

Capital Accounting Partners, LLC

We give you a product we are PROUD to put our name on!



Bureau of Private Postsecondary Education

Fee Audit

May 2016

1

Presentation Outline

1. Scope and methodology;
2. Current state of BPPE;
3. Action Required – Building a Sustainable Future

2

The Project

Scope and Methodology

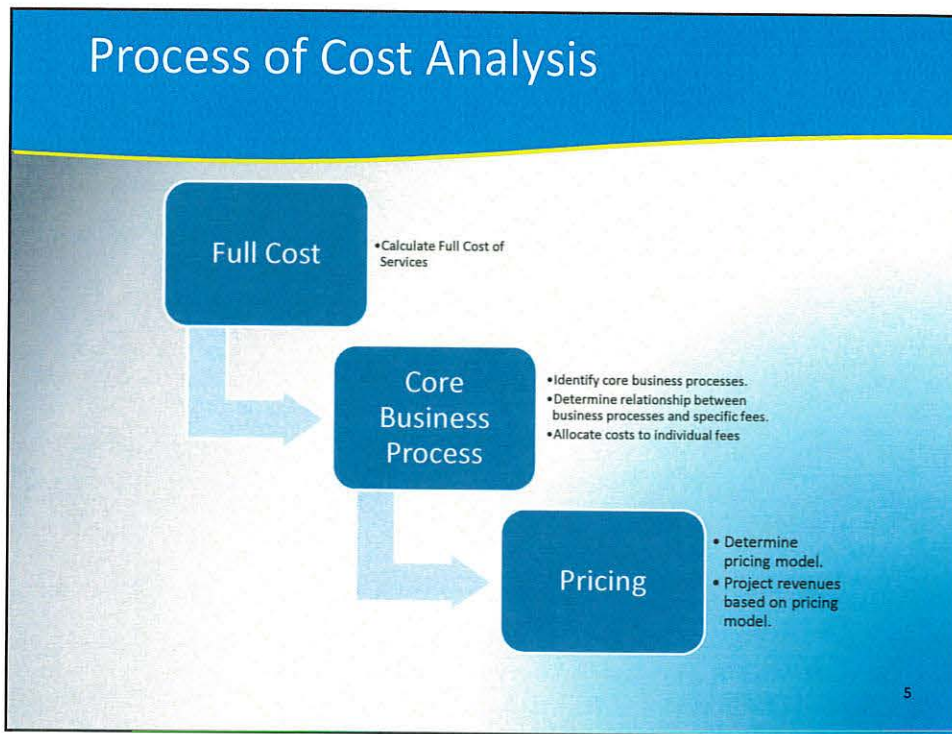
Developing a Plan for Long
Term Sustainability

3

Project Scope

- Calculate full cost of processing applications for educational institutions;
- Calculate the costs for supporting services such as:
 - Compliance;
 - Complaints;
 - Educational specialists; and
 - Other support functions that may apply; and
- Develop revenue and fee projections for 5 years.

4



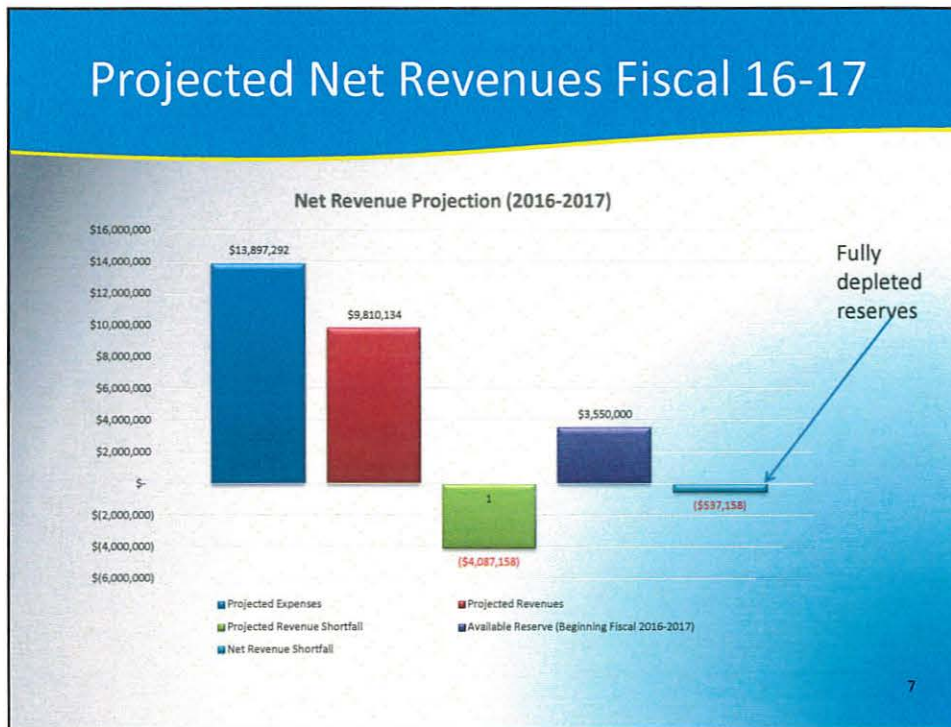
Current State

Current State of BPPE

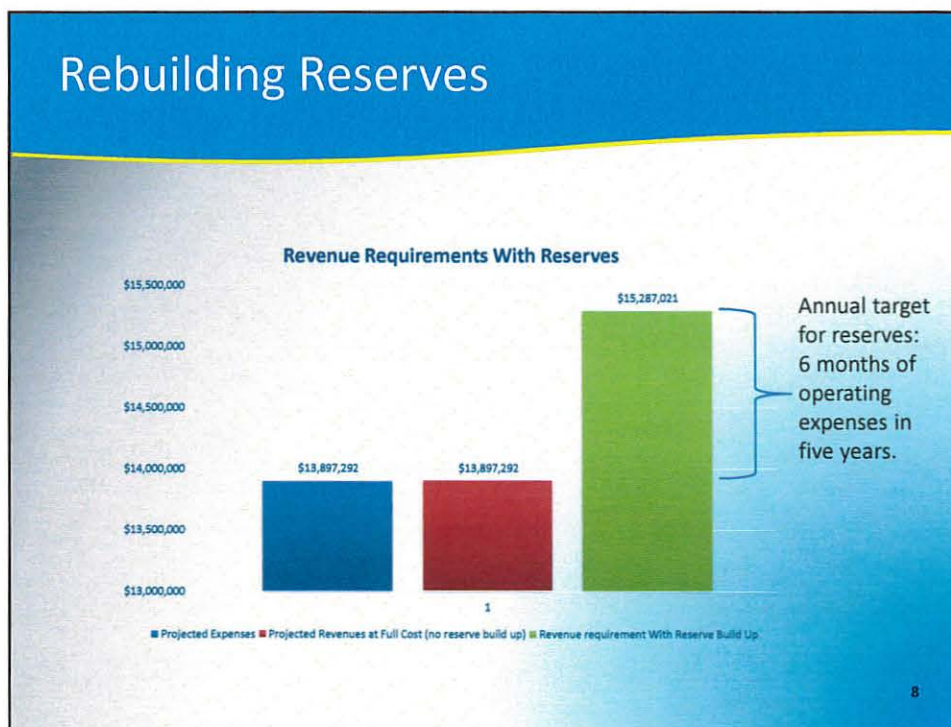
An Unsustainable Future

6

Projected Net Revenues Fiscal 16-17



Rebuilding Reserves

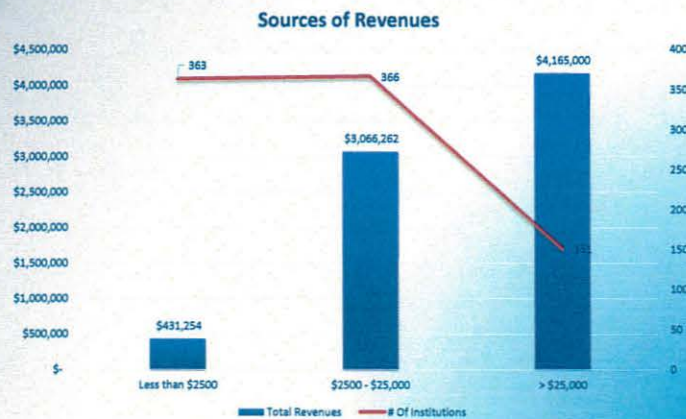


Significant Change – Annual Maintenance Fee

- All institutions pay an annual maintenance fee of 0.75% of their gross revenues on California based students with a cap of \$25,000:
- 197 Schools pay less than \$1,000;
- 29 pay less than \$100.

9

Revenues Vs. Number of Institutions



10

Revenues Vs. Total Gross Revenues



11

What is Happening

1. Expenses were not well understood;
2. Fees were set too low;
3. Regulatory mandates have been rising; and
4. Expending reserves.

12

The Project

Future State

Long Term Sustainability

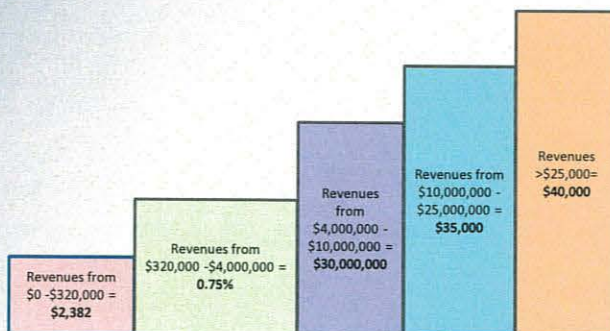
13

Changes in Fee Schedule

- Added or reconfigured 6 new fees:
 - Transcript fee;
 - Separated initial application fee between degree and non-degree institutions;
 - Initial application for approval – first program then
 - Each additional program; and
 - Reconfigured the annual maintenance fee:
 - Raised the cap to \$40,000
 - Include gross revenues from all students regardless of location; and
 - Set minimum fee to align with branch fee.

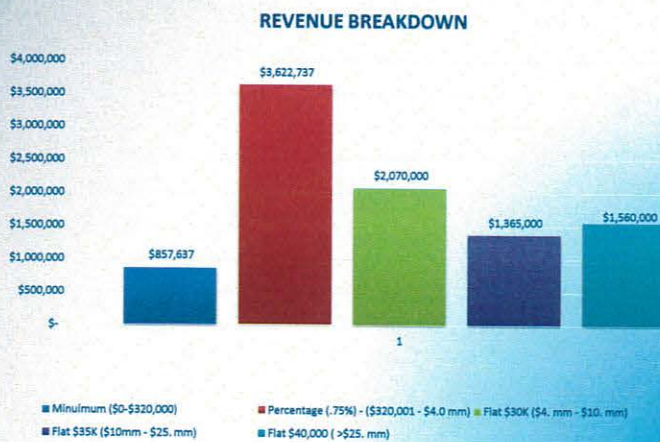
14

Recommended Model



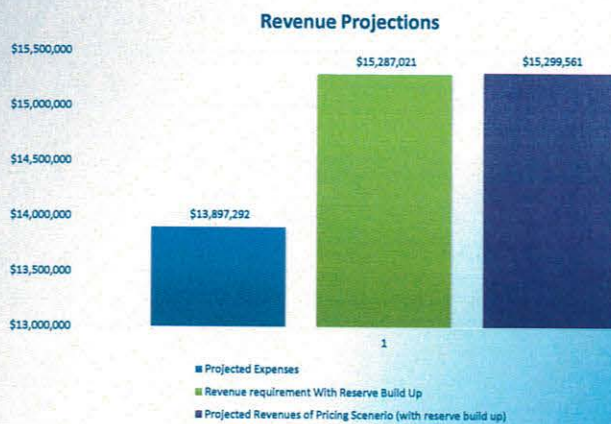
15

Revenue From Model



16

Revenue From Model



17

Recommendations

1. Bring all fees into closer alignment with full cost;
2. Establish a minimum for the annual fee;
3. Raise the cap on the annual fee; and
4. Adopt revised fee schedule.

18

Thank You!



19