



**Advisory Committee Meeting Minutes**  
**Wednesday, March 17, 2021**

**WebEx Meeting**

**Advisory Committee Members Virtually in Attendance**

1. Joseph Holt
2. Katherine Lee-Carey
3. Margaret Reiter
4. Leigh Ferrin
5. Diana Amaya
6. David Vice
7. Zima Creason

**Committee Members Absent**

Kansen Chu  
Kevin Powers (on behalf of Assemblymember Jose Medina)  
Senator Steven Glazer (Sarah Mason)

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

Leeza Rifredi, Deputy Bureau Chief  
Michael Kanotz, DCA Board and Bureau Counsel

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

Committee Chair, Katherine Lee-Carey called the meeting to order.

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

No Public Comment.

### **Agenda #3 - Bureau for Private Postsecondary Education Fee Analysis Presentation and Discussion**

Dan Edds, from the Capitol Accounting Partners, provided a presentation on the Bureau's fee analysis. Mr. Edds referred to the fee audit attachment in the meeting materials.

David Vice asked if results were drawn based only on a snapshot of the number of institutions operating at a given time or if projected trends were also considered. Mr. Edds responded that only a snapshot was used in generating results of the analysis. He added that the reason for the use of a snapshot was to avoid drawing conclusions based on uncertain data points. Margaret Reiter asked if the snapshot was based on an average of the number of institutions operating over a certain period. Mr. Edds clarified that the analysis is based on the number of applications submitted by institutions and not the number of institutions operating at any given time. He noted that the number of applications received have been fairly consistent.

Mr. Edds explained that the analysis looked at core business processes to determine the Bureau's driving costs. He continued that it was determined that it is not the number of institutions that drive the cost, but rather the number of programs. He added that one of the recommendations is to change the institutional approval application fee to reflect all the associated costs of the core business processes, such as review of multiple programs. Ms. Reiter commented that the Bureau does not approve institutional programs but rather approves institutions. She stated that there is no fee for an institution to add a program. She questioned if the analysis considered statutory changes so the Bureau could collect fees based on the associated costs with the review of multiple programs. She also questioned if there was a consideration in adjusting annual fees to reflect the number of programs added after the initial approval process. Mr. Edds stated that all of Ms. Reiter's suggestions were considered in the analysis. Leeza Rifredi, Deputy Bureau Chief, noted that any fee change would have to go through the legislative process.

Ms. Reiter stated that the recommendations from this fee analysis would not be sufficient if an institution could expand the number of programs offered, after the initial approval process. She added that institutions would have an incentive to initially seek approval with the fewest number of programs possible, then after gaining approval the institution could dramatically

expand the number of programs offered. Ms. Rifredi responded that there is a recommendation in the analysis to add a fee for the addition of new programs.

Mr. Vice questioned if the new program fee is the same for accredited and non-accredited institutions. He noted the difference in the review process and associated costs for programs that have already been reviewed by an accrediting body. Ms. Rifredi noted that the proposal from this analysis does not include a fee for the addition of each new program for institutions approved by means of accreditation.

Mr. Edds explained that the Bureau's fund balance (monthly reserves) has dropped significantly over the past couple of years. He noted that the Bureau has been spending more than it is earning in revenue, but it has maintained some degree of sustainability by aggressively managing expenditures. Ms. Rifredi commented that due to COVID-19, the Bureau has not had the usual expenses associated with travel. She added that with the implementation of new online processes, the Bureau has had lower mailing costs.

Mr. Vice pointed out that there has been a large increase in costs at the Bureau over the past four years, while there has been a decline in the number of institutions.

Ms. Lee-Carey asked what is included within "support and service costs" in the processing of an application for approval to operate a nonaccredited institution. Mr. Edds responded that it includes administrative costs within each unit involved, State and Department of Consumer Affairs (Department) pro-rata, and costs associated with enforcement. Ms. Lee-Carey asked for an explanation of pro-rata. Mr. Edds explained that the State and Department charge the Bureau for administrative activities. He provided an example of how the Department has enforcement operations related to Bureau investigations, by which the Bureau is responsible for incurred costs. Ms. Lee-Carey questioned if pro-rata expenses are typical for all boards and bureaus, regardless of how the entity is funded. Mr. Edds indicated that in every analysis he has done for entities under the Department, there have been pro-rata expenses. Ms. Rifredi pointed out that the Bureau's enforcement processes make up a larger portion of "support and service costs" than pro rata.

Mr. Holt commented that an increase of the application fee, for an approval to operate, could increase the number of institutions operating without approval.

Mr. Vice pointed out that the fee for an out-of-state institution to register in California is far less than the fee to gain approval to operate within California. He noted that California institutions who offer online education, could just move out of state to reduce costs while maintaining the same number of California students.

Mr. Vice recommended that the Committee consider a motion that the Bureau pursue general funding to remove the complete reliance of funding on institutional fees. Mr. Holt suggested that the Committee make a recommendation for Bureau leadership to pursue general fund support, to ensure consumer protection and to ensure the Bureau fulfills all of its mandates.

Ms. Ferrin questioned if the suggestion for the Bureau to request general fund support is to reduce or eliminate the need for fee increases. Mr. Vice responded that is one reason for requesting general fund support. Mr. Holt explained that the larger reason is to ensure consumer protection. He added that Bureau funding is entirely dependent on the number of approved institutions. He noted that increasing fees could lead to more institutions choosing to operate without approval, which would cause an increase in enforcement costs associated with unapproved activity. He concluded that the Bureau would be in a better position to ensure consumer protection(s) with general fund support. Ms. Ferrin commented that general funding would be a more consistent source of funding as opposed to the Bureau's funding being reliant upon an inconsistent number of institutions. Ms. Lee-Carey added that Bureau funding is not only reliant upon the number of institutions, but also whether institutions are successful.

Ms. Amaya questioned if it is feasible to attain general funding in a timely manner, considering the time it takes to move through the legislative process. She noted that the changes recommended in the fee analysis proposal may need to be implemented first, before the Bureau can pursue general funding. Ms. Ferrin suggested that the Bureau could pursue general funding through the sunset review process.

Public Comment:

Michelle Domingo provided a public comment.

Robert Johnson provided a public comment.

Grant Elliot provided a public comment.

Angela Perry provided a public comment.

Ray Steinbeck provided a public comment.

Motion:

Mr. Holt moved that the Advisory Committee recommend that BPPE leadership, in the context of the Sunset Review process, pursue general fund support to ensure consumer protection(s) and meet legislative mandates; Mr. Vice seconded the motion. (Ms. Amaya: Aye; Ms. Ferrin: Aye; Ms. Creason: Aye; Ms. Lee-Carey: Aye) The motion passed.

**Agenda #9 – Adjournment**

The meeting adjourned at 4:05 pm.