



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

Tuesday, May 15, 2018, at 9:30 a.m.
Department of Consumer Affairs
Hearing Room, 1st Floor
1625 North Market Blvd., Sacramento, CA 95834

The Bureau plans to webcast this meeting on its website. Webcast availability cannot, however, be guaranteed due to limitations on resources or technical difficulties that may arise. If you wish to participate or to have a guaranteed opportunity to observe, please plan to attend at the physical location. To view the Advisory Committee meeting webcast, please visit the following link: <https://thedcapage.wordpress.com/webcasts/>.

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 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 February 13, 2018, 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. Enforcement Report – Yvette Johnson
 - b. Compliance Report – Beth Scott
 - c. Licensing Report – Marina O'Connor
 - d. Quality of Education Report – Robert Bayles
 - e. Office of Student Assistance and Relief (OSAR) Report – Scott Valverde

6. Status Updates related to the following Regulations:
 - a. Registration for Out-of-State Private Postsecondary Educational Institutions (CEC sections 94850.5 and 94801.5)
 - b. English as a Second Language Programs (Title 5, CCR, Section 70000 (k))
 - c. Application for Verification of Exempt Status (CEC Sections 94874, 94874.2, 94874.7, 94874.5, and 94927.5); Title 5, CCR Section 71395)
 - d. Compliance with Laws and Procedures (Title 5, CCR, Section 71755)
 - e. Issuance of Citations (Title 5, CCR, Section 75020 (b))
7. Presentation and Discussion of Income-Share Agreements (ISA) in Private Postsecondary Education
8. Future Agenda Items
9. Adjournment

Notice to the Public

All times are approximate and subject to change. The meeting may be cancelled without notice. A lunch break will be taken at a time determined by the Advisory Committee members. Action may be taken on any item on the agenda. Public comments will be taken on agenda items at the time the item is heard. Total time allocated for public comment may be limited. Agenda items may be taken out of order.

This meeting facility is accessible to the physically disabled. A person who needs a disability-related accommodation or modifications in order to participate in the meeting may make a request by contacting Richie Barnard at (916) 431-6930 or, for the hearing impaired, TDD (800) 326-2297; or by sending a written request to the Bureau at P.O. Box 980818, W. Sacramento, California 95798-0818, Attention: Richie Barnard. Providing at least five working days' notice before the meeting will help ensure the availability of accommodations or modifications.

Interested parties should call the Bureau at (916) 431-6959 to confirm the date and specific meeting site of any Advisory Committee meeting or access the Bureau's website at <http://www.bppe.ca.gov>. Requests for further information should be directed to Richie Barnard at (916) 431-6930.

WELCOME, INTRODUCTIONS AND ESTABLISHMENT OF A QUORUM

Committee Member Roster

Katherine Lee-Carey, Chair

- Institutional Representative (Appointed by DCA Director)

Margaret Reiter, Vice-Chair

- Consumer Advocate (Appointed by Senate Committee on Rules)

Diana Amaya

- Public Member (Appointed by Senate Committee on Rules)

Tamika Butler

- Public Member (Appointed by Speaker of the Assembly)

Hanya Carbajal

- Past Student of an Institution (Appointed by DCA Director)

Joseph Holt

- Institutional Representative (Appointed by DCA Director)

Gabrielle Elise Jimenez

- Past Student of an Institution (Appointed by DCA Director)

Megumi Tsutsui

- Consumer Advocate (Appointed by DCA Director)

David Vice

- Institutional Representative (Appointed by DCA Director)

Assemblymember Jose Medina

- Non-Voting, Ex Officio Member (Appointed by Speaker of the Assembly)

Senator Jerry Hill

- Non-Voting, Ex Officio Member (Appointed by the Senate Committee on Rules)

Agenda Item 2

PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

(Note: The 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).)

Agenda Item 3

**REVIEW AND APPROVAL OF FEBRUARY 13, 2018, ADVISORY COMMITTEE
MEETING MINUTES**

ATTACHMENT:

Advisory Committee Draft Meeting Minutes from February 13, 2018



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

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Advisory Committee Meeting Minutes
Tuesday, February 13, 2018

Department of Consumer Affairs
Hearing Room, 1st Floor
1625 North Market Blvd.
Sacramento, CA 95834

Advisory Committee Members in Attendance

1. Diana Amaya
2. Tamika Butler
3. Hanya Carbajal
4. Joseph Holt
5. Katherine Lee-Carey
6. Margaret Reiter
7. Megumi Tsutsui
8. David Vice

Committee Members Absent

Gabrielle Jimenez
 Assemblymember Jose Medina
 Senator Jerry Hill

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

Dr. Michael Marion Jr., Bureau Chief
 Leeza Rifredi, Deputy Bureau Chief
 Yvette Johnson, Enforcement Chief
 Beth Scott, Enforcement Chief
 Marina O'Connor, Licensing Chief
 Robert Bayles, Education Administrator
 Scott Valverde, Office of Student Assistance & Relief (OSAR) Chief
 Christopher Castrillo, Deputy Director, Board and Bureau Services
 Jason Piccione, Deputy Director, Office of Information Services
 Mina Hamilton, Legal Counsel, Department of Consumer Affairs
 Matt Nishimine, Budget Analyst, Department of Consumer Affairs
 Kent Gray, Legislative Analyst

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

BPPE Advisory Committee Chair Katherine Lee-Carey called the meeting to order at 9:33 AM. Ms. Lee-Carey welcomed the Advisory Committee, BPPE Staff, DCA Staff, and the public to the meeting. She welcomed two new Advisory Committee members and the new Bureau Chief. She offered new members an opportunity to introduce themselves.

Ms. Tsutsui introduced herself by noting that she is filling a consumer advocate position on the Committee. She added that she is a staff attorney for Housing & Economic Rights Advocates, a legal services non-profit organization.

Ms. Carbajal introduced herself by noting that she is filling a former student position on the Committee. She added that she is a legal assistant for a personal injury law firm in Los Angeles.

Dr. Michael Marion introduced himself as the new Bureau Chief. He emphasized how it is an honor and pleasure to work for the great consumers of California. He detailed how he has worked in education his entire professional career. He added that he most recently transitioned from Drexel University as the Associate Vice Provost and an adjunct professor. He continued that he is looking forward to working with the Committee. He highlighted his appreciation of the hard work of Bureau staff and the assistance he has received from DCA staff through the transition into his new role. He also thanked Bureau Deputy Chief Leeza Rifredi and the other Bureau chiefs for their hard work during this transitional period.

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

There was no public comment.

Agenda #3 - Review and Approval of February 15, 2017, Advisory Committee Meeting Minutes

David Vice moved to approve the minutes; Tamika Butler seconded the motion. (Ms. Lee-Carey: Aye; Margaret Reiter: Aye; Ms. Carbajal: Aye; Diana Amaya: Aye; Joseph Holt: Aye; Ms. Tsutsui: Aye). The motion passed.

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

Christopher Castrillo, Deputy Director of Board and Bureau Services, provided remarks on behalf of DCA. He updated the Committee on the recent Director's quarterly meeting. He explained that these meetings are an opportunity for DCA boards, bureaus, and programs to have a direct line of communication with the Director. He noted that one of the big items at the

most recent quarterly meeting was unveiling DCA's strategic plan, and outlining strategic goals DCA will be working on in 2018. He added that there will be three more quarterly meetings this year, and that he looks forward to working with the Bureau moving forward.

Mr. Castrillo reported on the Executive Brown Bag event that will be taking place on February 28, 2018. He noted that the event will take place with the assistance of DCA's SOLID Training Solutions. He detailed the event as a structured social gathering that will provide a forum for transferring knowledge, building trust, and establishing networking relationships. He added that the event is an opportunity for executive officers and the board and bureau chiefs to get together to share knowledge.

Mr. Castrillo commented on DCA's Future Leadership Development Program. He noted that Marina O'Connor, the Bureau's new Licensing Chief, participated in the program. He detailed the program as an opportunity for staff across all DCA to learn through executive mentoring. He explained that participants are paired with an executive who they work together with on a project. He concluded that the program is a key component to grooming future leaders of DCA.

Mr. Castrillo provided the Committee an opportunity to ask questions. Ms. Reiter asked Mr. Castrillo if he had an update on the status of the Bureau getting a new IT system. Mr. Castrillo pointed out that Jason Piccione, Office of Information Services Chief, will provide an update on that status under the "Business Modernization as it Relates to the Bureau's Information Technology Systems" agenda item.

Agenda #5 - Presentation by a Representative of the Department of Consumer Affairs' Office of Information Services on Business Modernization as it Relates to the Bureau's Information Technology Systems

Mr. Piccione provided a report on business modernization as it relates to the Bureau's IT system. He defined business modernization as the initiative to address gaps in efficiencies in modern business processes for the boards and bureaus that were not implemented on the BreEze platform.

Mr. Piccione outlined the history of DCA's efforts to implement new IT systems for boards and bureaus. He explained that the BreEze project started with the planning and approval phase in 2008 and continued through 2011. He stated that the development and implementation phase of BreEze release 1 occurred during the years 2012-2013. He added that release 1 included 10 boards and bureaus and faced numerous well documented challenges. He continued that between 2014-2016 there was an update to the plans and strategies of the BreEze project that included the development and implementation of BreEze release 2. He added that BreEze release 2 encompassed 8 more boards and bureaus. He noted that by late 2014 the remaining 18 boards and bureaus under DCA, to include the Bureau, was descoped from the BreEze project. He noted that the BreEze project ended after the implementation of release 2. He concluded that, following the end of the BreEze implementation project, the Bureau was left

without a clear roadmap to overcome technological deficiencies, like the Bureau's outdated SAIL system and need for data analytics.

Mr. Piccione explained that stakeholders expressed concern in how DCA planned to address the remaining boards and bureaus that were descope from the BreEZe project. He stated that, in 2017, DCA began to develop a business modernization plan and individual business modernization reports to address the remaining boards and bureaus. He detailed the business modernization plan as a single document that outlines lessons learned, guiding principles, and guardrails for each program's initiative. He continued that the business modernization reports are collaborative documents that fundamentally address each program individually and provide a living document to react to and reflect the program itself.

Mr. Piccione detailed three hallmarks of the plan and reports. He explained that the plan is titled "Business Modernization" because the focus is on the entire business of the Bureau. He continued that all aspects of Bureau business will be considered for the final goal of developing and implementing a new IT system. He explained that the initiation and continuation of the project will depend on the organizational readiness of the Bureau, and what the Bureau deems as appropriate for target timelines and outcomes. He concluded that the efforts of the project are solely based on the needs of the Bureau, not an aggregate or composite of perceived DCA needs.

Mr. Piccione provided three major components of the project. He explained that the first phase is the "business activities" portion of the project, which has already started. He stated that business activities include documenting all business processes in an "as-is" manner and "could-be" scenarios and developing a business need specification. He continued that the next phase will be the project approval life cycle (PAL) process, which is a California Department of Technology (DOT) required approval process for IT projects. He added that the last process will be system implementation.

Mr. Piccione reported on the current metrics of the project. He noted his appreciation of the Bureau for allocating resources and participating effectively in the business activities portion of the project. He detailed that there have been 18 meetings with 99 staff members involved in the meetings over the past 6 months. He added that 95% of the Bureau's processes have been mapped in an "as-is" scenario. He also stated that 20 "could-be" scenario maps have been completed. He clarified the importance of "could-be" maps and explained how they broaden the possibilities of technological advances that could be implemented in the new system.

Mr. Piccione provided proposed timelines for the project. He noted that Bureau staff has been working vigorously on the business activities phase to complete the business maps. He stated that the business activities phase is set to conclude in the second quarter of 2018. He said the next step, which is already underway, is drafting the stage one business analysis. He continued that the business analysis is the first step of the PAL process, which must be submitted to DOT to get the PAL process started. He added that the proposed timeframe to submit the business analysis to DOT is April 2018, but that it may be submitted by March 2018. He noted that the

next steps have more variables, including dependability on external factors, and thus have less certain proposed timeframes. He detailed that, following the PAL process, system implementation is proposed for a July 2019 timeframe. He continued that a release 1 version of the new system is proposed to go live in July 2020. He described release 1 as an optional and minimal viable product that can be used as a deployable strategy to identify a fundamental baseline of functionality to build off for release 2. He concluded that following release 1, if that strategy is employed, release 2 would go live in July 2021. He asked the Committee for any questions.

Ms. Butler asked what external factors affect the proposed timelines. Mr. Piccione responded that one of the external factors and dependencies is the PAL process. He stated that the timeline to complete the PAL process can depend on how smoothly requests are handled back and forth between the Bureau and DOT. He added that another factor is platform choice. He noted that if a platform is chosen that DCA is not familiar with it could result in a longer timeline. Mr. Vice added that change of scope could also affect the timeline. Mr. Piccione noted that regulatory changes could also affect the scope and cause delays.

Ms. Reiter asked for additional input on why the project is considered business modernization and not just an IT system update. Mr. Piccione emphasized how much focus is placed on business processes. He elaborated that, of the 18 meetings that have currently taken place throughout the project, none of the meetings have focused on technology, but rather have focused on Bureau processes. He added that the Bureau's business process mapping meetings have already resulted in process improvements without any technological improvements implemented.

Ms. Reiter asked for clarification on the approval aspect of the PAL process regarding timelines. Mr. Piccione stated the approval goes through DOT. Ms. Reiter asked if DOT has a backlog, and what is the typical timeframe for the PAL process. Mr. Piccione explained that PAL is a new process. He added that the current proposed timeline for the Bureau's PAL process is from January 2018 to July 2019. He added that PAL is a four-stage process that continually evaluates the viability of the project and includes a cost benefit analysis with consideration of potential changes that may occur between now and the implementation of a new system.

Ms. Reiter asked if the new system would have the capability to incorporate needed changes moving forward. Mr. Piccione explained that any new platform would have that capability. He noted that there are differences between commercial off-the-shelf (COTS) products and completely custom products. He continued that a COTS product does allow for some business specific configurations, while a custom product, produced entirely by DCA, could offer potentially limitless options in configuration.

Mr. Holt asked how long the Bureau has been using its current IT system. Mr. Piccione replied that the Bureau's current system was implemented in 1999. Mr. Holt asked for additional clarification on the proposed timeline of July 2020 for the new IT system. Mr. Piccione

explained that the earliest a new IT system would be implemented for the Bureau is in line with the proposed timeline of July 2020.

Ms. Reiter asked if resources inside or outside the Bureau would have an impact on the timeline. Mr. Piccione detailed that both could have an impact on the timeline. He explained that Bureau staff has been very engaged in the project, and that DCA's SOLID Training Solutions has been assisting in the business process mapping. Ms. Reiter asked if the timeline could be affected by the prioritization of other boards and bureaus over the Bureau, or is the timeline dependent upon how quickly the Bureau works through the initiative. Mr. Piccione stated that the speed at which the Bureau goes through this initiative is nearly entirely dependent upon the Bureau.

Ms. Reiter asked what exactly the Bureau would receive with release 2. Mr. Piccione detailed that if the Bureau chooses the release 1 strategy and implements a minimal viable system, then release 2 would include other Bureau components and applications in addition to the minimal viable system. He gave an example that release 1 could include licensing applications and enforcement applications, while release 2 would also include annual reporting and STRF applications. He added that after release 2 the system would be live and only require maintenance and/or minor modifications.

Dr. Marion noted his appreciation for the hard work of Bureau staff and DCA in the efforts to push this project forward. He added that, in addition to business modernization, the Bureau is launching a newly designed website on February 21, 2018.

Agenda #6 - Bureau Operations Update and Discussion

Bureau Fund Condition:

Matt Nishimine provided a report on the Bureau's fund condition and fees. Mr. Nishimine explained that Senate Bill 1192 (California Private Postsecondary Education Act of 2009), which came in to effect on January 1, 2017, increased the annual fees for institutions. He added that the fees will increase again on July 1, 2018. He explained that at the May 2017 Advisory Committee meeting he reported that there was not enough data to give any conclusive projections regarding full year revenues. He continued that now that there is a full year of data available he can provide projections on revenues for future years. He pointed to the supplied "fund condition statement" and provided an explanation of the data. He noted that the projections do not account for external factors outside of the Bureau that could affect revenue or expenditures. He concluded that based on current data the prior projections were accurate, and therefore he is confident in the future projections.

Public Comment:

Robert Johnson representing California Association of Private Postsecondary Schools (CAPPS) provided a public comment. Mr. Johnson stated that the amount of Bureau staff has increased over the years, while the number of institutions operating has decreased. He questioned whether the Bureau has the appropriate number of staff to fulfil the Bureau's mission and to be an effective organization.

Mr. Johnson stated that an increase in annual fees exacerbates the number of schools closing. He added that some institutions are not able to meet required financial ratios due to increased annual fees. He noted that students would share the costs of increased institutional annual fees.

Mr. Johnson stated that the Bureau has gone on an unusual regulatory writing binge over the past 5 to 6 years. He noted that in 2010 the Bureau carried over regulations from the previous bureau, and then continued to add regulations on top of those regulations. He noted that if the Bureau is looking for areas to increase efficiency, then regulations could be modified to contain less requirements for applicants to gain approval to operate.

Ms. Reiter asked Mr. Johnson what regulations could be modified that are not mandated by legislation. She stated that she could not recall any adopted regulations that were not required by statute. Mr. Johnson responded that the Bureau has used its discretion related to statutes to add additional requirements. He added that the Bureau has requirements beyond legislative mandates, such as institutional reporting requirements. He concluded that he is suggesting the Bureau not only modify regulations, but also review its entire innerworkings to reduce institutional requirements and increase efficiency. Ms. Reiter asked Mr. Johnson if he could provide the Committee with specific examples of Bureau regulations that over reach statutory mandates.

Enforcement Report:

BPPE Enforcement Chief Yvette Johnson provided a report on enforcement. She detailed that during 2017 the Bureau received 764 complaints and closed 607 complaints. She explained that in 2017 the Bureau benefited students by recouping refunds for tuition and fees, which totaled over one hundred thousand dollars. She added that the Bureau helped students in the following ways: retake classes at no additional charge, graduate by properly recalculating earned credits, obtain student records resulting in some qualifying for state examinations, and helped students complete educational programs.

Ms. Johnson provided examples of process improvements that have been implemented. She explained that the template for an investigative report was revised to increase efficiency. She added that peer reviews were implemented to improve the quality of the reports. She noted that the investigative scope of complaints has been narrowed down to the student's specific issue, and that further investigation into an institution is only initiated when found to be

necessary. She stated that the Bureau is working with the Attorney General's office to develop training opportunities regarding investigative techniques and report writing.

Ms. Johnson reported that there are 10 vacancies in the unit. She added that 2 investigator positions have been filled, and those individuals will start in March 2018. She noted that the office is actively recruiting to fill vacancies. Ms. Carey asked how many total positions are in the unit. Ms. Johnson replied that there are 21 positions.

Ms. Johnson noted that the enforcement unit has been coordinating with the quality of education unit to work on quality of education related complaints. She added that there has been collaboration with other boards and bureaus under DCA to handle complaints that have dual licensure and program specific issues.

Mr. Holt asked if lack of staff is the cause for a reduction in complaints closed year over year. Ms. Johnson confirmed that a lack of staff has been causing the reduction. She added that the Bureau has lost 2 managers, and that the managers who remain have been needed to train new staff as staff turnover continues. She noted that since managers are spending more time on training, they have had less time to review complaint cases.

Mr. Holt asked whether the unit has taken any special actions to address the three hundred plus complaints that are over 2 years old. Ms. Johnson responded that management in other units have been assisting by reviewing cases, and that lead analysts have been assisting subordinate analysts. She added that she found 57% of complaints older than 2 years were internally generated, and noted that those cases do not have individual students waiting for resolution. Mr. Holt asked if any of the older complaints involve closed schools. Ms. Johnson reported that the unit is currently reviewing the cases to identify any that may involve a closed school.

Ms. Reiter suggested that the unit staffing issues could be eased by having a Bureau branch location in Los Angeles. She stated that adding the branch location would have additional expenses, but those expenses could be offset by a reduction in staff travel expenses. She noted that having a branch in Los Angeles would increase the number of potential employees to fill vacancies. She added that student complaints should take a high priority, and that internal complaints should also be given priority because they may indicate systemic problems with an institution.

Ms. Reiter asked what portion of the open complaints have been referred to an outside agency or if complaints are closed after being referred to another agency. Ms. Johnson explained that complaints that entirely pertain to another agency are closed once referred to that agency. She continued that some complaints that get referred to another agency remain open with the Bureau because they deal with violations under Bureau law. Ms. Reiter stated that it would be helpful to see what percentage of open complaints are being worked by outside agencies.

Ms. Reiter suggested that it could be beneficial for the Bureau to work with the consumer law section within the Attorney General's Office.

Mr. Vice pointed out that there were 17 percent fewer complaints received in 2017 compared to 2016. He asked what may have contributed to the reduction. He asked if schools are getting better or are there just fewer schools. Ms. Johnson noted that the Bureau's hard work in educating licensees and current institutions through licensing and compliance workshops has contributed to the reduction in complaints received.

Mr. Vice asked if the Bureau has an idea on how many institutions are operating illegally without approval. Ms. Johnson explained that the Bureau has an analyst dedicated to identifying and investigating institutions that are operating without approval.

Ms. Tsutusi asked why internal complaints take longer to close than external complaints. Ms. Johnson explained that the Bureau prioritizes external complaints because they originate from students. She added that some internal complaints involve multiple units requiring additional time to resolve the issue.

Annual Reports and Compliance Report:

BPPE Enforcement Chief Beth Scott provided a report on compliance and the annual reports unit. Ms. Scott reported that the compliance unit has taken a very proactive approach to educating licensees on compliance. She explained that the Bureau will be piloting a monthly conference call open to all schools, which will provide a question and answer opportunity pertaining to licensing, enforcement, and compliance. She added that the call will include a hot topic item that will be discussed with participating schools.

Ms. Scott reported that staff analyzed workshop attendance based on location and made the appropriate changes to scheduling. She explained that when initial interest is low for a workshop, staff reaches out to local schools to invite them to attend the workshop. She added that the compliance and "school performance fact sheet" workshops are scheduled on the same day at the same location to provide convenience to the schools. She detailed that the signup form for the workshops were updated to include an opportunity for schools to submit questions in advance of the meeting. She stated that this has allowed the Bureau to address questions prior to the workshop so the school can focus more heavily on the content of the workshop.

Ms. Scott detailed that the compliance unit is working on increasing the number of inspections. She reported that, as of December 2017, the Bureau has 1,040 main institutions under its jurisdiction. She added that the Bureau currently has nine active inspectors, one inspector on leave, and two inspector vacancies in the process of being filled.

Ms. Scott reported that the unit is testing the use of tablets for inspectors. She explained that tablets reduce the amount of material the inspector must carry and increases efficiency and automation.

Ms. Scott detailed her involvement in the unit's as-is process mapping, which was an opportunity for her to identify areas of improvement.

Ms. Scott reported that a tracking system has been developed to track inspections from start to finish. She noted the system has assisted in productivity and keeping the case load on track.

Ms. Scott described a new innovative strategy the annual reports unit has implemented. She stated that each annual report analyst has been assigned a group of schools. She explained this allows the analyst to take a more personalized approach when working with the schools.

Mr. Vice asked what is the projected number of inspections the unit expects to perform in 2018. Ms. Scott replied that if the unit was fully staffed and fully trained, then the unit could fulfill the mandate. She added that in January 2018, the unit performed the most inspections it has in a 14-month period. She noted that the number of inspections performed is trending upwards.

Mr. Vice asked if it would be helpful to give an institution a 24-hour notice prior to an unannounced inspection to ensure the institution is prepared for the inspection. Ms. Scott replied that, in addition to unannounced inspections, there are announced inspections. Ms. Reiter noted that institutions are statutorily required to have a staff member present available during business hours. She added that a bad actor type of school could hide evidence of misdeeds within 24 hours.

Ms. Reiter stated the importance for the Bureau to identify problem schools before they cause student harm. She continued that she thinks the Bureau is falling short in identifying problem schools. Ms. Scott pointed out that the Bureau does prioritize inspections based on 19 different criteria.

Mr. Vice asked if inspectors look for the same things during an announced and unannounced inspection. Ms. Scott responded that the same areas are reviewed for both inspections. She added that specific areas may be inspected more thoroughly based on what is discovered during the pre-inspection process.

Public Comment:

Mr. Johnson commented on internally generated complaints. He stated that internally generated complaints seem to be outpacing student generated complaints. He noted that there is an issue with how internally generated complaints are resolved because of contrasting perspectives from different units within the Bureau. He suggested assigning a single point of contact to communicate and coordinate with an institution regarding a complaint.

Ms. Lee-Carey referenced how the Bureau's Annual Reports unit assigns an analyst to a set of schools to work on and suggested working on applying that same concept throughout the Bureau.

Dr. Marion noted that Bureau has been working towards more open collaboration.

Mr. Holt asked how confident the Bureau is in the numbers of internally and externally generated complaints identified in the report. Ms. Johnson stated she is very confident in the reported numbers. Mr. Holt asked what has contributed to the decline in internal complaints from 2016 to 2017. Ms. Johnson explained that staff combine an internal complaint with an external complaint if both complaints relate to the same problem.

Ms. Reiter questioned if the Committee could be provided with a random sampling of complaints to get a better sense of what complaints the Bureau receives and how they are handled. She added that it would provide clarification to the different categories of complaints that are received. Mina Hamilton, DCA Legal Counsel, noted that for legal reasons, a complaint in its entirety cannot be released to the public, but that a summary of a complaint could be released.

Licensing Report:

Marina O'Connor introduced herself as the new Bureau Licensing Chief. She acknowledged one of the biggest concerns in the licensing unit is addressing the backlog. She explained that the unit is considering multiple solutions to reducing the backlog. She added that the licensing unit has been collaborating with other units to ensure processes are not being duplicated and to improve cross unit communication. She stated that there is a focus on maintaining timelines and taking accountability. She noted that letters that go out to institutions are being reviewed to ensure clarity to avoid further delays.

Ms. O'Connor explained that the unit is looking to expand outreach. She stated that one idea being considered is creating web tutorials that would explain in detail the licensing application process. She detailed how web tutorials would enable the Bureau to reach a much wider audience. She added that web tutorials could result in a greater number of complete applications with fewer deficiencies, which would speed up the process.

Ms. O'Connor detailed the licensing chart provided in the meeting packet. She pointed out that over the past four months, the number of pending applications has decreased by 20%.

Ms. Reiter commented that it would be helpful for purposes of comparison if the charts provided in the meeting packet by each unit followed a similar format. She added that it appears that applications submitted by institutions are being processed quicker than complaints submitted by students.

Student Tuition Recovery Fund (STRF) Report:

OSAR Chief Scott Valverde provided a report on OSAR. He reported that of the 10 positions the office was allocated, 8 of those positions have been filled. He added that a 9th position will soon be filled. He stated that the office has taken over assisting students with STRF claims and student outreach activities and functions.

Mr. Valverde reported that over the past 7 months he worked with the previous Bureau Chief and Director to develop cobranding for OSAR. He detailed the creation of an OSAR mission statement, logo, website, and social media pages. He detailed an initial press release regarding the launch of OSAR, which led to several media contacts that resulted in additional awareness of the office.

Mr. Valverde explained that the office has established direct relationships with all statutorily required outreach partners, as well as other outreach partners that are not necessarily statutorily mandated. He added that the mandated partners are as follows: Student Aid Commission, Department of Education, California Department of Veteran Affairs, California Community College Chancellors Office, and the Consumer Financial Protection Bureau.

Mr. Valverde stated that the office has updated procedures for STRF processing and outreach. He noted that the office engaged in a targeted outreach campaign to former Corinthian students. He explained that the office reached out to approximately 5700 former Corinthian students that had not filed a claim or contacted the Bureau. He added that the students were sent information on OSAR and STRF. He noted the outreach resulted in 84 additional STRF claims.

Mr. Valverde outlined his approach to implementing a customer first culture in OSAR. He explained that OSAR staff operate as a single point of contact to help customers fulfill their needs. He added that the individualized approach is being implemented through staff training and following a specific set of "customers first" principles when hiring staff. He noted that staff is focusing on educating students about school choice and assisting students with school closures.

Mr. Valverde reported that the office has met its statutory mandate of posting quarterly reports. He added that the reports are posted on the Bureau and OSAR websites. He detailed the quarterly report provided to the Committee for review. He emphasized the diversity in the types of events the office has been participating in through outreach. He also pointed out events staff participated in that involve assisting veterans with transitioning out of the military and into the civil sector.

Mr. Vice asked if it was necessary to have so many staff for processing STRF. Mr. Valverde replied that only two staff members primary focus is processing STRF claims.

Mr. Vice questioned whether there is a need to use resources to proactively reach out to prospective students. Dr. Marion responded that OSAR has been operating for 7 months. He

added that it is important for OSAR to spread awareness as to what the office offers. Mr. Vice stated that the STRF fund balance is high in relation to the number of schools closing. Mr. Valverde agreed that STRF is well funded. Ms. Lee-Carey asked Mr. Valverde if he has discovered any reason why few students apply for STRF or why are some found to not be eligible for STRF. Mr. Valverde stated that, of the 7 months OSAR has been operational, there have not been that many school closures. He added that, however, most of the eligible students from those schools are submitting claims.

Ms. Lee-Carey stated that it would be helpful to see the average amount a student receives from a STRF claim. She added that the \$27 million fund has withstood two major school closures, and the impact has been very minimal to the total fund balance.

Ms. Butler asked if OSAR is focusing on a diverse mix of demographics. Mr. Valverde stated that staff have been directed to search for outreach opportunities to assist all demographics.

Ms. Reiter asked if OSAR will be developing materials to hand out to students. Ms. Valverde stated that a mini flyer has been produced, and noted that it would be provided at the next meeting. Ms. Reiter suggested that the flyer contain a cost benefit analysis of attending for-profit private institutions and attending a community college. She added that the flyer should point out the issues the private postsecondary education industry has faced over the years.

Ms. Reiter stated that the current trend in reduction of school closures could be comparable to times in the past when federal regulations were tightened. She added that we are currently facing a period of looser regulations which may likely result in an increase in school closures in the future. She noted that the industry tends to be cyclical in relation to federal regulations.

Ms. Reiter asked what happens when a student files for STRF and a federal loan discharge. Mr. Valverde responded that there would be referral made to the Department of Education (DOE) for a discharge, and that the amount not covered by the federal loan discharge would be covered using STRF. He continued that the STRF claim would remain open until a final decision was made by the DOE on the federal discharge. Ms. Reiter asked if those claims could be shown in the report at the next Committee meeting.

Ms. Reiter asked what additional steps OSAR is taking to contact students when the contact information on file has not been effective in reaching the students. Mr. Valverde responded that staff diligently compares multiple student rosters to ensure all methods of contact available to OSAR are utilized. He added that staff has used social media, and word of mouth by having students tell other students about STRF. Ms. Reiter suggested using an online subscription service to find student contacts. Ms. Reiter also suggested that when the Bureau receives a transcript request that staff provide STRF informational material with the copies of the student's transcript.

Ms. Reiter requested that the OSAR report include the types of services that are provided to students and the results of the services provided.

Ms. Reiter asked if OSAR has been making the decision on whether to approve or deny a STRF claim. Ms. Scott explained that OSAR provides a recommendation on approval or denial to the Bureau Deputy Chief, but that the Bureau Deputy Chief makes the final decision. Ms. Reiter explained that it could be a conflict for OSAR staff to make recommendations on STRF claims. She stated that she does not think that is what is statutorily mandated. Mr. Scott noted that the Bureau Deputy Chief makes the final decision to avoid any conflict. Ms. Reiter stated that a conflict could arise if a student seeks further assistance with a denied claim, when OSAR staff recommended the denial of that claim.

Mr. Vice suggested including statistics on private postsecondary student outcomes and public community colleges outcomes in future STRF informational material. Ms. Reiter suggested bringing STRF informational material before the Committee for discussion.

Public Comment:

Mr. Johnson asked about a new statute that allows for the reimbursement of consumer attorney fees for students who seek assistance with filing a STRF claim. He asked if the reimbursement goes to the student or directly to the attorney. Ms. Rifredi explained that the student would provide a receipt showing that they paid for an attorney, and then the student would be reimbursed up to \$500. Mr. Johnson asked for data on consumer attorney fees reimbursements be added to the OSAR report.

Agenda #7 - Status Updates on Regulations

Dr. Marion provided a status update on Bureau regulations. He reported that changes to the STRF regulations came in to effect on August 10, 2017, and changes to the compliance inspection and complaint prioritization regulations came in to effect on July 1, 2017.

Dr. Marion noted that the regulation for registration of out-of-state private postsecondary institutions is currently in the process of being readopted and will soon be with the Office of Administrative Law (OAL).

Dr. Marion stated that the English as a second language (ESL) regulatory package and the application for verification of exempt status regulatory package is under review by DCA.

Public Comment:

Raymond Trybus and Richard Miller of the San Diego University of Integrative Studies provided public comment on the proposed regulatory exemption for ESL programs. Mr. Trybus expressed his opposition to the proposed exemption. He pointed to materials he provided to the Committee. He stated the exemption granted in the ELS programs regulatory package violates the Bureau's mission, vision, and value statement. He stated that by implementing the

exemption the Bureau would fall short of protecting consumers and holding institutions accountable.

Mr. Trybus referenced an example client agreement between a student and an ELS school. He pointed out an issue with the agreement regarding the refund process. He continued that the responsibility to refund students falls on the agents (recruiters). He noted that in the example client agreement student refunds go directly to the agents and not the students. He stated that the institution has no control over how or if the refund goes back to the students.

Mr. Trybus stated that the exemption is for ESL institutions that offer short term culturally focused programs. He noted that, however, the ESL institutions that are in support of the exemption offer programs beyond the scope of the exemption. He continued that many of the schools in support of the exemption are accredited, and to receive accreditation the schools must verify they offer programs that meet academic criteria that goes beyond short term culturally focused programs. He added that schools in support of the exemption are claiming they only offer short term cultural programs on the regulatory side, and then claiming they offer academic programs on the accreditation side.

Mr. Trybus stated that by exempting ESL institutions the Bureau is reducing the number of schools the Bureau regulates, which would result in a reduction to Bureau revenue.

Mr. Trybus referenced the meeting minutes from the previous Committee meeting. He stated that comments were made regarding a high amount of fraud among ESL programs. He added that the comments suggested regulatory oversight reduced fraud among ESL programs.

Mr. Miller stated that students who attend an exempt school are not eligible for STRF.

Ms. Reiter asked about the status of the ESL program exemption regulatory package. She noted that comments had been made regarding the exemption at previous meetings. She questioned whether those comments were taken into consideration prior to submitting the package for approval. Kent Gray, Bureau Legislative Analyst, responded that the Committee reviewed the proposed language at prior meetings, and that all input was taken into consideration before submitting the package for approval. He added that there will be an additional opportunity for comment once the regulation is noticed for public comment.

Mr. Vice questioned if non-California residents are eligible for STRF. Ms. Reiter noted that the Committee had discussed that at a previous meeting. She stated that the Committee also discussed the broadness of the proposed exemption, and that considerations were made to make the exemption narrower.

Ms. Lee-Carey pointed out that the Bureau regulates schools and not specific programs. She added that schools would still fall under the Bureau's jurisdiction regardless of the exemption if the school offers academic programs and ESL programs.

Ms. Rifredi clarified that the STRF regulation states that if a student is taking classes in a residency program in California, then the student is eligible for STRF.

Agenda #8 - Discussion and Consideration of Draft Regulatory Language for Compliance with Laws and Procedures (CEC section 94885(a)(9); Title 5, CCR, Chapter 1, Section 71755)

Mr. Gray explained that the proposed regulation 71755 (Compliance with laws and procedures) addresses an ambiguity in the minimum operating standards. He noted that the regulation would allow the Bureau to enforce regulations and statutes that are not explicitly stated in the California Private Postsecondary Education Act of 2009 (Act).

Mr. Vice asked for an example of what the Bureau would enforce that is not in the Act. Mr. Gray provided an example regarding financial reporting requirements in the Education Code that is not in the Act. Mr. Vice questioned where the Bureau would draw the line regarding enforcement.

Ms. Lee-Carey suggested adding language to narrow the regulation to only include laws relating specifically to private postsecondary education. Mr. Gray responded that statute requires the Bureau to implement a regulation that includes all other laws and ordinances.

Ms. Reiter detailed an example of a school that had a faulty elevator that was leaking hydraulic fluid, which created an environmental hazard. She noted that the example is not very common, but it is one that might be relevant due to the nature of its potential to harm students. Ms. Lee-Carey agreed that issues involving potentials of student harm should be within the Bureau's reach of enforcement, but cautioned that the proposed language is too board. Mr. Holt added that the definition of "applicable" within the statute should be reviewed.

Mr. Gray pointed to sub (b) of the proposed regulation. He stated that the Bureau currently does not have any regulatory oversight of an institutions own policies and procedures. He stated the proposed regulation would allow the Bureau to issue a notice to comply if a school is not following its own policies and procedures. He added that the Bureau has received complaints involving institutions not following its policies and procedures. Mr. Holt questioned how the Bureau would handle instances where the institutions allow exceptions to its policies and procedures. Mr. Vice stated that many institutions include an exception clause in its policies and procedures. Ms. Hamilton pointed out that oversight would only apply to policies and procedures that are mandated by statute or regulations.

Public Comment:

Mr. Johnson stated that there is always an issue with regulations being either too broad or too specific. He explained that cases involving broad regulations that go before an Administrative Law Judge are often dismissed based of the broadness of the regulation. He added that any judge wants a clear indication that a defendant was aware that they were breaking a law. He

noted that many disputes with regulations are due to a lack of understanding about the enforcement process and the scope of the regulations.

Agenda #9 - Discussion on the Emergence of Income-Share Agreements (ISA) in Private Postsecondary Education

Ms. Lee-Carey discussed the rise of Income-Sharing Agreements (ISA) in private postsecondary education. She stated that schools who are non-accredited or not approved are offering ISA in lieu of Title IV loans. She explained that with an ISA a student agrees upfront to pay a percentage of their income for a set amount of time following the completion of a program at a school. She explained that the set amount of time is usually no longer than 2 to 3 years. She noted that the amount paid to the school would depend on the student's income. She stated that under an ISA the school and student share the risk.

Ms. Lee-Carey added that she is aware the Bureau has had some concerns about ISA. She suggested creating a subcommittee to do more work on identifying areas of concern regarding ISA. Dr. Marion suggested that additional information on ISA could be presented at the next meeting. Ms. Lee-Carey proposed having a representative who deals with ISA present material to the Committee.

Ms. Reiter requested that sample agreements be provided to the Committee.

Ms. Tsutsui recommended identifying Bureau statues or regulations that would relate to an ISA.

Dr. Marion agreed with Ms. Lee-Carey on the idea of bringing in an expert on ISA to have a dialogue with the Committee.

Agenda #10 - Future Agenda Items

Ms. Lee-Carey asked the Committee for input on future agenda items.

Ms. Reiter requested to see random samplings of summarized complaints at the next meeting.

Ms. Reiter suggested having a discussion on how the Bureau can identify problem schools before they cause vast harm to students.

Ms. Reiter recommended having a discussion on the Committee's repeated failure to reach a quorum. She noted that the issue could be resolved by adding the word "voting" before the word "member" in the statutory section on what constitutes a quorum.

Ms. Butler asked for continuing input on how the Bureau is addressing staffing shortages. Dr. Marion responded that he is putting a focus on retention, improving training, and

retraining. He continued that working for the Bureau requires the attainment of a vast amount of knowledge, and that when staffing is lost it can leave a void. He added that there is also a focus on recruiting quality talent, while maintaining and supporting staff.

Public Comment:

Mr. Johnson suggested an in-depth review of Bureau regulations regarding efficiency. He also suggested an analysis of the private postsecondary education sector, regarding the decline and growth of the sector and the number of students within the sector.

Agenda #11 - Discuss Potential Meeting Dates for 2018

Ms. Lee-Carey reported that the next meeting is scheduled for May 15, 2018. She stated that the other planned meeting dates are August 15, 2018 and November 6, 2018. She pointed out that the planned November 6, 2018 date would coincide with election day, and suggested moving the date to November 7, 2018.

Agenda #12 - Adjournment

Ms. Lee-Carey adjourned the meeting with the consent of all Committee members present.

Agenda Item 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 and BreEZe, Communications and Outreach, as well as Regulatory and Policy Matters)

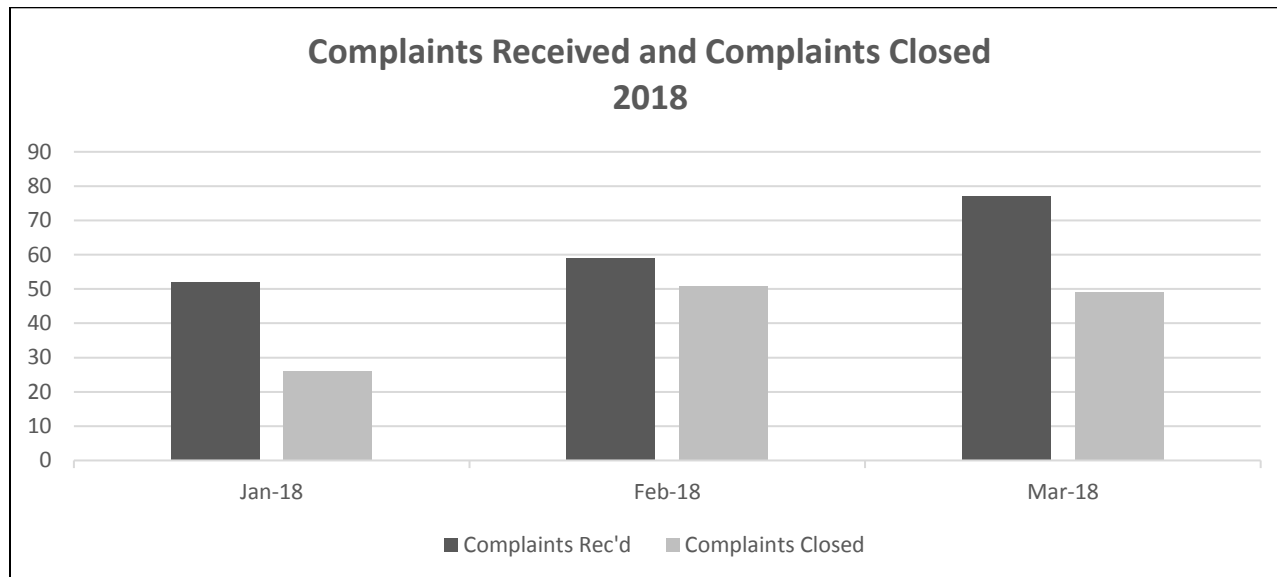
BUREAU OPERATIONS UPDATE RELATED TO THE FOLLOWING:

- a. Enforcement Report – Yvette Johnson**
- b. Compliance Report – Beth Scott**
- c. Licensing Report – Marina O’Connor**
- d. Quality of Education Report – Robert Bayles**
- e. Office of Student Assistance and Relief (OSAR) Report – Scott Valverde**

ATTACHMENT:

- A. Enforcement Statistics**
- B. Compliance Statistics**
- C. Licensing Applications Statistics**
- D. Quality of Education Report**
- E. OSAR Statistics**

COMPLAINT INVESTIGATIONS STATISTICS
BPPE Advisory Committee Meeting
May 15, 2018

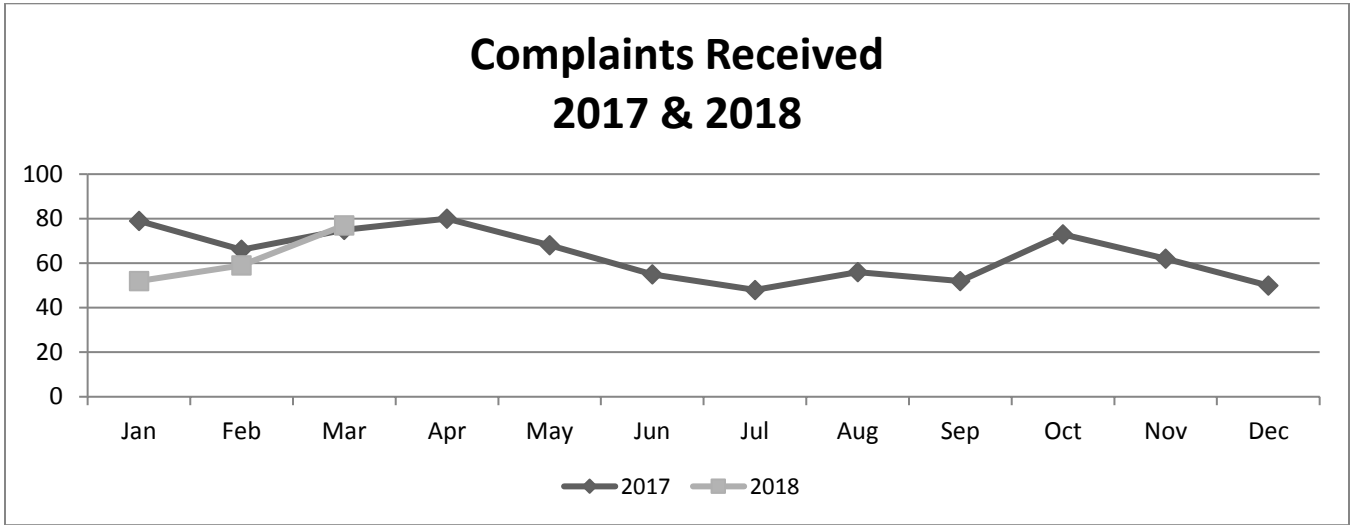


Source: CPEI Monthly Statistical Reports

2018: 1ST QUARTER

Month/Year	Complaints Rec'd	Complaints Closed	Pending
Jan-18	52	26	1147
Feb-18	59	51	1155
Mar-18	77	49	1183

COMPLAINT INVESTIGATIONS STATISTICS
BPPE Advisory Committee Meeting
May 15, 2018



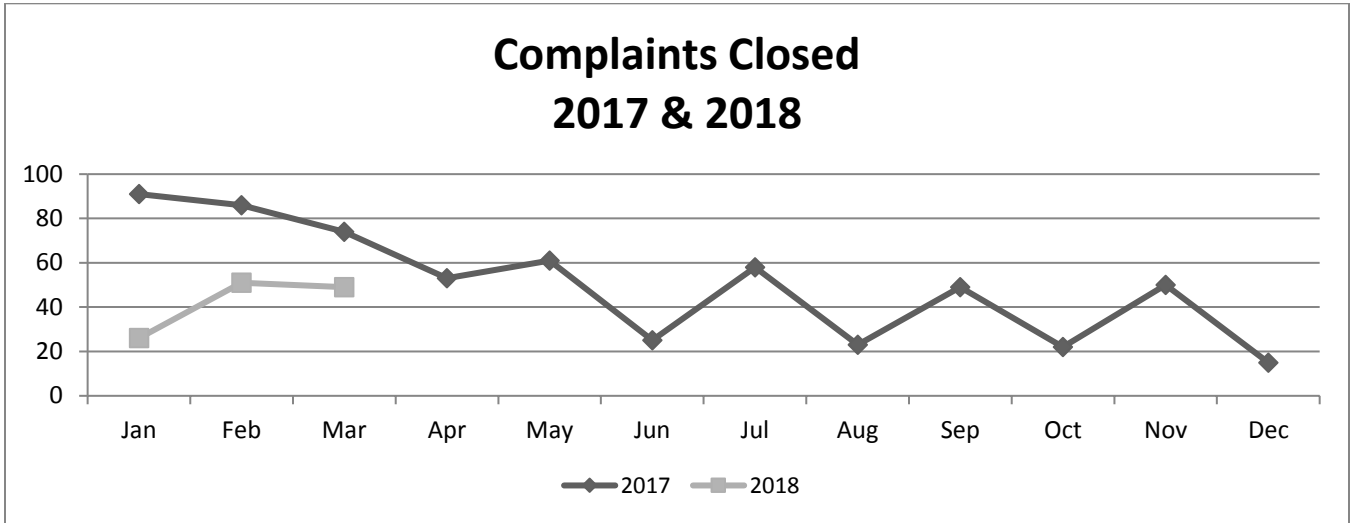
Source: CPEI Monthly Statistical Reports

COMPLAINTS RECEIVED

Month/Year	2017	2018
Jan	79	52
Feb	66	59
Mar	75	77
Apr	80	
May	68	
Jun	55	
Jul	48	
Aug	56	
Sep	52	
Oct	73	
Nov	62	
Dec	50	

Total 764

COMPLAINT INVESTIGATIONS STATISTICS
BPPE Advisory Committee Meeting
May 15, 2018

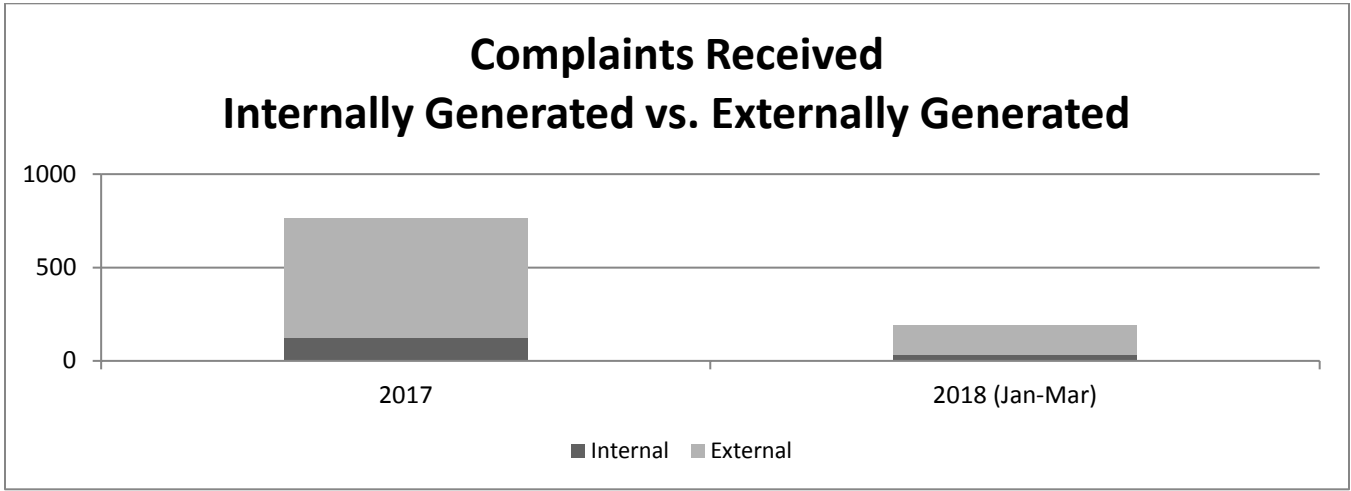


Source: CPEI Monthly Statistical Reports

COMPLAINTS CLOSED

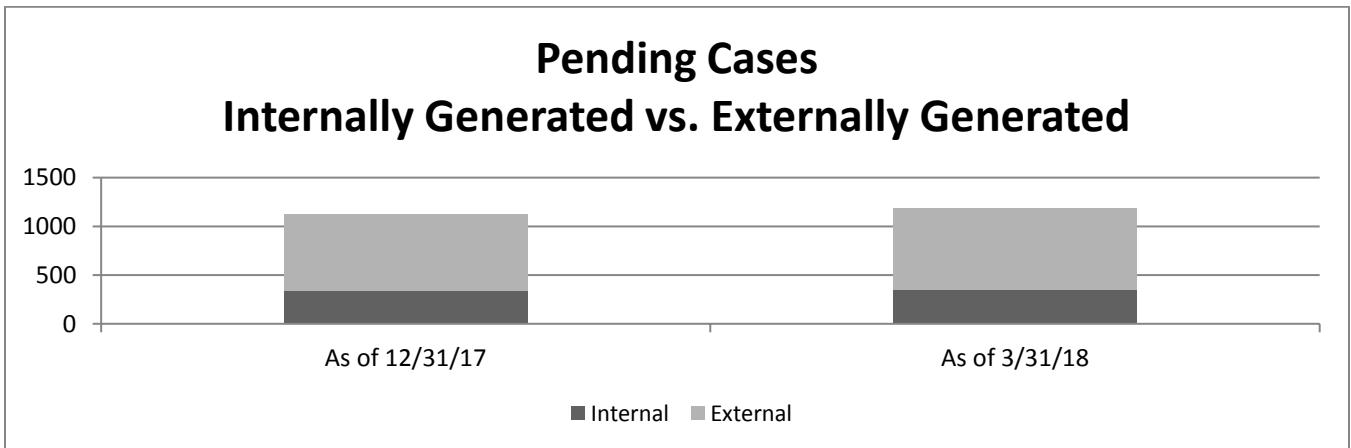
Month/Year	2017	2018
Jan	91	26
Feb	86	51
Mar	74	49
Apr	53	
May	61	
Jun	25	
Jul	58	
Aug	23	
Sep	49	
Oct	22	
Nov	50	
Dec	15	
Total	607	

COMPLAINT INVESTIGATIONS STATISTICS
BPPE Advisory Committee Meeting
May 15, 2018



Source: BPPE Complaint Case Tracking Log

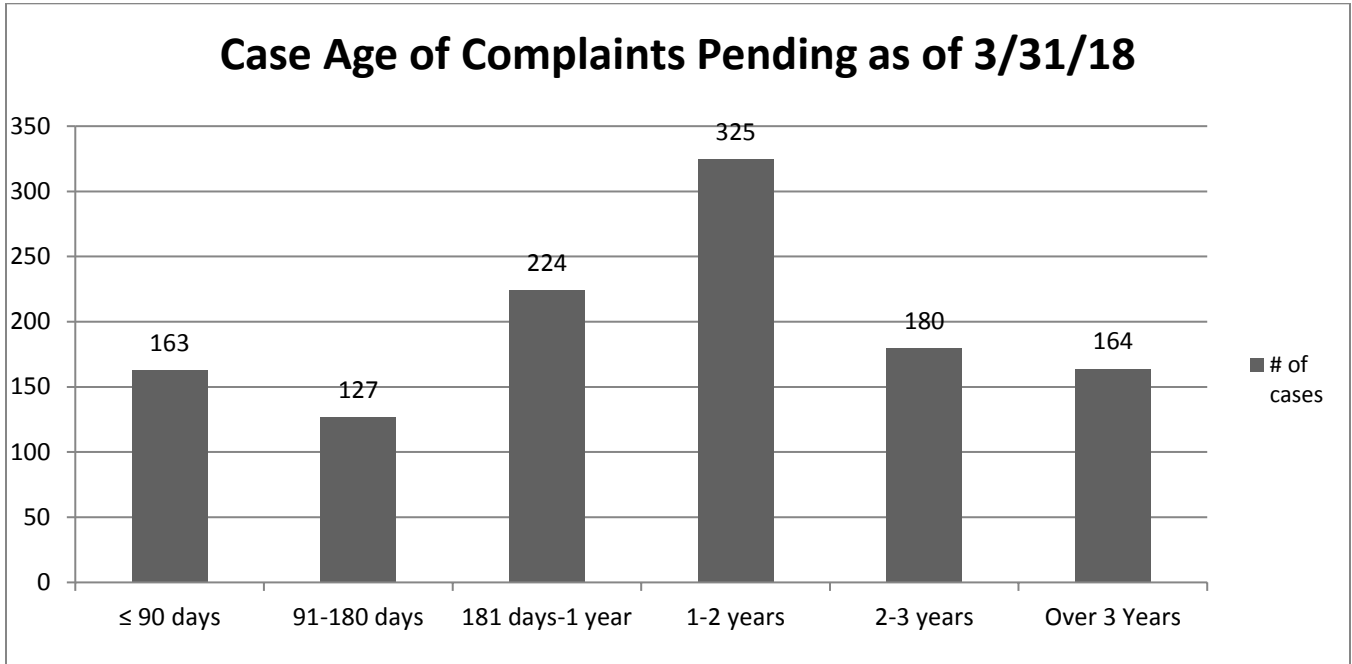
Received	2017	2018 (Jan-Mar)
Internal	125	31
External	639	157
Total	764	188



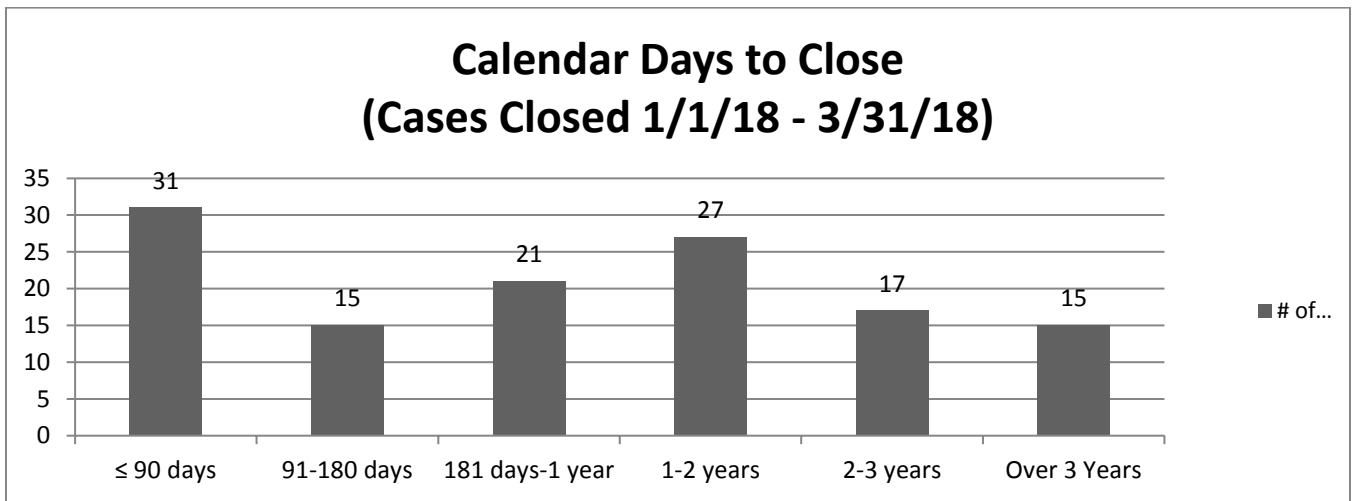
Source: BPPE Complaint Case Tracking Log

Pending	As of 12/31/17	As of 3/31/18
Internal	339	342
External	782	841
Total	1121	1183

COMPLAINT INVESTIGATIONS STATISTICS
BPPE Advisory Committee Meeting
May 15, 2018

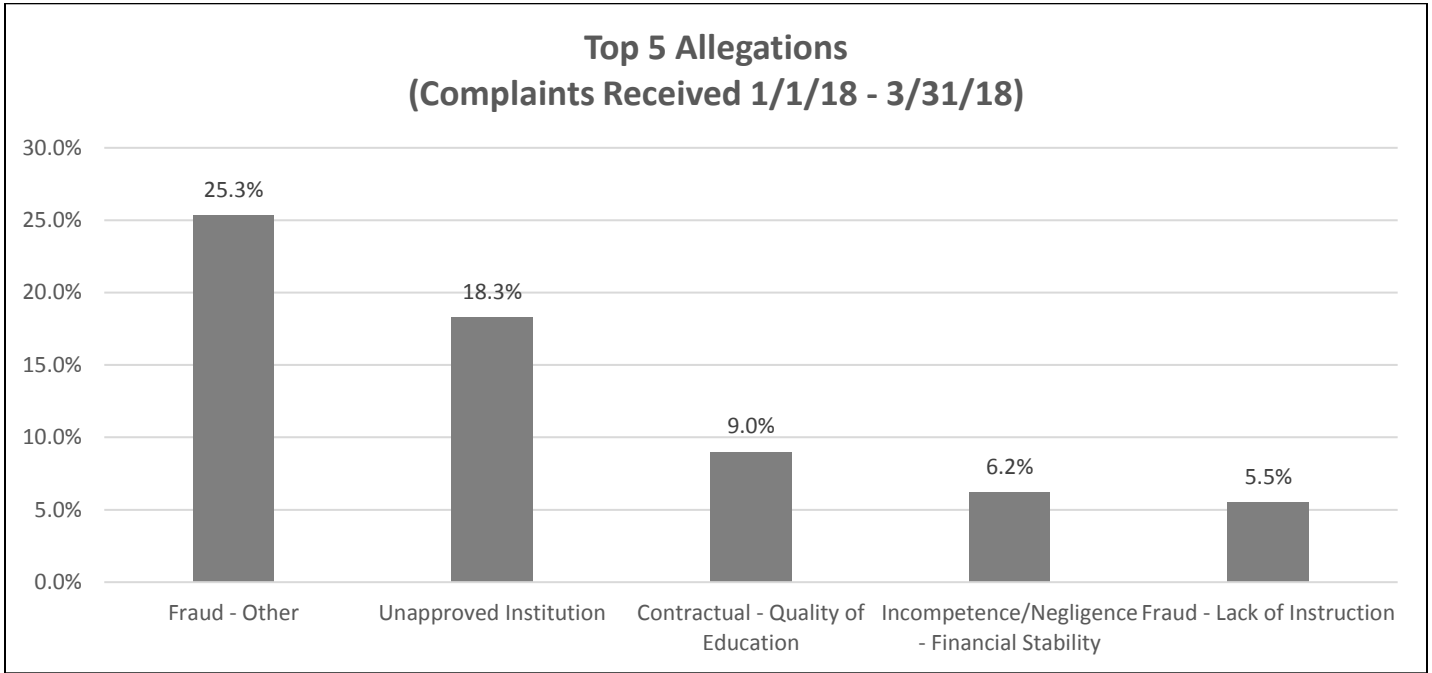


Source: BPPE Complaint Case Tracking Log

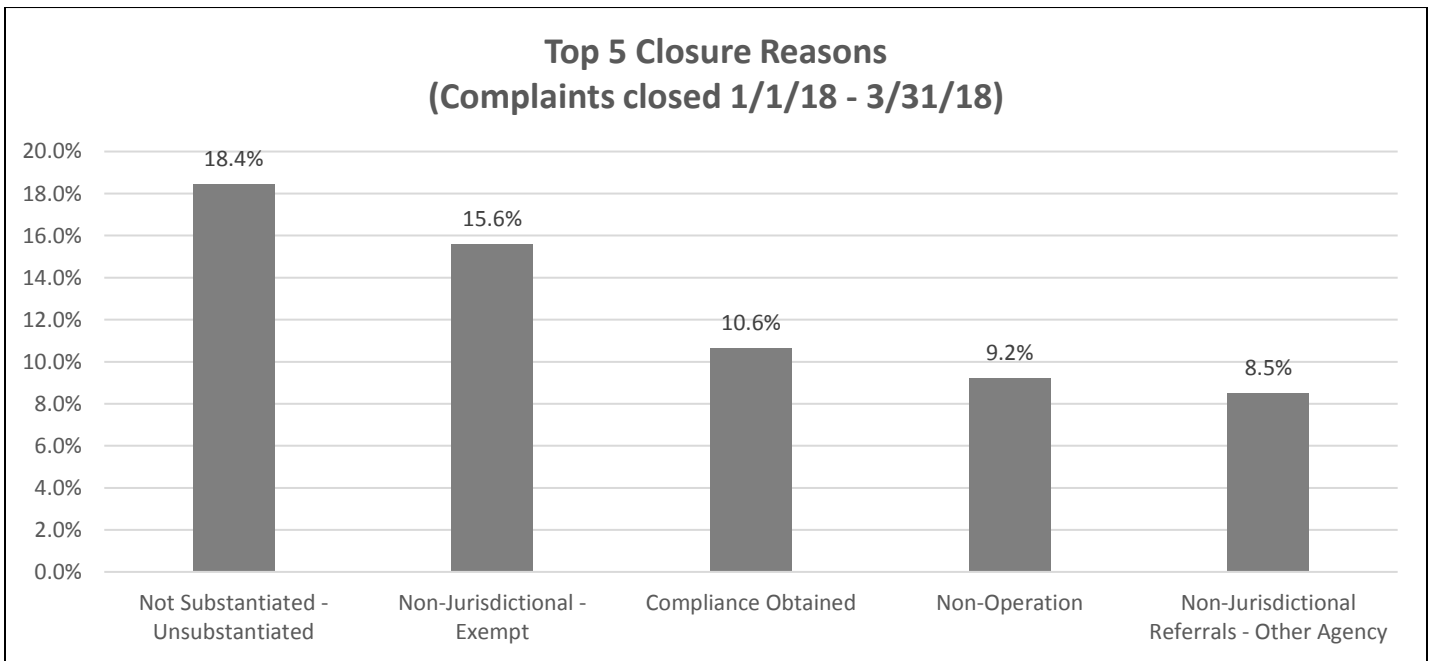


Source: BPPE Complaint Case Tracking Log

COMPLAINT INVESTIGATIONS STATISTICS
BPPE Advisory Committee Meeting
May 15, 2018



Source: SAIL Enforcement Workload Analysis



Source: SAIL Enforcement Workload Analysis

BPPE Complaint Investigations
January 2018 Closures: Summary of Allegations and Closure Reasons

Accreditation Agency	SAIL Allegation	Allegation Summary	SAIL Closure Reason
COE	Fraud - Irregularities in the Admissions Process	Complaint alleges that the institution may be falsifying student records and involved in workers' compensation fraud.	Referred to DA/AG
	Fraud - Lack of Instruction	Complaint alleges that the institution may be falsifying student records and involved in workers' compensation fraud.	
ACCSC	Non-Jurisdictional Referrals - Office of Civil Rights	The complaint alleges Harrassment and Discrimination.	Non-Jurisdictional Referrals - Other Agency
NONE	Unapproved Institution (Violator)	The complaint alleges that the institution is operating without Bureau approval.	Insufficient Evidence to Confirm Violation - Not School
None	Contractual - Quality of Education	The complaint alleges the institution is not providing instruction in English.	Insufficient Evidence to Confirm Violation - Not Operating
	Non-Jurisdictional Referrals - Office of Civil Rights	The complaint alleges the Instructors discriminated against the complainant and the institution failed to provide a response to a student complaint.	
NONE	Unapproved Institution (Violator)	Complainant alleged institution is operating without BPPE approval. UA	Insufficient Evidence to Confirm Violation - Not School
NONE	Unapproved Institution (Violator)	The tip alleges that the institution is operating as an unapproved school.	Complaint closed and referred to Citation.
ACICS	Fraud - Other	The Complaint alleges that the Institution is offering degree programs that are not taught at the appropriate level.	Non-Jurisdictional - Exempt
NONE	Non-Jurisdictional Referrals - USDE	Complainant alleges the Institution was not receiveing her application for admission.	Non-Jurisdictional - Exempt
NONE	Unapproved Institution (Violator)	Operating without approval. Referrel from CAL OSHA about forklift training course possibly requiring Bureau approval.	Non-Jurisdictional - Exempt

BPPE Complaint Investigations
January 2018 Closures: Summary of Allegations and Closure Reasons

Accreditation Agency	SAIL Allegation	Allegation Summary	SAIL Closure Reason
NONE	Fraud - Other	Not providing Enrollment Agreements and operating from a different location.	Not Substantiated - Unsubstantiated
ACICS	Non-Jurisdictional Referrals - Office of Civil Rights	Complainant feels the instructor gave them a bad grade and targeted them because they spoke to other staff of the instructor's alleged inappropriate behavior.	Not Substantiated - Insufficient Evidence to Confirm Violation
NONE	Unapproved Institution (Violator)	Anonymous complaint alleging institution is operating without approval.	Non-Jurisdictional - Exempt
NONE	Unapproved Institution (Violator)	Complainant alleged institution is operating without BPPE approval. UA	Non-Jurisdictional - Exempt
NONE	Unapproved Institution (Violator)	Complainant alleged institution is operating without BPPE approval. UA	Non-Jurisdictional - Exempt
NONE	Unapproved Institution (Violator)	Operating as an unapproved private postsecondary educational institution by providing instruction from their home.	Insufficient Evidence to Confirm Violation - Not School
ABHES	Fraud - False and Misleading Advertising	The educational institution is abusing F-1 Student Visa privileges.	Non-Jurisdictional - Exempt
	Fraud - Other	The educational institution is abusing F-1 Student Visa privileges.	
	Unapproved Institution (Violator)	Complainant alleged institution is operating without BPPE approval. UA	
NONE	Unapproved Institution (Violator)	Complainant alleged institution is operating without BPPE approval. UA	Non-Operation
ACCSC	Fraud - Other	Fraud - overcharge for education.	Not Substantiated - Unsubstantiated
NONE	Fraud - Other	Failure to provide support data for School Performance Fact Sheets	Not Substantiated - Unsubstantiated

BPPE Complaint Investigations
January 2018 Closures: Summary of Allegations and Closure Reasons

Accreditation Agency	SAIL Allegation	Allegation Summary	SAIL Closure Reason
NONE	Fraud - Irregularities in the Admissions Process	The complainant is alleging that the institution is selling transcripts for their program and that they are working with a recruiter that is not employed by the institution as is required by law.	Violation Confirmed - Citation and Fine
NONE	Contractual - Failure to Make Accurate or Timely Refund	School refused to issue student the correct refund amount.	Referred to DA/AG
NONE	Unapproved Institution (Violator)	This school is allegedly operating without approval.	Violation Confirmed - Citation and Fine
NONE	Contractual - Failure to Make Accurate or Timely Refund	Institution closed the location the complainant enrolled at requested the complainant attend their open location. The complainant requested a refund of their \$600.00 deposit, which they had not received despite repeated requests.	Mediated Settlement - Exempt
	Unapproved Institution (Violator)	This school is allegedly operating without approval.	
ACCET	Unprofessional Conduct - Other Types of Misconduct	Theft, threats, broken policies, disrespect, false accusations, teacher/student bias, bullying, unprofessional conduct, false advertising, and fraud.	Not Substantiated - Insufficient Evidence to Confirm Violation
	Fraud - Other		

**BPPE Complaint Investigations
January 2018 Closures: Summary of Allegations and Closure Reasons**

Accreditation Agency	SAIL Allegation	Allegation Summary	SAIL Closure Reason
NACCAS	Contractual - Quality of Education	Complainant stated that they have a medical condition for which they are required to visit the doctor frequently. The complaint alleged the following: The school warned the complainant about their low grade point average (GPA) although they had submitted doctor notes to excuse their absences. The owners "threatened" that the complainant would be dropped from financial aid due to a low GPA.	Not Substantiated - Unsubstantiated
ACCSC	Incompetence/Negligence - Education and Experience of Instructor	The complaint alleges that the institution is in violation of 5, CCR § 71720(a)(1) - Faculty for hiring an unqualified instructor.	Not Substantiated - Unsubstantiated

REPORTING AS OF: APRIL 30, 2018

2018 STATS Compliance Unit - Grouped by Qtr	January	April	July	October
	February	May	August	November
	March	June	September	December
Total Inspections	33	16		
Announced Inspections	15	7		
Unannounced Inspections	18	9		
Notice To Comply Issued	12	9		
Enforcement Referral Issued	12	7		

Type Compliance Inspector Activity	Calendar Year 2018 YTD
Total Compliance Inspections	
(UCI + ACI) Completed	49
Notice to Comply	21
Enforcement Referral	19

Key	
Unannounced Compliance Inspection	UCI
Announced Compliance Inspection	ACI
Enforcement Referrals	ER
Notice To Comply	NTC

Licensing Applications Status as of April 1, 2018 for Fiscal Year 17/18

Type	Received FY 17/18	Pending Assignment (Queue)	Under Review	Total Pending ^a	Approved	Withdrawn or Abandoned	Denied	Total Closed	Average Days to Approve
New Full Approval	50	26	51	77	50	9	22	81	285
New Accreditation	30	0	6	6	28	9	3	40	122
Renewal Full	40	36	47	83	45	11	15	71	354
Renewal Accreditation	64	0	21	21	73	14	3	90	108
Changes Full	140	0	53	53	110	7	10	127	84
Changes Accreditation	145	0	13	13	124	16	4	144	49
Exemption	134	0	11	11	96	2	43	141	84
Out of State Registration	39	0	4	4	54	9	0	63	49
Totals:	642	62	206	268	580	77	100	757	142

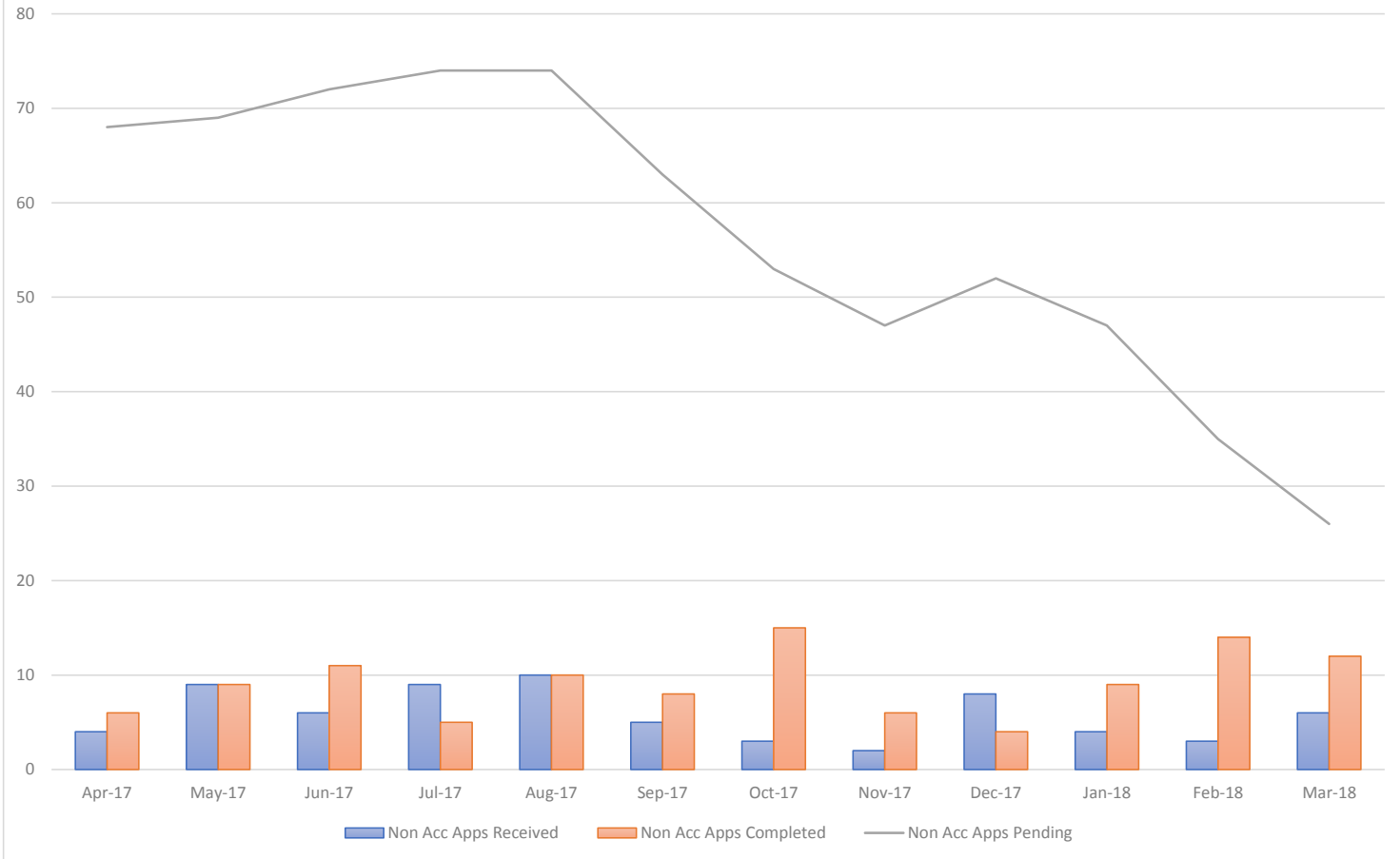
^b Average Days to Approve is calculated from time assigned to analyst.

Total pending applications on 6/30/2017:	384
Total pending applications on 9/1/2017:	399
Total pending applications on 4/1/2018:	268
In last 4 months Total Pending Applications has decreased by	16%

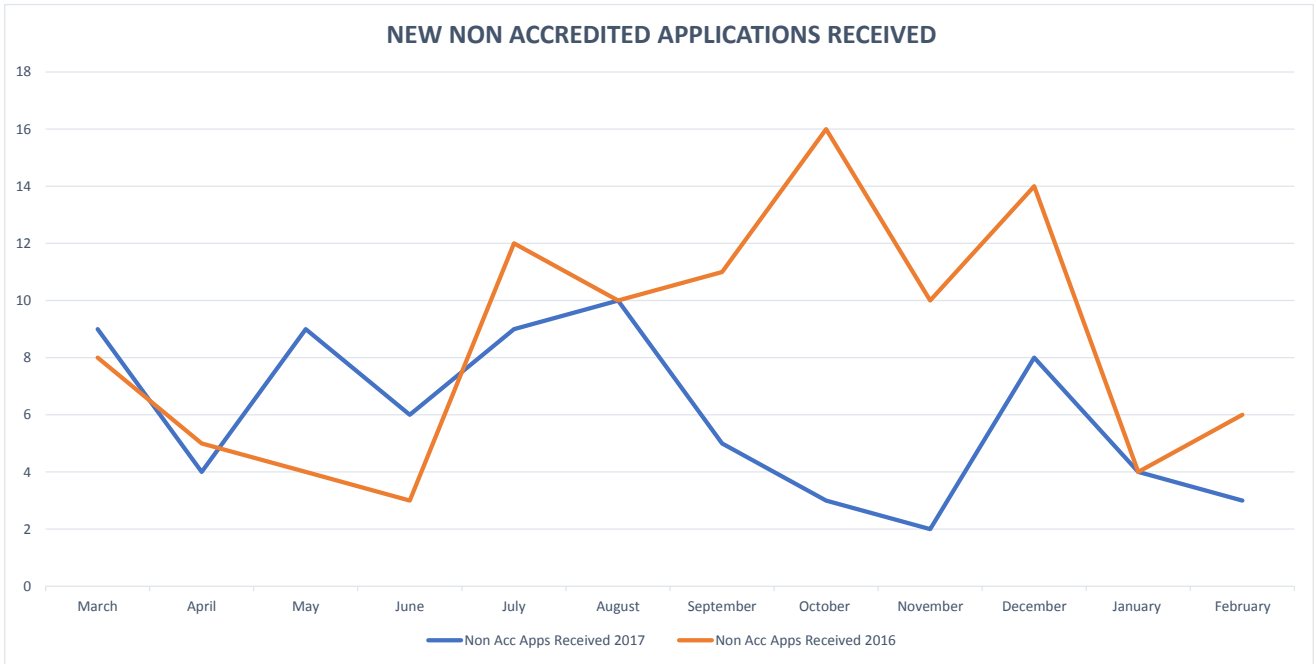
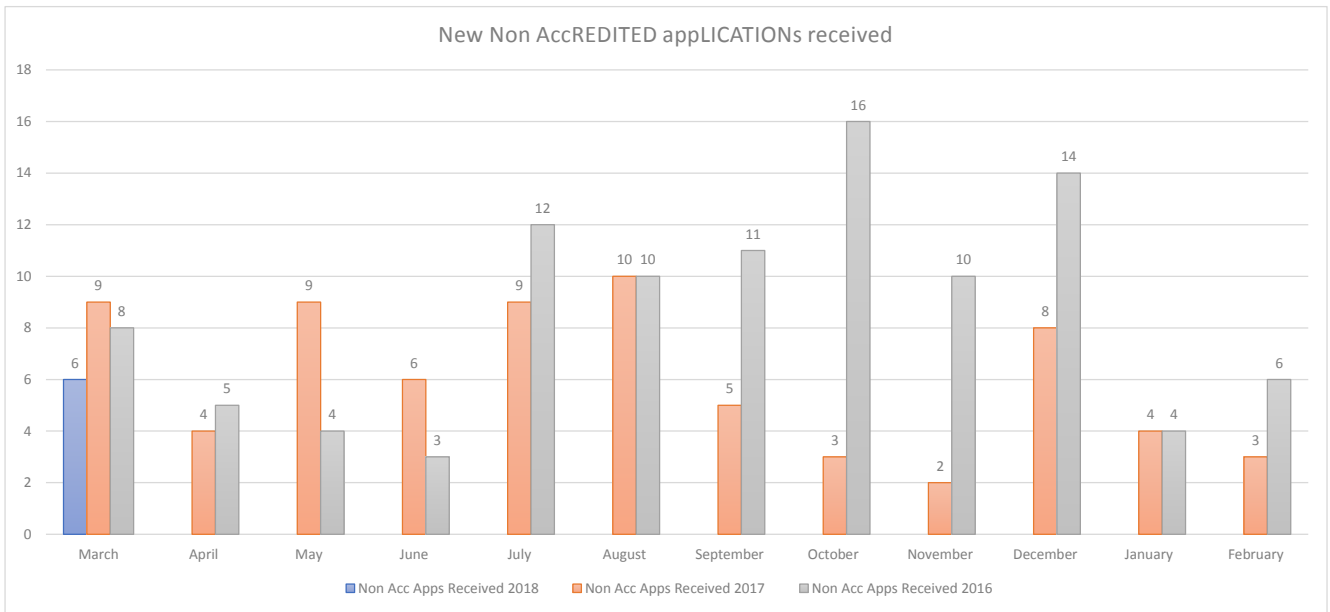
As of April 30, 2018

Oldest Full Apps in Queue:	8/10/2017
Oldest Full Apps Under Review:	10/26/2015
Oldest Renewal Full Apps in Queue:	9/11/2017
Oldest Renewal Full Apps Under Review:	1/31/2013
Median Date of Full Apps in Queue:	2/23/2018
Median Date of Renewal Full Apps in Queue:	1/5/2018

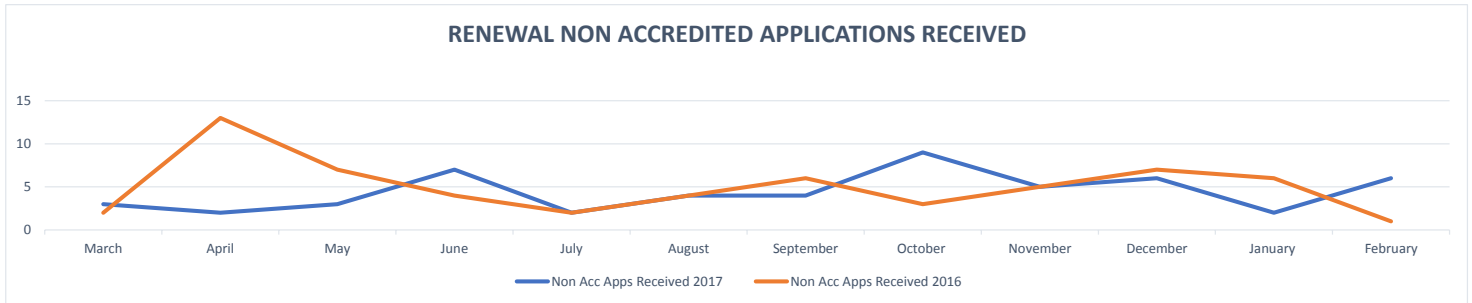
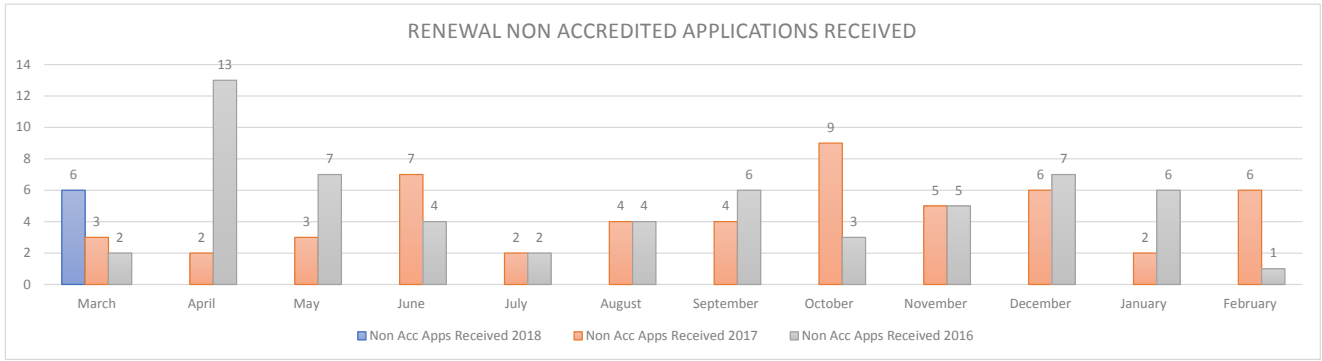
12 MONTH NEW NON ACCREDITED APPLICATION OVERVIEW



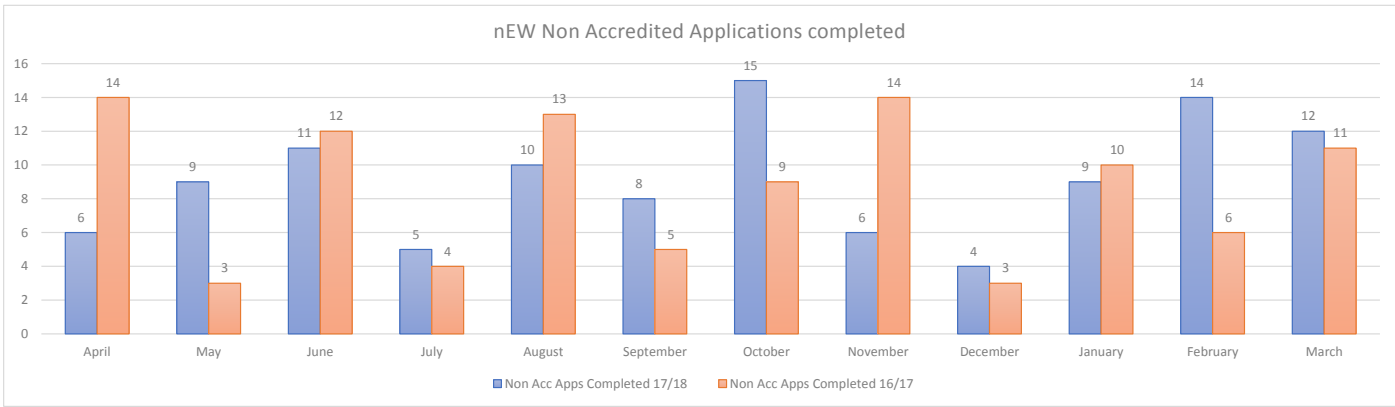
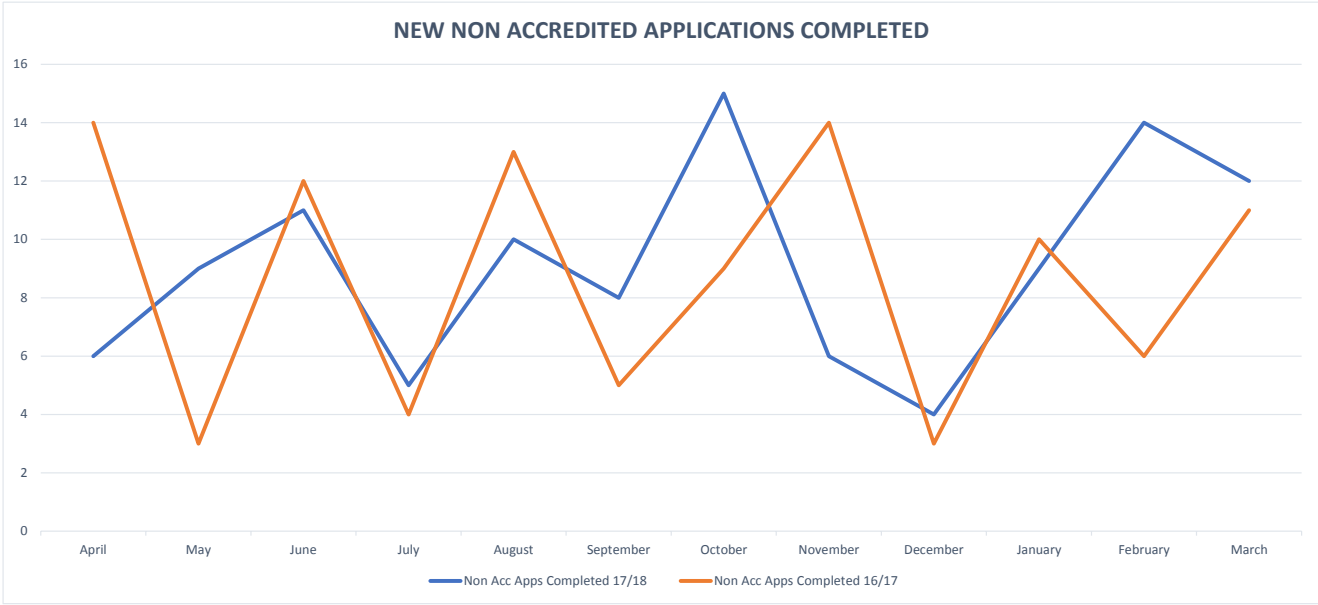
Month	Non Acc Apps Received	Non Acc Apps Completed	Non Acc Apps Pending
Apr-17	4	6	68
May-17	9	9	69
Jun-17	6	11	72
Jul-17	9	5	74
Aug-17	10	10	74
Sep-17	5	8	63
Oct-17	3	15	53
Nov-17	2	6	47
Dec-17	8	4	52
Jan-18	4	9	47
Feb-18	3	14	35
Mar-18	6	12	26



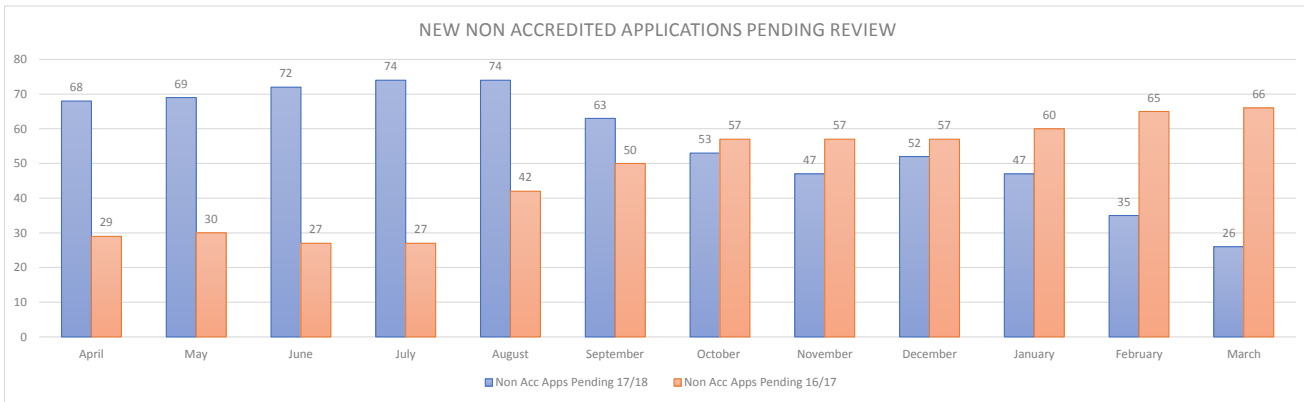
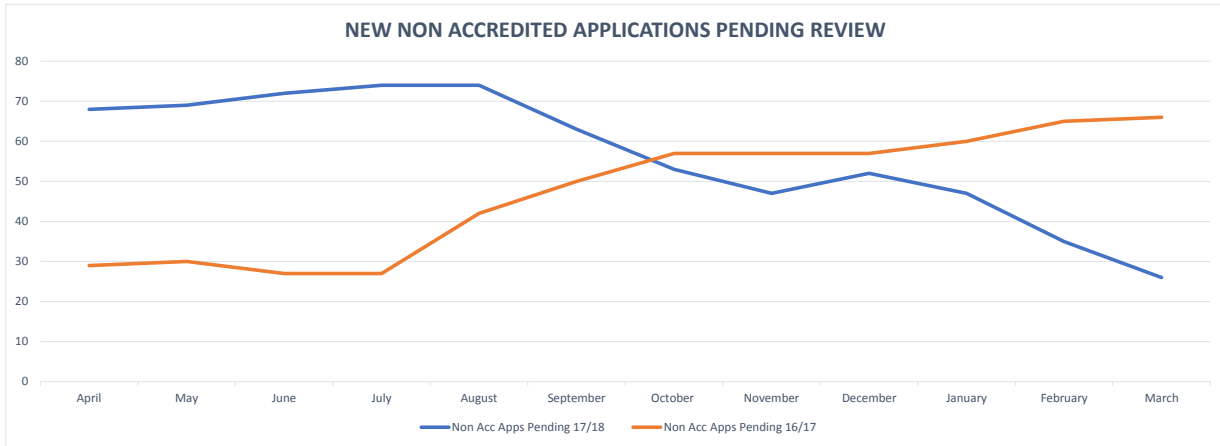
Month	Non Acc Apps Received 2018	Non Acc Apps Received 2017	Non Acc Apps Received 2016
March	6	9	8
April		4	5
May		9	4
June		6	3
July		9	12
August		10	10
September		5	11
October		3	16
November		2	10
December		8	14
January		4	4
February		3	6



Month	Non Acc Apps Received 2018	Non Acc Apps Received 2017	Non Acc Apps Received 2016
March	6	3	2
April		2	13
May		3	7
June		7	4
July		2	2
August		4	4
September		4	6
October		9	3
November		5	5
December		6	7
January		2	6
February		6	1

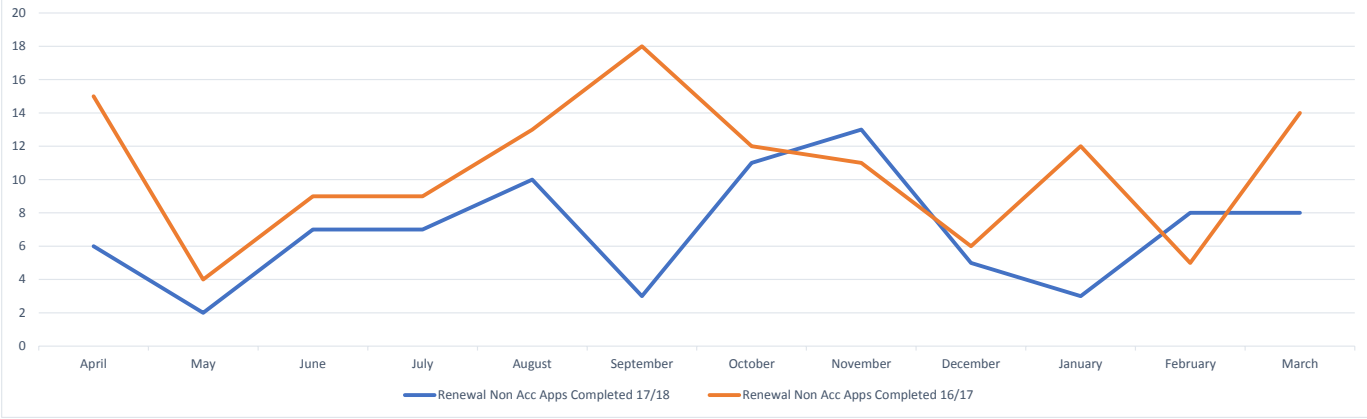


Month	Non Acc Apps Completed 17/18	Non Acc Apps Completed 16/17
April	6	14
May	9	3
June	11	12
July	5	4
August	10	13
September	8	5
October	15	9
November	6	14
December	4	3
January	9	10
February	14	6
March	12	11

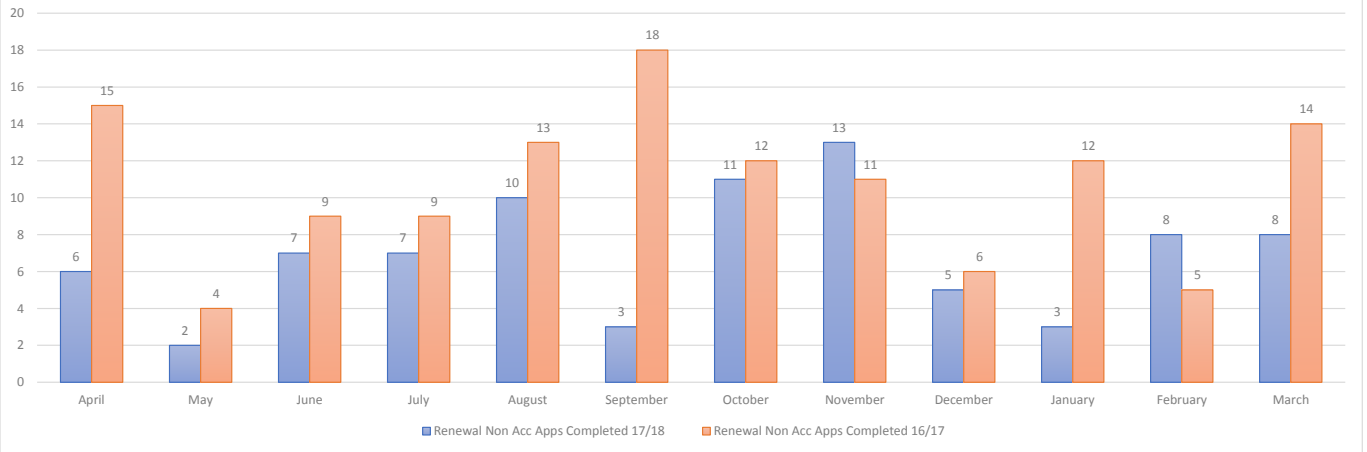


Month	Non Acc Apps Pending 17/18	Non Acc Apps Pending 16/17
April	68	29
May	69	30
June	72	27
July	74	27
August	74	42
September	63	50
October	53	57
November	47	57
December	52	57
January	47	60
February	35	65
March	26	66

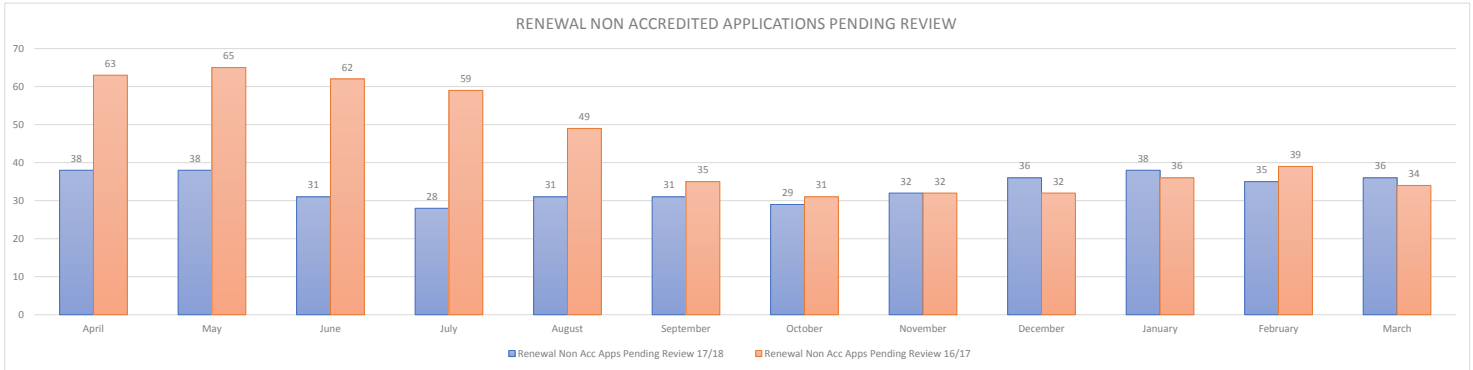
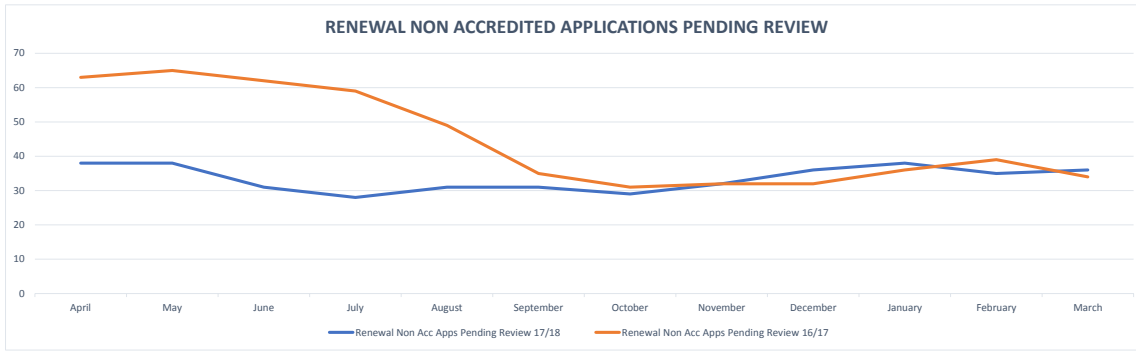
RENEWAL NON ACCREDITED APPLICATIONS COMPLETED



Renewal Non Accredited Applications completed



Month	Renewal Non Acc Apps Completed 17/18	Renewal Non Acc Apps Completed 16/17
April	6	15
May	2	4
June	7	9
July	7	9
August	10	13
September	3	18
October	11	12
November	13	11
December	5	6
January	3	12
February	8	5
March	8	14



Month	Renewal Non Acc Apps Pending Review 17/18	Renewal Non Acc Apps Pending Review 16/17
April	38	63
May	38	65
June	31	62
July	28	59
August	31	49
September	31	35
October	29	31
November	32	32
December	36	32
January	38	36
February	35	39
March	36	34

Total Number of Schools by Location Type & Approval Type

Location Type	Mains	Branches	Satellites	Total Locations
	1068	397	495	1960

Approval Type	ABMA (Accredited)	Full (Non Accredited)	Conditional	Provisional
	446	585	21	16

** As of April 30, 2018 (The numbers can change on a daily basis)*

Quality of Education Unit

Report on Status of Institutions Impacted by SB 1247

CEC 94885.1 Institutions

- Applies to Institutions approved to operate on or before January 1, 2015
- Requires institutions achieve pre-accreditation or candidacy status by July 1, 2017 and full accreditation by July 1, 2020
- 108 Institutions submitted an accreditation plan to the Bureau on or before July 1, 2015
- Of those 108 institutions:
 - 17 closed, let their approvals expire, or surrendered their approvals
 - 4 were granted extensions to meet candidacy status
 - 12 were verified as exempt institutions
 - 10 surrendered their degree programs prior to July 1, 2017
 - 5 received degree program suspension orders
 - 49 currently in accreditation candidacy status
 - 11 achieved accreditation

CEC 94885.5 Institutions

- Applies to institutions seeking approval after January 1, 2015
- 34 Institutions received provisional approval to operate degree programs
- Must achieve pre-accreditation or candidacy status within two years
- Must achieve full accreditation within five years

Student Tuition Recovery Fund Claims

Student Tuition Recovery Fund (STRF) Claims Received During 2017/18 Fiscal Year
292

Claims Closed During 2017/18 Fiscal Year			
Claims Paid	91	Amount	\$981,648
Claims Ineligible	1		
Claims Denied	1		
Closed - Unable to Contact	2		
Total	95		

Current Claims	
Active / Waiting for Student Response	167
Analyst's First Review Complete / Recommendation Pending	192
Payment Requested From State Controller's Office	15
Total	374

Claims in Queue
0

Definitions

Ineligible	Not a CA resident, school not closed
Denied	Incomplete application, no proof of attendance, no economic loss
Unable to Contact	OSAR staff reached out to student via phone, email & written correspondence at least three times

Current Fund Balance: \$26,585,000

Historical Fund Balances (Fiscal Year Closing):

2016-17	\$28,497,000
2015-16	\$29,626,000
2014-15	\$28,518,000

Data as of 4/20/2018

Student Tuition Recovery Fund Claims

Large Impact Closures

2017/18 Fiscal Year

	STRF Claims Received	STRF Claims in Progress	Ineligible	Denied	Number of STRF Claims Paid	STRF Claims Paid
All Claims	292	275	1	1	91	\$981,648
ITT Tech	18	15	0	0	6	\$33,114
Heald¹	81	79	0	1	4	\$69,852
WyoTech¹	4	4	0	0	1	\$198
Everest¹	11	11	0	0	1	\$10,000

From School Closure to Current (Total Impact)

	STRF Claims Received	STRF Claims in Progress	Ineligible	Denied	Number of STRF Claims Paid	STRF Claims Paid
ITT Tech	280	30	25	112	41	\$197,483
Heald¹	152	83	48	5	13	\$154,213
WyoTech¹	118	7	16	23	50	\$278,243
Everest¹	254	12	53	40	84	\$255,695

¹ Heald College, WyoTech, and Everest College were operated by Corinthian Colleges, Inc.

Office of Student Assistance and Relief

Quarterly Report

Third Quarter

(01/01/2018 - 03/31/2018)



SUMMARY OF OUTREACH AND EDUCATIONAL ACTIVITIES¹

Student Outreach Activities	Event Type	Event Date	Event Location
Pacific Coast Trade School Closure Outreach Event	Student Workshop	1/11/2018	Oxnard, CA
Homeport California, Camp Pendleton Workshop	Student Workshop / Presentation	1/18/2018	San Diego, CA
Steps to College	College Fair	2/3/2018	Sacramento, CA
Black College Expo	College Fair	2/10/2018	Los Angeles, CA
Black College Expo	College Fair	2/17/2018	Oakland, CA
Golden State College of Court Reporting & Captioning School Closure Outreach Event	Student Workshop	3/1/2018	Pleasanton, CA
Marine Corps Recruit Depot Workshop	Student Workshop / Presentation	3/21/2018	San Diego, CA

NUMBER OF STUDENTS SERVED²

Students Served By OSAR	Jan-18	Feb 18	Mar-18	Total
Corinthian Students	96	124	112	332
Other Eligible Students	536	564	546	1,646
Total Number of Students	632	688	658	1,978

SUMMARY OF STUDENT SERVICES

Student Tuition Recovery Fund (STRF) Claims Received by the Bureau for Private Postsecondary Education (Pre-OSAR) - Prior to State Fiscal Year 2017/18 ³ -	Jan-18	Feb 18	Mar-18	
Pending Claims (Beginning of Reporting Month) ⁴				Total
Pending Claims (Qty.)	73	63	53	
Pending Claims (Total Dollar Amount) ⁵	\$1,712,417	\$1,519,052	\$1,519,052	

Approved Claims (End of Reporting Month)				
Claims Approved (Qty.)	10	10	17	37
Claims Approved (Total Dollar Amount)	\$88,290	\$252,951	\$126,418	\$467,659
Student Loans Canceled (Dollar Amount)	\$0	\$0	\$0	\$0
Student Loans Paid Off (Dollar Amount)	\$0	\$0	\$0	\$0
Cash Reimbursements to Students (Dollar Amount)	\$193,365	\$0	\$412,207	\$605,572
Denied Claims (End of Reporting Month)				
Claims Denied (Qty.)	-	-	-	-
Claims Denied (Total Dollar Amount)	\$0	\$0	\$0	\$0
Appealed Claims (End of Reporting Month)				
Claims on Appeal (Qty.)	8	7	7	7
Claims on Appeal (Total Dollar Amount) ⁶	\$127,536	\$114,369	\$116,624	\$116,624

STRF Claims Received by the Bureau for Private Postsecondary Education (OSAR) - State Fiscal Year 2017/18⁷ -	Jan-18	Feb 18	Mar-18	Total
Number of Students Assisted⁸	539	604	679	1,822
Number of Claims Received	37	20	21	78
Pending Claims (End of Reporting Month)⁴				
Pending Claims (Qty.)	241	259	276	276
Pending Claims (Total Dollar Amount) ⁵	\$2,554,454	\$2,944,393	\$3,421,365	\$3,421,365
Approved Claims (End of Reporting Month)				
Claims Approved (Qty.)	1	4	7	12
Claims Approved (Total Dollar Amount)	\$77,337	\$40,499	\$26,384	\$144,220
Student Loans Canceled (Dollar Amount)	\$0	\$0	\$0	\$0
Student Loans Paid Off (Dollar Amount)	\$0	\$0	\$0	\$0
Cash Reimbursements to Students (Dollar Amount)	\$0	\$0	\$117,836	\$117,836
Denied Claims (End of Reporting Month)				
Claims Denied (Qty.)	1	-	-	1
Claims Denied (Total Dollar Amount)	\$14,549	\$0	\$0	\$14,549
Appealed Claims (End of Reporting Month)				
Claims on Appeal (Qty.)	-	-	-	-
Claims on Appeal (Total Dollar Amount) ⁹	\$0	\$0	\$0	\$0

Federal Loan Forgiveness Claims	Jan-18	Feb 18	Mar-18	Total
Number of Students Assisted	103	120	168	391
Pending Claims				
Pending Claims (Qty.)	17	18	19	19
Pending Claims (Dollar Amount)	\$239,191	\$250,448	\$261,247	\$261,247
Approved Claims				
Approved Claims (Qty.)	19	1	5	25
Approved Claims (Dollar Amount)	\$811,475	\$4,699	\$69,270	\$885,444
Denied Claims				
Denied Claims (Qty.)	-	-	-	-
Denied Claims (Dollar Amount)	\$0	\$0	\$0	\$0
Appealed Claims				
Appealed Claims (Qty.)	-	-	-	-
Appealed Claims (Dollar Amount)	\$0	\$0	\$0	\$0

Private Loan Relief (Non-STRF)	Jan-18	Feb 18	Mar-18	Total
Number of Students Assisted	49	90	97	236
Description of Services Provided	Referred students to the Consumer Financial Protection Bureau	Referred students to the Consumer Financial Protection Bureau	Referred students to the Consumer Financial Protection Bureau	

Federal Loan Income-Dependent Repayment Plans	Jan-18	Feb 18	Mar-18	Total
Number of Students Assisted	-	-	-	-
Students Helped Out of Default on Federal Loan Through Consolidation or Rehabilitation	-	-	-	-

¹ Office of Student Assistance and Relief (OSAR) outreach efforts to-date are listed at <http://www.osar.bppe.ca.gov/outreach.shtml>.

² Student services include providing information and individualized assistance to students regarding how and where to file a complaint, how to access available state and federal relief programs, and making informed decisions when selecting a private college to attend.

³ On July 1, 2017, the OSAR came into existence and assumed the responsibility of processing STRF claims from the Bureau for Private Postsecondary Education's STRF Unit. Approximately 135 pending STRF claims were assigned to OSAR for continued processing. All STRF claims are processed in the order received. Therefore, those 135 claims were processed first by OSAR staff. Following OSAR's third quarter report, 36 claims remain to be processed.

⁴ 'Pending claims' includes both complete STRF claims being processed and incomplete STRF claims awaiting claimant information.

⁵ The total dollar value of STRF 'Pending Claims' is derived from self-reported numbers by students and is subject to change.

⁶ The total dollar value of STRF 'Claims on Appeal' is derived from self-reported numbers by students and is subject to change. Two STRF claim appeals received prior to state fiscal year 2017/18 were closed in the third quarter. The verbal appeal of one claim was cancelled by the student and the decision of one claim was overturned, resulting in a reimbursement of \$8,873.50 to the student.

⁷ Data for OSAR student assistance and STRF claims received from January 1, 2018, through March 31, 2018.

⁸ Students assisted with the completion of STRF claims in person, via telephone, or via email correspondence.

⁹ The total dollar value of STRF 'Claims on Appeal' is derived from self-reported numbers by students and is subject to change. The decision of one STRF claim appeal received during state fiscal year 2017/18 was upheld in the third quarter.

STATUS UPDATES RELATED TO THE FOLLOWING REGULATIONS:

- a. Registration for Out-of-State Private Postsecondary Educational Institutions (CEC sections 94850.5 and 94801.5)**
- b. English as a Second Language Programs (Title 5, CCR, Section 70000 (k))**
- c. Application for Verification of Exempt Status (CEC Sections 94874, 94874.2, 94874.7, 94874.5, and 94927.5); Title 5, CCR Section 71395)**
- d. Compliance with Laws and Procedures (Title 5, CCR, Section 71755)**
- e. Issuance of Citations (Title 5, CCR, Section 75020 (b))**

Agenda Item 7

**PRESENTATION AND DISCUSSION OF INCOME-SHARE AGREEMENTS (ISA) IN
PRIVATE POSTSECONDARY EDUCATION**

FUTURE AGENDA ITEMS

ADJOURNMENT