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DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Automatic Suspension of
Approval to Operate Degree Granting
Programs Directed to:

Case No. 1002827

CALIFORNIA CENTRAL UNIVERSITY
Steve Hong, Chief Executive Officer
23814 S. Vermont Avenue
Harbor City, CA 90710

DECISION

Appellant.

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INTRODUCTION

Effective October 16, 2017, the Bureau for Private Postsecondary Education (Bureau) automatically suspended the approval to operate degree programs issued to California Central University and its board members (collectively, the University). The Bureau determined that the University was subject to automatic suspension for failing to submit evidence to the Bureau of having achieved accreditation candidacy or pre-accreditation by July 1, 2017.

The Director of the Department of Consumer Affairs received from the University a timely appeal of the Bureau's suspension order. The Director, or his designee, is required to hear such appeals at an informal office conference. (Cal. Code Regs., tit. 5, § 71410, subd. (b).)

An informal office conference was held on December 13, 2017, before the Director's designee, Deputy Director Ryan Marcroft. Steve Hong, the University's Chief Executive Officer, and the University's acting President, appeared on behalf of the University. Kathleen Rainey, Senior Education Specialist and Robert Bayles, Education Administrator, appeared on behalf of the Bureau. At the conclusion of the informal office conference, the matter was submitted for a final decision.

After considering the evidence and argument submitted by the University and the Bureau,

1 the Bureau's order is AFFIRMED.

2 **FACTUAL AND PROCEDURAL BACKGROUND**

3 Bureau records reflect that the University is unaccredited, offers at least one degree
4 program, and obtained from the Bureau an approval to operate before January 1, 2015.¹ Indeed,
5 according to the Bureau, the University was approved to offer ten degree programs. The
6 University presented testimony at the informal office conference that there were less than 30
7 students in the University's degree programs.
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9 Education Code section 94885.1 requires such institutions to meet certain benchmarks on
10 the path toward accreditation. They must submit to the Bureau an accreditation plan, submit
11 evidence of having achieved accreditation candidacy or pre-accreditation by July 1, 2017, and
12 submit evidence of having obtained full accreditation by July 1, 2020. The Bureau is required to
13 suspend an institution that does not meet these accreditation deadlines. (Ed. Code, § 94885.1,
14 subd. (e).)

15 By letter dated June 29, 2015, the University submitted an accreditation plan to the
16 Bureau, in which it identified the Accrediting Council for Independent Colleges and Schools
17 (ACICS) as its anticipated accreditor. The University projected that it would submit a completed
18 accreditation application to ACICS in September 2015. It did not do so, however, and in August
19 2016, the University submitted a revised accreditation plan to the Bureau, in which it identified
20 the Accrediting Commission of Career Schools and Colleges (ACCSC) as its anticipated
21 accreditor. At that time, the University stated that it anticipated submitting its application for
22 accreditation in December 2016, and that its application would be accepted in March 2017. In
23 October 2016, the University learned that it would not be able to pursue accreditation through
24 ACCSC until October 2017. Six months later, on April 12, 2017, the University notified the
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28 ¹ The University did not dispute that it was approved to operate before January 1, 2015.

1 Bureau that it abandoned its efforts at accreditation through ACCSC and would be looking for
2 another accreditor. The University also noted that it would not achieve pre-accreditation or
3 accreditation candidacy by July 1, 2017.

4 By letter dated June 27, 2017, the University submitted a new accreditation plan to the
5 Bureau, this time identifying the Transnational Association of Christian Colleges and Schools
6 (TRACS) as its anticipated accreditor. The University projected that it would submit an
7 application and fee to TRACS in January 2018. The University also requested an extension of
8 time to satisfy the statutory requirement of achieving accreditation candidacy or pre-
9 accreditation. The Bureau denied the University's request for an extension of time, because the
10 University did not demonstrate strong progress toward obtaining accreditation.
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12 Effective October 16, 2017, the Bureau suspended the University's approval to operate its
13 degree programs. The Bureau directed the University to cease enrolling new students in its
14 degree programs, and to submit to the Bureau in 30 days a degree program closure plan that
15 includes, in summary:

- 16 (1) The date the institution stopped enrolling new students in the degree programs;
- 17 (2) A list of contact information for all students currently enrolled in each degree
18 program; and,
- 19 (3) A teach-out plan with information on the arrangements the University made for
20 students to complete their educational programs at another institution.

21 The Bureau also directed the University to notify currently enrolled students of the
22 following:

- 23 (1) That the institution received a notice of suspension from the Bureau and may not
24 offer degree programs;
- 25 (2) The teach-out plan; and,
- 26 (3) That the student may choose not to participate in the teach-out plan and instead seek a
27 refund for classes the student is currently enrolled in or has not completed.
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1 The University timely appealed the Bureau's suspension order to the Director of the
2 Department of Consumer Affairs by letter dated November 9, 2017. The University submitted a
3 revised accreditation plan with its request for an appeal. The University's revised plan projected
4 that it would submit an application and fee to TRACS in April 2018, three months later than the
5 University projected the previous June. The University acknowledged that it did not achieve
6 accreditation candidacy or pre-accreditation by July 1, 2017, and requested more time to satisfy
7 the requirement. By the time of the informal office conference in December 2018, the
8 University submitted only part of its application to TRACS, and did not submit an application
9 fee.
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11 LEGAL STANDARDS

12 The University was required to submit evidence to the Bureau of having achieved
13 accreditation candidacy or pre-accreditation by July 1, 2017. Education Code section 94885.1
14 provides:

15 (a) An institution that is not accredited by an accrediting agency recognized by the United
16 States Department of Education and offering at least one degree program, and that has
17 obtained an approval to operate from the bureau on or before January 1, 2015, shall be
18 required to satisfy at least one of the following no later than July 1, 2015:

19 [¶] . . . [¶]

20 (2) Compliance with subdivision (b).

21 (b) The bureau shall identify institutions that are subject to subdivision (a) and notify
22 those institutions by February 1, 2015, of the accreditation requirements pursuant to this
23 section and that the institution is required to provide the following information to the
24 bureau if the institution plans to continue to offer a degree program after July 1, 2015:

25 [¶] . . . [¶]

26 (2) Evidence of having achieved accreditation candidacy or pre-accreditation by July 1,
27 2017.

28 (Emphasis supplied.)

Pre-accreditation and candidacy are defined in the Bureau's regulations to mean that the

1 institution “submitted a completed application for initial accreditation with the required fee,
2 which was accepted by the accreditor.” (Cal. Code Regs., tit. 5, § 70000, subd. (s).)

3 An institution that does not submit evidence to the Bureau by July 1, 2017, of having
4 achieved accreditation candidacy or pre-accreditation “shall have its approval to operate
5 automatically suspended on the applicable date. The bureau shall issue an order suspending the
6 institution and that suspension shall not be lifted until the institution complies with the
7 requirements of this section.” (Ed. Code, § 94885.1, subd. (e).)

8 A suspended institution must cease enrolling students, provide the Bureau with a degree
9 program closure plan within 30 days, and provide notice to currently-enrolled students within
10 five days. (Ed. Code, § 94885.1, subd. (e); Cal. Code. Regs., tit. 5, § 74250.)

11 The closure plan must include the following elements:

- 12 (1) The date the institution stopped enrolling new students in its degree programs;
- 13 (2) A list of contact information for all students currently enrolled in each degree
14 program;
- 15 (3) A teach-out plan that includes a plan for the disposition of student records and is
16 compliant with the provisions of section 94927 of the Education Code; and,
- 17 (4) A copy of the notification to be provided to students.

18 (Cal. Code. Regs., tit. 5, § 74250, subd. (a).)

19 The notice to students must include the following elements:

- 20 (1) That the institution has received a notice of suspension from the Bureau and may no
21 longer offer degree programs.
- 22 (2) A teach-out plan, which shall provide, at minimum, the following information:
 - 23 (A) The name and location of the institution(s) that is (are) providing the teach-out;
 - 24 (B) The date upon which instruction at the teach-out institution(s) will begin;
 - 25 (C) How and when payments will be made to the new institution and any relevant
26 financial information; and,
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1 (D) Whom to contact at the new institution(s).

2 (3) That the student may choose not to participate in the teach-out, and instead seek a
3 refund for any classes the student is currently enrolled in or has not yet completed.

4 (Cal. Code. Regs., tit. 5, § 74250, subd. (b).)

5 **DISCUSSION**

6 The University was required to have achieved accreditation candidacy or pre-
7 accreditation by July 1, 2017, because it is unaccredited, offers at least one degree program, and
8 was approved to operate on or before January 1, 2015. (Ed. Code, § 94885.1, subs. (a) & (b).)

9 The University did not, however, submit evidence to the Bureau of having met the statutory
10 requirement, because it did not demonstrate by July 1, 2017, or even by the date of the informal
11 office conference on December 13, 2017, that it submitted to an appropriate accrediting body “a
12 completed application for initial accreditation with the required fee,” or that an accrediting body
13 accepted the application and fee. (Cal. Code Regs., tit. 5, § 70000, subd. (s).)

14 The University submitted four revised accreditation plans between June 2015 and
15 November 2017, which identified three different accreditors, and each projecting different dates
16 as to when the University anticipated achieving accreditation candidacy or pre-accreditation.
17 The most recent plan projected that the University would not satisfy the statutory requirements
18 until April 2018, at the earliest. The University acknowledged that it did not achieve
19 accreditation candidacy or pre-accreditation by July 1, 2017, and as of the date of the informal
20 office conference, it also acknowledged that it submitted neither a completed application or an
21 application fee to TRACS.

22 As discussed, an institution that does not submit evidence to the Bureau of having
23 achieved accreditation candidacy or pre-accreditation by July 1, 2017, “shall have its approval to
24 operate automatically suspended on the applicable date. The bureau shall issue an order
25 suspending the institution and that suspension shall not be lifted until the institution complies
26 with the requirements of this section.” (Ed. Code, § 94885.1, subd. (e).) Since the University
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1 did not satisfy the July 1, 2017, deadline, the Bureau appropriately suspended the University's
2 approval to operate degree programs.

3 The University did not present evidence that TRACS accepted its application for initial
4 accreditation and fee by July 1, 2017, or even by December 13, 2017, the date of the informal
5 office conference. Accordingly, the University did not demonstrate that it achieved accreditation
6 candidacy or pre-accreditation by the statutory deadline.
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8 **DECISION**

9 The Bureau's Order Suspending Approval to Operate Degree Granting Programs is
10 AFFIRMED.

11 DATED May 22, 2018

12 

13 RYAN MARCROFT
14 Deputy Director, Legal Affairs
15 Department of Consumer Affairs

PROOF OF SERVICE BY U.S. MAIL

STATE OF CALIFORNIA

COUNTY OF SACRAMENTO

I am employed in the County of Sacramento, State of California. I am over the age of 18 and not a party to the within action; my business address is 1625 North Market Blvd., Suite S 309, Sacramento, California, 95834. On May 22, 2018, I served the foregoing document described as:

Decision

In Re: California Central University

Bureau Case No.: 1002827

on the interested party or parties in this action by placing a copy thereof, enclosed in a sealed envelope, and addressed as follows:

California Central University
Steve Hong, Chief Executive Officer
23814 S. Vermont Avenue
Harbor City, CA 90710
(And via email to stevehong@californiacentraluniversity.org)

Christina Villanueva (Via Inter-Office Mail)
Bureau for Private Postsecondary Education
2535 Capitol Oaks Drive, Suite 400
Sacramento, CA 95833

I am familiar with our Department's practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at Sacramento, California, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if the postal meter date is more than one working day after the date of deposit for mailing in this declaration.

Executed on May 22, 2018, at Sacramento, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.


Georgann Wallace