



## **Advisory Committee Meeting Minutes Thursday, August 18, 2022**

### **WebEx Meeting**

#### **Advisory Committee Members in Attendance**

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

#### **Committee Members Absent**

Senator Richard Roth

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

Deborah Cochrane, Bureau Chief  
Leeza Rifredi, Bureau Deputy Chief  
Linh Nguyen, DCA Legal Counsel  
Daniel Rangel, Bureau Enforcement Chief  
Elizabeth Elias, Bureau Enforcement Chief  
Ebony Santee, Bureau Licensing Chief  
Scott Valverde, Office of Student Assistance and Relief Chief  
Yvette Johnson, Bureau Administration Chief  
Joanna Murray, Bureau Senior Education Specialist  
Michele Allegre, Bureau Compliance Manager  
David Dumble, Bureau Legislative/Regulation Specialist  
Brian Clifford, DCA Board and Bureau Relations  
Gregory Pruden, DCA Legislative Manager

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

Committee Chair, Joseph Hot called the meeting to order.

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

One member of the public provided a comment.

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

#### **Public Comment**

No Public Comment.

Margaret Reiter moved to approve May 17, 2022, meeting minutes; Leigh Ferrin seconded the motion.

#### **Vote**

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

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

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

Mr. Clifford provided an update on public meetings. He explained that on June 30, 2022, the Governor signed Senate Bill 189 extending the remote meeting provisions, put in place during the pandemic, through July 1, 2023. He noted costs, public participation, and the rise in COVID-19 cases in the consideration of conducting remote meetings.

Mr. Clifford announced that the inaugural report of the Enlightened Licensing Project is now available and was distributed to all boards and bureaus on May 13, 2022. He explained that this innovative and collaborative project was started to streamline and enhance licensing processes by utilizing the knowledge and expertise of subject matter experts within DCA boards and bureaus. He added that the project was conducted in partnership with the Board of Registered Nursing (BRN) after a thorough assessment of some of the BRN's licensing processes. He stated that DCA hopes all boards and bureaus can learn from the report and implement

recommendations where applicable. He noted that the next enlightenment project will focus on enforcement processes.

Mr. Clifford reported on two Brown Bag meetings held with executive officers and bureau chiefs. He stated at the June 5, 2022, meeting DCA rolled out changes to its regulation development and approval process. He stated that the August 10, 2022, meeting covered social media best practices, content examples, security, and more.

#### Public Comment

No public comment.

#### **Agenda Item #5 - Adoption of Advisory Committee Handbook**

Debbie Cochrane, Bureau Chief, outlined the updates to the Advisory Committee handbook. She noted the changes were focused primarily on instituting Committee member term limits.

Mr. Holt pointed to the language in the handbook regarding the expression of the general will. He reminded members of the Committee of the option to make a motion on issues members find appropriate and significant enough to seek a formal consensus.

Ms. Reiter commented on the description of the Student Tuition Recovery Fund (STRF) in the handbook. She stated that the description is incomplete but not significant enough to currently warrant a revision.

#### Public Comment

No public comment.

Ms. Dubois-Carey moved to approve the adoption of the Advisory Committee handbook; Ms. Delgado seconded the motion.

#### Vote

(Mr. Holt: Aye; Ms. Reiter: Aye; Ms. Delgado: Aye; Ms. Dubois-Carey: Aye; Ms. Ferrin: Aye; Mr. Chu: Aye;) The motion passed.

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

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

Mr. Dumble stated that amendments to CCR section 74110 (Annual Report), which include the reporting of labor market outcome data, were approved and became effective on July 11, 2022. He noted that submissions of the next annual report will include the new data requirements.

Mr. Dumble outlined modifications suggested by the Committee to the proposed text regarding educational programs under 32 hours. He explained that if a school has both Bureau exempted and non-exempted programs, then under the proposal the school would be required to provide a stipulated disclosure in the school catalog identifying the exempted programs. He added the disclosure should state that the exempted programs have no bureau oversight and no participation in STRF. He reported that the regulatory package has been submitted to DCA for legal review.

Ms. Reiter pointed to the stipulated disclosures in the proposed text of CCR section 71810 (Catalog) in the meeting package. She suggested that the disclosure should have a more prominent format to distinguish it from the surrounding text.

Mr. Dumble outlined four new substantive changes brought on by SB 802. He noted that the change in the distance education learning management system will be addressed in a separate proposal. He listed three substantive changes including the change in the number of hours needed to complete an educational program, a change from clock hours to credit hours, and changes to beginning participation in Federal Title IV financial aid. He stated that the substantive change package has been submitted to DCA. He added that new forms have been created for Title IV participation and for the change from clock hours to credit hours. He explained that the change in an educational program with 25 or more hours is being incorporated into the existing Change in Educational Objectives form. He explained that will eliminate the need to submit two separate forms. He stated that work on the forms is completed, and the entire regulatory package will be sent to DCA after feedback is received from DCA legal on the proposed text.

Mr. Dumble reported on the denial of out-of-state applications regulatory package. He explained that initially there were two proposals dealing with the out-of-state application and the appeal process. He explained that the Bureau now has the authority to use discretion in denying applications, and the two proposals have been merged into a single proposal. He noted that this will make it easier for DCA to analyze the proposal and for the Bureau to do a fiscal analysis. He stated the proposal is currently under review at DCA.

Ms. Cochrane pointed out the regulatory tracker in the meeting package. Mr. Dumble noted that Bureau will be utilizing DCA's new regulatory process when work begins on the "Reporting of Substantive Change: Distance Education Learning Management System" package listed on the regulatory tracker.

#### Public Comment

One member of the public provided a comment.

## **Agenda Item #7 - Legislative Update: SB 1433**

Gregory Pruden, DCA Legislative Manager, provided an update on SB 1433. He explained that when he last reported to the Bureau in May 2022, SB 1433 did not contain many policy changes and a formal sunset hearing had not been held. He noted that the legislature did not conduct a formal sunset hearing for the Bureau this year, as the legislature previously extended the Bureau for one year until January 1, 2023, via SB 802.

Mr. Pruden reported that SB 1433 was substantially amended on June 22, 2022. He pointed out that the bill extends the Bureau's operations for four years until January 1, 2027. He outlined several important policy changes including the following: authorizes the Bureau to establish through regulation a level of conduct that constitutes limited physical presence; automatically terminates an institution's approval to operate on the date of closure, preventing a terminated license from being reinstated; expands prohibited business practices; and authorizes the Bureau to deny applications from institutions owned or managed by individuals who violated the California Private Postsecondary Education Act (Act) at prior institutions. He continued stating that the bill clarifies the definition of "to operate" to include the enrollment of Californians by institutions based outside of the state. He added that the bill addresses situations where accrediting agencies lose federal recognition and addresses situations where institutions lose accreditation by a recognized agency. He stated that the bill requires changes in the institution manager or person in control to the substantive change requirements which require Bureau authorization. He noted that the bill automatically suspends Bureau approval of programs that lose their approval from required state licensing agencies. He also stated the bill allows out-of-state public institutions that maintain a physical presence in California to apply for Bureau approval to operate and subjects those institutions to the Act.

Mr. Pruden reported that the Governor's approved Budget Act of 2022 includes \$24 million in general fund support for the Bureau over the next three years. He noted that this additional general fund money will assist the Bureau to pay back its special fund loan from the Bureau of Automotive Repair and will provide temporary relief to the special fund. He added that the Bureau also received permanent expenditure authority to continue operations of the Office of Student Assistance and Relief (OSAR).

Ms. Reiter asked what the status was on the passage of the bill. Mr. Pruden responded that the bill is very close to the final stage. He added that the bill requires two more votes before it will go to the Governor for signature.

### **Public Comment**

No public comment.

## **Agenda #8 – Bureau Operations Update and Discussion**

### **Quality of Education Report**

Joanna Murray, Bureau Senior Education Specialist, reported on the Quality of Education Unit. She referred to Attachment 8(c).

Ms. Murray reported that the Bureau developed a PowerPoint video that outlines the monitoring process for institutions seeking to add degree programs. She explained that the video outlines relevant laws and regulations, and what an institution can expect from the Bureau. She added that the video helps to ensure institutions are held accountable and that institutions know that Bureau staff is available when assistance is needed. She noted the video is being provided to institutions up front when applying to add degree programs. She stated that the Bureau is also recommending that an institution schedules a call with the assigned Education Specialist to discuss the proposed accreditation plan. She noted the goal is to establish communication with an institutional representative who will be involved in the process moving forward.

### **Public Comment**

No public comment.

### **Complaint and Investigation Report**

Daniel Rangel, Bureau Enforcement Chief over complaints and investigations, reported on the Complaint and Investigation Unit. He outlined Attachment 8(f).

Mr. Holt asked for an example of when a complaint is closed at intake. Mr. Rangel responded that complaints are generally closed at intake as non-jurisdictional. Mr. Holt stated that it would be helpful to see what percentage of the complaint caseload year over year is closed at intake. He also requested that the report include the top five complaint dispositions.

Mr. Holt asked if there is an expectation in the near term to overcome the increasing pending caseload. Mr. Rangel stated that continual implementation of process improvements should lead to a downward trend in the pending caseload.

Ms. Reiter asked what steps are taken when a non-jurisdictional complaint is closed at intake. Mr. Rangel responded that in some instances staff will directly refer the complaint to another agency. He stated in other instances intake staff research to try and determine what agency would have jurisdiction or could assist the student.

Ms. Reiter asked about the top five allegations of cases referred to discipline. She asked what differentiates irregularities in the admission process and misleading advertisements. Mr. Rangel

responded that sometimes there is overlap in how cases are categorized in the report and added that clarification is needed for more consistency.

#### Public Comment

No public comment.

#### Licensing Report

Ebony Santee, Bureau Licensing Chief, reported on the Licensing Unit. She outlined Attachment 8(b).

Ms. Reiter suggested adding to the licensing report historical data on the number of institutions operating to show trends in the industry.

#### Public Comment

No public comment.

#### Annual Report (AR) Report

Elizabeth Elias, Bureau Enforcement Chief, reported on the Annual Report (AR) Unit.

Ms. Elias reported that CCR section 74110 became effective on July 11, 2022. She explained that the new regulation requires specific graduate identification data to be reported to the Bureau as part of the annual report submission. She continued that Bureau staff have been determined to make the implementation of this new regulation as clear and simple as possible. She stated that a notice was provided to institutions on July 13, 2022, including details on new requirements for the 2021 annual report submission, which is due December 1, 2022. She noted that an additional notification was sent to institutions on July 26, 2022.

Ms. Elias explained that Bureau staff worked closely with the DCA Office of Information Services to develop an easy-to-navigate template. She stated that the template includes information on how to use the template, a dictionary with definitions, and a tab to enter the institution's data. She noted that the template can be found on the Bureau's website by logging into the annual report submission portal. She added that the Bureau also worked closely with a few institutions when developing the template to ensure that the template is user-friendly.

Ms. Elias reported that the July 26, 2022, notice sent to institutions provided several responses to frequently asked questions regarding reporting requirements, including that an annual report does not need to be submitted during the 2021 reporting year if the institution was newly approved in 2021 or 2022. She continued that an annual report is only due for

institutions that are approved to operate by the bureau and requirements do not apply to out-of-state registered or exempt institutions.

Mr. Elias explained that in the 2021 annual report institutions must report student-level information for each student who graduated in 2020 and 2021, but in future years institutions will only need to report student-level information for one year of graduates. She noted that the Bureau understands some institutions may not have a Social Security Number (SSN) or Individual Taxpayer Identification Number for each 2020 or 2021 graduate, but beginning July 11, 2022, institutions are expected to collect and report this data for each graduate unless a graduate does not have SSN or ITIN, which shall be reported as not available.

Mr. Holt asked if the Bureau is planning any workshops, webinars, or events for the change in reporting requirements. Ms. Elias responded that the Bureau is monitoring institutions' needs and is open to suggestions. She added that if the institutions need assistance, then contact the Annual Reports unit at [bppe.annualreports@dca.ca.gov](mailto:bppe.annualreports@dca.ca.gov).

#### Public Comment

No public comment.

#### Compliance and Discipline Report

Ms. Elias reported on the Compliance and Discipline Unit. She outlined Attachment 8(e).

Ms. Dubois-Carey suggested tracking and reporting on the most common reasons for issuance of a notice to comply and enforcement referral. She noted that it could be beneficial to provide that data to institutions at compliance workshops.

Ms. Reiter suggested that the report include background on why there is a trend in the greater number of announced inspections performed than the number of unannounced inspections being performed.

#### Public Comment

No public comment.

#### Update on the Bureau's IT System Project

Sean O'Connor provided an update on the Bureau's IT system project.

Mr. O'Connor reported that there have been three major software releases. He continued that the following are currently in production: the non-accredited online initial application and



associated back office processes; online consumer complaint form and associated back office processes; back office investigation and discipline processes; conversion of all investigative, discipline, and inspection data; and conversion of a select amount of licensing data. He noted that some smaller targeted enhancement functionality has been released. He explained that some of the targeted enhancements are quickly implemented following updates in law or regulations.

Mr. O'Connor outlined current activities and the project schedule. He highlighted the progress made in testing the remaining data conversion from the legacy system to the new system and in testing several other functional areas. He noted that STRF claims will be deployed along with the remaining application types during the next major software release. He noted that some refinements are needed in the processes and workflows for the remaining application types. He explained that the new system is more modernized in tracking and functionality which has led to the discovery of additional areas of enhancement. He stated that the original timeline has been extended so these improvements can be implemented before the release of the entire system. He noted that staff is working with the vendor to prioritize enhancements to reach a targeted release date.

Mr. O'Connor discussed the project budget. He explained that development resources utilized to complete the scope of the project are within planned expenditures year to year. He continued that the Bureau is working with the vendor to manage the budget and ensure there are adequate funds to support the system moving forward. He explained that, while the project timeline is being extended, requiring expenditures for additional years, expenditures are still trending under budget for the current year. He noted that more money is being expended on application processes this fiscal year than was originally planned, which has impacted the timeline for the release of lower priority functionality.

Ms. Reiter asked for some examples of what is being worked on now that is taking priority and extending the timeline in other areas of the project. Mr. O'Connor provided the example of tracking ownership structure and adding more sophistication to that in the new system. He mentioned the implementation of automatic email notifications for annual fees and renewals. He also noted work on STRF assessment invoicing with its complexity in data collection and variety of formulas.

#### Public Comment

No public comment.

#### Office of Student Assistance and Relief (OSAR) Report

Scott Valverde, OSAR Chief, reported on the OSAR Unit. He outlined Attachment 8(g).

Ms. Reiter asked if team calls with legal aid groups are a standard occurrence. Mr. Valverde responded that the team calls with legal aid groups occur quarterly in conjunction with the Advisory Committee meetings to gain insight on topics of interest and perspective on issues that may impact their clients.

Public Comment

No public comment.

Student Tuition Recovery Fund (STRF) Report

Leeza Rifredi, Bureau Deputy Chief, provided a report on STRF. She covered Attachment 8(h).

Mr. Holt asked for a status on the high percentage of pending claims from Silicon Valley students. Ms. Rifredi responded that the Silicon Valley claims are complex and require a lot of evaluation and documentation.

Ms. Reiter suggested that the STRF report provide more analysis and statistics on the process and timeframes for completing STRF claims.

Public Comment

No public comment.

**Agenda Item #9 - Bureau Response to Institutional Closures and Associated Costs**

Ms. Rifredi reported on institutional closures and associated costs. She outlined the issue memo titled "Bureau for Private Postsecondary Education's Response to Institutional Closures and Associated Costs" provided in the meeting packet.

Ms. Reiter commented that it could be a good idea to work with the Attorney General's (AG) Office to develop a process to set up a receiver when it becomes evident that a school may potentially close. She added that if a school is not concerned about losing approval to operate when the school is closing, then there may be a need to look at the structure for fines as an economic driver. She noted that also leads to the question of whether bonds are necessary for this discrete area.

Public Comment

No public comment

### **Agenda #10 – Suggestions for Future Agenda Items**

Ms. Reiter suggested an analysis of disclosures and consumer protections in place. She referenced the change in the requirements for programs under 32 hours, and what can be done to ensure students understand these programs do not have Bureau oversight. She stated that it could be useful to determine how students find out about schools and programs, and then target those areas. She noted that may be more useful than voluminous disclosures.

Mr. Holt suggested a discussion on the relationship between the approval requirement that an institution identifies a location and extended approval processing times.

### **Public Comment**

No public comment.

### **Agenda #11 – Adjournment**

The meeting adjourned at 12:02 pm.