all accrued and unpaid renewal fees, late payment penalty fees prescribed in subdivision (e) of this section, and any other fees that would have been due in order to renew timely. After an approval to operate has expired for more than 6 months, the approval is automatically cancelled and the institution must submit a complete application pursuant to section 71100, meet all current requirements, and pay all fees that would have been due in order to timely renew, in order to apply for approval.

In addition to proposing modified regulations, the Bureau will also be making changes to internal procedures to assist institutions with submitting timely renewal applications. In recent years, procedures have included sending two letters in advance of expiry (six and three months prior to expiration) and reminding institutions of their obligation to submit a renewal application and consequences of operating without approval. In September 2023, Bureau staff began supplementing these letters with phone calls to institutional contacts one month prior to expiry. Early feedback suggests this to be a promising addition to internal procedures.

Bureau staff welcome Advisory Committee input, including on the following:

- Is the frequency, modality, and content of communications regarding approval expirations sufficient?
- As an alternative approach, the Bureau could remove the six-month 'cancellation period' without establishing a 'grace period.' Is this worth considering?
- Are there other factors that need consideration in the proposed regulatory change?



MEMORANDUM

| | |
|----------------|--|
| DATE | October 30, 2023 |
| TO | Advisory Committee Members |
| FROM | Bureau for Private Postsecondary Education |
| SUBJECT | Proposed Regulatory Change Regarding Financial Resources, Statements, and Reporting |

The Bureau for Private Postsecondary Education is required to promulgate regulations sufficient to reasonably ensure that institutions approved to operate meet statutorily established minimum operating standards, including that “the institution is financially sound and capable of fulfilling its commitments to students.” See Education Code section 94885(a)(6). Pertinent regulations are found in Title 5, California Code of Regulations (5 CCR) section 71745 (Financial Resources) and 5 CCR section 74115 (Financial Statements).

The Bureau for Private Postsecondary Education is considering changes to these regulations, as well as 5 CCR 74110 (Annual Reports) pertaining to the annual submission of financial statements. Proposed amendments are attached to this memo for Advisory Committee review and consideration.

Bureau staff also welcome input on the following questions not currently addressed in the proposal:

- 5 CCR section 71745(a)(5) requires that institutions demonstrate sufficient financial resources to “pay all operating expenses due within 30 days.” Many industry experts recommend that businesses have enough available capital to cover three to six months of operating expenses. Should this 30-day standard be increased? What is the most reliable method of assessing an institution’s financial stability and ability to pay its debts?
- The Bureau’s financial resources regulations do not differentiate between institutions newly approved to operate and those that have been in operation for many years. Should institutions seeking first-time approval be held to a higher or otherwise different standard?¹
- Are there other changes that the Bureau may want to consider amending its regulations regarding financial resources or statements?

¹ For instance, the Georgia Nonpublic Postsecondary Education Commission requires “unrestricted liquid funds available in at least the amount of 90 days projected expenses for institutions seeking initial authorization,” compared to 30 days for already authorized institutions. See: <https://gnpec.georgia.gov/standard-eight-financial-viability>

California Code of Regulations
Title 5. Education
Division 7.5. Private Postsecondary Education
PROPOSED REGULATORY LANGUAGE CONCERNING MINIMUM OPERATING
STANDARDS: FINANCIAL RESOURCES

PROPOSED LANGUAGE

New language is underlined. Deleted language is ~~strikeout~~.

Amend Section 71745 of Article 1 of Chapter 3 of Division 7.5 of Title 5 of the California Code of Regulations to read as follows:

71745. Financial Resources.

(a) The institution shall document that it has at all times sufficient assets and financial resources to do all of the following:

(1) Provide all of the educational programs that the institution represented it would provide.

(2) Ensure that all students admitted to its educational programs have a reasonable opportunity to complete the programs and obtain their degrees or diplomas.

(3) Maintain the minimum standards required by the Act and this chapter.

(4) Pay timely refunds as required by Article 13 of the Act.

(5) Pay all operating expenses due within 30 days.

(6) Remain current and not be in default on its debt payments.

(67) Institutions not participating in Title IV Federal Student Aid programs shall maintain a ratio of current assets-to-current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year when using generally accepted accounting principles, ~~or for an institution participating in Title IV of the federal Higher Education Act of 1965, meet the composite score requirements of the U.S. Department of Education.~~ For the purposes of this section, current assets does not include: intangible assets, including goodwill, going concern value, organization expense, startup costs, long-term prepayment of deferred charges, and non-returnable deposits, or state or federal grant or loan funds that are not the property of the institution but are held for future disbursement for the benefit of students. Unearned tuition shall be accounted for in accordance with general accepted accounting principles.

(8) Institutions participating in Title IV Federal Student Aid programs shall, at all times, meet the U.S. Department of Education's standards for financial responsibility.

(b) At an institution's request, the Bureau may consider the financial resources of a parent company if the parent company, as defined by section 94853 of the Code, meets and maintains all of the following provisions:

(1) Consents in writing to be sued in California;

(2) Consents in writing to be subject to the jurisdiction of the Bureau with respect to the institution's regulation under the Act and this Chapter;

(3) Designates and maintains an agent for service of process, consistent with section 74190;

(4) Agrees in writing to pay any refund, claim, penalty, or judgment that the institution is obligated to pay; and

(5) Files financial reports, maintains financial records, and consents in writing to permit the inspection and copying of financial records to the same extent as is required of the institution.

(c) An institution shall provide to the Bureau its most current financial statements upon request. Such requests may include information about the financial resources of a parent company, if applicable.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Sections 94853 and 94885, Education Code.

Amend Section 74110 of Article 2 of Chapter 4 of Division 7.5 of Title 5 of the California Code of Regulations to read as follows:

74110. Annual Report.

(a) The annual report required by Section 94934 of the Code shall include the information required by this section, subsections (f) through (j) of section 74112, and sections 94929.5 and 94934 of the Code for all educational programs offered in the prior calendar year, and all of the following for the prior calendar year:

(1) Information regarding institutional branch campuses, including addresses and programs offered at each campus, if applicable;

(2) Information regarding satellite locations, including addresses and with which campus(es) the satellite location is affiliated, if applicable;

(3) Name of institutional accreditors for each branch and satellite campus, and for each such campus at which any programs have programmatic accreditation, the names of the programmatic accreditor for each such program, and effective dates for each programmatic accreditation, if applicable;

(4) Information regarding participation in state and federal student loan and grant programs, including the total amount of funding received from each source for those students enrolled in an approved California school regardless of their state of residency;

(5) Information regarding participation in other public funding programs, including the amount of funding received from each public funding source; for purposes of this section, public funding is any financial aid paid on behalf of students or directly to an institution from any public source, such as the Workforce Investment Act, any veterans' financial aid programs pursuant to Section 21.4253 of Title 38 of the Code of Federal Regulations or any other financial aid program that is intended to help students pay education-related expenses, including tuition, fees, room and board, and supplies for education;

(6) The total percentage of institutional income that comes from any public funding sources; and,

(7) A blank copy of the institution's enrollment agreement and the catalog for the reporting year.; and,

~~(b) (8) Annual financial statements for the institution's prior fiscal year that comply with Section 74115 of this Division. Financial statements submitted as part of an annual report may be either audited or reviewed. In addition to the information required by section 94934 of the Code and this section provided under penalty of perjury, the institution shall have annual financial statements prepared for the institution's prior fiscal year and signed under penalty of perjury, and shall submit a hard copy under separate cover of such statements in conjunction with its annual report. The form, content and mode of preparation of financial statements shall comply with Section 74115 of this Division. The Bureau may request that the institution immediately make available for inspection to a representative of the Bureau, these financial statements at the offices of the institution.~~

(eb) As part of its annual report to the Bureau, every institution shall provide graduate identification data for each student who graduated from the institution's educational program(s), which shall include:

(1) The graduate's name and federal taxpayer identification number, which is either the graduate's social security number (SSN) or individual taxpayer identification number (ITIN). If the graduate does not have an SSN or ITIN, the graduate's information shall be reported as "not available";

(2) The date of graduation;

(3) The following information regarding the educational program in which the graduate was enrolled:

(A) The federal Bureau of Labor Statistic's Standard Occupation Classification (SOC) codes for which the institution has identified that the program prepares its graduates when required for the reporting of job placement rates under subdivision (i)(3) of section 74112 of this Division;

(B) Educational program's name;

(C) Program length, as measured in clock hours or credit hours; and

(D) Type or title of degree, diploma or certificate awarded.

(4) The amount of federal student loan debt for the graduate, if any, as reported by the institution under subdivision (g) of section 74112 of this Division.

(dc) Specific Timeframes for Reporting Graduate Identification Data:

(1) The written notice required by Section 94892.6(b)(5) of the Code shall inform the institution that the Director has certified that the Bureau's information technology system has been updated and is capable of processing the data required by that Section and that the institution has 120 days from receipt of the notice to comply with this section.

(2) The first annual report submitted by an institution that contains the graduate identification data required to be reported in subsection (c) shall include information collected on all students who graduated from January 1, 2020 through the end of the prior calendar year. Subsequent annual reports containing graduate identification data filed by an institution shall include information about students who graduated in the prior calendar year only.

(ed) An institution shall file its annual report by December 1st of each year. The Bureau may extend the period for filing if the institution demonstrates evidence of substantial need but in no case longer than 60 days. The institution shall not change the date of its filing its annual report because of a change in the fiscal year without the Bureau's approval.

(fe) The annual report shall be electronically filed by submitting the information required by section 94934 of the Code and this section via the Bureau's online annual reports portal designated on the Bureau's website at: www.bppe.ca.gov, and electronically uploading, as directed, the School Performance Fact Sheet, the enrollment agreement, the school catalog, the financial statements, and the graduate identification data required by this section. The following conditions relate to such electronic filings:

(1) Institutions submitting their annual report submission shall first have a responsible institution representative register the institution for a user account by creating a user name, password, email address, and the institution representative's first and last name, primary phone number, and address.

(2) As part of the annual report, the institution shall provide standard reporting and contact information through the online portal, including:

(A) the report year;

(B) institution's approval code;

(C) institution's name;

(D) institution's physical address;

(E) the form of business organization of the institution (sole proprietorship, for-profit corporation, non-profit corporation, or limited liability company (LLC));

(F) a statement whether the institution is current on its annual fees; and

(G) the institution's website address, or notice that it does not maintain an internet website if it does not do so.

(3) The graduate identification data reported by the institution shall be provided in the following application and file format: in an Excel spreadsheet (.xls or .xlsx file format), or a text file with a semi-colon, comma, or pipe delimiter (.txt file format).

(4) Electronic Signature: When a signature is required by the particular instructions of any filing to be made through the online portal, including any attestation under penalty of perjury as required by Section 94934 of the Code, a responsible institutional representative of the institution shall affix their electronic signature to the filing by typing their name in the appropriate field and submitting the filing via the Bureau's online portal. Submission of a filing in this manner shall constitute evidence of legal signature by any individual whose name is typed on the filing.

(5) When considered filed with the Bureau: Solely for purposes of a filing made through the online portal an annual report is considered filed when all information required by this section has been submitted by the institution and the institution has received an email to the email address associated with their filing that their submission has been received by the Bureau. Receipt of this email does not constitute confirmation that the information submitted complies with the requirements of this section.

~~(6) The financial statements referenced in subsection (b), which are not permitted to be filed via the Bureau's online portal, shall be filed by providing or mailing hard copies directly to the Bureau's Annual Report Unit at the mailing address of the principal office of the Bureau as provided in section 70020.~~

Note: Authority cited: Sections 94877, 94929.5, 94929.7, 94934 and 94941, Education Code. Reference: Sections 94892.6, 94929.5, 94929.7, 94932, 94934 and 94941, Education Code; and Sections 1633.2, 1633.7, and 1633.9, Civil Code.

Amend Section 74115 of Article 2 of Chapter 4 of Division 7.5 of Title 5 of the California Code of Regulations to read as follows:

74115. Financial Statements.

(a) This section applies to every set of financial statements required to be prepared or filed by the Act or by this chapter.

(b) A set of financial statements shall contain, at a minimum, a balance sheet, an income statement, ~~and a cash flow statement,~~ and required Notes to the Financial Statements. ~~and t~~The preparation of financial statements, shall comply with all of the following:

(1) Audited and reviewed financial statements shall be conducted and prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants by an independent certified public accountant with an active license in good standing who is not an employee, officer, or corporate director or member of the governing board of the institution.

(2) Financial statements prepared on an annual basis as required by section 74110~~(b)~~(8) shall be prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants. Nonprofit institutions shall provide annual financial statements as required under generally accepted accounting principles for nonprofit organizations.

(3) The financial statements shall establish that the institution meets the requirements for financial resources required by Section 71745.

(4) If an audit performed to determine compliance with any federal or state student financial aid program reveals any failure to comply with the requirements of the program and the noncompliance creates any liability or potential liability for the institution, the financial statements shall reflect the liability or potential liability.

(5) Any audits shall demonstrate that the accountant obtained an understanding of the institution's internal financial control structure, assessed any risks, and has reported any material deficiencies in the internal controls.

(c) Work papers for the financial statements shall be retained for five years from the date of the statements and shall be made available to the Bureau upon request.

(d) "Current" with respect to financial statements means ~~completed no sooner than 120 days prior to the time it is submitted to the Bureau, and covering no less than the most recent complete fiscal year.~~ If more than 8 months will have elapsed between the close of the most recent complete fiscal year and the time it is submitted, the fiscal financial statements shall also cover no less than five months of that current fiscal year.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94885 and 94934, Education Code.

7. Considerations for Amending STRF Statute



8. Future Meeting Dates

Proposed Dates for 2024

- February 7, 2024
February 8, 2024
February 13, 2024
- May 15, 2024
- August 8, 2024 (in-person)
- November 13, 2024



9. Future Agenda Items



10. Chair and Vice Chair Elections



11. Adjournment

