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8  
9 **BEFORE THE**  
**DEPARTMENT OF CONSUMER AFFAIRS**  
10 **FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION**  
**STATE OF CALIFORNIA**

11  
12 In the Matter of the Statement of Issues  
Against:

Case No. 1002980

13 **A-1 TRUCK DRIVING SCHOOL INC.**  
14 **also known as A 1 Truck Driving School,**  
**Inc.**

**STATEMENT OF ISSUES**

15 **Application for Renewal of Approval to**  
16 **Operate and Offer Educational Programs**  
17 **for Non-Accredited Institutions**

18 **Institution Code: 0106221**

19 Respondent.

20 Complainant alleges:

21 PARTIES

22 1. Dr. Michael Marion, Jr. ("Complainant") brings this Statement of Issues solely in his  
23 official capacity as the Chief of the Bureau for Private Postsecondary Education, Department of  
24 Consumer Affairs.

25 2. On or about December 13, 2013, the Bureau for Private Postsecondary Education  
26 received an Application for Renewal of Approval to Operate and Offer Educational Programs for  
27 Non-Accredited Institutions from Respondent A-1 Truck Driving School Inc., also known as A 1  
28 Truck Driving School, Inc. ("Respondent"), a California corporation. Between January 2014 and

1 July 2017, the Bureau and Respondent conferred regarding Respondent's application, including  
2 Respondent's transmittal of additional application materials. The Bureau denied the application  
3 via a Notice of Denial of Application for Renewal of Approval to Operate on or about August 15,  
4 2017. On or about September 28, 2017, Respondent submitted to the Bureau a request for  
5 administrative hearing.

#### 6 JURISDICTION

7 3. This Statement of Issues is brought before the Director of the Department of  
8 Consumer Affairs ("Director") for the Bureau, under the authority of the following laws. All  
9 section references are to the Education Code unless otherwise indicated.

10 4. **Section 94885, subdivision (a)** provides, in part:

11 "(a) The bureau shall adopt by regulation minimum operating standards for an institution  
12 that shall reasonably ensure that all of the following occur:

13 "(1) The content of each educational program can achieve its stated objective.

14 ...

15 "(3) The facilities, instructional equipment, and materials are sufficient to enable students to  
16 achieve the educational program's goals.

17 ...

18 "(7) That, upon satisfactory completion of an educational program, the institution gives  
19 students a document signifying the degree or diploma awarded.

20 ...

21 "(9) The institution is maintained and operated in compliance with this chapter and all other  
22 applicable ordinances and laws."

23 5. **Section 94886** provides:

24 "Except as exempted in Article 4 (commencing with Section 94874) or in compliance with  
25 the transition provisions in Article 2 (commencing with Section 94802), a person shall not open,  
26 conduct, or do business as a private postsecondary educational institution in this state without  
27 obtaining an approval to operate under this chapter."

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6. Section 94887 provides:

“An approval to operate shall be granted only after an applicant has presented sufficient evidence to the bureau, and the bureau has independently verified the information provided by the applicant through site visits or other methods deemed appropriate by the bureau, that the applicant has the capacity to satisfy the minimum operating standards. The bureau shall deny an application for an approval to operate if the application does not satisfy those standards.”

STATUTORY AND REGULATORY PROVISIONS

7. Section 94815 provides:

“Annual report’ means the yearly report required to be filed by institutions.”

8. Section 94906 provides:

“(a) An enrollment agreement shall be written in language that is easily understood. If English is not the student's primary language, and the student is unable to understand the terms and conditions of the enrollment agreement, the student shall have the right to obtain a clear explanation of the terms and conditions and all cancellation and refund policies in his or her primary language.

“(b) If the recruitment leading to enrollment was conducted in a language other than English, the enrollment agreement, disclosures, and statements shall be in that language.”

9. Section 94908 provides:

“Any information or statement required by this article to be included in the catalog, School Performance Fact Sheet, or enrollment agreement shall be printed in at least the same size font as the majority of the text in that document.”

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1           10. **Section 94909** provides, in part:

2           “(a) Except as provided in subdivision (d), prior to enrollment, an institution shall provide a  
3 prospective student, either in writing or electronically, with a school catalog containing, at a  
4 minimum, all of the following:

5           ...

6           “(3) The following statements:

7           ...

8           “(C) ‘A student or any member of the public may file a complaint about this institution with  
9 the Bureau for Private Postsecondary Education by calling (toll-free telephone number) or by  
10 completing a complaint form, which can be obtained on the bureau's Internet Web site (Internet  
11 Web site address).’

12           “(4) The address or addresses where class sessions will be held.

13           “(5) A description of the programs offered and a description of the instruction provided in  
14 each of the courses offered by the institution, the requirements for completion of each program,  
15 including required courses, any final tests or examinations, any required internships or  
16 externships, and the total number of credit hours, clock hours, or other increments required for  
17 completion.

18           ...

19           “(7) Information regarding the faculty and their qualifications.

20           “(8) A detailed description of institutional policies in the following areas:

21           “(A) Admissions policies, including the institution's policies regarding the acceptance of  
22 credits earned at other institutions or through challenge examinations and achievement tests,  
23 admissions requirements for ability-to-benefit students, and a list describing any transfer or  
24 articulation agreements between the institution and any other college or university that provides  
25 for the transfer of credits earned in the program of instruction. If the institution has not entered  
26 into an articulation or transfer agreement with any other college or university, the institution shall  
27 disclose that fact.

28

1           “(B) Cancellation, withdrawal, and refund policies, including an explanation that the  
2 student has the right to cancel the enrollment agreement and obtain a refund of charges paid  
3 through attendance at the first class session, or the seventh day after enrollment, whichever is  
4 later. The text shall also include a description of the procedures that a student is required to  
5 follow to cancel the enrollment agreement or withdraw from the institution and obtain a refund  
6 consistent with the requirements of Article 13 (commencing with Section 94919).

7           “(C) Probation and dismissal policies.

8           “(D) Attendance policies.

9           “(E) Leave-of-absence policies.

10           “(9) The schedule of total charges for a period of attendance and an estimated schedule of  
11 total charges for the entire educational program.

12           “(10) A statement reporting whether the institution participates in federal and state financial  
13 aid programs, and if so, all consumer information that is required to be disclosed to the student  
14 pursuant to the applicable federal and state financial aid programs.

15           “(11) A statement specifying that, if a student obtains a loan to pay for an educational  
16 program, the student will have the responsibility to repay the full amount of the loan plus interest,  
17 less the amount of any refund, and that, if the student has received federal student financial aid  
18 funds, the student is entitled to a refund of the moneys not paid from federal student financial aid  
19 program funds.

20           “(12) A statement specifying whether the institution has a pending petition in bankruptcy, is  
21 operating as a debtor in possession, has filed a petition within the preceding five years, or has had  
22 a petition in bankruptcy filed against it within the preceding five years that resulted in  
23 reorganization under Chapter 11 of the United States Bankruptcy Code (11 U.S.C. Sec. 1101 et  
24 seq.).

25           “(13) If the institution provides placement services, a description of the nature and extent of  
26 the placement services.

27           ...

28       ////

1           “(15) The following statement:

2           “NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND CREDENTIALS  
3 EARNED AT OUR INSTITUTION

4           “The transferability of credits you earn at (name of institution) is at the complete discretion  
5 of an institution to which you may seek to transfer. Acceptance of the (degree, diploma, or  
6 certificate) you earn in (name of educational program) is also at the complete discretion of the  
7 institution to which you may seek to transfer. If the (credits or degree, diploma, or certificate) that  
8 you earn at this institution are not accepted at the institution to which you seek to transfer, you  
9 may be required to repeat some or all of your coursework at that institution. For this reason you  
10 should make certain that your attendance at this institution will meet your educational goals. This  
11 may include contacting an institution to which you may seek to transfer after attending (name of  
12 institution) to determine if your (credits or degree, diploma, or certificate) will transfer.’

13           “...”

14           11.   **Section 94910** provides:

15           “Except as provided in subdivision (d) of Section 94909 and Section 94910.5, prior to  
16 enrollment, an institution shall provide a prospective student with a School Performance Fact  
17 Sheet containing, at a minimum, the following information, as it relates to the educational  
18 program:

19           “(a) Completion rates, as calculated pursuant to Article 16 (commencing with Section  
20 94928).

21           “(b) Placement rates for each educational program, as calculated pursuant to Article 16  
22 (commencing with Section 94928), if the educational program is designed to lead to, or the  
23 institution makes any express or implied claim related to preparing students for, a recognized  
24 career, occupation, vocation, job, or job title.

25           “(c) License examination passage rates for programs leading to employment for which  
26 passage of a state licensing examination is required, as calculated pursuant to Article 16  
27 (commencing with Section 94928).

28

1           “(d) Salary or wage information, as calculated pursuant to Article 16 (commencing with  
2 Section 94928).

3           “(e) If a program is too new to provide data for any of the categories listed in this  
4 subdivision, the institution shall state on its fact sheet: ‘This program is new. Therefore, the  
5 number of students who graduate, the number of students who are placed, or the starting salary  
6 you can earn after finishing the educational program are unknown at this time. Information  
7 regarding general salary and placement statistics may be available from government sources or  
8 from the institution, but is not equivalent to actual performance data.’

9           “(f) All of the following:

10           “(1) A description of the manner in which the figures described in subdivisions (a) to (d),  
11 inclusive, are calculated or a statement informing the reader of where he or she may obtain a  
12 description of the manner in which the figures described in subdivisions (a) to (d), inclusive, are  
13 calculated.

14           “(2) A statement informing the reader of where he or she may obtain from the institution a  
15 list of the employment positions determined to be within the field for which a student received  
16 education and training for the calculation of job placement rates as required by subdivision (b).

17           “(3) A statement informing the reader of where he or she may obtain from the institution a  
18 list of the objective sources of information used to substantiate the salary disclosure as required  
19 by subdivision (d).

20           “(g) The following statements:

21           “(1) ‘This fact sheet is filed with the Bureau for Private Postsecondary Education.  
22 Regardless of any information you may have relating to completion rates, placement rates,  
23 starting salaries, or license exam passage rates, this fact sheet contains the information as  
24 calculated pursuant to state law.’

25           “(2) ‘Any questions a student may have regarding this fact sheet that have not been  
26 satisfactorily answered by the institution may be directed to the Bureau for Private Postsecondary  
27 Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and  
28 fax numbers).’

1           “(h) If the institution participates in federal financial aid programs, the most recent three-  
2 year cohort default rate reported by the United States Department of Education for the institution  
3 and the percentage of enrolled students receiving federal student loans.

4           “(i) Data and information disclosed pursuant to subdivisions (a) to (d), inclusive, is not  
5 required to include students who satisfy the qualifications specified in subdivision (d) of Section  
6 94909, but an institution shall disclose whether the data, information, or both provided in its fact  
7 sheet excludes students pursuant to this subdivision. An institution shall not actively use data  
8 specific to the fact sheet in its recruitment materials or other recruitment efforts of students who  
9 are not California residents and do not reside in California at the time of their enrollment.”

10           12.   **Section 94911** provides, in part:

11           “An enrollment agreement shall include, at a minimum, all of the following:

12           “(a) The name of the institution and the name of the educational program, including the  
13 total number of credit hours, clock hours, or other increment required to complete the educational  
14 program.

15           ...

16           “(d) A clear and conspicuous statement that the enrollment agreement is legally binding  
17 when signed by the student and accepted by the institution.

18           “(e)(1) A disclosure with a clear and conspicuous caption, ‘STUDENT’S RIGHT TO  
19 CANCEL,’ under which it is explained that the student has the right to cancel the enrollment  
20 agreement and obtain a refund of charges paid through attendance at the first class session, or the  
21 seventh day after enrollment, whichever is later.

22           “(2) The disclosure shall contain the institution's refund policy and a statement that, if the  
23 student has received federal student financial aid funds, the student is entitled to a refund of  
24 moneys not paid from federal student financial aid program funds.

25           “(3) The text shall also include a description of the procedures that a student is required to  
26 follow to cancel the enrollment agreement or withdraw from the institution and obtain a refund.



1           “(f) A statement specifying that, if the student obtains a loan to pay for an educational  
2 program, the student will have the responsibility to repay the full amount of the loan plus interest,  
3 less the amount of any refund.

4           “(g) A statement specifying that, if the student is eligible for a loan guaranteed by the  
5 federal or state government and the student defaults on the loan, both of the following may occur:

6           “(1) The federal or state government or a loan guarantee agency may take action against the  
7 student, including applying any income tax refund to which the person is entitled to reduce the  
8 balance owed on the loan.

9           “(2) The student may not be eligible for any other federal student financial aid at another  
10 institution or other government assistance until the loan is repaid.

11           “(h) The transferability disclosure that is required to be included in the school catalog, as  
12 specified in paragraph (15) of subdivision (a) of Section 94909.

13           “(i)(1) The following statement: ‘Prior to signing this enrollment agreement, you must be  
14 given a catalog or brochure and a School Performance Fact Sheet, which you are encouraged to  
15 review prior to signing this agreement. These documents contain important policies and  
16 performance data for this institution. This institution is required to have you sign and date the  
17 information included in the School Performance Fact Sheet relating to completion rates,  
18 placement rates, license examination passage rates, salaries or wages, and the most recent three-  
19 year cohort default rate, if applicable, prior to signing this agreement.’

20           “(2) Immediately following the statement required by paragraph (1), a line for the student to  
21 initial, including the following statement: ‘I certify that I have received the catalog, School  
22 Performance Fact Sheet, and information regarding completion rates, placement rates, license  
23 examination passage rates, salary or wage information, and the most recent three-year cohort  
24 default rate, if applicable, included in the School Performance Fact sheet, and have signed,  
25 initialed, and dated the information provided in the School Performance Fact Sheet.’

26           “(j) The following statements:

27           “(1) ‘Any questions a student may have regarding this enrollment agreement that have not  
28 been satisfactorily answered by the institution may be directed to the Bureau for Private

1 Postsecondary Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address),  
2 (telephone and fax numbers).’

3 “(2) ‘A student or any member of the public may file a complaint about this institution with  
4 the Bureau for Private Postsecondary Education by calling (toll-free telephone number) or by  
5 completing a complaint form, which can be obtained on the bureau's Internet Web site (Internet  
6 Web site address).’

7 “(k) The following statement above the space for the student's signature:

8 “‘I understand that this is a legally binding contract. My signature below certifies that I  
9 have read, understood, and agreed to my rights and responsibilities, and that the institution's  
10 cancellation and refund policies have been clearly explained to me.’”

11 13. **Section 94913** provides:

12 “(a) An institution that maintains an Internet Web site shall provide on that Internet Web  
13 site all of the following:

14 “(1) The school catalog.

15 “(2) A School Performance Fact Sheet for each educational program offered by the  
16 institution.

17 “(3) Student brochures offered by the institution.

18 “(4) A link to the bureau’s Internet Web site.

19 “(5) The institution's most recent annual report submitted to the bureau.

20 “(b) An institution shall include information concerning where students may access the  
21 bureau's Internet Web site anywhere the institution identifies itself as being approved by the  
22 bureau.”

23 14. **Section 94916** provides:

24 “An institution extending credit or lending money to an individual for institutional and  
25 noninstitutional charges for an educational program shall cause any note, instrument, or other

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1 evidence of indebtedness taken in connection with that extension of credit or loan to be  
2 conspicuously marked on its face in at least 12-point type with the following notice:

3 “NOTICE

4 “You may assert against the holder of the promissory note you signed in order to finance  
5 the cost of the educational program all of the claims and defenses that you could assert against  
6 this institution, up to the amount you have already paid under the promissory note.”

7 15. **Section 94931, subdivision (a)** provides:

8 “(a) A fee that is not paid on or before the 30th calendar day after the due date for the  
9 payment of the fee shall be subject to a 25 percent late payment penalty fee.”

10 16. **Section 94934** provides:

11 “(a) As part of the compliance program, an institution shall submit an annual report to the  
12 bureau, under penalty of perjury, signed by a responsible corporate officer, by July 1 of each year,  
13 or another date designated by the bureau, and it shall include the following information for  
14 educational programs offered in the reporting period:

15 “(1) The total number of students enrolled by level of degree or for a diploma.

16 “(2) The number of degrees, by level, and diplomas awarded.

17 “(3) The degree levels and diplomas offered.

18 “(4) The Student Performance Fact Sheet, as required pursuant to Section 94910.

19 “(5) The school catalog, as required pursuant to Section 94909.

20 “(6) The total charges for each educational program by period of attendance.

21 “(7) A statement indicating whether the institution is, or is not, current in remitting Student  
22 Tuition Recovery Fund assessments.

23 “(8) A statement indicating whether an accrediting agency has taken any final disciplinary  
24 action against the institution.

25 “(9) Additional information deemed by the bureau to be reasonably required to ascertain  
26 compliance with this chapter.

27 “(b) The bureau, by January 1, 2011, shall prescribe the annual report's format and method  
28 of delivery.”

1           17. **California Code of Regulations, title 5, section 71475** provides, in part:

2           ...

3           “(c) The application for renewal of approval to operate and offer educational programs for  
4 non-accredited institutions shall include all of the following:

5           “(1) The name, institution/school code and website address of the institution.

6           ...

7           “(6) The form of business organization of the institution (e.g., sole proprietorship, general  
8 or limited partnership, for-profit corporation, nonprofit corporation, or Limited Liability  
9 Corporation). If the institution is incorporated, the institution shall also identify the state within  
10 which the institution is incorporated and the date of incorporation, and provide copies of the  
11 articles of incorporation and bylaws.

12           ...

13           “(e) The institution shall submit at the time it applies for renewal current financial  
14 statements that meet the requirements of section 74115 as follows: (1) for an institution with  
15 annual gross revenues of \$500,000 and over, statements shall be audited; (2) for an institution  
16 with annual gross revenues less than \$500,000, statements shall be reviewed.

17           ...

18           “(p) If an institution receives financial aid because its students qualify for it under any state  
19 or federal financial aid program, the application shall include a statement of its policies, practices,  
20 and disclosures regarding financial aid. If there have been no substantive changes since the last  
21 submission, the institution may so state and is not required to submit documentation.

22           “(q) The institution shall include in its application copies of advertising and other  
23 statements disseminated to the public in any manner by the institution or its representatives that  
24 concern, describe, or represent each of the following:

25           “(1) The institution.

26           “(2) Each educational program offered by the institution.

27           “(3) If advertising is broadcast by television or radio, the application shall also include a  
28 copy of the script.

1           “(r) The institution shall identify and describe, in the application, the educational program it  
2 offers, or proposes to offer. If the educational program is a degree program, the institution shall  
3 identify the full title which it will place on each degree awarded. If there have been no substantive  
4 changes since the last submission, the institution may so state and is not required to submit  
5 documentation.

6           “(s) The application shall include, in addition to the general title, such as “Bachelor of Arts”  
7 or “Master of Science”, the name of a specific major field of learning involved. If there have been  
8 no substantive changes since the last submission, the institution may so state and is not required  
9 to submit documentation.

10           “(t) In addition, the institution shall list in the application, the following for each  
11 educational program offered unless there have been no substantive changes since the last  
12 submission. If there have been no substantive changes made the institution may so state and is not  
13 required to provide documentation.

14           “(1) The admissions requirements, including minimum levels of prior education,  
15 preparation, or training;

16           “(2) If applicable, information regarding the ability-to-benefit examination as required by  
17 section 94904 of the Code.

18           “(3) The types and amount of general education required;

19           “(4) The title of the educational programs and other components of instruction offered,  
20 including a description of the level of the courses (e.g., below college level, undergraduate level,  
21 graduate level);

22           “(5) The mode of instruction;

23           “(6) The graduation requirements.

24           “(7) Whether the educational program is designed to fit or prepare students for employment  
25 in any occupation. If so, the application shall identify each occupation and job title to which the  
26 institution represents the educational program will lead.

27           “(u) For each educational program that the institution offers or proposes to offer, the  
28 application shall contain a statement that the educational program meets the requirements of

1 section 71710, as well as the following unless there have been no substantive changes since the  
2 last submission. If there have been no substantive changes made the institution may so state and is  
3 not required to provide documentation:

4 “(1) A description of the educational program.

5 “(2) A description of the equipment to be used during the educational program.

6 “(3) A description of the number and qualifications of the faculty needed to teach the  
7 educational program.

8 “(4) A projection, and the bases for the projection, of the number of students that the  
9 institution plans to enroll in the educational program during each of the three years following the  
10 date the application was submitted.

11 “(5) A description of the learning, skills, and other competencies to be acquired by students  
12 who complete the educational program.

13 “(6) If licensure is a goal of an educational program, a copy of the approval from the  
14 appropriate licensing agency. A copy of the intent to approve conditioned solely upon  
15 institutional approval from the Bureau will also meet this requirement.

16 “(7) Upon request, the institution shall provide to the Bureau copies of the curriculum or  
17 syllabi required pursuant to section 71710.

18 “(v) If the institution offers an educational program, or a portion of it, in a language other  
19 than English, the application shall contain a description of all of the following for each  
20 educational program or portion thereof unless there have been no substantive changes since the  
21 last submission. If there have been no substantive changes made the institution may so state and is  
22 not required to provide documentation.

23 “(1) The language in which each educational program will be offered.

24 “(2) A statement that the institution has contracted with sufficient duly qualified faculty  
25 who will teach each language group of students.

26 “(3) The language of the textbooks and other written materials to be used by each language  
27 group of students.

28

1           “(w)(1) The application shall contain a statement that the institution has and can maintain  
2 the financial resources required pursuant to section 71745.

3           “(2) The institution shall submit current, audited financial statements at the time it applies  
4 for approval to operate. Each set of financial statements shall comply with Section 74115 of this  
5 chapter.

6           ...

7           “(dd)(1) The application shall contain a description of how records required by Article 9 of  
8 the Act or this chapter are or will be organized and maintained, the types of documents contained  
9 in student files, how the records are stored, and whether academic and financial records are  
10 maintained in separate files. The description shall include a statement of the institution's  
11 procedures for security and safekeeping of records unless there have been no substantive changes  
12 since the last submission. If there have been no substantive changes made the institution may so  
13 state and is not required to provide documentation.

14           “(2) The description in the application shall include the name, physical address, email  
15 address, and telephone number of the custodian of records, and the physical addresses and  
16 telephone numbers of the offices or buildings where the records will be maintained unless there  
17 have been no substantive changes since the last submission. If there have been no substantive  
18 changes made the institution may so state and is not required to provide documentation.

19           ...”

20           **18. California Code of Regulations, title 5, section 71485** provides:

21           “Failure of an institution to have made current payments of the assessments to the Student  
22 Tuition Recovery Fund as required by chapter 7 of this Division, and annual fees as required by  
23 chapter 5 of this Division shall render the institution ineligible for renewal.”

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1           19. **California Code of Regulations, title 5, section 71750, subdivision (c)** provides, in  
2 part:

3           “(c) A pro rata refund pursuant to section 94919(c) or 94920(d) or 94927 of the Code shall  
4 be no less than the total amount owed by the student for the portion of the educational program  
5 provided subtracted from the amount paid by the student, calculated as follows:

6           ...

7           “(3) Except as provided herein, all amounts that the student has paid shall be subject to  
8 refund unless the enrollment agreement and the refund policy outlined in the catalog specify  
9 amounts paid for an application fee or deposit not more than \$250.00, books, supplies, or  
10 equipment, and specify whether and under what circumstances those amounts are non-refundable.  
11 Except when an institution provides a 100% refund pursuant to section 94919(d) or section  
12 94920(b) of the Code, any assessment paid pursuant to section 94923 of the Code is non-  
13 refundable.”

14           20. **California Code of Regulations, title 5, section 71770** provides:

15           “(a) The institution shall establish specific written standards for student admissions for each  
16 educational program. These standards shall be related to the particular educational program. An  
17 institution shall not admit any student who is obviously unqualified or who does not appear to  
18 have a reasonable prospect of completing the program. In addition to any specific standards for an  
19 educational program, the admissions standards must specify as applicable that:

20           “(1) Each student admitted to an undergraduate degree program, or a diploma program,  
21 shall possess a high school diploma or its equivalent, or otherwise successfully take and pass the  
22 relevant examination as required by section 94904 of the Code.

23           “(2) Each student admitted into a post-baccalaureate degree program shall possess a  
24 bachelor's degree or its equivalent. If a graduate program leads to a profession or an occupation  
25 requiring state licensure and the licensing agency does not require that a member of the  
26 profession or occupation possess a Bachelor's degree or its equivalent, this subdivision does not  
27 apply.

28



1           “(b) The institution shall specify the maximum credit it will transfer from another  
2 institution for each educational program, and the basis upon which the transferred credit will be  
3 awarded.

4           “(1) Except as limited by subdivision (c) of this section, a maximum of 75 percent of the  
5 units or credit that may be applied toward the award of a bachelor's degree may be derived from a  
6 combination of any or both of the following:

7           “(A) Units earned at institutions approved by the Bureau, public or private institutions of  
8 higher learning accredited by an accrediting association recognized by the U. S. Department of  
9 Education, or any institution of higher learning, including foreign institutions, if the institution  
10 offering the undergraduate program documents that the institution of higher learning at which the  
11 units were earned offers degree programs equivalent to degree programs approved by the Bureau  
12 or accredited by an accrediting association recognized by the U.S. Department of Education;

13           “(B) Challenge examinations and standardized tests such as the College Level Placement  
14 Tests (CLEP) for specific academic disciplines.

15           “(2) No more than 20% of graduate semester units or the equivalent in other units awarded  
16 by another institution may be transferred for credit toward a Master's degree. An institution may  
17 accept transfer credits only from the institutions of higher learning described in subsection (1)(A).

18           “(3) No more than 30 graduate semester credits or its equivalent awarded by another  
19 institution may be credited toward a doctoral degree. This subdivision does not apply to graduate  
20 programs that lead to a profession or an occupation requiring state licensure where the licensing  
21 agency has a regulation permitting a different standard.

22           “(c) If credit for prior experiential learning is to be granted, the policy for granting such  
23 credit shall be included in the institution's catalog.

24           “(1) An institution may grant credit to a student for prior experiential learning only if:

25           “(A) The prior learning is equivalent to a college or university level of learning;

26           “(B) The learning experience demonstrates a balance between theory and practice and;

27           “(C) The credit awarded for the prior learning experience directly relates to the student's  
28 degree program and is applied in satisfaction of some of the degree requirements.

1           “(2) Each college or university level learning experience for which credit is sought shall be  
2 documented by the student in writing.

3           “(3) Each college or university level learning experience shall be evaluated by faculty  
4 qualified in that specific subject area who shall ascertain (1) to what college or university level  
5 learning the student's prior experience is equivalent and (2) how many credits toward a degree  
6 may be granted for that experience.

7           “(4) The faculty evaluating the prior learning shall prepare a written report indicating all of  
8 the following:

9           “(A) The documents in the student's record on which the faculty member relied in  
10 determining the nature of the student's prior experience;

11           “(B) The bases for determining that the prior experience (i) is equivalent to college or  
12 university level learning and (ii) demonstrates a balance between theory and practice; and

13           “(C) The bases for determining (i) to what college or university level the experience is  
14 equivalent and (ii) the proper number of credits to be awarded toward the degree for that  
15 experience.

16           “(5)(A) The institution shall designate at least one administrator to be responsible for the  
17 review of faculty determinations regarding the award of credit for prior experiential learning.

18           “(B) The administrator shall document the institution's periodic review of faculty  
19 evaluations to assure that the faculty written evaluations and awards of credit comply with this  
20 section and the institution's policies and are consistent.

21           “(6) The amount of credit awarded for prior experiential learning shall not be related to the  
22 amount charged the student for the assessment process.

23           “(7)(A) Of the first 60 semester credits awarded a student in an undergraduate program, no  
24 more than 15 semester credits may be awarded for prior experiential learning.

25           “(B) Of the second 60 semester units (i.e., credits 61 to 120) awarded a student in an  
26 undergraduate program, no more than 15 semester credits may be awarded for prior experiential  
27 learning.

28

1           “(C) Of the first 30 semester credits awarded a student in a graduate program, no more than  
2 6 semester credits may be awarded for prior experiential learning.

3           “(D) Of the second 30 semester credits (i.e., credits 31 to 60) awarded a student in a  
4 graduate program, no more than 3 semester credits may be awarded for prior experiential  
5 learning.

6           “(E) No credit for experiential learning may be awarded after a student has obtained 60  
7 semester credits in a graduate program.”

8           21. **California Code of Regulations, title 5, section 71800** provides, in part:

9           “In addition to the requirements of section 94911 of the Code, an institution shall provide to  
10 each student an enrollment agreement that contains at the least the following information:

11           ...

12           “(b) Period covered by the enrollment agreement.

13           ...

14           “(d) Date by which the student must exercise his or her right to cancel or withdraw, and the  
15 refund policy, including any alternative method of calculation if approved by the Bureau pursuant  
16 to section 94921 of the Code.

17           “(e) Itemization of all institutional charges and fees including, as applicable:

18           “(1) tuition;

19           “(2) registration fee (non-refundable);

20           “(3) equipment;

21           “(4) lab supplies or kits;

22           “(5) Textbooks, or other learning media;

23           “(6) uniforms or other special protective clothing;

24           “(7) in-resident housing;

25           “(8) tutoring;

26           “(9) assessment fees for transfer of credits;

27           “(10) fees to transfer credits;

28           “(11) Student Tuition Recovery Fund fee (non-refundable);

1           “(12) any other institutional charge or fee.

2           “(f) Charges paid to an entity other than an institution that is specifically required for  
3 participation in the educational program.”

4           22. **California Code of Regulations, title 5, section 71810, subdivision (b)** provides, in  
5 part:

6           ...

7           “(b) The catalog shall contain the information prescribed by Section 94909 of the Code and  
8 all of the following:

9           ...

10           “(3) If the institution admits students from other countries, whether visa services are  
11 provided or whether the institution will vouch for student status, and any associated charges;”

12           ...

13           “(6) The institution's policies and practices regarding any form of financial aid, including  
14 all consumer information which the institution is required to disclose to the student under any  
15 state or federal financial aid program;

16           ...

17           “(8) The institution’s standards for student achievement;

18           ...

19           “(13) Housing information including all of the following:

20           “(A) Whether the institution has dormitory facilities under its control;

21           “(B) The availability of housing located reasonably near the institution's facilities and an  
22 estimation of the approximate cost or range of cost of the housing; and

23           “(C) If the institution has no responsibility to find or assist a student in finding housing, a  
24 clear and conspicuous statement so indicating. A statement that the program is “non- residential”  
25 does not satisfy this subparagraph.

26           ...

27           “(15) Policies on the retention of student records.”

28           ////

1           23.   **California Code of Regulations, title 5, section 74006** provides:

2           “(a) An institution’s annual fee is due within 30 days of the date on which the institution  
3 originally receives its approval to operate and each year thereafter on the anniversary of the date  
4 of the original approval.

5           “(b) An institution shall pay its annual fee in addition to any other applicable fees.

6           “(c) The annual institutional fee is based on the institution's annual revenue. For purposes  
7 of this article, annual revenue is annual gross revenue.”

8           24.   **California Code of Regulations, title 5, section 74110** provides:

9           “(a) The annual report required by Section 94934 of the Code shall include the information  
10 required by sections 94929.5 and 94934 for all educational programs offered in the prior calendar  
11 year, and all of the following for the prior calendar year:

12           “(1) Information regarding institutional branch campuses, including addresses and  
13 programs offered at each campus, if applicable;

14           “(2) Information regarding satellite locations, including addresses and with which  
15 campus(es) the satellite location is affiliated, if applicable;

16           “(3) Name of institutional accreditors for each branch and satellite campus, and for each  
17 such campus at which any programs have programmatic accreditation, the names of the  
18 programmatic accreditor for each such program, and effective dates for each programmatic  
19 accreditation, if applicable;

20           “(4) Information regarding participation in state and federal student loan and grant  
21 programs, including the total amount of funding received from each source for those students  
22 enrolled in an approved California school regardless of their state of residency;

23           “(5) Information regarding participation in other public funding programs, including the  
24 amount of funding received from each public funding source; for purposes of this section, public  
25 funding is any financial aid paid on behalf of students or directly to an institution from any public  
26 source, such as the Workforce Investment Act, any veterans' financial aid programs pursuant to  
27 Section 21.4253 of Title 38 of the Code of Federal Regulations or any other financial aid program  
28

1 that is intended to help students pay education-related expenses, including tuition, fees, room and  
2 board, and supplies for education; and

3 “(6) The total percentage of institutional income that comes from any public funding  
4 sources.

5 “(b) In addition to the information required by section 94934 and this section provided  
6 under penalty of perjury, the institution shall have annual financial statements prepared for the  
7 institution's prior fiscal year and signed under penalty of perjury, and shall submit a hard copy  
8 under separate cover of such statements in conjunction with its annual report. The form, content  
9 and mode of preparation of financial statements shall comply with Section 74115 of this Division.  
10 The Bureau may request that the institution immediately make available for inspection to a  
11 representative of the Bureau, these financial statements at the offices of the institution.

12 “(c) An institution shall file its annual report by December 1st. The Bureau may extend the  
13 period for filing if the institution demonstrates evidence of substantial need but in no case longer  
14 than 60 days. The institution shall not change the date of its filing its annual report because of a  
15 change in the fiscal year without the Bureau's approval.

16 “(d) The annual report shall be electronically filed by submitting the information required  
17 by section 94934 of the Code and this section via the online form provided on the Bureau's  
18 website, electronically attaching, as directed, the School Performance Fact Sheet, the enrollment  
19 agreement, and the school catalog.”

20 **25. California Code of Regulations, title 5, section 74112** provides:

21 “(a) Format. The format for the Performance Fact Sheet shall be in at least 12 pt. type, in an  
22 easily readable font, with 1.15 line spacing and all titles and column headings shall be in bold 14  
23 pt. type, which shall also identify the program for which the Performance Fact Sheet pertains. The  
24 Performance Fact Sheet shall contain all and only the information required or specifically  
25 permitted by sections 94910 and 94929.5 of the Code or this chapter. A separate Performance  
26 Fact Sheet shall be prepared for each program.

27 “(b) An institution offering educational programs that are too new to provide the required  
28 two years of data shall include the date the program began as well as the statement required by

1 section 94910(e) of the Code. The Performance Fact Sheet shall also disclose the estimated date  
2 of availability for two full years of data for those programs.

3 “(c) Institutions approved under section 94874.8 of the Code, which do not include all  
4 required information per section 94874.8(a)(4), shall include on the Performance Fact Sheet the  
5 date of approval to operate and when the required data will be available.

6 “(d) In addition to the definitions contained in section 94928 of the Code:

7 “(1) ‘Number of Students Who Began the Program’ means the number of students who  
8 began a program who were scheduled to complete the program within 100% of the published  
9 program length within the reporting calendar year, and excludes all students who cancelled during  
10 the cancellation period.

11 “(2) ‘Number of On-time Graduates’ means the number of students who completed the  
12 program within 100% of the published program length within the reporting calendar year.

13 “(3) ‘Gainfully Employed’ means:

14 “(A)(i) The graduate is employed in a job classification under the United States Department  
15 of Labor's Standard Occupational Classification codes, using the Detailed Occupation (six-digit)  
16 level, for which the institution has identified in its catalog and in its employment positions list  
17 required by section 94910(f)(2) of the Code that the program prepares its graduates; and

18 “(ii) The graduate is employed in a single position or concurrent aggregated positions  
19 totaling at least 30 hours per week for 5 weeks (35 calendar days), or totaling at least 20 hours per  
20 week for 5 weeks (35 calendar days) with a statement signed by the graduate stating that he or she  
21 chose to seek part-time employment rather than fulltime employment after graduation; or

22 “(B) The graduate is employed by the same employer that employed the graduate before  
23 enrollment, and any of the following conditions are met:

24 “(i) the graduate is employed in an occupation with a different Detailed Occupation (six-  
25 digit) level Standard Occupational Classification code than applies to the position in which the  
26 graduate was employed before enrollment; or

1           “(ii) the employer or the graduate provides a statement to the effect that the employment  
2 after graduation was the result of a promotion with increased pay, due at least in part to  
3 graduation from the program; or

4           “(iii) the employer or the graduate provides a statement to the effect that the degree or the  
5 completed program was required as a condition of continued employment; or

6           “(C) The graduate is self-employed or working freelance as reasonably evidenced by, but  
7 not limited to, a business license, fictitious business name statement, advertising (other than  
8 business cards), website, or business receipts or other evidence of income from business; or an  
9 attestation signed by the graduate of self-employment or freelance work and dated after  
10 graduation.

11           “(e) Reporting periods:

12           “(1) An Annual Report shall include data for all educational programs as defined in section  
13 94837 of the Code for the previous one calendar year.

14           “(2) A Performance Fact Sheet shall be current and available not later than December 1st,  
15 and shall report data for the previous two calendar years based upon the ‘number of students who  
16 began the program,’ as defined in subdivision (d)(1) of this section and were scheduled to  
17 graduate in the reported year(s).

18           “(f) Total Charges. The institution's Annual Report and Performance Fact Sheet shall  
19 include the total charges for a student to complete the program within 100% of the program  
20 length. The institution must include the disclosure that there may be additional charges if the  
21 program is not completed on-time.

22           “Total charges shall be disclosed in the Performance Fact Sheet in a format substantially  
23 similar to the format listed below (dates and numbers are for example only):

24           **“Cost of Educational Program:**

25           “Total Charges for the program for students completing on-time in 20XX: \$50,000.

26           “Total Charges may be higher for students that do not complete on-time.

27           “Student's Initials: \_\_\_\_\_ Date: \_\_\_\_\_

28



1           **“Initial only after you have had sufficient time to read and understand the**  
2 **information.**

3           “(g) Student Loan/Debt Information.

4           “(1) If the institution participates in federal financial aid programs, the institution shall  
5 include loan information in the institution's Annual Report and on the Performance Fact Sheet.

6 The loan information shall include:

7           “(A) The most recent three year cohort default rate, as reported by the United States  
8 Department of Education;

9           “(B) The percentage of enrolled students receiving federal student loans;

10           “(C) The average amount of federal student loan debt of those graduates who have federal  
11 student loan debt in the reporting year; and

12           “(D) The percentage of graduates with federal student loans, as calculated by the institution.

13           “Loan information shall be included in the Performance Fact Sheet in a format substantially  
14 similar to the format listed below (dates and numbers are for example only):

15           **“Federal Student Loan Debt at (Name of Institution)**

16           “Percentage of students who defaulted on their federal student loans at this school: 28%<sup>[1]</sup>

17           “Percentage of students enrolled in 20XX who took out federal student loans to pay for this  
18 program: 43%

19           “Percentage of graduates in 20XX who took out federal student loans to pay for this  
20 program: 65%

21           “Average federal student loan debt of 20XX graduates who took out federal student loans at  
22 this institution: \$26,000

23           “<sup>[1]</sup> The percentage of students who defaulted on their federal student loans is called the  
24 Cohort Default Rate (CDR). It shows the percentage of this school's students who were more than  
25 270 days (about 9 months) behind on their federal student loans within three years of when the  
26 first payment was due. This is the most recent CDR reported by the U.S. Department of  
27 Education.

28           “Student's Initials: \_\_\_\_\_ Date: \_\_\_\_\_

1           **“Initial only after you have had sufficient time to read and understand the**  
2 **information.**

3           “(2) Institutions that do not participate in federal financial aid programs shall include one of  
4 two statements in the Performance Fact Sheet in a format substantially similar to the following:

5           “Students at (name of institution) are not eligible for federal student loans. The U.S.  
6 Department of Education has determined that this institution does not meet the criteria that would  
7 allow its students to participate in federal student aid programs.

8           “or

9           “(Name of Institution) is eligible, but chooses not to participate in federal student aid  
10 programs. So students here do not have federal student loans.

11           “Student's Initials: \_\_\_\_\_ Date: \_\_\_\_\_

12           **“Initial only after you have had sufficient time to read and understand the**  
13 **information.**

14           “(h) Completion Rates. Reporting of completion rates for an institution's Annual Report and  
15 Performance Fact Sheet shall include, for each educational program, the number of students who  
16 began the program as defined in subdivision (d)(1) of this section, the number of students  
17 available for graduation, number of on-time graduates, and completion rate(s). An optional table  
18 may be added to include completion rate data for students completing within 150% of the  
19 published program length. For an institution reporting completion data pursuant to section  
20 94929(b) of the Code, completion data shall be separately reported for each program and the  
21 Performance Fact Sheet shall disclose, if true, that the completion data is being reported for  
22 students completing within 150% of the published program length; and that data is not being  
23 separately reported for students completing the program within 100% of the published program  
24 length. Programs that are more than one year in length which are reporting 150% Completion  
25 Rate will provide four calendar years of data.

26           “Completion rates shall be included in the Performance Fact Sheet in a format substantially  
27 similar to the chart below (dates, numbers, and other data shown are for example only):  
28



1 number of graduates as defined in section 94842 of the Code, the graduates available for  
2 employment, graduates employed in the field and job placement rate(s).

3 “(3) If the institution makes any claim related to preparing students for a job or regarding  
4 job placement, the list required by section 94910(f)(2) of the Code shall identify the employment  
5 positions by using the Detailed Occupation or six-digit level of the Standard Occupational  
6 Classification codes.

7 “(4) Placement rate shall be calculated as follows: the number of graduates employed in the  
8 field as defined in section 94928(e)(1) of the Code in conjunction with section 74112(d)(3)  
9 divided by the number of graduates available for employment as defined in section 94928(d) of  
10 the Code.

11 “Job Placement rates and related disclosures shall be included in the Performance Fact  
12 Sheet in a format substantially similar to the charts below, (dates, numbers, and other data shown  
13 are for example only):

14 **“Job Placement Rates (includes data for the two calendar years prior to reporting)**

15 **“Name of Educational Program (Program Length)**

<i>Calendar Year</i>	<i>Number of Students Who Began the Program</i>	<i>Number of Graduates</i>	<i>Graduates Available for Employment</i>	<i>Graduates Employed in the Field</i>	<i>Placement Rate % Employed in the Field</i>
20XX	100	70	70	55	79%
20XY	80	55	55	20	36%

18  
19  
20  
21 **“Gainful Employment Categories (includes data for the two calendar years prior to**  
22 **reporting)**

23 **“Name of Educational Program (Program Length)**

**“Part Time vs. Full Time Employment**

	Graduates Employed in the field 20 to 29 hours per week	Graduates Employed in the field at least 30 hours per week	Total Graduates Employed in the Field
20XX	15	40	55
20XY	5	15	20

**“Single Position vs. Concurrent Aggregated Positions**

	Graduates Employed in the field in a single position	Graduates Employed in the field in concurrent aggregated positions	Total Graduates Employed in the Field
20XX	52	3	55
20XY	19	1	20

**“Self-Employed/Freelance Positions**

	Graduates Employed who are self-employed or working freelance	Total Graduates Employed in the Field
20XX	3	55
20XY	5	20

**“Institutional Employment**

	Graduates Employed in the field who are employed by the institution, an employer owned by the institution, or an employer who shares ownership with the institution	Total Graduates Employed in the Field
20XX	15	55
20XY	5	20

“Student’s Initials: \_\_\_\_\_ Date: \_\_\_\_\_

“Initial only after you have had sufficient time to read and understand the information.

1           “(5) The following self-employment/freelance worker disclosure shall be initialed by  
2 students entering any programs in which the majority of graduates who obtain jobs obtain in this  
3 type of work:

4           “‘This program may result in freelance or self-employment.

5           “• The work available to graduates of this program is usually for freelance or self-  
6 employment.

7           “• This type of work may not be consistent.

8           “• The period of employment can range from one day to weeks to several months.

9           “• Hours worked in a day or week may be more or less than the traditional 8 hour work day  
10 ot 40 hour work week:

11           “• You can expect to spend unpaid time expanding your networks, advertising, promoting  
12 your services, or honing your skills.

13           “• Once graduates begin to work freelance or are self-employed, they will be asked to  
14 provide documentation that they are employed as such so that they may be counted as placed for  
15 our job placement records.

16           “• Students initialing this disclosure understand that either a majority or all of this school's  
17 graduates are employed in this manner and understand what comprises that work style.

18           “Student’s Initials: \_\_\_\_\_ Date: \_\_\_\_\_

19           “**Only initial after you have had sufficient time to read and understand the**  
20 **information.**

21           “(j) License Examination Passage Rates. If license examination passage rates are not  
22 available from the appropriate state agency, an institution shall collect the information directly  
23 from its graduates. If an institution demonstrates that, after reasonable efforts, it is unable to  
24 obtain the examination passage information from its graduates, the institution shall report the  
25 number of students it could not contact and note in a font the same size as the majority of the data  
26 on the Performance Fact Sheet, “License examination passage data is not available from the state  
27 agency administering the examination. We were unable to collect data from [enter the number]  
28 graduates.”

1 “Reporting of license examination passage rates for the Annual Report and the Performance  
 2 Fact Sheet shall include, for each educational program: the number of graduates in the reported  
 3 year, the number of documented graduates who passed the first available examination, number of  
 4 documented graduates who failed the first available examination, the number of graduates for  
 5 whom data is not available. An optional column may be added to separately report licensing  
 6 examination data for graduates who take and pass the exam after failing initially. The Annual  
 7 Report shall also include a description of the processes for attempting to contact those students.

8 “For licensing examinations that are not continuously administered, license examination  
 9 passage rates shall be included in the Performance Fact Sheet in a format substantially similar to  
 10 the chart below, (dates, numbers, and other data shown are for example only):

11 “**License Examination Passage Rates** (includes data for the two calendar years prior to  
 12 reporting)

13 “Name of Educational Program (Program Length)

14 15 16 17	<b>First Available Exam Date</b>	<b>Date Exam Results Announced</b>	<b>Number of Graduates in Calendar Year</b>	<b>Number of Graduates Taking Exam</b>	<b>Number Who Passed Exam</b>	<b>Number Who Failed Exam</b>	<b>Passage Rate</b>
18	2/1/20XX	3/15/20XX	277	80	40	40	50%
19	6/1/20XX	7/15/20XX	277	100	75	25	75%
20	10/1/20XX	11/15/20XX	277	82	68	14	76%
21	2/1/20XY	3/20/20XX	304	80	40	40	50%
22	6/1/20XY	7/19/20XX	304	100	70	30	70%
23	10/1/20XY	11/19/20XX	304	92	62	30	67%

24 “License examination passage data is not available from the state agency administering the  
 25 examination. We were unable to collect data from 32 graduates.

26 “Student’s Initials: \_\_\_\_\_ Date: \_\_\_\_\_

27 “Initial only after you have had sufficient time to read and understand the  
 28 information.

1           “For licensing examinations that are continuously administered, license examination  
 2 passage rates shall be included in the Performance Fact Sheet in a format substantially similar to  
 3 the chart below (dates, numbers, and other data shown are for example only):

4           **“License Examination Passage Rates** (includes data for the two calendar years prior to  
 5 reporting)

6           **“Name of Educational Program (Program Length)**

7 <i>Calendar Year</i>	8 <i>Number of Graduates in Calendar Year</i>	9 <i>Number of Graduates Taking Exam</i>	10 <i>Number Who Passed First Available Exam</i>	11 <i>Number Who Failed First Available Exam</i>	12 <i>Passage Rate</i>
13 20XX	14 95	15 80	16 40	17 40	18 50%
19 20XY	20 109	21 100	22 75	23 25	24 75%

25           “License examination passage data is not available from the state agency administering the  
 26 examination. We were unable to collect data from 10 graduates.

27           “Student’s Initials: \_\_\_\_\_ Date: \_\_\_\_\_

28           **“Initial only after you have had sufficient time to read and understand the  
 information.**

          “(k) Salary and Wage Information.

          “All Salary and Wage Information shall be reported to the Bureau pursuant to sections  
 94910(d) and 94929.5(a)(3) of the Code and shall be included in the Performance Fact Sheet, for  
 each educational program, in a format substantially similar to the chart below (dates, numbers,  
 salaries, and other data shown are for example only).

**“Salary and Wage Information** (includes data for the two calendar years prior to  
 reporting)

**“Name of Educational Program (Program Length)**



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*“Annual Salary and Wages Reported for Graduates Employed in the Field*

<i>Calendar Year</i>	<i>Graduates Available for Employment</i>	<i>Graduates Employed in the Field</i>	<i>\$15,000-\$20,000</i>	<i>\$20,001-\$25,000</i>	<i>\$25,001-\$30,000</i>	<i>\$30,001-\$35,000</i>	<i>No Salary Information Reported</i>
20XX	100	70	5	40	6	3	16
20XY	80	55	5	7	3	5	35

“A list of sources used to substantiate salary disclosures is available from the school. (Insert how student can obtain this information.)

“Student's Initials: \_\_\_\_\_ Date: \_\_\_\_\_

**“Initial only after you have had sufficient time to read and understand the information.**

“(l) Definitions. Definitions for all terms contained on the Performance Fact Sheet shall be included as part of the Performance Fact Sheet, in the same format as required in subdivision (a).

“The following are the definitions for the Performance Fact Sheet:

“‘Number of Students Who Began the Program’ means the number of students who began a program who were scheduled to complete the program within 100% of the published program length within the reporting calendar year and excludes all students who cancelled during the cancellation period.

“‘Students Available for Graduation’ is the number of students who began the program minus the number of students who have died, been incarcerated, or been called to active military duty.

“‘Number of On-time Graduates’ is the number of students who completed the program within 100% of the published program length within the reporting calendar year.

“‘On-time Completion Rate’ is the number of on-time graduates divided by the number of students available for graduation.

1           “‘150% Graduates’ is the number of students who completed the program within 150% of  
2 the program length (includes on-time graduates).

3           “‘150% Completion Rate’ is the number of students who completed the program in the  
4 reported calendar year within 150% of the published program length, including on-time  
5 graduates, divided by the number of students available for graduation.

6           “‘Graduates Available for Employment’ means the number of graduates minus the number  
7 of graduates unavailable for employment.

8           “‘Graduates Unavailable for Employment’ means the graduates who, after graduation, die,  
9 become incarcerated, are called to active military duty, are international students that leave the  
10 United States or do not have a visa allowing employment in the United States, or are continuing  
11 their education in an accredited or bureau-approved postsecondary institution.

12           “‘Graduates Employed in the Field’ means graduates who beginning within six months  
13 after a student completes the applicable educational program are gainfully employed, whose  
14 employment has been reported, and for whom the institution has documented verification of  
15 employment. For occupations for which the state requires passing an examination, the six month  
16 period begins after the announcement of the examination results for the first examination  
17 available after a student completes an applicable educational program.

18           “‘Placement Rate Employed in the Field’ is calculated by dividing the number of graduates  
19 gainfully employed in the field by the number of graduates available for employment.

20           “‘Number of Graduates Taking Exam’ is the number of graduates who took the first  
21 available exam in the reported calendar year.

22           “‘First Available Exam Date’ is the date for the first available exam after a student  
23 completed a program.

24           “‘Passage Rate’ is calculated by dividing the number of graduates who passed the exam by  
25 the number of graduates who took the reported licensing exam.

26           “‘Number Who Passed First Available Exam’ is the number of graduates who took and  
27 passed the first available licensing exam after completing the program.

28           “‘Salary’ is as reported by graduate or graduate's employer.

1           “‘No Salary Information Reported’ is the number of graduates for whom, after making  
2 reasonable attempts, the school was not able to obtain salary information.

3           “(m) Documentation supporting all data reported shall be maintained electronically by the  
4 institution for at least five years from the last time the data was included in either an Annual  
5 Report or a Performance Fact Sheet and shall be provided to the Bureau upon request; the data for  
6 each program shall include at a minimum:

7           “(1) the list of job classifications determined to be considered gainful employment for the  
8 educational program;

9           “(2) student name(s), address, phone number, email address, program completed, program  
10 start date, scheduled completion date, and actual completion date;

11           “(3) graduate's place of employment and position, date employment began, date  
12 employment ended, if applicable, actual salary, hours per week, and the date employment was  
13 verified;

14           “(4) for each employer from which employment or salary information was obtained, the  
15 employer name(s) address and general phone number, the contact person at the employer and the  
16 contact's phone number and email address, and all written communication with employer  
17 verifying student's employment or salary;

18           “(5) for students who become self-employed, all documentation necessary to demonstrate  
19 self-employment;

20           “(6) a description of all attempts to contact each student or employer;

21           “(7) any and all documentation used to provide data regarding license examinations and  
22 examination results;

23           “(8) for each student determined to be unavailable for graduation or unavailable for  
24 employment, the identity of the student, the type of unavailability, the dates of unavailability, and  
25 the documentation of the unavailability; and

26           “(9) the name, email address, phone number, and position or title of the institution's  
27 representative who was primarily responsible for obtaining the students' completion, placement,  
28

1 licensing, and salary and wage data, the date that the information was gathered, and copies of  
2 notes, letters or emails through which the information was requested and gathered.

3 “(n) The institution shall provide on a separate document along with the Performance Fact  
4 Sheet the same cancellation disclosure as that which is required to be included with the  
5 enrollment agreement by Section 94911(e)(1) of the Code. The separate document shall be  
6 substantially the same size as the Performance Fact Sheet and shall be captioned “STUDENT'S  
7 RIGHT TO CANCEL” using bold 14 pt. type.”

8 **26. California Code of Regulations, title 5, section 74115, subdivision (b)(1) provides:**

9 “(b) A set of financial statements shall contain, at a minimum, a balance sheet, an income  
10 statement, and a cash flow statement, and the preparation of financial statements, shall comply  
11 with all of the following:

12 “(1) Audited and reviewed financial statements shall be conducted and prepared in  
13 accordance with the generally accepted accounting principles established by the American  
14 Institute of Certified Public Accountants by an independent certified public accountant who is not  
15 an employee, officer, or corporate director or member of the governing board of the institution.”

16 **27. California Code of Regulations, title 5, section 76215 provides:**

17 “(a) A qualifying institution shall include the following statement on both its enrollment  
18 agreement and school catalog:

19 ““The State of California established the Student Tuition Recovery Fund (STRF) to relieve  
20 or mitigate economic loss suffered by a student in an educational program at a qualifying  
21 institution, who is or was a California resident while enrolled, or was enrolled in a residency  
22 program, if the student enrolled in the institution, prepaid tuition, and suffered an economic loss.  
23 Unless relieved of the obligation to do so, you must pay the state-imposed assessment for the  
24 STRF, or it must be paid on your behalf, if you are a student in an educational program, who is a  
25 California resident, or are enrolled in a residency program, and prepay all or part of your tuition.

26 “You are not eligible for protection from the STRF and you are not required to pay the  
27 STRF assessment, if you are not a California resident, or are not enrolled in a residency program.”

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1           “(b) In addition to the statement required under subdivision (a) of this section, a qualifying  
2 institution shall include the following statement in its school catalog:

3           ““It is important that you keep copies of your enrollment agreement, financial aid  
4 documents, receipts, or any other information that documents the amount paid to the school.  
5 Questions regarding the STRF may be directed to the Bureau for Private Postsecondary  
6 Education, 2535 Capitol Oaks Drive, Suite 400, Sacramento, CA 95833, (916) 431-6959 or (888)  
7 370-7589.

8           “To be eligible for STRF, you must be a California resident or enrolled in a residency  
9 program, prepaid tuition, paid or deemed to have paid the STRF assessment, and suffered an  
10 economic loss as a result of any of the following:

11           “1. The institution, a location of the institution, or an educational program offered by the  
12 institution was closed or discontinued, and you did not choose to participate in a teach-out plan  
13 approved by the Bureau or did not complete a chosen teach-out plan approved by the Bureau.

14           “2. You were enrolled at an institution or a location of the institution within the 120 day  
15 period before the closure of the institution or location of the institution, or were enrolled in an  
16 educational program within the 120 day period before the program was discontinued.

17           “3. You were enrolled at an institution or a location of the institution more than 120 days  
18 before the closure of the institution or location of the institution, in an educational program  
19 offered by the institution as to which the Bureau determined there was a significant decline in the  
20 quality or value of the program more than 120 days before closure.

21           “4. The institution has been ordered to pay a refund by the Bureau but has failed to do so.

22           “5. The institution has failed to pay or reimburse loan proceeds under a federal student loan  
23 program as required by law, or has failed to pay or reimburse proceeds received by the institution  
24 in excess of tuition and other costs.

25           “6. You have been awarded restitution, a refund, or other monetary award by an arbitrator  
26 or court, based on a violation of this chapter by an institution or representative of an institution,  
27 but have been unable to collect the award from the institution.

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1           j.     Respondent's proposed enrollment agreement fails to contain the  
2 "STUDENT'S RIGHT TO CANCEL" disclosure or guidelines related to the "STUDENT'S  
3 RIGHT TO CANCEL." (Educ. Code § 94911, subd. (e)).

4           k.     Respondent's proposed enrollment agreement fails to contain a statement  
5 specifying that, if the student obtains a loan to pay for an educational program, the student will  
6 have the responsibility to repay the full amount of the loan plus interest, less the amount of any  
7 refund. (Educ. Code § 94911, subd. (f)).

8           l.     Respondent's proposed enrollment agreement fails to contain a statement  
9 specifying that, if the student is eligible for a loan guaranteed by the federal or state government  
10 and the student defaults on the loan, both of the following may occur: (1) the federal or state  
11 government or a loan guarantee agency may take action against the student, including applying  
12 any income tax refund to which the person is entitled to reduce the balance owed on the loan; (2)  
13 the student may not be eligible for any other federal student financial aid at another institution or  
14 other government assistance until the loan is repaid. (Educ. Code § 94911, subd. (g)).

15           m.     Respondent's proposed enrollment agreement fails to contain the following  
16 statement: "NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND  
17 CREDENTIALS EARNED AT OUR INSTITUTION. The transferability of credits you earn at  
18 (name of institution) is at the complete discretion of an institution to which you may seek to  
19 transfer. Acceptance of the (degree, diploma, or certificate) you earn in (name of educational  
20 program) is also at the complete discretion of the institution to which you may seek to transfer. If  
21 the (credits or degree, diploma, or certificate) that you earn at this institution are not accepted at  
22 the institution to which you seek to transfer, you may be required to repeat some or all of your  
23 coursework at that institution. For this reason you should make certain that your attendance at  
24 this institution will meet your educational goals. This may include contacting an institution to  
25 which you may seek to transfer after attending (name of institution) to determine if your (credits  
26 or degree, diploma, or certificate) will transfer." (Educ. Code §§ 94909, subd. (a)(15) and 94911,  
27 subd. (h)).

28



1           n.     Respondent's proposed enrollment agreement fails to contain the following  
2 statements: (1) "Any questions a student may have regarding this enrollment agreement that have  
3 not been satisfactorily answered by the institution may be directed to the Bureau for Private  
4 Postsecondary Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address),  
5 (telephone and fax numbers)."; (2) "A student or any member of the public may file a complaint  
6 about this institution with the Bureau for Private Postsecondary Education by calling (toll-free  
7 telephone number) or by completing a complaint form, which can be obtained on the bureau's  
8 Internet Web site (Internet Web site address)." (Educ. Code § 94911, subd. (j)).

9           o.     Respondent's proposed enrollment agreement fails to contain the following  
10 statements: "Prior to signing this enrollment agreement, you must be given a catalog or brochure  
11 and a School Performance Fact Sheet, which you are encouraged to review prior to signing this  
12 agreement. These documents contain important policies and performance data for this institution.  
13 This institution is required to have you sign and date the information included in the School  
14 Performance Fact Sheet relating to completion rates, placement rates, license examination  
15 passage rates, salaries or wages, and the most recent three-year cohort default rate, if applicable,  
16 prior to signing this agreement"; immediately followed by a line for the student to initial,  
17 including the following statement: "I certify that I have received the catalog, School Performance  
18 Fact Sheet, and information regarding completion rates, placement rates, license examination  
19 passage rates, salary or wage information, and the most recent three-year cohort default rate, if  
20 applicable, included in the School Performance Fact sheet, and have signed, initialed, and dated  
21 the information provided in the School Performance Fact Sheet." (Educ. Code § 94911, subd.  
22 (i)).

23           p.     Respondent's proposed enrollment agreement fails to contain a clear and  
24 conspicuous statement that the enrollment agreement is legally binding when signed by the  
25 student and accepted by the institution. (Educ. Code § 94911, subd. (d)).

26           q.     Respondent's proposed enrollment agreement fails to contain the following  
27 statement above the space for the student's signature: "I understand that this is a legally binding  
28 contract. My signature below certifies that I have read, understood, and agreed to my rights and

1 responsibilities, and that the institution's cancellation and refund policies have been clearly  
2 explained to me.” (Educ. Code § 94911, subd. (k)).

3 r. Respondent’s proposed enrollment agreement fails to contain the following  
4 statement, which must be included and conspicuously marked on its face in at least 12-point type  
5 by all institutions that, like Respondent, intend to extend credit or lend money to an individual for  
6 institutional and noninstitutional charges: “NOTICE. You may assert against the holder of the  
7 promissory note you signed in order to finance the cost of the educational program all of the  
8 claims and defenses that you could assert against this institution, up to the amount you have  
9 already paid under the promissory note.” (Educ. Code § 94916).

10 FOURTH CAUSE FOR DENIAL OF APPLICATION

(Federal Aid Policies and Disclosures)

11 (Educ. Code § 94887 and Cal. Code Regs., title 5, § 71475, subd. (p))

12 31. Respondent’s application is subject to denial because Respondent’s website refers to  
13 state financial aid programs, but Respondent’s proposed application fails to include a statement of  
14 its policies, practices, and disclosures regarding financial aid. (Educ. Code § 94887 and Cal.  
15 Code Regs., title 5, § 71475, subd. (p)).

16 FIFTH CAUSE FOR DENIAL OF APPLICATION

(Advertising)

17 (Educ. Code § 94887 and Cal. Code Regs., title 5, § 71475, subd. (q))

18 32. Respondent’s application is subject to denial because Respondent is advertising  
19 multiple educational programs not approved by the Bureau. (Educ. Code § 94887 and Cal. Code  
20 Regs., title 5, § 71475, subd. (q)).

21 SIXTH CAUSE FOR DENIAL OF APPLICATION

(Program Descriptions)

22 Educ. Code § 94887 and Cal. Code Regs., title 5, § 71475, subds. (r)-(t)

23 33. Respondent’s application is subject to denial because, on its website, Respondent is  
24 advertising multiple education programs which Respondent’s application does not describe, nor  
25 are approved by the Bureau. (Educ. Code § 94887 and Cal. Code Regs., title 5, § 71475, subds.  
26 (r)-(t)).

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SEVENTH CAUSE FOR DENIAL OF APPLICATION

(Instruction in Language Other than English)

(Educ. Code § 94887 and Cal. Code Regs., title 5, § 71475, subd. (v))

34. Respondent's application is subject to denial because Respondent's proposed catalog and enrollment agreement imply that Respondent may or will offer instruction in Spanish; however, Respondent's application fails to offer a description of the Spanish-language programs, a statement that Respondent has contracted with sufficient duly qualified faculty who will teach each language group of students, and the language of the textbooks and other written materials to be used by each language group of students. (Educ. Code § 94887 and Cal. Code Regs., title 5, § 71475, subd. (v)).

EIGHTH CAUSE FOR DENIAL OF APPLICATION

(Financial Statements)

(Educ. Code § 94887; and Cal. Code Regs., title 5, §§ 71475, subds. (e) and (w)(2) and 74115, subd. (b)(1))

35. Respondent's application is subject to denial because Respondent failed to provide compliant financial statements. (Educ. Code § 94887; and Cal. Code Regs., title 5, §§ 71475, subds. (e) and (w)(2) and 74115, subd. (b)(1)). In particular:

a. Respondent failed to offer audited or reviewed financial statements. (Cal. Code Regs., title 5, § 71475, subds. (e) and (w)(2)).

b. Respondent failed to offer a set of financial statements that were conducted and prepared by a certified public accountant. (Cal. Code Regs., title 5, §§ 71475, subd. (w)(2) and 74115, subd. (b)(1)).

NINTH CAUSE FOR DENIAL OF APPLICATION

(School Catalog)

(Educ. Code §§ 94887 and 94909, subds. (a)(3)(C), (a)(4), (a)(5), (a)(7)-(13); and Cal. Code Regs., title 5, §§ 71770; 71810, subds. (b)(3), (b)(6), (b)(8), (b)(13), and (b)(15); and 76215, subds. (a) and (b))

36. Respondent's application is subject to denial because Respondent failed to offer a compliant school catalog. (Educ. Code §§ 94887 and 94909, subds. (a)(3)(C), (a)(4), (a)(5),

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1 (a)(7)-(13); and Cal. Code Regs., title 5, §§ 71770; 71810, subd. (b)(6), (b)(8), (b)(13), (b)(15),  
2 and (c)(7); and 76215, subds. (a) and (b)). In particular:

3 a. Respondent's proposed catalog fails to contain the address or addresses where  
4 class sessions will be held. (Educ. Code § 94909, subd. (a)(4)).

5 b. Respondent's proposed catalog fails to contain a statement specifying whether  
6 the institution has a pending petition in bankruptcy, is operating as a debtor in possession, has  
7 filed a petition within the preceding five years, or has had a petition in bankruptcy filed against it  
8 within the preceding five years that resulted in reorganization under Chapter 11 of the United  
9 States Bankruptcy Code. (Educ. Code § 94909, subd. (a)(12)).

10 c. Respondent's proposed catalog fails to contain the following statement: "A  
11 student or any member of the public may file a complaint about this institution with the Bureau  
12 for Private Postsecondary Education by calling (toll-free telephone number) or by completing a  
13 complaint form, which can be obtained on the bureau's Internet Web site (Internet Web site  
14 address)." (Educ. Code § 94909, subd. (a)(3)(C)).

15 d. Respondent's proposed catalog fails to contain a detailed description of  
16 Respondent's admissions policies. (Educ. Code § 94909, subd. (a)(8)(A) and Cal. Code Regs.,  
17 title 5, § 71770).

18 e. Respondent's proposed catalog fails to contain the institution's policies and  
19 procedures for the award of credit for prior experiential learning, including assessment policies  
20 and procedures, provisions for appeal, and all charges that a student may be required to pay. (Cal.  
21 Code Regs., title 5, § 71810, subd. (b)(3)).

22 f. Respondent's proposed catalog includes a description of four educational  
23 programs when Respondent seeks approval to renew for only one program. (Educ. Code §  
24 94909, subd. (a)(5)).

25 g. Respondent's proposed catalog fails to state the schedule of total charges for a  
26 period of attendance and an estimated schedule of total charges for the entire educational  
27 program. (Educ. Code § 94909, subd. (a)(9)).

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1           h.    Respondent's proposed catalog fails to include requisite statements regarding  
2 the Student Tuition Recovery Fund ("STRF"). (Cal. Code Regs., title 5, § 76215, subds. (a) and  
3 (b)).

4           i.    Respondent's proposed catalog states a refund policy inconsistent with the pro-  
5 rata refund students are entitled to under the law. (Educ. Code § 94909, subd. (a)(8)(B)).

6           j.    Respondent's proposed catalog fails to list faculty qualifications. (Educ. Code  
7 § 94909, subd. (a)(7)).

8           k.    Respondent's proposed catalog states that financial aid is not available, but  
9 Respondent's website refers to available financial aid programs. These statements are  
10 inconsistent and, as a result, Respondent's fails to clearly state whether it participates in federal  
11 and state financial aid programs, and if so, all consumer information that is required to be  
12 disclosed to the student pursuant to the applicable federal and state financial aid programs.  
13 (Educ. Code § 94909, subd. (a)(10)).

14          l.    Respondent's proposed catalog fails to contain a statement specifying that, if a  
15 student obtains a loan to pay for an educational program, the student will have the responsibility  
16 to repay the full amount of the loan plus interest, less the amount of any refund, and that, if the  
17 student has received federal student financial aid funds, the student is entitled to a refund of the  
18 moneys not paid from federal student financial aid program funds. (Educ. Code § 94909, subd.  
19 (a)(11)).

20          m.    Respondent's proposed catalog states that financial aid is not available, but  
21 Respondent's website refers to available financial aid programs. These statements are  
22 inconsistent and, as a result, Respondent's catalog fails to state its policies and practices regarding  
23 any form of financial aid, including all consumer information which the institution is required to  
24 disclose to the student under any state or federal financial aid program. (Cal. Code Regs., title 5,  
25 § 71810, subd. (b)(6)).

26          n.    Respondent's proposed catalog fails to contain the institution's standards for  
27 student achievement. (Cal. Code Regs., title 5, § 71810, subd. (b)(8)).

28



1 e. Respondent's proposed website fails to provide the institution's most recent  
2 annual report submitted to the Bureau. (Educ. Code § 94913, subd. (a)(4)).

3 f. Respondent's proposed website fails to include information concerning where  
4 students may access the Bureau's website where the institution identifies itself as being approved  
5 by the Bureau. (Educ. Code § 94913, subd. (b)).

6 ELEVENTH CAUSE FOR DENIAL OF APPLICATION

(School Performance Fact Sheet)

7 (Educ. Code §§ 94887 and 94910; and Cal. Code Regs., title 5, § 74112)

8 38. Respondent's application is subject to denial because Respondent failed to submit its  
9 2015 and 2016 School Performance Fact Sheet. (Educ. Code §§ 94887 and 94910; and Cal. Code  
10 Regs., title 5, § 74112).

11 TWELFTH CAUSE FOR DENIAL OF APPLICATION

(Recordkeeping)

12 (Educ. Code §§ 94887 and 94900, subd. (b); and  
13 Cal. Code Regs., title 5, § 71475, subd. (dd))

14 39. Respondent's application is subject to denial because Respondent's proposed policy  
15 for retention of student records fails to specify if student transcripts will be retained indefinitely.  
16 (Educ. Code §§ 94887 and 94900, subd. (b); and Cal. Code Regs., title 5, § 71475, subd. (dd)).

17 THIRTEENTH CAUSE FOR DENIAL OF APPLICATION

(Payment of Penalty for Late Paid Annual Fees)

18 (Educ. Code §§ 94887 and 94931, subd. (a); and  
19 Cal. Code Regs., title 5, §§ 71485 and 74006)

20 40. Respondent's application is subject to denial because Respondent failed to pay the  
21 twenty-five percent penalty for failure to pay the 2017 Annual Fee on or before the 30th calendar  
22 day after the due date. (Educ. Code §§ 94887 and 94931, subd. (a); and Cal. Code Regs., title 5,  
23 §§ 71485 and 74006).

FOURTEENTH CAUSE FOR DENIAL OF APPLICATION

(Annual Report)

(Educ. Code §§ 94887, 94815, and 94934; and  
Cal. Code Regs, title 5, §§ 74110 and 74112)


41. Respondent's application is subject to denial because Respondent failed to submit an Annual Report for 2015. (Educ. Code §§ 94887, 94815, and 94934; and Cal. Code Regs, title 5, §§ 74110 and 74112).

PRAYER

WHEREFORE, Complainant requests that a hearing be held on the matters alleged in this Statement of Issues, and that following the hearing, the Director of the Department of Consumer Affairs issue a decision:

1. Denying Respondent's Application for Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions; and
2. Taking such other and further action as deemed necessary and proper.

DATED: 1/25/18

  
DR. MICHAEL MARION, JR.  
Bureau Chief  
Bureau for Private Postsecondary Education  
Department of Consumer Affairs  
State of California  
*Complainant*

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