

CALIFORNIA DEPARTMENT OF JUSTICE

TITLE 11. LAW

DIVISION 1. ATTORNEY GENERAL

**CHAPTER 10. BUREAU FOR PRIVATE AND POSTSECONDARY EDUCATION
EXEMPTION VERIFICATION**

ECONOMIC AND FISCAL IMPACT STATEMENT (STD 399) ATTACHMENT

ECONOMIC IMPACT STATEMENT

B. Estimated Costs

The proposed regulations will only impact a very small subset of businesses, namely nonprofit colleges that have converted from a for-profit college. The Department anticipates that, annually, no more than one nonprofit college will request verification from the Attorney General as required by Education Code section 94874.1, subdivision (a).

The Department has determined that any cost impact to businesses from the proposed regulations would be minimal because the time needed to complete the application is minimal. The applicant has to answer only four “yes” or “no” questions on the form and provide a narrative description of the transaction. A narrative description of the transaction should already be readily available to the applicant because the salient details of the transaction should be memorialized in transaction documents or the minutes of board of director meetings. Moreover, an applicant will only have to respond to all four questions if it responds “yes” to the first three questions. A response of “no” to any of the questions immediately directs the applicant to the signature line at the end of the form.

The Department estimates that it will take no more than an hour to complete and submit the required form or any additional information requested by the Attorney General.

The regulation requires applicants to upload the information on the Department’s website and send the information by mail to the Department. The cost of mailing large envelopes, including a 9 x 12 legal, and manila envelopes are two stamps for the first ounce, and postage will be an additional \$0.20 cents after. A first-class or forever stamp is sold for \$0.58. The cost of mailing is estimated to be \$1.16 (\$0.58 x 2).

FISCAL IMPACT STATEMENT

B. Fiscal Effect on State Government

AB 70 increases the work load of the Department’s Charitable Trusts Section. The Charitable Trust Section anticipates the following staff resources are necessary to implement AB 70:

0.25 Investigative Auditor IV (IA)

The Investigative Auditor will analyze materials submitted by the applicant nonprofit schools and provide written notification to the applicants and the Bureau within 90 days of receipt of all information the Attorney General determines is necessary for the verification. If the applicant school challenges the Attorney General's denial of verification, the Investigative Auditor will assist the Bureau by providing testimony and documentary evidence to support the Attorney General's denial of the verification.

One auditor position costs \$165,000 per year. Therefore, the regulations implementing AB 70 are expected to have an ongoing fiscal impact on the Registry of Charitable Trusts and the Department of \$41,250 per year ($0.25 \times \$165,000$).

Any fiscal impact to the Bureau for Private Postsecondary Education is a result of the statute, and not the proposed regulations.