

State Board of Guide Dogs for the Blind
BOARD MEETING
April 13, 2007
Location: Guide Dogs of America
13445 Glenoaks Blvd.
Sylmar, CA 91342
Phone: 818-362-5834

BOARD MEMBERS PRESENT

Allan Brenner, President
Thomas B. Scott, Vice President
Alice Hackney, Dept. of Rehab. Designee
Judith Karau
Jeff Neidich

GUIDE DOGS OF THE DESERT
INTERNATIONAL [GDDI]

Roccie Hill
Ann Mercer
Kim Laidlaw

BOARD STAFF PRESENT

Jane Brackman, Executive Officer
Albert Balingit, Staff Legal Counsel

GUIDE DOGS OF AMERICA

Steve Burkman
Lind Hawes
Patty Elizondo
David Ponce
Wendy roof
Ashley Hermans

GUESTS

Chuck Jordan, Canine Companions for
Independence
Nancy Linn, Office of Examination
Resources, DCA

President Brenner called the meeting to order at 2:05 p.m. and welcomed all attendees. Roll was called and the present five members constituted a quorum for doing business. Tom Scott moved and Alice Hackney seconded that the minutes of the December 5, 2006 meeting be adopted as modified.

Executive Officer Activity Report:

The mailing list has been purged with an effort being made to send notices by email. Office is working toward getting website in compliance with ADA.

The board requested an inquiry as to why no board appointments have been made in the last two years.

The March 13, 2007 inspection of Guide Dogs of America found the school to be in full compliance with the law.

Most of the other boards list the status of instructor licenses on a DCA website. Were we to do that it would cost about \$1000. Currently to find out the status of a license someone must email or telephone the office and request the information. In the last year, we've received two inquiries. Whether or not this would be appropriate is an administrative decision that should be left to the EO.

Consumer interaction with the board continues to be minimal. Jane Brackman suggested the board consider sending out a consumer satisfaction survey to establish a relationship with guide dog handlers in the state. Tom Scott emphasized that the content of the survey be appropriate to the strategic plan of the board. Albert Balingit added that the trend now amongst boards is to survey consumers with these kinds of surveys. It was decided that the EO should draft a sample questionnaire and bring it to the next meeting along with a budget for such.

The board was presented charts that indicate what percent of the board's expenses are for salaries, pro rata expenses, and general expense. The second chart showed the board's income, expenses, and fund balance. The third chart illustrated school fees at .004 of expenses compared to a system where we charge \$300 per team. Tom Scott requested a quarterly budget report in addition to meeting reports.

Regarding a request at the last meeting that the board consider supporting laws to ensure accessibility for puppy raisers - the general consensus of the schools and the consumer groups is access laws are created for individuals using guide and service dogs, not the dogs themselves. Puppies may have not yet reached a level of reliability in social situations. accidents or incidents in public places may reflect negatively on guide dog programs and handlers. The schools will not support such a law.

Regarding the "June 30, 1990 Report to Legislature – Guide, Signal and Service Dogs" (1990 study to recommend possible implementation of the expansion of jurisdiction of the Board to include assistance dogs): Chuck Jordan from Canine companions for Independence gave a brief history of service dog profession since the 1990 report was published. His profession believes that self regulation

serve the needs of the public and that eventually irreparable programs go out of business. He reiterated that CCI does not seek state regulation nor believe it needs state oversight.

Inspection and School Standards – review of the Board’s authority tabled until the next meeting.

Review Computation of School Licensing Renewal Fee – Guide Dogs for the Blind: the following is a verbatim transcript:

From GDB’s opinion statement, read by Jane Brackman: *“We believe that expenses borne outside of California for services unrelated to California residents should be excluded from the license fee calculation. We also request that expenses for programs unrelated to training and providing guide dogs be excluded from the calculation of the licensing fee. We believe it is unfair for Guide Dogs to pay license fees for expenses related to its Oregon campus. Simply stated, the expenses are for services provided outside of California and are similar to those of other guide dog schools located throughout the United States which do not pay any fees to the California State Board. Our request is no different from that of international CPA firms: only the local office or practitioner of these large firms pays an annual fee to the Department of Consumer Affairs.”*

Allan Brenner: Is the Oregon campus autonomous?

Ken Stupi, CFO for GDB: It’s run by management that answers to the San Rafael board of directors.

Brenner: Do funds go directly to the Oregon campus?

Stupi: They raise money in Oregon, but no [tape unclear]

Brenner: Are dogs trained in Oregon assigned only to students who are in class at the Oregon facility?

Stupi: The dogs trained in Oregon graduate there. Dogs aren’t moved back and forth.

Brackman reads: *“Guide Dogs for the Blind incurs significant expenses related to follow up visits and veterinary expenses for our graduates. Follow up services are related to annual personal visits performed by our training staff to ensure that our graduates and their dogs are working satisfactorily. These visits are done at the graduate’s home. Other guide dog schools do not perform this service and the majority of these expenses are incurred outside of California.”*

Brackman asks representatives from GDA and GDDI: Do you provide follow up services, personal visits in the graduates home? Are some of these costs incurred out of state?

Answer: [Both schools, according to several staff members present, acknowledge that they too provide these services.]

Brackman reads: *“Guide Dogs for the Blind is the only Guide Dog school in the country to pay for full veterinary care for its active guide dogs. Many of our graduates manage to pay their own veterinary care expenses, however, due to the economic constraints faced by our graduates as well as the blind population in general, Guide Dogs spends a very significant amount of its budget on outside veterinary care. Again, the majority of these expenses are incurred outside of California in addition to not being incurred by other guide dogs schools.”*

Brenner: Does this include the \$250 stipend for each graduate?

Stupi: It’s a \$250 maximum and on top of that we take case by case on an emergency basis. The \$250 stipend for graduates ... the total is [pause] 35% of our graduates pay all of their vet bills, 65% we pay more than the \$250 stipend.

Brackman: Is the stipend every year?

Stupi: Yes, but it’s in excess OK, we tell them we might need to take the \$250 but many of our graduates go [along or alone]. The average actually is 80% of our claims [unclear]

Brackman: What percent of vet care money goes to vet care?

Stupi: \$3.2 million, 10%.

Brackman: Guide Dogs of America spends \$250,000, a quarter of a million. Is that 10%.

Stupi: Around 8 or 9 percent.

Roccie Hill, executive director of GDDI: We spend at our facility and in the surrounding area about \$80 to \$90 thousand per year. We allocate \$500 per working grad per year for extraordinary vet care although we don’t always spend that.

Brackman: Your annual budget is 1.5 million? What percent is that?

Hill: About 10%

Scott: Just a thought again. That \$3.2 million is sort of an average?

Stupi: No. That’s our total budget for vet care for last fiscal.

Scott: Do you have full time vets on campus?

Stupi: One is Oregon and three in CA.

Scott: What are the other costs?

Stupi: A million for outside vet care. We also pay for things like Heartguard and flea control.

Scott: At some point do the schools ... if you are paying vet costs for the life of the animal is it at some point easier to retire the dog and put in a new dog?

Stupi: If the dog retires for example, lets say if Allan had a dog, [laughter] if he has a retired guide, we'll pay for that dog too. Every dog is covered.

Brackman reads: *"Guide Dogs for the Blind has developed a large investment fund and the portfolio management fees charged by investment management firms related to portfolio transactions are included in our financial reports. We believe these expenses should not be included in the calculation of our State license fee as these fees are unrelated to training and providing guide dogs. Rather, the investment management fees reflect an asset which ensures that we will be able to provide services well into the future. In essence, our investment management fees pay the license fee twice, once when they are incurred and a second time when funds are removed from our investment fund and spent on school operations."*

Brenner: Is all the money for the purpose of guide dogs?

Stupi: Yes. It's basically our operating reserve.

Scott: So your management is a million plus?

Stupi: About 1.3 million.

Scott: For a lot of Americans that's beyond comprehension.

Stupi: Let me put it this way. If you compare it to for instance CALPERs, their fees are four times that. At least four times that. [Ours is] extremely frugally managed.

Brackman reads: *"Guide Dogs for the Blind spends a great deal of money in public education associated with our volunteer programs, campus tour programs, guest relation programs, responsible pet ownership, and general public education programs. These services are collateral to the production of guide dog teams and are another example of expenses that are not incurred by other Guide Dog schools. The above expenses are not incurred by the other California based Guide Dog schools and reflect how the license fee penalizes Guide Dogs for the Blind for providing greater programs and services to both guide dog users and to the general public."*

Brackman: Do GDA and GDDI spend money to educate the public, on volunteers etc?

Steve Burkman, Director of Training at GDA: First of all I think public education and the wonderful things they've done ... I have great difficulty with the board attacking that, penalizing that, because they are generally providing all the consumers a benefit. It's to everyone's benefit...

Brackman: Like for instance?

Burkman: They're involved with videos for attack dogs and ...

Stupi: We're working with security guys in the airport so when a guide dog user goes through they know what to do... know not to put the dog in the [coughing- tape unclear]

Hackney: Don't the other schools do that too? Maybe not spend as much money but it seems to me that they do the same thing.

Burkman: We're [GDA] limited, the amount of money they [GDB] can afford to spend, we're directing our graduates to them.

Brenner: I totally agree.

Brackman: I think we aren't supposed to agree.

[laughter]

Hill: My comment is the same question I still have. I want to understand - are exclusions applicable to only GDB or will [they] presumably apply to other schools as well.

Brenner: It's a statutory thing. I think that's something our attorney is going to have to come back to us with.

Scott: I think that's one of the core questions. I'm just saying it publicly in this meeting. If school "A" pays on a b and c, and school "B" is paying on b c and d, and the third school is paying on a whole different scale then we're on a very slippery slope.

Brenner: But this is something...

Scott: I'm just saying...

Balingit: If we're dealing with 20% or say 30% or 40% I can see that as being viewed as a penalty, but when you start going into the smaller amounts I think what the legislature intended was an easy way to fix what the fees were. And so they find this easy way, by saying all expenses. If the legislature intended

for this board to spend a lot of time and money to try and figure out what to exclude then that is a good question. If we were dealing with a 30% figure maybe that is a stronger question but when were dealing with percentages like .004, I think ... this is just my initial thought - that the legislature was trying to find an easy way for this board, without auditing all the books. That's what Medicare does, right? They audit all the books of the hospital and spend all of this time and take into consideration ... what these hospitals should be paid. [Like] what is the appropriate fee for the administrator? What is the necessary expense for the doctors? They take everything into consideration and spend a great deal of time. But I think when you're dealing with these small percentages you're dealing with a concept called *administrative fiat* [the intent is] what is an easy way for the board to determine what the fee is?

Scott: That's what I said, that the legislature didn't want to get into the business of splitting hairs. The minute you start picking and choosing your run into the slippery slope.

Balingit: If you look at hospital expenses. They say they reimburse for necessary expenses. And that's when you get into the auditing. When I take a look at this statute it just says all school expenses, whether they are necessary or not, whether they are expenses incurred in Oregon or for management fees. I haven't made up my mind, I'm just saying what my thoughts are initially. And if there is somebody who can tell me that these thoughts are wrong...

Stupi: Well your point 004 is point 003 of my budget. I understand what you're saying that it's a [small] amount. But in the world of non- profits, when you're trying to balance your budget, \$120 thousand is \$120 thousand. That's two qualified instructors on my payroll. That's vet care for however many graduates?

Balingit: If I may interrupt though that's not the question. What's in question is a much smaller amount. Your requesting not a \$120 thousand reduction but...

Stupi: Now that Jane is on board we have a working relationship that we didn't have with the previous administration, kudos to you Jane, but we don't feel we've gotten \$120 thousand worth of service OK. We look at it and say, wait a minute we have these expenses borne outside of the state. OK. We understand it's the same legal entity and I could go ahead and say your know I could go and start a 501 c 3 in Oregon. I'll put \$15 million into the organization and it's all funded on its own. Guide Dogs [for the Blind] can very easily do that. But earlier when you talked about a base fee on guide dogs and a percentage for inflation, that's a flat tax. [unclear] I understand that you need a budget to support yourself, we understand that. However I look at your expenses and I'm seeing your expenses were \$42 thousand in 1992 and now it's \$143 thousand, that's about a 90% increase in your expenses. I'm held at 5%.

Brenner: What is your increase from 1992 to today?

Stupi: I can tell you. I'm going to the board on Monday. From 1998 to 2008 it will be 5% per year.

Scott: Statistically, for our purpose, if the legislature says change the way your doing business. We had a jump in 1992 but it's been the same since 1993 and we've had no jumps except for 2% cost of living, so I would argue were doing... [note: this statement is incorrect. The Board's budget has increased in increments since 1992, sometimes large jumps.]

Stupi: I agree with what you're saying, but I'm looking at it saying, we're different. And I agree it's a slippery slope. We're spending a significant amount of money on outreach and on vet expenses which I would say is a lot the reason some of our students ... One student said, "The reason I'm coming to GDB is because the Seeing Eye wouldn't pay for my [other] dog's cancer operation. A lot of graduates are coming for those reasons.

Brenner: Do you have an opinion as to why they're coming to your school? Is it because you have the money to pay for it?

Balingit: Let me just ask a couple of questions. The students from Oregon - they're not from California?

Stupi: Predominantly not. Some are. I would say 95% [are not from California].

Balingit: Maybe you have a stronger case for the cost of the Oregon campus as a separate 501 c3 and a separate board of directors, [unclear] but it's not like there is no breaking point as to whether the Oregon campus should be considered as not part of all of your expenses. I think what we have to do here is focus in on the statute.

Stupi: I think that statute is very generally written.

Balingit: Let me finish with that. It says all school expenses. How do you argue that this is not part of your school expenses when it is part of your 501c3, your financial report, [pause] the board, I guess you have a sub committee that runs [the Oregon campus], but how do you argue that it's not part of your all schools expenses when you have so many tie ins? Can you maybe enlighten us?

Stupi: Because it's in a separate state. It's physically in a separate state. So I can go ahead and spend those dollars. It wouldn't cost me very much at all to take all those expenses and do that 501c3 and legally segregate it and call it a day. If that's what it takes to get around it. If that's what it takes to go around it because its worth it.

Balingit: We're not saying that's what it takes, but at the present stage...

Balingit: If your telling me that's what I need to do...

Balingit: We're not telling you what to do. I'm trying to make a finding here as to what constitutes "all expenses." So don't come away from this room that just because you set up a 501c3 and a separate board of directors that we're going to find it's not part of your school expenses. What we're trying to do is figure out what all of your school expenses are. And when you have all these tie-ins...

Stupi: [there are] two different points of view here. I understand where you're coming from. One is separate geographic location in Oregon which technically we could go that route. And the other is the slippery slope you were talking about earlier. But we are spending much more in these areas than the other schools are, per graduate basis, and percent of budget basis. That's a business decision we make. Because of that we are paying .004 of that expense [and it's] in excess of what other schools in California are spending.

Scott: There's a part of me that says it must be tough to be number one. You guys are extremely successful, lucky in some cases, and kudos to you, that's great, you're the Rolls Royce, the high standard and people want to go to your campus. I look at the contribution that you give [and] that's why it's very hard to get into comparing and contrasting because you really can't. If you're the Exxon and I'm the little [unclear] I can only do so much to please my customers and you have the wherewithal to do [everything]. Sometimes being number one [means] there are prices or costs that come with that success. I don't view it as this horrible thing. I think if I was the president of your company I think [I could find] ways to save money on all kinds of different things. But it gets really frustrating to me when you make, and I don't want to use the word "threat," but you make a comment like that. A lot of people don't like laws, so you can do two things: You can either leave the state and not have to deal with that law, or you can change the law. And we can all complain and wag our tails about it, I mean the problem with trying to find common ground or reduce the fees -then we get into this slippery slope. That's one of the issues in my mind - is that all schools have to be judged on the same standard. [If we don't] then we're starting to talk major reductions. Then we have to come back and make it up some other way which hurts everyone, penalizes everyone.

Brenner: And on top of that is a possible concern, is that the intention of the law?

Scott: Well that isn't the intent...

Brenner: That's the opinion we're going to get from the attorney. What the law is intended to do. For us to decide what is and what is not included is not...

Balingit: Right. But what part of the statute basically makes it easy for the board. Do you rely on the financial statement? It says [Business and Professions Code 7200.7.] "A fee equal to 0.004 of all school expenses incurred in the most recently concluded school calendar year, as specified in the audit required under Section 7217, shall be paid for renewal of a school's license pursuant to Section 7200.5. All fees collected pursuant to this section shall be deposited into the Guide Dogs for the Blind Fund, which is hereby created." What that audit means is just a basic financial report and that is...

Stupi: No. It means audited financial statement.

Balingit: Right. But one person [on the staff] staff deciding what should be deducted and what shouldn't? That's what the law means by *administrative fiat*. It makes it easy to determine what the fee is.

Scott: This may not be the best example but if you want to be a member of a chamber of commerce. If you're Exxon you pay substantially larger dues compared to a smaller business which has a different set and this is all calculated...

Stupi: I agree with that statement, but if you look at it on a pro-rata basis it's the .004 that's flat, which is a flat tax. Because I'm incurring additional expenses I'm paying higher tax, but I agree with you. We're the flagship school so we've got these other programs and I agree it's a diminimous amount. But if I look at it and say I'm looking for this \$120 thousand fee so I want to reduce it by \$25 thousand so instead of doing that I reduce my vet services to graduates by \$25 thousand - I can save it there. So I'd have to reduce services to people who need it. [I realized that] Accountants and lawyers can always skirt the law and try to get around it but when it really comes down to it, [I'm a] CFO who is trying to balance my budget.

Where am I going to reduce my costs? The most comfortable place to go is the state of California. The next is employees and the next is our constituents, our graduates. That's my personal opinion...

Brenner: The decision as to where the expenses are is something your board of directors has to decide. And the pros and the cons of spending more or less money with student support or vet care is really a board decision and I think it doesn't relate to what were discussing here. I think it's interesting and important and as a consumer it's important, but it's really not what this board is concerned with. The decision here is whether or not we have the authority and ability or the willingness to change your rate. And that's what the [legal] opinion is all going to come down to is I think, even the authority to do that. And the questions were certainly pointed and directed to make sure we really understand and I think we all appreciate you bringing this to our attention and suggesting this because it's important [for us] to review and know what we're doing. There's nothing about it intended to be, to appear to be attacking or negative to the school because that's not our role here. Our role is to listen and hopefully make an

appropriate decision based on the law and our responsibility [to consumers] as a member of the consumer protection agency.

Brackman: Any questions?

Burkman: I have one opinion and it's really small potatoes but it's regarding the licensed instructor. I remember when [the renewal fee] was \$5. Then it went to \$100 which is OK. But I would hope that the board would not raise that fee because [instructors are] pretty much underpaid. Then it becomes punitive and that's not the intent. [unclear discussion]

Brenner: If we even go down that road we're going to look at it carefully.

Brackman: In 2009 you'll be able to do all of your licensing on line. That's something that the Department of Consumer Affairs is doing.

Unknown Person: And [an increased fee] is what they're pushing for?

Hill: I hope I'm not being too obtuse. Is the ... Again I'm asking is the board making a decision about GDB's requests, or on the exclusions for schools in general?

Balingit: The only item on the agenda is exclusion for GDB.

Hill: OK thank you.

Brenner: [to Ken Stupi] Thank you very much for coming.

Practical Exam Update: Jane Brackman outlined progress to date stemming from the 1999 law enacted by legislature saying exams must be legally defensible. OER representative Nancy Linn described the workshop and it's recommendation. She stated that there is an immediate need to link the exam to the Occupational Analysis and standardize the test. It must also be reliable, meaning that the scoring must be consistent. According to the OA, 50% of the job has to do with teaching blind students and this is what the practical exam should test. Discussion from the floor ensued with Anne Mercer asking about the possibility of eliminating the practical exam all together if the new exam proves not to be legally defensible as well. Albert Balingit stated that there must be assurance by the board to the public that this person has the actual skill to do the job on a competent level. The Nursing Board oversees the curriculum used to train nurses to ensure that the nurse has the skill to perform the job. If you can get some kind of assurance that the school is teaching that practical skill then no practical exam would be needed. Jane Brackman explained that to be licensed, a school must submit its apprentice training program, but not in extensive details. Were we to do that, we would be overseeing maximum and not minimum standards which would require a change to the regulations. Per Jeff Neidich's question regarding how to change a regulation or a statute, Albert Balingit explained the process. Nancy Linn reminded the board that because the regulation says that a written oral and practical exam are required, something must be done immediately or you can't license your apprentices.

There was discussion about the need to better understand the procedure for amending statutes and regulations in general. Tom Scott agreed to chair a committee and brief the board on the legislative calendar and how laws are changed.

Guide Dog Day Report: The event will take place tomorrow, April 14, 2007 at three locations across the state, in Palm Springs, San Rafael and locally at the Sherman Oaks Mall from 11 AM to 3 PM.

Election Alice Hackney moved and Judy Karua seconded that Jeff Neidich be nominated as president. Unanimously approved. Judy Karau moved and Alice Hackney seconded that Tom Scott serve as Vice President. Unanimously approved. Alice Hackney moved, seconded by Tom Scott that Judy Karau serve as Secretary. Unanimously approved. Terms begin next meeting. Allan Brenner thanked the board for giving him the honor to serve as president during the last four years.

Public Comment: Steve Burkman thanked the board for their interest and involvement.

Calendar: Due to the pending legal opinion on the school fee question, Jane Brackman suggested that the board meet in Sacramento late June or early July instead of August. It was decided that the meeting would be scheduled after the board receives the legal opinion.

The meeting adjourned at 5:45.

Respectfully submitted,

Jane Brackman