



Advisory Committee Meeting Minutes
Tuesday, May 17, 2016

Department of Consumer Affairs
First Floor Hearing Room
1625 North Market Blvd.
Sacramento, CA 95834

Advisory Committee Members in Attendance

1. Ken McEldowney (via noticed teleconference site)
2. Katherine Lee-Carey
3. Shawn Crawford
4. Marie Roberts De La Parra
5. Patrick Uetz
6. Diana Amaya
7. Margaret Reiter
8. Mitchell Fuerst (arrived after Agenda Item #3)

Committee Members Absent

Tamika Butler
Laura Metune (for Assemblymember Jose Medina)
Senator Jerry Hill (Appointed by the Senate Committee on Rules)

Bureau for Private Postsecondary Education (Bureau) and DCA Staff in Attendance

Joanne Wenzel, Bureau Chief
Alyson Cooney, Deputy Bureau Chief
Norine Marks, Legal Counsel, Department of Consumer Affairs
Mina Hamilton, Legal Counsel, Department of Consumer Affairs
Leeza Rifredi, Licensing Chief
Robert Bayles, Enforcement Chief
Benjamin Triffo, Legislative Analyst, Department of Consumer Affairs
Kent Gray, Legislative/Regulatory Analyst
Nicole Principe, Personnel Liaison

Call to Order

Mr. Crawford called the meeting was to order at 9:43.

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

Mr. Crawford welcomed the Advisory Committee, BPPE Staff, DCA Staff, and the public to the meeting. Staff Counsel as noted as present. A quorum was established.

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

There was no public comment.

Agenda #3 - Approval of Minutes – February 17, 2016

Mr. McEldowney moved to approve the minutes; Ms. De La Parra seconded the motion. (Mr. McEldowney: Aye; Ms. Lee-Carey: Aye; Mr. Crawford: Aye; Ms. De La Parra: Aye; Mr. Uetz: Aye; Ms. Amaya: Aye; Ms. Reiter: Abstain). The motion passed.

Agenda #4 - Remarks by Awet Kidane, Director, Department of Consumer Affairs (DCA)

Mr. Kidane congratulated the Task Force for work on the Task Force Report, and for considering the public comments and incorporating them into the report. Mr. Kidane encouraged the Advisory Committee to take into consideration the most recent letter from the Public Advocates. He noted that it raised good points and should be part of the discussion.

Mr. Kidane discussed Information Technology (IT) issues, noting that it is a topic of interest for the Department of Consumer Affairs, the Bureau, and the Advisory Committee. First, on the issue of BreEZe [The DCA's new licensing and enforcement system], the DCA and IT staff are involved in a process that allows individual departments, boards and bureaus to assess what their business needs are to match the product with their needs. Second, Mr. Kidane is working with the Bureau to add a digital means of obtaining transcripts for larger institutions when they close.

Mr. Kidane noted that the March 28, 2016 Sunset Hearing reflected that the Bureau – with the advisement of the Advisory Committee – had made great strides compared to the previous sunset hearing. He noted that he and the Bureau are working with the Senate and Assembly to incorporate good ideas into Senate Bill 1192.

Mr. Kidane noted that the goal of the Bureau's fee audit was to look at fees a holistic and fair way to reflect the work done by the Bureau.

Mr. Kidane addressed questions from the Advisory Committee:

Mr. McEldowney stated that he is glad that Mr. Kidane addressed the Public Advocates letter. Mr. McEldowney asked if there is a mandate for institutions to provide transcripts digitally. Ms. Wenzel advised that there is no mandate; the institutions are to provide a "custodian of records" for the records but sometimes the Bureau is the keeper of the records of last resort.

Ms. Reiter had a couple of questions about IT issues. She thought that before things came to a halt with BreEZe, that the Bureau had pulled together what it thought it needed. She asked if that was correct, and if so, whether the next thing to do is an update?

Mr. Kidane stated that Ms. Reiter's statements are somewhat correct. The process prescribed by the "Stage/Gate Model" for IT projects requires an assessment of business process mapping from all of the boards and bureaus. The Bureau has been mapping out and engineering their processes, so in that sense, the Bureau is a step ahead, but the priorities of who goes first has to be determined.

Ms. Reiter asked if Mr. Kidane can recommend that the Bureau's processes be dealt with as a priority.

Mr. Kidane stated that he has recommended that, but he is seeking clarity about the process mapping and re-engineering that Ms. Wenzel has done. The Bureau is his priority.

Ms. Rieter asked if Mr. Kidane contemplated or already has a vehicle by which the department could seek the digital transcript issue as part of a Legislative change. She also inquired if not, would he or the Bureau recommend it.

Mr. Kidane stated that there is no current vehicle and it has not been contemplated as a Legislative change, but the recommendation can be discussed.

Ms. Reiter noticed that is the Sunset bill (SB 1192) has a provision for an enforcement monitor and she asked if he or the Bureau have any preliminary thoughts about that provision.

Mr. Kidane stated that, as reflected in his responses to the respective committees, he is open to not a monitor but a position focused on student outreach and to act in an advisory role (i.e., to look at industry data, trends, etc.) He has ideas that he has shared with the Senate and the Assembly. He sees a need not for an enforcement monitor but for a person that serves more roles depending on the needs of the Bureau at any given time.

Ms. Reiter stated that from a big picture perspective, she has had frustrations because it looks as if the Bureau is not the first to bring prosecutions and investigations into problem, big

schools, but she does not like the idea of an enforcement monitor and has found the role to generally be unhelpful.

Public Comments:

Angela Perry, representing Public Advocates, thanked the Bureau, the Department of Consumer Affairs, and Mr. Kidane for soliciting their input on the Task Force report. Ms. Perry was pleased that the Task Force members took in consideration their input, and took the time to look at their proposed amendments. She hoped that the Advisory Committee members will further improve the Task Force report. Ms. Perry thanked the Task Force for their time and dedication that it took to create the report.

No further public comment.

Agenda #5 - Presentation of Revised Task Force Report Provided by Task Force on High-Demand Technology Fields Established Pursuant to California Education Code Section 94880.1, Pursuant to Advisory Committee's February 17, 2016, Recommendations for Modifications to the Report

Mr. Crawford welcomed Task Force representatives Ms. Kim Rust, Ms. Liz Simon, and Mr. John Carreon.

Mr. Crawford noted that all Task Force members have been provided a copy of the revised Task Force report and the copy of the May 4, 2016 Public Advocates letter.

Mr. Carreon stated that each of the Public Advocates' issues were reviewed extensively, and there have been edits made to the Task Force Report. For the first item, the Task Force added a requirement for a more robust admissions procedure. They agreed with Public Advocates and removed the modified SPFS. Ms. Perry attended the Task Force meeting and the mandatory refund issue was addressed; the statute provides a very beneficial refund policy and the Task Force did not believe it needed to be changed.

For the second item regarding increased inspections, the Task Force believed that the statute and regulations give the Bureau broad authority to conduct visits when complaints arise, and the Task Force did not see any reason to change that structure.

Ms. Simon agrees with the changes to the report. She noted that all Bureau regulations continue to apply to these high-technology programs. There is no changed standard for these types of programs and that is clear in the Task Force report.

Ms. Rust has nothing to add.

Mr. Crawford thanked the Task Force for their hard work.

Mr. Crawford asked for comments from the Advisory Committee about the report.

Ms. Reiter had three items she would like to discuss. She appreciated the hard work by the Task Force. She recognizes that there are some good recommendations in the report. She found a number of areas with insufficient facts to support the recommendations. She noted that one way to deal with it is to reject the recommendations. Another way to deal with it to include a paragraph indicating that the Task Force did not look at certain things, which she will mention.

She suggested that on page 9, it would be clear for the Legislature if the report stated “all regulations and statutes may apply,” rather than list specific statutes and regulations.

She noted the recommendation about the defined admissions procedure. She is confused about the meaning of “pre-work”; one school used “pre-work” as that done after the student is enrolled; but she understands the Task Force to be talking about doing some kind of work before the student enrolls.

Mr. Carreon stated that “pre-work” is meant to refer to an assignment or project done before enrollment to test abilities.

Mr. Crawford asked Ms. Wenzel if the report can be approved with revisions that have been reviewed and discussed at this meeting.

Ms. Wenzel stated that the revisions must be very specific. The Advisory Committee needs to review and approve, modify, or reject the report. The approved report needs to go to the Legislature by July 1, 2016. She noted that this is the last Advisory Committee meeting before the July 1 deadline. If modifications are made, they need to be specific so that the modifications can be made to the report and be submitted to the Legislature. So the report could be approved today with specific modifications if the Advisory Committee decides to go that way.

Ms. Reiter suggested going through each point to determine if a modification needs to be made. She also suggested that if it must be done before July 1, there could be another meeting to review the modifications.

Mr. Crawford suggested moving it through today.

Ms. Wenzel has a concern with a special meeting due to the struggle on having a quorum.

Ms. Reiter stated that the Bureau has had deadlines which have been missed in the past so she suggested that maybe this can be another deadline that cannot be met by July 1st.

Mr. Crawford moved the meeting forward with Ms. Reiter’s comments regarding the language for “pre-work” in recommendation #1.

Recommendation #1

Mr. Carreon recommended the language: “Admissions testing ability to succeed in the desired program” in place of the term “pre-work.”

Ms. Carey stated that on page 12 of the revised report, “pre-work” does not need to be more defined since it already states what the four assessments are in Recommendation #1. If Ms. Reiter has concerns that it is not specific enough to the high-technology program, in recommendation #1, it should include “...each student has the skills and competencies to succeed in the specific high-technology environment.” She stated that pre-work can be different for every school. The goal is to have the students be successful. She does not feel that it needs to be further defined.

Ms. Simon agreed with Ms. Carey and suggested that “pre-Work” under recommendation #1 should be changed to “admissions assignment” or “an assignment related to the program.”

Ms. Reiter suggested, “successful completion of a task showing the ability to do the tasks that will be in the program.”

Ms. Simon suggested, “tasks related to the program content.”

Mr. Crawford stated “assignment” is preferred to “tasks.”

Ms. Rust recommended the word “assess” for consistency with the regulations.

Mr. Carreon noted that “assessment” is already in Recommendation #1.

Ms. Wenzel read back the proposed change to Recommendation #1: “Require High Tech Programs to have defined admissions processes to assess each student prior to admissions in order to determine whether each student has the skills and competence to succeed in the education environment. Assessment may include:

- Interviews
- Assignments related to the program content
- On-campus orientation
- Class observation sessions

No further comments from the Task Force, Advisory Committee, or the Public.

Motion: Ms. Carey moved to approve to modify as read; Ms. De La Parra seconded. (Ms. De La Parra: Aye; Mr. Uetz: Aye; Ms. Amaya: Aye; Ms. Reiter: Aye; Mr. Crawford: Aye; Ms. Carey: Aye; Mr. Fuerst: Aye; Mr. McEldowney: Aye) The motion carries.

Approach and Methods for Protecting Students and Fostering Growth (Page 9 of Report)

Ms. Simon revisited the first point that Ms. Reiter made regarding the paragraph under “Approach and Methods for Protecting Students and Fostering Growth.

Ms. Reiter stated that she would like the assumption that all institutions, regardless of the curriculum, must comply with the Bureau’s laws to be stated as a recommendation.

Ms. Carey agrees that the specific three regulatory laws should not be referenced when all laws apply.

Mr. Carreon stated that the three items were listed to address Mr. McEldowney’s concerns.

Ms. Reiter stated that the three items listed should be deleted but the paragraph does not need to be changed into a recommendation.

Mr. Carreon agreed with Ms. Reiter.

Moving forward, Ms. Reiter has issues with Recommendation #2.

Mr. Crawford noted that with each revision that is being proposed, the committee will have discussion and public comment, and then vote on each revision to confirm that they are in complete agreement.

Mr. Crawford returned back to the revision proposed on page 9 and asked if “should” is deleted to it would read, “As such, the Task Force determined that all the existing BPPE statutes and regulations that apply to covered institutions also apply to High Technology Programs.”

Mr. Carreon did not think “should” be removed since they are recommendations.

Ms. Carey noted the main point of the comment is to inform that all present laws do apply.

Ms. Wenzel noted that this is the Task Force assumption: all institutions are covered by the Bureau.

Mr. Crawford clarified that the revisions are that an “s” will be added to “statute,” the word “should” is deleted, and the three specified items are deleted.

Ms. Carey understood that if there is a high tech program that is under the Bureau, all laws apply to it, but if program is not approved or is exempt, the laws do not apply.

Ms. Reiter stated that based on what Ms. Carey said, she feels that it is a recommendation from the Task Force.

Ms. Wenzel proposed the changes as follows: “As such, the Task Force determined that that all of the existing BPPE statutes and regulations that apply to covered institutions also apply to High Technology Programs.

No public comment.

Motion: Ms. Carey moved to modify the revised text on page 9 in accordance to Ms. Wenzel’s proposal; Ms. Reiter seconded. (Ms. De La Parra: Aye; Mr. Uetz: Aye; Ms. Amaya: Aye; Ms. Reiter: Aye; Mr. Crawford: Aye; Ms. Carey: Nay; Mr. Fuerst: Nay; Mr. McEldowney: Aye) The motion carries.

Task Force Recommendation #2

Ms. Reiter recommended that wherever in addition to placing information about the rigor involved in the program in the course catalog, the information should be placed on the school’s website or any other web presence.

Ms. Simon was fine with the proposal, but stated that students do not enroll via the website. She was unsure what “web presence” is supposed to add and needs clarification.

Ms. Reiter stated that they are making recommendations that will cover the “bad schools.” She stated that by the time a student gets to the catalog or program description, they are far along in the thought process on whether to enroll.

Mr. Carreon noted that “web presence” may be too much.

Ms. Reiter proposed that students should be immediately aware of the rigor involved in a program upon visiting a schools website or seeing its advertising – such that – there is a prominent detailed section on the website including a description of the program and the rigor involved – and then also include a link to that prominent detailed section in advertising.

Ms. Carey noted that statutes and regulations made the catalog the location for this type of information.

Ms. Reiter stated that Recommendation #2 is mentioned elsewhere in the report and that it should be changed wherever it is mentioned.

Mr. Crawford stated that if the motion passes, it will carry throughout the document.

Mr. Uetz stated that there are two suggested additional recommended edits that the Public Advocates have provided. He asked if there was going to be a comprehensive motion for the section.

Mr. Crawford stated the pending proposal is not comprehensive; it is to move the meeting through the report.

No further comments from the Task Force on this item.

Public Comments:

Angela Perry from Public Advocates stated that the section should also be amended to include a mandatory refund period expansion minimum of 10% of the program length with a maximum of one week due to the rigor of the programs. She stated a written disclosure is insufficient.

Motion: Ms. Reiter moved to revise Recommendation #2 & 3 on page 12 to include the additional language “and on the website” for the sentence in Recommendation #2 and replacement of Appendix “B” to “A.” Ms. Carey seconded. (Ms. De La Parra: Aye; Mr. Uetz: Aye; Ms. Amaya: Aye; Ms. Reiter: Aye; Mr. Crawford: Aye; Ms. Carey: Aye; Mr. Fuerst: Aye; Mr. McEldowney: Aye) The motion carries.

Mr. McEldowney moved that the two Public Advocates recommendations are to be moved to numbers 5 & 6 on page 12.

Mr. Uetz did not think the second recommendation was appropriate at this point, because it was different in character.

Mr. Carreon noted that it is the disclosure section.

Mr. Uetz stated that a single recommendation regarding the expansion of the mandatory refund period should be discussed.

Mr. Crawford noted that Ken moved to incorporate the two proposed amendments from the May 4th Public Advocates letter as revised by Margaret.

Ms. Carey asked why seven days is not sufficient for the cancellation policy.

Mr. Crawford noted that Public Advocates would like to see a longer refund period.

Mr. Carreon stated that Ms. Perry wants to ensure that the students get a full week to decide to cancel and notes the statute refers to seven (7) days to cancel.

Ms. Reiter stated that since students enroll early enough, they would only have the first day of class to cancel.

Ms. Carey stated that most schools apply the seven (7) days after they start class. She mentioned the other recommendation regarding inspections.

Ms. Wenzel stated that the Bureau has options of who they visit and how many times they visit. The Task Force felt it was important to give the Bureau this discretion.

Ms. Rust stated that a goal is provide high tech training opportunities to students around the state. The student has up to seven days to cancel after signing the enrollment agreement. Schools need to have the financial resources required by the bureau. There are costs for the training; there will be no funds to do this if they extend the refund policy for a twelve-week program.

Mr. Crawford noted that the recommendation would be to take the language from Section 94920(b) for covered institutions and modify it for high tech programs "...if notice of cancellation is made through attendance of the fifth class session or the seventh day after enrollment, whichever is later."

Ms. Wenzel proposed the revised language of the recommendation: "Expand the mandatory cancellation period for students of high technology programs through midnight of the 5th class day or the 7th day after enrollment, whichever is later."

Mr. Carreon noted that since it is such a short program to make it clear that it is the 5th class day, so it's clear for the students.

Ms. Reiter was concerned that all existing rules are to apply except for here. She states that it should include "...after the 7th day after enrollment, whichever is later". She states that Mr. McEldowney's motion is still on the floor and asks if he accepts that be his motion.

Mr. McEldowney says yes.

Ms. Amaya asked why through midnight?

Ms. Simon noted that there are multiple methods to notify of the cancellation. It can be done in person but it can be done by email or calling.

No further comment.

Mr. McEldowney moves to expand the mandatory cancellation period for students of high technology programs through midnight of the 5th class day or the 7th day after enrollment, whichever is later. Ms. Carey seconded. (Ms. De La Parra: Aye; Mr. Uetz: Aye; Ms. Amaya: Aye; Ms. Reiter: Aye; Mr. Crawford: Nay; Ms. Carey: Nay; Mr. Fuerst: Nay; Mr. McEldowney: Aye) The motion carries.

-BREAK IN MEETING-

Mr. McEldowney went back to the increased inspections discussion.

The Advisory Committee has discussion on where to include the increased inspections or if it needs to be included.

Mr. McEldowney recommended that the Bureau conduct more frequent inspections of high technology programs.

Mr. Crawford noted the issue with defining how frequent an inspection needs to happen.

Mr. McEldowney stated it should be more frequent than other schools, maybe every year or so, maybe closer, maybe longer.

Ms. Wenzel advised that the Bureau conducts at least one announced and one unannounced in a 5-year period. She asks Mr. McEldowney how the inspections should be prioritized due to the workload to include additional inspections for high technology programs.

Ms. Carey and Ms. De La Parra did not feel the recommendation is necessary since there is already discretion in what the Bureau can do.

Public comments:

Angela Perry felt this is a middle ground and that student' interests are protected. She supports this amendment.

Laura Brown on behalf of the California Coalition for accredited career schools opposed the proposed amendment. She felt that creating new standards for these types of schools goes outside of the regulatory regime they already have.

Motion: Mr. McEldowney moves to propose the Task Force suggest the Bureau ensure compliance inspections and complaint investigation of high technology programs be prioritized under Recommendation #6, (e), Mr. Uetz seconded. (Ms. De La Parra: Aye; Mr. Uetz: Aye; Ms. Amaya: Aye; Ms. Reiter: Aye; Mr. Crawford: Abstain; Ms. Carey: Nay; Mr. Fuerst: Nay; Mr. McEldowney: Aye) The motion carries.

Task Force Recommendation #4

Ms. Reiter recommended deleting Recommendation #4 to have the student sign that they received the disclosure; she feels it doesn't accomplish the purpose of the student receiving the information, and can actually be harmful to the student.

Mr. Fuerst asked Ms. Reiter: "What else can the school do?"

Ms. Reiter noted that she is not suggesting that that the school be prohibited from providing the information.

Ms. De La Parra felt that the school must be required to have the student sign to ensure that the student is agreeing to participate in the program. She feels that having the enrollment agreement signed will protect the student.

Ms. Reiter explained that having somebody sign that they received something does not mean that they received it. The school can still get a signature, but it should not have the state imprimatur.

Mr. Carreon would like to clarify that they have it in the report because it follows the initial disclosure requirements, and to ensure that the student received the information.

Mr. Crawford noted that the primary reason to include the recommendation is that high tech institutions differentiate themselves from traditional programs in terms of time commitment and program rigor. He stated that he is grappling with Ms. Reiter not wanting the disclosure.

Ms. Reiter stated that is not what she said.

Mr. Crawford continued that Ms. Reiter would like to delete the recommendation.

Ms. Reiter reads the recommendation. She stated that she is not suggesting that they get rid of the disclosures. She stated that she wants to make sure that the student receives the information and that is the goal. She stated that the recommendation does not serve the goal to ensure students receive the information, but serves as a defense mechanism for the school by having the student sign. She feels there is no service to the recommendation.

Ms. Reiter moves to delete Recommendation #4.

The motion fails for lack of a second.

Task Force Recommendation #6

Ms. Reiter questioned the expedited approval, recommendation #6. She stated that it is unclear how the evaluator will get paid. She thinks that recommendation #6 should state, "The Bureau [to] consider the feasibility of using evaluators to expedite application process" but isn't sure how to word the rest of the recommendation.

Ms. Wenzel commented that the Quality of Education Unit evaluates the curriculum and sometimes they have to seek subject matter experts for guidance. The Task Force attempted to expedite the process by the schools providing their own subject matter experts, perhaps even the ones the Bureau uses. This is to ensure a valid curriculum.

Ms. Simon stated that the evaluators won't be paid. She noted that they should be independent from the school without financial ties to the school. She noted that Kim helped

them research how it is done in other states and they modeled this recommendation after those programs.

Ms. Reiter asked if the evaluators are doing this for free.

Ms. Simon stated, yes. Ms. Simon stated that this is something that they do now and also in several other states.

Ms. Reiter asked if it can be clear in the recommendation that there is no compensation received for the evaluators.

Ms. De La Parra stated that all Advisory Members are sitting in the meetings and they are not receiving payment. She is unsure what the difference is for an evaluator taking on the same type of role.

Ms. Reiter would like it made clear that the evaluators are not being compensated. She would like Recommendation #6(v.) changed to: "An evaluator must not be compensated for their evaluation and must have expertise."

Mr. Crawford asked what if the evaluator is an instructor, and is being compensated for teaching.

Ms. Carey noted the issue with travel costs. It's one thing to say that they are not being tied financially to the institution but theoretically you can be reimbursed for travel costs but that should not count as compensation. She would not feel comfortable setting something up to appear as being as compensated. As long as there is no conflict or no financial tie to the institution that should be sufficient.

After Ms. Carey's comments, Ms. Reiter suggested that it be changed to: "The Bureau shall consider the feasibility of using evaluators to expedite the application process." She wants the Bureau to figure out if there a way to hire an evaluator so they are not influenced by the school or compensated by the school. She feels that it would be a conflict for the evaluator.

Ms. Wenzel asked how that is different from Quality of Education reviewing the applications that are sitting in queue. The point of the process it to expedite the curriculum reviews.

Motion: Ms. Reiter moves to include the additional language about "the independence of the evaluator: on page 21. Mr. Uetz, seconded. (Ms. De La Parra: Nay; Mr. Uetz: Aye; Ms. Amaya: Aye; Ms. Reiter: Aye; Mr. Crawford: Aye; Ms. Carey: Aye; Mr. Fuerst: Nay; Mr. McEldowney: Aye) The motion carries.

No further comment from the Advisory Committee, Task Force or the public.

Motion: Ms. Reiter moves that there be a paragraph of the topics that the Task Force did not look consider, namely:

“The Task Force did not consider the following:

- The percentage of high tech jobs that are currently vacant that require a degree?
- What is the number of students graduating each year in those fields where there are high vacancies?
- What percentage of students going to the high tech programs, which testimonies were provided, had degrees before they entered the program?
- What percentage of the jobs reported in the testimony for graduates of these programs at Dev Bootcamp and General Assembly were on the job for longer than 21 days, 45 days, or more than one day?
- Whether there are other high tech fields such as bio tech health fields or other areas that also have a high need for employees and demonstrated shortages of employees?
- Whether there are longer programs or accredited programs offering high technology programs that would not fit within the definition the Task Force used?
- The cost of high technology programs?
- The source of credit if needed by students to pay for the programs and the default rate of such credit?
- Advertising used to attract students to these programs or what can be done by public institutions to increase their high technology programs and what additional funding would be necessary for them to do so?

Mr. McEldowney excused himself from the meeting. [Quorum is not lost.]

Mr. Uetz asked Ms. Reiter the reasoning behind her recommendation.

Ms. Reiter felt that when recommending something to the Legislature, she feels it is important that the recommendations be based on as much data as possible. She feels that there are gaps in the underlying information that would support some of the recommendations.

Ms. De La Parra felt that Ms. Reiter wants an additional document of what the Task Force didn't do and what that focus can be; she feels there is two different spectrums, can and cannot.

Ms. Reiter felt that the impetus was coding programs, boot camps. When the Legislature wrote the statute they broadly used programs that are high tech, innovative subject matters and high demand. She is trying to say this was the focus but there were other things that weren't focused on.

Ms. Simon stated that high technology programs were intended to include an expansive list of the topics that Ms. Reiter mentioned. She felt that this is not an exhaustive list and not all about coding boot camps but is broader. She noted that there are different processes for

accredited and non-accredited and that is why the Task Force did not focus on those for the purpose for this definition. She stated that it may need to be clarified that it be broader than just coding.

Mr. Carreon stated that anything technology driven for any sector is wide open; coding is just one of the examples.

Ms. Reiter questioned whether the typical program being under 600 hours, not accredited or with and Title IV financial aid, is intended to be for typical programs or intended to be more broadly applied.

Mr. Carreon answered that accredited institutions are treated separate under the Bureau's statutes and regulations. The 600 hours were chosen because of the Title IV financial aid; everything was strictly specified under the Bureau.

Ms. Reiter would like to amend her motion to add "...and programs over 600 hours that were accredited or received Title IV financial aid." These are the things that we looked at and these are the things we didn't look at.

Mr. Crawford stated there is Ms. Reiter's pending motion to add what the Task Force did not consider with numerous bullet points.

The motion fails for lack of a second.

Mr. Carreon asks if there is anything else that needs to be addressed, and excused himself from the meeting.

No further comment.

Mr. Crawford moves to propose an edit in the first sentence of the conclusion to say "many months" and not "several months." Ms. Reiter seconded. (Ms. De La Parra: Aye; Mr. Uetz: Aye; Ms. Amaya: Aye; Ms. Reiter: Aye; Mr. Crawford: Aye; Ms. Carey: Aye; Mr. Fuerst: Aye) The motion carries.

Public Comments:

Angela Perry thanked the members of the Task Force and the Bureau. She appreciates the time and the effort and feels that something great has been accomplished.

Agenda #6 - Review and Approve, Modify or Reject Revised Task Force Report due to the Legislature by July 1, 2016, Pursuant to California Education Code 94880.1 (b)

Ms. Lee-Carey moved to approve as modified with all technical edits to be completed and conducted by the Bureau staff. Ms. De La Parra moved to second the motion. (Ms. Carey: Aye; Mr. Crawford: Aye; Ms. De La Parra: Aye; Mr. Uetz: Aye; Ms. Amaya: Aye; Mr. Fuerst: Aye; Ms. Reiter: Abstain). The motion passed.

No further comment.

Agenda #7 - Presentation of Bureau's Fee Audit, Discussion, and Possible Action on Amendments to Fee Schedule in Education Code Section 94930.5, Pursuant to Education Code Sections 94880(c) and 94931.5

Dan Edds, Capital Accounting Partners, presented the Bureau's Free Audit (Draft) Report.

Mr. Edds explained that the scope of the report included the following: calculate the full cost of processing applications for institutions; calculate the costs for supporting services (such as aligning staff work with the actual fees that are being charged); and develop revenue and fee projections for the next 5 years.

Mr. Edds detailed that the report was based on fiscal year (FY) 2015-2016 and partial FY 2016-2017 budget data. He noted that identifying core business processes was fundamental to the report. He added that ample time was devoted to working with staff through formal and informal group interviews. He described that the work included determining relationships between business processes and specific fees and allocating costs to individual fees. He stated that the pricing aspect of the cost analysis included determining a pricing model and projecting revenues based on the model.

Mr. Crawford asked what the period of time was that Mr. Edds performed the fee audit with the Bureau and staff. Mr. Edds stated the process begun in late February 2016. He added that the process went fairly quickly due to the Bureau's prompt responses to information requests. Mr. Crawford asked Mr. Edds to clarify that the entire process took 3 months. Mr. Edds confirmed that the process took approximately 3 months.

Mr. Edds continued with outlining the fiscal state of the Bureau. He reported that the Bureau has \$13,897,292 in projected expenses and \$9,810,134 in projected revenues for FY 2016/2017. He continued that the Bureau has a reserve of \$3,550,000, but that with a \$4,087,158 difference of projected revenue and expense the Bureau will be left with a revenue shortfall of \$537,158 for FY 2016/2017. He concluded that the Bureau is in a serious state of financial risk unless something changes within the next year.

Mr. Crawford stated that he has a concern with basing projections on static data when the Bureau operates in a dynamic environment. He questioned how the projections were calculated, and if expected increases in efficiency were factored in to the projection. Mr. Edds clarified that expense projections were calculated based on data extracted from both FY 2015-2016 and FY 2016-2017, and that revenue were based on a 2 year average. He added that budget staff agreed with the findings and projections. He stated that the scope of the project did not include potential effects of process improvements or increases in efficiency.

Mr. Edds outlined the projected revenue required to build up enough reserves to cover 6 months of operating expenses over a 5 year period. He explained that based on projected expenses and revenues of \$13,898,292 for FY 2016/2016 the Bureau would need an additional \$1,388,729 to begin building up the reserve. Mr. Crawford asked how it was determined that 6 months of operating expenses in reserves is required, and why over a 5 year period. Mr. Edds noted that certain scenarios may occur that warrant the need for the reserve. He added that based on data 6 months of reserves was deemed sufficient and that a 5 year period is standard in order to spread costs out over time.

Mr. Edds explained that all institutions pay an annual maintenance fee at 0.75% of their gross revenues from California based students with a cap of \$25,000. He pointed out that of the 880 institutions paying the fee 197 pay less than a \$1,000 and 29 pay less than \$100. He added that 729 institutions pay less than the \$25,000 cap, and therefore pay the fee at a rate of 0.75%. He also pointed out that the remaining 151 institutions, with combined gross revenues of 2.6 billion dollars, pay an average rate of 0.16%.

Mr. Edds continued by suggesting what might have led to the current fiscal situation. He stated that initially when fees were set the Bureau was going through a transition and expenses were not well understood. He also noted that due to the rise of regulatory mandates the Bureau has been expending reserves.

Mr. Edds detailed changes needed to move towards long term sustainability. He listed some new or reconfigured fees including a new transcript fee, a reconfigured fee that takes into account the differences in applications for degree and non-degree granting institutions, and a fee for additional programs in the initial application for approval. He outlined proposed changes to the annual maintenance fee that included raising the cap to \$40,000, changing gross revenue reported by institutions to include all students regardless of location, and setting a minimum annual fee.

Mr. Crawford questioned how the \$40,000 cap was established. Mr. Edds replied that compliance and enforcement costs were taken into consideration when setting the price, but ultimately it came down to setting a price that worked best given the circumstances.

Katherine Lee-Carey asked if the structure of an institution regarding a main campus verses a branch was taken into consideration when setting the cap. Mr. Edds responded that the

analysis was based on institutions as a whole because the Bureau does not have gross revenue data on individual branches.

Mitchell Fuerst commented that the structure of an institution should not result in increased fees from some institutions.

Mr. Edds concluded his presentation with the following recommendations: bring all fees into closer alignment with full cost; establish a minimum for the annual fee; raise the cap on the annual fee; and adopt a revised fee schedule.

Ms. Reiter questioned if the new suggested transcript fee would apply in an instance when a transcript cannot be found. Ms. Wenzel replied that there is cost involved in researching a transcript request even if the transcript could not be found. Ms. Reiter asked about the recommendation to reconfigure the fees to distinguish between initial applications for degree and non-degree granting institutions. Ms. Wenzel responded that there is generally more work involved in the degree granting application process that warrants a reconfiguration of the fee.

Public Comments:

A representative from the Fashion Institute of Design and Merchandising commented on the use of gross revenue as a measure for calculating the annual fee. He stated that revenue is often used to improve an institution to benefit students. He stated that cost and fees should be more directly aligned, and that there could be a more equitable way to allocate fees besides adjusting the annual fee based on gross revenues of an institution. He agreed with Mr. Fuerst's assertion that an increase in fees for institutions will be passed on as an increase in costs for students.

Committee member Patrick Uetz left the meeting causing the Committee to lose quorum.

Legal counsel advised that there is no "meeting" under the Bagley-Keen Open Meeting Act due to the loss of a quorum.

Agenda #11 - Adjournment

Meeting Adjourned 3:15 p.m.