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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. 1002107

13 **CAREER ADVANCEMENT SOLUTIONS**

STATEMENT OF ISSUES

14 Application for Renewal of Approval to
15 Operate an Institution Non-Accredited

16 Institution No. 25448282

17 Respondent.

18
19 Complainant alleges:

20 PARTIES

21 1. Leeza Rifredi (Complainant) brings this Statement of Issues solely in her official
22 capacity as the Deputy Chief of the Bureau for Private Postsecondary Education, Department of
23 Consumer Affairs.

24 2. On or about May 17, 2013, the Bureau for Private Postsecondary Education received
25 an Application for Renewal of Approval to Operate an Institution Non-Accredited from Career
26 Advancement Solutions (Respondent). On or about May 8, 2013, Virgilio Abad certified under
27 penalty of perjury to the truthfulness of all statements, answers, and representations in the
28 application. Between June 6, 2013 and August 19, 2016, the Bureau and Respondent exchanged

1 correspondence regarding its application. On or about July 8, 2016, the Bureau issued a
2 deficiency letter to Respondent. On or about August 19, 2016, the Bureau received a response to
3 its July 8, 2016 letter.

4 3. On or about September 9, 2016, the Bureau issued Respondent a Notice of Denial of
5 Application for Renewal of Approval to Operate. On or about September 20, 2016, the Bureau
6 received a request for an administrative hearing from Respondent. On or about May 16, 2017,
7 Respondent submitted additional documents in support of its application to the Bureau.

8 JURISDICTION

9 4. This Statement of Issues is brought before the Director of the Department of
10 Consumer Affairs (Director) for the Bureau for Private Postsecondary Education, under the
11 authority of the following laws. All section references are to the Education Code unless
12 otherwise indicated.

13 5. Section 94886 provides:

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

18 6. Section 94887 provides:

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

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

(1) ‘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.

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

...

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

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

Cost of Educational Program:

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

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

Student's Initials: _____ Date: _____

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

“(g) Student Loan/Debt Information.

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

The loan information shall include:

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

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

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

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

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

6 **Federal Student Loan Debt at (Name of Institution)**

7 Percentage of students who defaulted on their federal student loans at this 28%¹
8 school:

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

11
12 Percentage of graduates in 20XX who took out federal student loans to pay for 65%
13 this program:

14
15 Average federal student loan debt of 20XX graduates who took out federal \$26,000
16 student loans at this institution:

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18 ¹ The percentage of students who defaulted on their federal student loans is called the
19 Cohort Default Rate (CDR). It shows the percentage of this school's students who were more than
20 270 days (about 9 months) behind on their federal student loans within three years of when the
21 first payment was due. This is the most recent CDR reported by the U.S. Department of
22 Education.

23 Student's Initials: _____ Date: _____

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

25 (2) Institutions that do not participate in federal financial aid programs shall include one of
26 two statements in the Performance Fact Sheet in a format substantially similar to the following:
27
28

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

4 or

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

7 Student's Initials: _____ Date: _____

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

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

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

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1 **On-time Completion Rates (Graduation Rates)** (includes data for the two calendar years
 2 prior to reporting)

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

| <i>Calendar Year</i> | <i>Number of Students Who Began the Program</i> | <i>Students Available for Graduation</i> | <i>Number of On-time Graduates</i> | <i>On-time Completion Rate</i> |
|----------------------|---|--|------------------------------------|--------------------------------|
| 20XX | 100 | 98 | 70 | 71% |
| 20XY | 80 | 80 | 55 | 69% |

11
 12 **Students Completing Within 150% of the Published Program Length**

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

| <i>Calendar Year</i> | <i>Number of Students Who Began the Program</i> | <i>Students Available for Graduation</i> | <i>150% Graduates</i> | <i>150% Completion Rate</i> |
|----------------------|---|--|-----------------------|-----------------------------|
| 20XX | 100 | 98 | 95 | 97% |
| 20XY | 80 | 80 | 78 | 98% |
| *20XZ | 90 | 90 | 87 | 97% |
| *20YA | 87 | 85 | 74 | 87% |

24 *Included only if program is more than one year in length
 25 Student's Initials: _____ Date: _____

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

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1 “(i) Job Placement Rates.

2 (1) Any placement data required by sections 94910(b) and 94929.5(a) of the Code shall be
3 reported for the number of students who began the program as defined in subdivision (d)(1) of
4 this section for each reported calendar year.

5 (2) Placement is measured six months from the graduation date of each student. For
6 programs that require passage of a licensing examination, placement shall be measured six
7 months after the announcement of the examination results for the first examination available after
8 a student completes an applicable educational program. Reporting of placement rates shall
9 include for each educational program: the number of students who began the program, the
10 number of graduates as defined in section 94842 of the Code, the graduates available for
11 employment, graduates employed in the field and job placement rate(s).

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

16 (4) Placement rate shall be calculated as follows: the number of graduates employed in the
17 field as defined in section 94928(e)(1) of the Code in conjunction with section 74112(d)(3)
18 divided by the number of graduates available for employment as defined in section 94928(d) of
19 the Code.

20 Job Placement rates and related disclosures shall be included in the Performance Fact Sheet
21 in a format substantially similar to the charts below, (dates, numbers, and other data shown are for

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1 example only):

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

3 **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% |

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12 **Gainful Employment Categories** (includes data for the two calendar years prior to
13 reporting)

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

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16 **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 |

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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 or 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 information.**

20 ...

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

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

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

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1 'Students Available for Graduation' is the number of students who began the program
2 minus the number of students who have died, been incarcerated, or been called to active military
3 duty.

4 'Number of On-time Graduates' is the number of students who completed the program
5 within 100% of the published program length within the reporting calendar year.

6 'On-time Completion Rate' is the number of on-time graduates divided by the number of
7 students available for graduation.

8 '150% Graduates' is the number of students who completed the program within 150% of
9 the program length (includes on-time graduates).

10 '150% Completion Rate' is the number of students who completed the program in the
11 reported calendar year within 150% of the published program length, including on-time
12 graduates, divided by the number of students available for graduation.

13 'Graduates Available for Employment' means the number of graduates minus the number
14 of graduates unavailable for employment.

15 'Graduates Unavailable for Employment' means the graduates who, after graduation, die,
16 become incarcerated, are called to active military duty, are international students that leave the
17 United States or do not have a visa allowing employment in the United States, or are continuing
18 their education in an accredited or bureau-approved postsecondary institution.

19 'Graduates Employed in the Field' means graduates who beginning within six months after
20 a student completes the applicable educational program are gainfully employed, whose
21 employment has been reported, and for whom the institution has documented verification of
22 employment. For occupations for which the state requires passing an examination, the six month
23 period begins after the announcement of the examination results for the first examination
24 available after a student completes an applicable educational program.

25 'Placement Rate Employed in the Field' is calculated by dividing the number of graduates
26 gainfully employed in the field by the number of graduates available for employment.

27 'Number of Graduates Taking Exam' is the number of graduates who took the first
28 available exam in the reported calendar year.

1 'First Available Exam Date' is the date for the first available exam after a student
2 completed a program.

3 'Passage Rate' is calculated by dividing the number of graduates who passed the exam by
4 the number of graduates who took the reported licensing exam.

5 'Number Who Passed First Available Exam' is the number of graduates who took and
6 passed the first available licensing exam after completing the program.

7 'Salary' is as reported by graduate or graduate's employer.

8 'No Salary Information Reported' is the number of graduates for whom, after making
9 reasonable attempts, the school was not able to obtain salary information.

10 ...

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

16 CAUSE FOR DENIAL OF APPLICATION

(School Performance Fact Sheet)

17 (Ed. Code, § 94910, subd. (c); Cal. Code Regs., tit. 5, § 74112, subd. (a), (d)(1), (d)(2), (f), (g),
18 (h), (i), (l), (n).)

19 11. Respondent's application is subject to denial because its School Performance Fact
20 Sheet fails to comply with the law on the following grounds:

21 a. Respondent did not submit a School Performance Fact Sheet in the correct
22 format. (Cal. Code Regs., tit. 5, § 74112, subd. (a).)

23 b. Respondent did not provide a School Performance Fact Sheet that includes the
24 correct definition for "Number of Students Who Began Program." (Cal. Code Regs., tit. 5, §
25 74112, subd. (d)(1).)

26 c. Respondent did not provide a School Performance Fact Sheet that includes the
27 correct definition for "Number of On-time Graduates." (Cal. Code Regs., tit. 5, § 74112, subd.
28 (d)(2).)

1 d. Respondent did not provide a School Performance Fact Sheet that includes the
2 required "Cost of Educational Program" information. (Cal. Code Regs., tit. 5, § 74112, subd. (f).)

3 e. Respondent did not provide a School Performance Fact Sheet that includes
4 verbiage regarding a 3-year cohort default rate that is compliant. The School Performance Fact
5 Sheet did not include the Federal Student Loan Debt table or the applicable statement if the
6 institution does not participate in federal financial aide programs and the line for Student Initials
7 and Date. (Cal. Code Regs., tit. 5, § 74112, subd. (g).)

8 f. Respondent did not provide a School Performance Fact Sheet that uses the
9 correct heading for the On-Time Completion Rate (Graduation Rate) table. The School
10 Performance Fact Sheet also does not include the required columns, "Number of On-Time
11 Graduates" and "On-Time Completion Rate" as part of the On-Time Completion Rate table. (Cal.
12 Code Regs., tit. 5, § 74112, subd. (h).)

13 g. Respondent did not provide a School Performance Fact Sheet that includes a
14 correctly formatted Placement Table. The School Performance Fact Sheet does not include any
15 of the required Gainful Employment Categories tables. (Cal. Code Regs., tit. 5, § 74112, subd.
16 (i).)

17 h. Respondent did not provide a School Performance Fact Sheet that includes the
18 correct definition for "On-Time Completion Rate," "150% Graduates," "150% Completion Rate,"
19 "Graduates Employed in the Field," "Placement Rate Employed in the Field," "Salary," and "No
20 Salary Information Reported." (Cal. Code Regs., tit. 5, § 74112, subd. (l).)

21 i. Respondent did not provide a School Performance Fact Sheet that includes, on
22 a separate document along with the Performance Fact Sheet, the same cancellation disclosure as
23 that which is required to be included with the enrollment agreement by Section 94911,
24 subdivision (e)(1) of the Code. The separate document shall be substantially the same size as the
25 Performance Fact Sheet and shall be captioned "STUDENT'S RIGHT TO CANCEL" using bold
26 14 pt. type. (Cal. Code Regs., tit. 5, § 74112, subd. (n).)

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j. Respondent provided a School Performance Fact Sheet that includes Examination Passage Rates although Respondent does not offer programs leading to employment for which passage of a state licensing examination is required.

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 the application of Career Advancement Solutions for Renewal of Approval to Operate an Institution Non-Accredited (application number 26152); and;
2. Taking such other and further action as deemed necessary and proper.

DATED: 9/18/2017

Leeza Rifredi

LEEZA RIFREDI
Deputy Chief
Bureau for Private Postsecondary Education
Department of Consumer Affairs
State of California
Complainant

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