



Business, Consumer Services and Housing Agency– Governor Edmund G. Brown Jr.

Bureau for Private Postsecondary Education
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**Advisory Committee Meeting Minutes
Wednesday, February 18, 2015**

**Department of Consumer Affairs
Hearing Room
1625 North Market Boulevard
Sacramento, California 95834**

Advisory Committee (Committee) Members in Attendance:

Shawn Crawford, Institutional Representative, Chair
Margaret Reiter, Consumer Advocate, Vice Chair
Ken McEldowney, Consumer Advocate
Katherine Lee-Carey, Institutional Representative
Tamika Butler, Public Member
Patrick Uetz, Consumer Advocate
Marie De La Parra, Past Student of Institutions
Diana Amaya, Public Member
Assemblymember Jose Medina, Non-Voting, Ex Officio Member

Committee Members Absent:

Mitchell Fuerst, Institutional Representative

Bureau for Private Postsecondary Education (Bureau) Staff in Attendance:

Joanne Wenzel, Bureau Chief
Alyson Cooney, Deputy Bureau Chief
Leeza Rifredi, Licensing Chief
Yvette Johnson, Enforcement Chief
April Oakley, Associate Governmental Program Analyst
Dr. Benjamin Walker, Education Administrator
Danette Ebert, Office Assistant
Kent Gray, Associate Governmental Program Analyst

Call to Order

The meeting was called to order by Mr. Crawford at 9:40 a.m. on February 18, 2015, at the Department of Consumer Affairs Hearing Room, 1625 North Market Boulevard, Sacramento, California 95834.

Agenda Item # 1 - Welcome and Introductions

Mr. Crawford greeted those in attendance. The Committee members then introduced themselves. Mr. Crawford stated that Committee members utilizing laptops or tablets were doing so to access Committee meeting materials and/or relevant resources electronically.

Agenda Item #2 – Public Comment on Items not on the Agenda

No public comments at this time.

Agenda Item #3 – Approval of Minutes from November 12, 2014

Ms. Wenzel stated that there was a correction made to the spelling of a public speaker's name. Ms. Reiter noted a portion of the minutes referring to Ms. Wenzel's summary of Senate Bill (SB) 1247 mandates and suggested that in future minutes, such summaries be recapped in more detail. A motion was made to approve the minutes as amended. The minutes were approved as amended. (Votes: **Amaya**: Aye; **Medina**: Aye; **Butler**: Aye; **Uetz**: Aye; **Reiter**: Aye; **Crawford**: Aye; **Lee-Carey**: Aye; **De La Parra**: Aye; **McEldowney**: Aye)

Assemblymember Medina informed the attendees that he was unable to attend the remainder of the meeting, and that Laura Metune, Chief Consultant, California State Assembly Committee on Higher Education, would attend on his behalf.

Agenda Item #4 – Bureau Chief's Report

(a) Statement of Economic Interests (Form 700)

Ms. Wenzel indicated that the Form 700s previously sent to the Committee members would be voluntary as the regulations are unclear as to what sections of the form must be completed by Committee members. Norine Marks, Legal Counsel, Department of Consumer Affairs, stated that regulatory changes were expected in the coming months and that Ms. Wenzel would keep the Committee members apprised.

Agenda Item #5 – Remarks by Awet Kidane, Director, Department of Consumer Affairs (Department)

Mr. Kidane greeted the Committee. He welcomed Assemblymember Medina, Ms. Metune and Ms. Amaya. He also announced the Committee's newest appointees, Sylton Hurdle, Employer Member and David Wood, Past Student of an Institution.

Mr. Kidane stated that he was pleased with the aggressive steps the Bureau has taken to implement SB 1247. He reported that he and his staff had been working closely with Ms. Wenzel to address the Bureau's information technology (IT) and staffing issues. He added that progress was being made on a database that will meet the Bureau's needs. Ms. Reiter asked about the status of the IT issue and identifying database alternatives. Mr. Kidane responded that he, his IT chief, staff, and Ms. Wenzel were in the process of securing a vendor to determine the Bureau's needs at a detailed level and that there was no estimated time of completion. Mr. McEldowney requested the expected timeframes for staffing changes. Mr. Kidane stated that due to the budget change proposal process, he couldn't speak to details at that time. He said that that he would keep the Committee members updated.

Agenda Item #6 – Bureau Task Force to Review Standards in Innovative Subject Matters Pursuant to California Education Code (CEC) Section 94880.1

(a) Announcement of Members

Ms. Wenzel announced the members of the Bureau's Task Force: Shawn Crawford, Chair and Committee Member; Marie Roberts De La Parra, Committee Member; Kim Thompson-Rust, Executive Vice President, Educational Advisors, Inc.; John Carreon, Vice President of State Affairs and Associate General Counsel, Kaplan; and

Jerrel Peterson, Policy Analyst, Young Invincibles.

(b) Plan for Task Force's Report to the Bureau

Ms. Wenzel stated that the scope of the Task Force is to address three major points: (1) Should students attending institutions receive certain disclosures prior to enrolling; (2) Are the means of reporting student outcomes and content of those reports appropriate; and (3) What steps the state may take to promote the growth of high-quality training programs in skills for high technology occupations.

Ms. Wenzel said that the Task Force had a deadline to provide the report to the Committee on January 1, 2016. The report would then be approved, rejected, or modified by the Committee and the final report would be submitted to the Legislature by July 1, 2016. Mr. Crawford asked if the Task Force would provide progress reports to the Committee. Ms. Wenzel confirmed that the Task Force would provide regular updates.

Agenda Item #7 – Presentation on Bagley-Keene Open Meeting Act Rules

Ms. Marks presented on the Bagley-Keene Open Meeting Act (Act), providing an overview of the Act including its purpose – to ensure openness and transparency in transacting business.

Agenda Item #8 – Explanation of the Complaint Investigation Procedure

Ms. Johnson presented the complaint investigation procedure. She said complaints are evaluated then assigned to an investigator. The investigator makes contact with the parties involved and performs a thorough investigation to determine whether there was a violation. If there was a violation, action is taken. Ms. Johnson also explained how complaints are prioritized (urgent, high, or routine) and the timeframe as to how complaints are addressed.

Mr. Crawford asked if there was a way to mark the high priority complaints in the Bureau's database, SAIL. Ms. Johnson stated that such information would be notated in the "notes" section in the database, and that Bureau staff also uses an Excel spreadsheet. Committee members asked about the response timing for the various urgency levels of complaints. Ms. Johnson said that Bureau staff is required to make contact with the complainant within 15 days. Ms. Reiter stated that it is difficult to determine the urgency of a complaint, and that the categories presented were too vague. The Committee members also requested information on how caseloads are handled when a complaint is escalated.

Mr. McEldowney asked the typical number of days for a non-urgent complaint to be closed; Ms. Johnson stated that she did not have that information available. Ms. Reiter expressed concerns over specific language used when dealing with "unsubstantiated claims." Ms. Butler recommended a procedure checklist be created to ensure all Bureau staff operates consistently.

Jerrel Peterson, Young Invincibles, questioned whether the results of compliance inspections where students are surveyed are made public. Ms. Wenzel stated that

compliance inspection results are posted on the Bureau's website and that compliance inspections will be discussed at the next Committee meeting.

Agenda Item #9 – Regulatory Update and Review

(a) Student Tuition Recovery Fund (STRF) Rate Change, Title 5, California Code of Regulations (CCR) Section 76120(a)

Ms. Wenzel reported that the STRF rate was \$0 as of January 1, 2015, and that the STRF regulations would be on the May agenda. Ms. Reiter asked if the process of a STRF rate change required public comment. Ms. Wenzel stated that it did not. She added that the same procedure would be followed when the STRF rate needs to be increased. Ms. Wenzel said that based on past payouts, an auditor projected nine years until the STRF drops below \$25 million. She emphasized that that was solely a projection and anything could happen, causing a sudden increase or decrease to the STRF.

(b) Emergency Regulations, Title 5, CCR Sections 70000, 71105, 71105.5, 71400, 71410, 71471, 71650, 71775, 71775.5, 74250, 75140 and 75150 Relating to Degree-Granting Institutions Pursuant to CEC Section 94885.1 and 94885.5

Ms. Wenzel reported that emergency regulations were in place and published as of February 1, 2015. She said that mandated letters were mailed to institutions regarding these regulations, and that compliance and licensing workshops had been enhanced to help degree-granting institutions comply with accreditation requirements.

Mr. Crawford asked if the Bureau needed to file a certificate of compliance for the emergency regulations by July 1, 2015. Ms. Wenzel explained that a separate rulemaking package must be submitted and approved by the Office of Administrative Law in order for the emergency regulations to become permanent. She added that the Bureau is preparing to submit that rulemaking package by the set deadline.

Ms. Butler asked when the Bureau would accept comments to be considered in the full rulemaking package. Ms. Wenzel informed Ms. Butler that she could e-mail her comments to Bureau staff for consideration.

(c) Report Regulations, Title 5, CCR Sections 74110 and 74112

Ms. Wenzel stated that CCR sections 74110 and 74112 had not been published as additional changes were made (related to SB 1247 mandates). The Committee discussed the proposed language, noting concerns with the sections including the terms gainful employment, first exam available and self-employed. Ms. Reiter made a motion for the Bureau to consider defining the term 'gainful employment' as working 30 hours per week for five weeks. Mr. McEldowney seconded the motion. Ms. Marks stated that according to Robert's Rules of Order, the motion passed. (Votes: **Amaya:** Abstain; **Medina:** Not Present; **Butler:** Aye; **Uetz:** Aye; **Reiter:** Aye; **Crawford:** Nay; **Lee-Carey:** Nay; **De La Parra:** Abstain; **McEldowney:** Aye)

(d) Discussion of Possible New Regulatory Language Pursuant to CEC Section 94932.5 and 94941(e), Regarding Compliance Inspections and Complaint Investigations

Ms. Wenzel presented the draft regulations, explaining that there was a mandate in statute for the Bureau to develop complaint prioritization and compliance inspections regulations. She added that the proposed regulatory language would require complaint prioritization based on different categories.

(e) Review of Other Planned Regulatory Packages

Ms. Wenzel stated that the following regulations will be coming forward soon:

- i. Regular Rulemaking for Title 5, CCR Sections 70000, 71105, 71105.5, 71400.71410, 71471, 71650, 71775, 71775.5, 74240, 74250, 75140, and 75150 Relating to Degree-Granting Institutions
- ii. Processing & Denial of Licensing Applications per CEC Sections 94888(b)(2) and 94890(a)(2)
- iii. Intensive English Language Programs - Amendments to Title 5, CCR Section 70000(k)

The floor was opened for public comment; there was no public comment.

Agenda Item #10 – Bureau Operations Update

a. CPS HR Consulting (CPS) Review

Ms. Cooney reported that the CPS is finalizing its review of the Bureau's current staffing and processes. She said that their report should be finalized by the beginning of March.

b. STRF

Ms. Cooney reported that currently the STRF Unit has no backlog. She said that there were 180 active claims. Of those claims, 76 were being processed, 78 were pending loan discharge information from the lender(s), and 26 were pending receipt of additional information from the student. Ms. Cooney stated that since the November 12, 2014, Committee meeting, there have been four school closures affecting approximately 213 students. There have been 35 claims approved and paid, totaling \$135,650. She reported that the STRF balance was approximately \$28.4 million.

Ms. Reiter asked if an agreement had been reached with any lenders for discharged loans. Ms. Cooney stated that lenders do not speak directly with the Bureau, and that they typically require a three-way conference call with the student. Ms. Reiter then asked about any updates regarding lenders who claim they won't collect on a debt, and then sell the debt to another lender. Ms. Cooney advised Ms. Reiter she would get back to her regarding that matter.

c. Licensing Update

Ms. Rifredi provided a copy of recent statistics on processing applications, showing that the Licensing Unit's application backlog has continued to decrease. She reported that the Licensing Unit continues to work with CPS on process improvements. She added that the Licensing Unit was also revising its procedures and expanding its outreach to a web-based platform.

Mr. Crawford asked if there was a prioritization on applications. Ms. Rifredi stated that if the applicant went to a workshop they were given priority due to the fact that the Department wants to see whether the workshops are helpful. She said that priority is also given to schools that have expired applications (past the six month renewal phase), in order to protect students. All non-new applications are treated on a first-come, first-served basis with a processing goal of 30 days.

d. Enforcement Update

Ms. Johnson provided the Committee members handouts containing the number of complaints received and the number of complaints that were closed in the last quarter. She reported that pending complaint numbers had increased, but the Enforcement Section was on track to close more complaints this year than they did last year. She also provided a chart containing the top five allegations and top five complaint closure reasons for the past quarter.

Ms. Johnson reported that the Compliance Unit began conducting unannounced inspections. She indicated that the inspector has three days to complete his or her report, and that the school has 30 days to respond to the results issued. She said that the projected number of schools to be inspected in the future is approximately 400. She reported that the Bureau will continue to offer compliance workshops as well.

e. Bureau Outreach Efforts

Ms. Oakley reported that the Bureau participated in approximately twelve outreach events in 2014. She explained that the Bureau also maintained social media pages. Mr. Crawford asked if there had been any feedback regarding attended events, or a spike in website traffic after an event. Ms. Oakley stated that success is typically measured by the interactions at the event, as well as feedback from the organizers. She explained that there had not been any specific website tracking pertaining to outreach efforts.

Ms. Reiter expressed concerns regarding the pamphlet that was being provided in addition to a flyer at outreach events, stating that it didn't include information on the risk involved with attending a private postsecondary institution, the higher costs, the Student Performance Fact Sheet, wages, or job placement. She requested that the Bureau hold off on distributing the pamphlet until the Committee could review it further. Ms. Oakley stated that some of the information Ms. Reiter referenced was included on the flyer, which was the primary handout distributed at outreach events.

Agenda Item #11 – Adjournment

The meeting adjourned at 4:32 p.m.
