

Accrediting Bureau for Health Education Schools

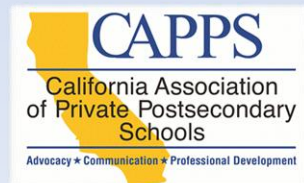
10TH Annual National Conference on Allied Health

February 13-15, 2013 – San Diego, CA

California 2013: A Spacy Odyssey

Or did you people really do
that?

Advocacy ★ Communication ★ Professional Development



Headlines

- “Former Villaraigosa aide opposes tax, says budget woes overstated”
- “Fresno joins the ranks of troubled California cities”
- “Ship pilot blamed for 2007 oil spill in San Francisco Bay sues Coast Guard to get his license back”



Headlines

- “California Democrats consider giving lawmakers more say over initiatives”
- “Bill would require 3-day wait before state lawmakers act”
- “California Inmate Lawsuits Cost State \$200 Million”

Headlines

- “Should community colleges be paid only for students who complete courses?”
- “Apple rumored to be working on wristwatch-type gadgetry”
- “Invisible culprit of traffic gridlock: copper thieves”
- “‘California is looking at our backside’ Texas Gov. Rick Perry says in San Francisco”

California Business Climate

- \$\$\$ - “If you have to ask”
- Dead Last in all Surveys
- CAP & Trade 2013: 5 Billion
- Highest Tax Rate in Nation
-  - Agriculture, Tourism, Bio-Tech, Technology, Health Science, Film Industry
-  - Manufacturing, Banking, Transportation, Housing, Education

Education In CA 2013

- Big 3: Investment, Oversight, Performance
- Investment: Where are the Investments in Education?
 - Prop 30: Tax Increase: K-12, CC, UC, CSU
 - Private Equity Investment: Subdued, Looking Internationally, International Students still coming
 - Individually Owned/Partnerships: Mixed Performance

Investment in CA Public Education

- Public Education still under tremendous financial strain despite headlines
 - Long term borrowing: huge interest burdens & debt repayment
 - Infrastructure repairs: deferred to billions
 - Massive pension liability that has not been addressed

Investment in PNP Sector

- Large enrollment gains
- Tuition levels flat or decreasing
- Large losses in endowments
- MOOC worries
- Looming policy discussions on performance
- Proposed Cal Grant performance measurement system

Investment in Private Postsecondary Sector

- Flat or declining over last 3-4 years
- Investment abroad not domestic
- Consolidation based on GE metrics
- Strategic Expansion by mid-size or single owner school chains
- Shrinkage by publicly traded
- Waiting out the storm

CA Student Body

- Characterized by large swaths of foreign speakers (122 languages spoken in LA Unified)
- Test scores not great but improving slightly
- Many students leaving State for HE opportunities in adjoining states
- ATB issues reflect immigration and school attainment issues in California
- Baby bust?

Oversight

- National: DOE initiatives - GE, credit-hour, state authorization, increased program reviews, delayed approvals, “freeze-outs?”
- States: Overall toughening of State oversight, California no exception, particularly on DE
- Accreditors: Definitely “affected” by DOE stances and congressional “threats”
- Some Accreditors more than others becoming “cop on the beat.”

2013: Shakeout in CA

- First Shakeout : 1980's
 - Reform Act: Maxine Waters
 - CPPVE/BPPVE + Federal Initiatives: T-4
- Second Shakeout: 2006: Independent Monitor's Report
 - Terminator does away with BPPVE
 - Blood is spilled in State Legislature for three years

2013 Shakeout

- 2010: BPPE resurfaces and starts to delay initial & renewal applications: Reasons: Lack of staff, lack of urgency, erratic start up
- Detailed State Regulations published affecting non-Accredited Schools ability to comply: Reasons: Lack of compliance staff, lack of financial resources
- DOE publishes 2K pages of regulations including gainful employment, credit/clock hour, state authorization, sector freezes

School Performance During Shakeouts

- 1980's: 25% of sector disappeared
 - Main reasons: T-4 reviews, DOE actions, merger & acquisitions, approved school closures
- 2013 50% of sector disappears
 - Dark period: 2007-2010: Rehab Schools eliminated, non-payment by Insurers,
- *BPPE Returns: Registered Institutions out of Act and sector (below \$2500),

Partisan Attacks Escalate

- Media, Administration, Congress, Plaintiffs Attorney's, Consumer Groups mount unrelenting and horrific mis-information targeted at sector over several years:
- Enrollments drop, political attacks increase, sector becomes embroiled in self-defense and litigation.
- Nov 2012: Dems win Senate, Obama wins reelection, CA, goes deep blue: Super Majority

Performance Anxiety

- Our sector: the most measured and the most criticized (Demo platform, really?)
- Default, high tuitions, low placements, loan issues continue to be the “performance” issues for us
- PNP/Publics inheriting the wind?
- Sector will improve and become model of HE

Estimated Numbers

- 2003: Golden Age in the Golden State:
 - 3,000 approved and registered Institutions not counting exempt Institutions (WASC and Non-WASC Regionals, religious exempt, etc.)
 - *2013: 1,000 approved and accredited Institutions,
 - less than 500 approved schools v 1700 in 2003.
- Number Accredited Institutions approximately 500 and going down: Single campus owners selling or closing. Publically Traded shutting down campuses.

Reasons for Decline in CA

- Initial Approvals and Renewals difficult to obtain
- Cumulative Negative Publicity impacts in CA
- Long delays (year or more)
- Unreasonable “findings”
- Formation Expenses in CA very high: incorporation, building/leasing, personnel costs, taxes, loss of ATB students, etc.

Decline via Increased Compliance Costs

- BPPE no longer considers itself a “licensing agency” - it has taken on the role of “accreditor”
- Same approach to approved schools as accreditors take to their members and applicants
- Not enough revenue stream in many approved schools to justify continued existence

Cost of Keeping Compliant

- BPPE regs required extensive documentation and system development - Small schools under 100 students must maintain same level of compliance as T-4 schools without T-4 revenue
- No ability to hire expert consultants to assist and BPPE does not render any assistance

Fees

- Application fees: \$5,000 main, \$3,000 branch
- Renewal fees: \$3,500 main \$3,000 branch
- Processing Fees: \$500 Substantive change,
- Annual Fee: $\frac{3}{4}$ of 1% up to \$25,000 per main, each main now must be how Accreditor defines it, \$25,000=about 3.5 million in revenue.
- Annual Fee: each branch: \$1,000
- Number of Institutions pay well over \$100,000 or \$200,000 every 12 months to the BPPE

Student Tuition Recovery Fee

- Includes all student who sit in a class (foreign students no longer exempt)
- Now .50 per thousand not \$2.50 per thousand
- BPPE has exceeded the \$25,000.000 limit (even with .50 per thousand requirement)

Compliance Inspections

- Annual (in theory) first announced, second unannounced
- Most common findings as follows:
 - Lack of high school diploma/GED
 - Records not maintained
 - Inadequate procedures
 - Mixing “approved “ v “accredited” language
 - Lack of Information prior to enrollment

Most Common Findings: Compliance Reviews

- Incorrect enrollment agreements
- Incorrect STRF calculations
- Lack of records
- Lack of fire extinguisher (we still fixate on this)
- Branch locations without BPPE Approval
- Inadequate documentation of Faculty records
- Inadequate Faculty qualifications (judgment issue)

Common Findings

- Failure to renew license on time
- Failure to have an agent for service of process
- Enrollment of students without proof of HSD/GED or ATB test
- Fights over documentation of HSD ongoing

Advice for Dealing with Reviews

- Be polite: Many BPPE staff come from non-educational state agencies (often seeking greater job security) & they read the media
- Beware the reg thrower that can't explain it
- Determine fact v difference of opinion and then decide how important is it?
- Mistakes occur, if you can't find a reasonable solution take it to the Chief

Sore Losers Bill: Block AB 2699

- Disputed sections of AB 48 Portantino
Revisited by consumer groups and plaintiff attorney's
- Demonstrated lack of knowledge of BPPE Regs
- Objective: Report them to death, cost them to death= They will die!! (no one will enroll)
- Transparency bill that does not apply to 95% of all HE student in CA! Hypocrite much?

Institutional Websites: Required Disclosures: Block Bill AB 2966

- Effective Jan 1, 2013: BPPE regulation 94913 requires Institutions that maintain an internet website include the following:
- School Catalog
- School Performance Fact Sheet (for each program)
- Student Brochures
- Link to the BPPE website (www.bppe.ca.gov)

Jan. 1 Required Institutional Website Disclosures

- Most recent Annual Report (annual Report does not require financials be posted on the Institutions website)
- Wherever on the Institutional website the Institution identifies itself as being approved or licensed by the BPPE, there must be information on how students may access the BPPE website

School Performance Fact Sheet

- Every **prospective** student must be provided with a fact sheet prior to enrollment
- Effective Jan. 1: AB 2296 requires that the Fact Sheet's be modified
- AB 2296 also requires the BPPE to engage in further reporting regulations that will be developed by the summer - CAPPs will be hosting additional webinars on these developing regulations

New Placement Rate Definitions

- Effective Jan. 1: the definition of “Graduates employed in the field” changes to the following:
- “graduates, who are gainfully employed, in a single position, for which the institution represents, the program prepares graduates, within six months after the student completes, the applicable educational program.”

Comparing Lists

- BPPE advises that they will be comparing the list of employment positions in the field submitted with the Fact Sheet with the list that Institutions give to prospective students containing employment positions that the educational program prepares them to enter

Fact Sheet: Default Rates & Student Federal Loans

- Effective Jan. 1: Institutions participating in Federal Financial Aid (FFA) programs must include in their Fact Sheet the most recent three-year cohort default rate reported by the USDOE for the Institution
- Effective Jan. 1: Institutions participating in FFA programs must include in their fact sheet the percentage of currently enrolled students receiving federal loans (not private)

July 1, 2014

- BPPE will define under new CPPEA section 94928 (e) (2).
- “specific measures and standards for determining whether a student is gainfully employed if a full-time or part-time position for the Institution represents the program prepares its graduates including self-employment or conducting freelance work...”

July 1, 2014

- ...and may set the standards for the hours per week and duration of employment and utilize any job classification methodology the Bureau determines appropriate for this purpose.”
- Legislature objected to this, will you?

Relief for CAPPS Members

- New Member Service to 2013 CAPPS Members
- AB 2699 Proof: Enrollment Agreement, Student Performance Fact Sheets, Annual Reports, Social Media Policy, Disparagement Policy
- With Updates!

robert@cappsonline.org

- 2013 Policy Conference
 - APRIL 8 & 9: Sacramento
 - Ask the BPPE a question? Email me!
- 2013 Webinars: AB 2699 Implementation & 2013 New Laws Affecting Institutions
 - Keith Zakarin, Duane Morris

916-447-5500 / www.cappsonline.org