

1 XAVIER BECERRA
Attorney General of California
2 ANTOINETTE B. CINCOTTA
Supervising Deputy Attorney General
3 MARICHELLE S. TAHIMIC
Deputy Attorney General
4 State Bar No. 147392
600 West Broadway, Suite 1800
5 San Diego, CA 92101
P.O. Box 85266
6 San Diego, CA 92186-5266
Telephone: (619) 738-9435
7 Facsimile: (619) 645-2061
Attorneys for Complainant
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. 1002165

13 **AMERICAN CORNERSTONE**
14 **UNIVERSITY**

STATEMENT OF ISSUES

15 **Approval to Operate an Institution Non-**
16 **Accredited Applicant**

17 Respondents.

18
19 Complainant alleges:

20 **PARTIES**

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

24 2. On or about April 16, 2014, the Bureau received an application for an Approval to
25 Operate an Institution Non-Accredited (Application No. 27257) from American Cornerstone
26 University (Respondent). On or about March 17, 2014, Tu Truong certified under penalty of
27 perjury to the truthfulness of all statements, answers, and representations in the application. The
28 Bureau denied the application on August 8, 2016.

1 **JURISDICTION**

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

5 4. Code Section 94886 states:

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

9 5. Code Section 94887 states:

10 An approval to operate shall be granted only after an applicant has presented
11 sufficient evidence to the bureau, and the bureau has independently verified the
12 information provided by the applicant through site visits or other methods
13 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.

14 **STATUTORY AND REGULATORY PROVISIONS**

15 6. Title 5, California Code of Regulations (CCR), section 71100 states:

16 (a) An applicant seeking approval to operate pursuant to Section 94886 of the
17 Code, other than Approval to Operate by Accreditation pursuant to Section
18 94890(a)(1) of the Code, shall complete the "Application for Approval to
Operate for an Institution Not Accredited," Form Application 94886 (rev. 2/10).
19 An applicant seeking approval to operate by accreditation pursuant to Section
94890(a)(1) of the Code shall comply with section 71390.

20 (b) An applicant shall submit the completed form, the information or
documentation required by this Article, the appropriate application fee as
21 provided in Section 94930.5(a)(1) of the Code, and any appropriate annual fee
as required by Article 1 of Chapter 5 of this Division, to the Bureau.

22 (c) An application that fails to contain all of the information required by this
23 article shall render it incomplete.

24 7. Code section 94885.5 states in part:

25 (a) If an institution that has not been accredited by an accrediting agency
26 recognized by the United States Department of Education seeks to offer one or
more degree programs, the institution shall satisfy the following requirements
27 in order to be issued a provisional approval to operate from the bureau:

28 ...

1 (2) The institution shall submit an accreditation plan, approved by the
2 bureau, for the institution to become fully accredited within five years of
3 issuance of its provisional approval to operate. The plan shall include, at a
4 minimum, identification of an accreditation agency recognized by the United
5 States Department of Education, from which the institution plans to seek
6 accreditation, and outline the process by which the institution will achieve
7 accreditation candidacy or pre-accreditation within two years, and full
8 accreditation within five years, of issuance of its provisional approval.

9 ...

10 8. Code section 94897 states in part:

11 An institution shall not do any of the following:

12 ...

13 (l) Use the terms "approval," "approved," "approval to operate," or "approved
14 to operate" without stating clearly and conspicuously that approval to operate
15 means compliance with state standards as set forth in this chapter. If the bureau
16 has granted an institution approval to operate, the institution may indicate that
17 the institution is "licensed" or "licensed to operate," but may not state or imply
18 either of the following:

19 (1) The institution or its educational programs are endorsed or
20 recommended by the state or by the bureau.

21 (2) The approval to operate indicates that the institution exceeds
22 minimum state standards as set forth in this chapter.

23 ...

24 9. Code section 94900.5 states in part:

25 An institution shall maintain, for a period of not less than five years, at its
26 principal place of business in this state, complete and accurate records of all of
27 the following information:

28 (a) The educational programs offered by the institution and the
curriculum for each.

(b) The names and addresses of the members of the institution's faculty
and records of the educational qualifications of each member of the faculty.

(c) Any other records required to be maintained by this chapter,
including, but not limited to, records maintained pursuant to Article 16
(commencing with Section 94928).

10. Code Section 94902 states in part:

...

(b) An enrollment agreement is not enforceable unless all of the following
requirements are met:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

...

(3) Prior to the execution of the enrollment agreement, the student and the institution have signed and dated the information required to be disclosed in the Student Performance Fact Sheet pursuant to subdivisions (a) to (d), inclusive, of Section 94910. Each of these items in the Student Performance Fact Sheet shall include a line for the student to initial and shall be initialed and dated by the student.

...

11. Code section 94909 states in part:

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

...

(2) Except as specified in Article 2 (commencing with Section 94802), a statement that the institution is a private institution and that it is approved to operate by the bureau.

...

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

...

(7) Information regarding the faculty and their qualifications.

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

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

...

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

...

///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

12. Code section 94910 states in part:

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

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

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

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

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

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

...

13. Code section 94911 states in part:

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

...

(b) A schedule of total charges, including a list of any charges that are nonrefundable and the student's obligations to the Student Tuition Recovery Fund, clearly identified as nonrefundable charges.

(c) In underlined capital letters on the same page of the enrollment agreement in which the student's signature is required, the total charges for the current period of attendance, the estimated total charges for the entire educational program, and the total charges the student is obligated to pay upon enrollment.

...

///
///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

14. Code section 94912 states:

Prior to the execution of an enrollment agreement, the information required to be disclosed pursuant to subdivisions (a) to (d), inclusive, of Section 94910 shall be signed and dated by the institution and the student. Each of these items shall also be initialed and dated by the student.

15. Code section 94920 states in part:

An institution that does not participate in the federal student financial aid programs shall do all of the following:

...

(d) The institution shall have a refund policy for the return of unearned institutional charges if the student cancels an enrollment agreement or withdraws during a period of attendance. The refund policy for students who have completed 60 percent or less of the period of attendance shall be a pro rata refund.

...

16. Title 5, CCR, section 70000 states in part:

...

(y) "Semester" means at least 15 weeks of instruction or its equivalent as described in subdivision (z)(2) of this section.

(z) "Semester unit" means either of the following:

(1) At least fifteen (15) hours of college or university level instruction during a semester plus a reasonable period of time outside of instruction which an institution requires a student to devote to preparation for planned learning experiences, such as preparation for instruction, study of course material, or completion of educational projects; or

(2) Planned learning experiences equivalent to the learning and preparation described in paragraph (1) as determined by duly qualified faculty responsible for evaluating learning outcomes for the award of unit credits. ...

17. Title 5, CCR, section 71110 states in part:

An institution shall provide the following information on the Form Application 94886:

...

(f) The social security number for individuals or federal employer identification number for each partnership who is identified in the Form Application 94886 pursuant to section 71130(a)(1).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

18. Title 5, CCR, section 71140 states in part:

(a) The institution shall include in its Form Application 94886 an organization chart that shows the governance and administrative structure of the institution and the relationship between faculty and administrative positions.

...

19. Title 5, CCR, section 71210 states in part:

...

(c) In addition, the institution shall list the following for each educational program offered:

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

...

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

...

(6) The graduation requirements; and

...

20. Title 5, CCR, section 71240 states:

(a) The Form Application 94886 shall contain a statement that the institution has and can maintain the financial resources required pursuant to section 71745.

(b) The institution shall submit current, reviewed financial statements at the time it applies for approval to operate. Each set of financial statements shall comply with Section 74115 of this chapter.

21. Title 5, CCR, section 71250 states, "The Form Application 94886 shall include a statement that the institution has contracted with sufficient duly qualified faculty members who meet the qualifications of section 71720."

22. Title 5, CCR, section 71260 states in part:

...

(b) For facilities that are leased or rented, the Form Application 94886 shall contain the name and address of the lessor or landlord, together with a copy of any use, lease, or rental agreements for the facilities.

...

///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

23. Title 5, CCR, section 71310 states:

(a) The Form Application 94886 shall contain a description of how records required by Article 9 of the Act or this chapter are or will be organized and maintained, the types of documents contained in student files, how the records are stored, and whether academic and financial records are maintained in separate files. The description shall include a statement of the institution's procedures for security and safekeeping of records.

(b) The description shall include the name, physical address, email address, and telephone number of the custodian of records, and the physical addresses and telephone numbers of the offices or buildings where the records will be maintained.

24. Title 5, CCR, section 71700 states:

The Bureau may request that an institution document compliance with the standards set forth in the Act and this Division to obtain and maintain an approval to operate.

25. Title 5, CCR, section 71710 states in part:

In order to meet its mission and objectives, the educational program defined in section 94837 of the Code shall be comprised of a curriculum that includes:

...

(c) course or module materials that are designed or organized by duly qualified faculty. For each course or module, each student shall be provided with a syllabus or course outline that contains:

- (1) a short, descriptive title of the educational program;
- (2) a statement of educational objectives;
- (3) length of the educational program;
- (4) sequence and frequency of lessons or class sessions;
- (5) complete citations of textbooks and other required written materials;
- (6) sequential and detailed outline of subject matter to be addressed or a list of skills to be learned and how those skills are to be measured;
- (7) instructional mode or methods. ...

26. Title 5, CCR, section 71715 states in part:

...

(d) Distance education as defined in section 94834 of the Code, does not require the physical presence of students and faculty at the same location but provides for interaction between students and faculty by such means as telecommunication, correspondence, electronic and computer augmented educational services, postal service, and facsimile transmission. In addition to

1 the other requirements of this chapter and the Act, an institution offering
distance education shall:

2 ...

3 (3) ensure that the materials and programs are current, well organized,
4 designed by faculty competent in distance education techniques and delivered
using readily available, reliable technology;

5 ...

6 27. Title 5, CCR, section 71720 states in part:

7 (a) An Educational Program Leading to a Degree.

8 (1) An institution offering an educational program that leads to a degree
9 shall employ duly qualified faculty sufficient in number to provide the
10 instruction, student advisement, and learning outcomes evaluation necessary for
the institution to document its achievement of its stated mission and objectives,
11 and for students to achieve the specific learning objectives of each course
offered;

12 ...

13 (4) The faculty shall have sufficient expertise to support the institution's
awarding of a degree identifying a specialty or major field of emphasis,
14 demonstrated by, at a minimum:

15 (A) That the person possesses one of the following:

16 1. a degree from: an institution approved by the Bureau or
previously approved by a predecessor agency of the Bureau; or an
17 accredited institution in the United States or Canada; or other state
approved institution that documents that the institution at which the
18 faculty member earned his or her degree is equivalent to an
institution that is approved by the Bureau; or an institution outside
19 the United States or Canada and in addition provides a
comprehensive evaluation of the degree performed by a foreign
20 credential evaluation service that is a member of the National
Association of Credential Evaluation Services (NACES).

21 2. a credential generally recognized in the field of instruction.

22 (B) The degree, professional license, or credential possessed by the
23 person shall be at least equivalent to the level of instruction being
taught or evaluated;

24 (5) The institution's faculty as a whole shall possess a diverse educational
25 background which shall be demonstrated in part by earned degrees from a
variety of colleges and universities or by credentials generally recognized in the
26 field of instruction;

27 ...

28 (9) The institution shall maintain records documenting that each faculty
member is duly qualified and was qualified to perform the duties to which the

1 faculty member was assigned, including providing instruction, evaluating
2 learning outcomes, evaluating graduate dissertations, theses, and student
3 projects, and participating on doctoral committees.

4 ...

5 28. Title 5, CCR, section 71735 states in part:

6 (a) An institution shall have sufficient facilities and necessary equipment to
7 support the achievement of the educational objectives of all of the courses and
8 educational programs in which students are enrolled. If an institution represents
9 that the educational service will fit or prepare a student for employment in a
10 particular occupation or as described in particular job titles, either of the
11 following conditions shall be met:

12 (1) The equipment used for instruction or provided to the student shall be
13 comparable in model type or features to equipment generally used in those
14 occupations or job titles at the time the instruction is offered.

15 (2) The institution shall establish that the equipment used for instruction
16 or provided to a student is not obsolete and is sufficient for instructional
17 purposes to reasonably assure that a student acquires the necessary level of
18 education, training, skill, and experience to obtain employment in the field of
19 training and to perform the tasks associated with the occupation or job title to
20 which the educational program was represented to lead.

21 ...

22 29. Title 5, CCR, section 71740 states:

23 (a) A degree granting institution shall make available for student use a library
24 and other learning resources.

25 (b) An institution shall provide or make provisions for the library and other
26 learning resources needed to support each educational program it offers,
27 including resources such as reference works, periodicals, monographs, and
28 media and equipment specific to the educational programs offered.

(c) An institution shall describe onsite library and other learning resources, if
any, that enable students to pursue inquiries, searches for information and
documentation, and assignments connected with their study programs.

(d) An institution that depends for library and other learning resources primarily
on other institutions' collections and resources not in its possession shall do all
of the following:

(1) Describe those library and other learning resources, in the application
and catalog.

(2) Provide students and faculty with access to the regular services of a
professional librarian or information specialist experienced in the electronic
retrieval of information, who shall provide support for faculty in curriculum
matters and actively serve as a resource guide for both graduate and
undergraduate students.

1 (3) Assure that students have access to the library collections and
resources of another institution, organization, or library.

2 (4) Document compliance with paragraphs (1), (2), and (3).

3 30. Title 5, CCR, section 71745 states in part:

4 (a) The institution shall document that it has at all times sufficient assets and
5 financial resources to do all of the following:

6 (1) Provide all of the educational programs that the institution represented
it would provide.

7 (2) Ensure that all students admitted to its educational programs have a
8 reasonable opportunity to complete the programs and obtain their degrees or
diplomas.

9 (3) Maintain the minimum standards required by the Act and this chapter.

10 (4) Pay timely refunds as required by Article 13 of the Act.

11 (5) Pay all operating expenses due within 30 days.

12 (6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00
13 or greater at the end of the most recent fiscal year when using generally
14 accepted accounting principles, or for an institution participating in Title IV of
15 the federal Higher Education Act of 1965, meet the composite score
16 requirements of the U.S. Department of Education. For the purposes of this
17 section, current assets does not include: intangible assets, including goodwill,
going concern value, organization expense, startup costs, long-term prepayment
of deferred charges, and non-returnable deposits, or state or federal grant or
loan funds that are not the property of the institution but are held for future
disbursement for the benefit of students. Unearned tuition shall be accounted
for in accordance with general accepted accounting principles.

18 ...

19 (c) An institution shall provide to the Bureau its most current financial
20 statements upon request.

21 31. Title 5, CCR, section 71750 states in part:

22 ...

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

26 (1) The amount owed equals the daily charge for the program (total
27 institutional charge, divided by the number of days or hours in the program),
multiplied by the number of days student attended, or was scheduled to attend,
prior to withdrawal.

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

(2) Except as provided for in subdivision (a)(3) of this section, all amounts paid by the student in excess of what is owed as calculated in subdivision (a)(1) shall be refunded.

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

(4) For purposes of determining a refund under the Act and this section, a student shall be considered to have withdrawn from an educational program when he or she withdraws or is deemed withdrawn in accordance with the withdrawal policy stated in its catalog.

...

32. Title 5, CCR, section 71775 states in part:

(a) An unaccredited institution enrolling a student in a degree program that has received provisional approval shall, prior to execution of an enrollment agreement, provide the student with the following notice, which shall be in at least 12-point type in the same font as the enrollment agreement:

“Notice to Prospective Degree Program Students

This institution is provisionally approved by the Bureau for Private Postsecondary Education to offer degree programs. To continue to offer this degree program, this institution must meet the following requirements:

- Become institutionally accredited by an accrediting agency recognized by the United States Department of Education, with the scope of the accreditation covering at least one degree program.
- Achieve accreditation candidacy or pre-accreditation, as defined in regulations, by (date two years from date of provisional approval), and full accreditation by (date five years from date of provisional approval).

If this institution stops pursuing accreditation, it must:

- Stop all enrollment in its degree programs, and
- Provide a teach-out to finish the educational program or provide a refund.

An institution that fails to comply with accreditation requirements by the required dates shall have its approval to offer degree programs automatically suspended.

Institutional Representative Initials: _____ Student Initials: _____

Date: _____ Date: _____ ”

1 ...

2 (c) The notice shall also be posted immediately preceding or following as to
3 clearly pertain to the description of the degree program, including, but not
4 limited to, one or more of the following; admissions requirements, length of
5 program, courses offered or areas of focus. Such notice shall be included, at a
6 minimum, in the following locations:

7 (1) The institution's catalog where each degree program is described.

8 ...

9 33. Title 5, CCR, section 71800 states in part:

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

13 ...

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

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

18 (1) tuition;

19 ...

20 (5) Textbooks, or other learning media;

21 ...

22 (12) any other institutional charge or fee.

23 ...

24 34. Title 5, CCR, section 71810 states in part:

25 (a) Each institution shall provide a catalog pursuant to section 94909 of the
26 Code, which shall be updated annually. Annual updates may be made by the
27 use of supplements or inserts accompanying the catalog. If changes in
28 educational programs, educational services, procedures, or policies required to
be included in the catalog by statute or regulation are implemented before the
issuance of the annually updated catalog, those changes shall be reflected at the
time they are made in supplements or inserts accompanying the catalog.

...

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

...

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

4 ...

5 (10) A description of library and other learning resources and the
6 procedures for student access to those resources;

7 (11) If the institution offers distance education, the approximate number
8 of days that will elapse between the institution's receipt of student lessons,
9 projects, or dissertations and the institution's mailing of its response or
10 evaluation.

11 ...

12 35. Title 5, CCR, section 74112 states:

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

20 (b) An institution offering educational programs that are too new to provide the
21 required two years of data shall include the date the program began as well as
22 the statement required by section 94910(e) of the Code. The Performance Fact
23 Sheet shall also disclose the estimated date of availability for two full years of
24 data for those programs.

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

(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.

(3) "Gainfully Employed" means:

(A) (i) The graduate is employed in a job classification under the United
States Department of Labor's Standard Occupational Classification
codes, using the Detailed Occupation (six-digit) level, for which the
institution has identified in its catalog and in its employment

1 positions list required by section 94910(f)(2) of the Code that the
2 program prepares its graduates; and

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

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

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

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

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

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

28 (e) Reporting periods:

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

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

(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):

///

1 **Cost of Educational Program:**

2 Total Charges for the program for students completing on-time in 20XX:
3 \$50,000.

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

5 Student's Initials: _____ Date: _____

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

8 (g) Student Loan/Debt Information.

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

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

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

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

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

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

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

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

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

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

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

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

Student's Initials: _____ Date: _____

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

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

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

8 or

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

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

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

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% |

///

///

Students Completing Within 150% of the Published Program Length

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 Rate</i> | <i>Completion</i> |
|----------------------|---|--|----------------------------|-------------------|
| 20XX | 100 | 98 | 95 | 97% |
| 20XY | 80 | 80 | 78 | 98% |
| *20XZ | 90 | 90 | 87 | 97% |
| *20YA | 87 | 85 | 74 | 87% |

*Included only if program is more than one year in length

Student's Initials: _____ Date: _____

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

(i) Job Placement Rates.

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

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

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

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

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

///

///

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

Name of Educational Program (Program Length)

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

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

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 Position⁴ 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 | 15 | 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.

(5) The following self-employment/freelance worker disclosure shall be initialed by students entering any programs in which the majority of graduates

1 who obtain jobs obtain in this type of work:

2 This program may result in freelance or self-employment.

3 • The work available to graduates of this program is usually for freelance or
4 self-employment.

5 • This type of work may not be consistent.

6 • The period of employment can range from one day to weeks to several
7 months.

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

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

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

15 • Students initialing this disclosure understand that either a majority or all of
16 this school's graduates are employed in this manner and understand what
17 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
22 not available from the appropriate state agency, an institution shall collect the
23 information directly from its graduates. If an institution demonstrates that, after
24 reasonable efforts, it is unable to obtain the examination passage information
25 from its graduates, the institution shall report the number of students it could
26 not contact and note in a font the same size as the majority of the data on the
27 Performance Fact Sheet, "License examination passage data is not available
28 from the state agency administering the examination. We were unable to collect
data from [enter the number] graduates."

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

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

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

Name of Educational Program (Program Length)

| First Available Exam Date | Date Exam Results Announced | Number of Graduates In Calendar Year | Number of Graduates Taking Exam | Number Who Passed Exam | Number Who Failed Exam | Passage Rate |
|---------------------------|-----------------------------|--------------------------------------|---------------------------------|------------------------|------------------------|--------------|
| 2/1/20XX | 3/15/20XX | 277 | 80 | 40 | 40 | 50% |
| 6/1/20XX | 7/15/20XX | 277 | 100 | 75 | 25 | 75% |
| 10/1/20XX | 11/15/20XX | 277 | 82 | 68 | 14 | 76% |
| 2/1/20XY | 3/20/20XX | 304 | 80 | 40 | 40 | 50% |
| 6/1/20XY | 7/19/20XX | 304 | 100 | 70 | 30 | 70% |
| 10/1/20XY | 11/19/20XX | 304 | 92 | 62 | 30 | 67% |

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

Student's Initials: _____ Date: _____

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

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

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

Name of Educational Program (Program Length)

| Calendar Year | Number of Graduates in Calendar Year | Number of Graduates Taking Exam | Number Who Passed First Available Exam | Number Who Failed First Available Exam | Passage Rate |
|---------------|--------------------------------------|---------------------------------|--|--|--------------|
| 20XX | 100 | 98 | 70 | 71% | |
| 20XY | 80 | 80 | 55 | 69% | |

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

Student's Initials: _____ Date: _____

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

1 (k) Salary and Wage Information.

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

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

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

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

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

11
12 A list of sources used to substantiate salary disclosures is available from the
13 school. (Insert how student can obtain this information.)

14 Student's Initials: _____ Date: _____

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

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

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

21 "Number of Students Who Began the Program" means the number of students
22 who began a program who were scheduled to complete the program within
23 100% of the published program length within the reporting calendar year and
24 excludes all students who cancelled during the cancellation period.

25 "Students Available for Graduation" is the number of students who began the
26 program minus the number of students who have died, been incarcerated, or
27 been called to active military duty.

28 "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.

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

1 "150% Completion Rate" is the number of students who completed the program
2 in the reported calendar year within 150% of the published program length,
including on-time graduates, divided by the number of students available for
graduation.

3 "Graduates Available for Employment" means the number of graduates minus
4 the number of graduates unavailable for employment.

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

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

12 "Placement Rate Employed in the Field" is calculated by dividing the number
of graduates gainfully employed in the field by the number of graduates
13 available for employment.

14 "Number of Graduates Taking Exam" is the number of graduates who took the
first available exam in the reported calendar year.

15 "First Available Exam Date" is the date for the first available exam after a
16 student completed a program.

17 "Passage Rate" is calculated by dividing the number of graduates who passed
the exam by the number of graduates who took the reported licensing exam.

18 "Number Who Passed First Available Exam" is the number of graduates who
19 took and passed the first available licensing exam after completing the program.

20 "Salary" is as reported by graduate or graduate's employer.

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

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

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

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

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

4 (4) for each employer from which employment or salary information was
5 obtained, the employer name(s) address and general phone number, the contact
6 person at the employer and the contact's phone number and email address, and
7 all written communication with employer verifying student's employment or
8 salary;

9 (5) for students who become self-employed, all documentation necessary
10 to demonstrate self-employment;

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

12 (7) any and all documentation used to provide data regarding license
13 examinations and examination results;

14 (8) for each student determined to be unavailable for graduation or
15 unavailable for employment, the identity of the student, the type of
16 unavailability, the dates of unavailability, and the documentation of the
17 unavailability; and

18 (9) the name, email address, phone number, and position or title of the
19 institution's representative who was primarily responsible for obtaining the
20 students' completion, placement, licensing, and salary and wage data, the date
21 that the information was gathered, and copies of notes, letters or emails through
22 which the information was requested and gathered.

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

36. Title 5, CCR, section 74115 states:

(a) This section applies to every set of financial statements required to be prepared or filed by the Act or by this chapter.

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

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

(2) Financial statements prepared on an annual basis as required by section 74110(b) shall be prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants. Nonprofit institutions shall provide annual financial statements as

1 required under generally accepted accounting principles for nonprofit
2 organizations.

3 (3) The financial statements shall establish that the institution meets the
4 requirements for financial resources required by Section 71745.

5 (4) If an audit performed to determine compliance with any federal or
6 state student financial aid program reveals any failure to comply with the
7 requirements of the program and the noncompliance creates any liability or
8 potential liability for the institution, the financial statements shall reflect the
9 liability or potential liability.

10 (5) Any audits shall demonstrate that the accountant obtained an
11 understanding of the institution's internal financial control structure, assessed
12 any risks, and has reported any material deficiencies in the internal controls.

13 (c) Work papers for the financial statements shall be retained for five years
14 from the date of the statements and shall be made available to the Bureau upon
15 request.

16 (d) "Current" with respect to financial statements means completed no sooner
17 than 120 days prior to the time it is submitted to the Bureau, and covering no
18 less than the most recent complete fiscal year. If more than 8 months will have
19 elapsed between the close of the most recent complete fiscal year and the time it
20 is submitted, the fiscal statements shall also cover no less than five months of
21 that current fiscal year.

22 **FACTS**

23 26. On or about April 16, 2014, the Bureau received an Application for Approval to
24 Operate a Non-accredited Institution (Application No. 27257) from Respondent. Respondent
25 seeks an approval to offer Bachelors and Masters Degrees in Business Administration through
26 classroom instruction and distance education.

27 27. On or about October 22, 2015, the Bureau sent Respondent a letter advising of
28 deficiencies in the application including deficiencies in the form on the business organization; the
enrollment agreement; instruction and degrees offered; the description of the educational
program; financial resources and statements; faculty; facilities and equipment; libraries; and,
catalog; among others.

29 28. On or about April 29, 2016, the Bureau received Respondent's response to the
30 deficiency letter.

31 29. On or about May 10, 2016, the Bureau sent Respondent a second deficiency letter
32 advising of the deficiencies that remained in Respondent's application and requested additional
33 documentation by June 14, 2016.

1 37. On August 8, 2016, the Bureau denied Respondent's Application for Approval to
2 Operate a Non-Accredited Institution.

3 **FIRST CAUSE FOR DENIAL OF APPLICATION**

4 **(Incomplete Application - Federal Employee ID Number Not Provided)**

5 38. Respondent's application is subject to denial under title 5, CCR, section 71100(c), in
6 conjunction with title 5, CCR, section 71110(f), in that Respondent failed to supply the Federal
7 Employee Identification Number required in Section 3.1 of Application Form 94886.

8 **SECOND CAUSE FOR DENIAL OF APPLICATION**

9 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards**

10 **- Deficiencies in Exemplar Enrollment Agreement)**

11 39. Respondent's application is subject to denial under Code sections 94887, 94911,
12 94920 and title 5, CCR, section 71100, in conjunction with title 5, CCR, sections 71750 and
13 71800, for failing to demonstrate its capacity to satisfy minimum operating standards in that the
14 enrollment agreement contains deficiencies as set forth below:

15 a. The enrollment agreement fails to clearly state the amount of tuition, in violation of
16 title 5 CCR, section 71800(e)(1) and Code section 94911(b) and (c). The amount stated for
17 tuition is inconsistent throughout the enrollment agreement. Page 1 of the exemplar enrollment
18 agreement states that undergraduate tuition is \$200 per unit and that graduate tuition is \$400 per
19 unit. However, the examples on page 3 of the enrollment agreement are based on an
20 undergraduate tuition of \$150 per unit and a graduate tuition of \$200 per unit.

21 b. The enrollment agreement fails to clearly state the institution's other fees or charges,
22 in violation of title 5 CCR, section 71800(e)(12) and Code section 94911(b) and (c) as follows:

23 i. The application fee identified in the example refund calculation on page 3 of
24 the enrollment agreement, which is "\$50," is not included in the institution's itemized charges on
25 the signature page of the enrollment agreement.

26 ii. The enrollment agreement does not state Respondent charges a transcript fee of
27 \$10 or a \$50 application fee, however the institution's catalog includes both fees.

28 ///

1 c. Respondent failed to demonstrate that the enrollment agreement sets forth the cost of
2 textbooks, in violation of title 5 CCR, section 71800(e)(5). The enrollment agreement and
3 catalog state different amounts for estimated textbook costs. The enrollment agreement estimated
4 textbook costs are \$75-150 per textbook per course while in one location the catalog stated the
5 estimated textbook costs are \$80-100 per textbook per course and in another location the catalog
6 stated the textbook costs are \$50-\$150.

7 d. The refund examples and calculations set forth in the enrollment agreement are
8 incorrect and are in violation of Code section 94920(d) and title 5 CCR, section 71750(c). The
9 chart on page 3 of the enrollment agreement shows that a student dropping a course anytime
10 during week 2 will receive a refund of 80 percent according to Respondent's refund policy. By
11 law, a student dropping a course on the first day of week 2 must receive a pro rata refund of 85.7
12 percent.

13 **THIRD CAUSE FOR DENIAL OF APPLICATION**

14 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards – School**
15 **Performance Fact Sheet)**

16 40. Respondent's application is subject to denial under Code sections 94887,
17 94902(b)(3), 94910, 94912, in conjunction with title 5, CCR, sections 71100 and 74112, in that
18 the institution's School Performance Fact Sheet (SPFS) does not have a place for the student's
19 initials and date under each item of information.

20 **FOURTH CAUSE FOR DENIAL OF APPLICATION**

21 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards – Failure to**
22 **Provide Accreditation Plan)**

23 41. Respondent's application is subject to denial under Code section 94887 and title 5,
24 CCR, sections 71100 and 71700, in conjunction with Code section 94885.5(a)(2) for failure to
25 provide the required accreditation plan.

26 ///

27 ///

28 ///

1 **FIFTH CAUSE FOR DENIAL OF APPLICATION**

2 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards – Admissions**
3 **and General Education Requirements for Bachelors of Business Administration)**

4 42. Respondent’s application is subject to denial under Code section 94887 and title 5,
5 CCR, section 71100 in conjunction with title 5, CCR, section 71210(c)(1), (3) and (6) and Code
6 sections 94909(a)(5) and (a)(8)(A) as follows.

7 43. The admissions and general education requirements for the Bachelor of Business
8 Administration (BBA) program are inconsistent throughout the application documents. Section
9 12 of the application describes the program as a “pop up” program and states that only an
10 “Associate Degree” or “approximately least [sic] two years of college level coursework in the
11 areas of general education” will be required. However, Section 12 also states that 120 units are
12 required for the BBA program, of which only 30 units can be completed at the institution.
13 Therefore, 90 units will need to be completed at another institution and the units transferred to
14 Respondent school. This information does not appear in the application or in the catalog’s
15 description of program requirements.

16 **SIXTH CAUSE FOR DENIAL OF APPLICATION**

17 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards –**
18 **Description of Educational Program)**

19 44. Respondent’s application is subject to denial under Code section 94887 and title 5,
20 CCR, section 71100 in conjunction with title 5, CCR, section 71710(c) as follows:

21 a. Respondent failed to provide syllabi for all courses in each of the two degree
22 programs offered, in violation of title 5, CCR, section 71710(c).

23 b. Respondent failed to demonstrate that the curricula for the courses in the two degree
24 programs offered were designed or organized by duly qualified faculty, in violation of title 5,
25 CCR, section 71710(c). Respondent did not identify the authors of the curriculum of any of the
26 courses in its two degree programs, nor provide the authors’ credentials.

27 c. Respondent failed to clearly set forth the length of the educational program, in
28 violation of title 5, CCR, section 71710(c)(3).

1 i. The catalog states that, “CASU operates on a trimester calendar, ... 1 trimester
2 is 16 weeks. However, each trimester is divided into 2 ‘sessions,’ each 8 weeks long. All courses
3 are to be completed within 1 academic session (8 weeks.)”

4 ii. The schedule provided by Respondent failed to indicate that the 2017 spring
5 semester is divided into sessions; only one session is identified. Moreover, the class hours for
6 the BUS 100 course, which is scheduled to meet weekly for four hours does not meet the number
7 of hours for 3 semester units if the course is completed within one academic session of 8 weeks.
8 One “semester unit” is defined as at least 15 hours of college or university level instruction, title
9 5, CCR, section 70000(z)(1). Hence, three semester units is 45 hours of college or university
10 level instruction.

11 **SEVENTH CAUSE FOR DENIAL OF APPLICATION**

12 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards –** 13 **Faculty Qualified in Distance Education)**

14 45. Respondent’s application is subject to denial under Code section 94887 and title 5,
15 CCR, section 71100 in conjunction with title 5, CCR, section 71715(d)(3), for failing to
16 demonstrate its faculty are competent in distance education techniques and familiar with the
17 distance education learning management system utilized by the institution.

18 **EIGHTH CAUSE FOR DENIAL OF APPLICATION**

19 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards –** 20 **Financial Resources and Statements)**

21 46. Respondent’s application is subject to denial under Code section 94887 and title 5,
22 CCR, section 71100 in conjunction with title 5, CCR, sections 71240, 74115 and 71745, in that
23 Respondent failed to demonstrate that it has at all times sufficient assets and financial resources to
24 provide all of the educational programs that it represented it would provide and to ensure that all
25 students admitted to its educational programs have a reasonable opportunity to complete the
26 programs and obtain their degrees or diplomas. Respondent failed to provide current, reviewed
27 financial statements from a licensed CPA prepared in accordance with generally accepted
28 accounting principles, but instead only provided a balance sheet and a profit and loss statement.

1 b. The sublease provided by Respondent to the Bureau does not include leasing of space
2 for classroom use, just administrative space, and Respondent did not provide the requested
3 written consent from the landlord permitting the sublease to a private postsecondary educational
4 institution.

5 c. Respondent did not provide a current lease agreement between the sublessor and the
6 landlord.

7 **TWELFTH CAUSE FOR DENIAL OF APPLICATION**

8 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards –**
9 **Library and Other Learning Resources)**

10 50. Respondent’s application is subject to denial under Code section 94887 and title 5,
11 CCR, section 71100 in conjunction with title 5, CCR, sections 71740, in that Respondent failed to
12 demonstrate its capacity to provide, or make available to students, a library and other learning
13 resources. According to Respondent’s application, students would have access to LIRN Research
14 Library, a virtual library, that would provide access to Gale Cengage, ProQuest, EBSCO,
15 CREDO, eLibrary, among others. However, Respondent did not provide documentation of its
16 subscription to LIRN.

17 **THIRTEENTH CAUSE FOR DENIAL OF APPLICATION**

18 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards –**
19 **Deficiencies in Catalog)**

20 51. Respondent’s application is subject to denial under Code sections 94887 and
21 94920(d) and title 5, CCR, section 71100 in conjunction with title 5, CCR, sections 71810(b),
22 71750(c), 71140(a), 71775(c)(1) and Code section 94909(a), for failing to demonstrate its
23 capacity to satisfy minimum operating standards regarding its catalog as follows:

24 a. The catalog failed to include a statement that the institution is a private institution and
25 that it is approved to operate by the bureau, as required by Code section 94909(a)(2).

26 b. The catalog failed to include a description of the procedures for student access to the
27 institution’s library and learning resources, as required by title 5, CCR, section 71810(b)(10).

28 ///

1 c. The catalog failed to clearly state whether the institution admits students from other
2 countries, whether visa services are provided or whether the institution will vouch for student
3 status, and any associated charges, as required by title 5, CCR, section 71810(b)(3).

4 i. The catalog states visa services are not provided, however, the catalog also
5 refers to applicants to the school with F-1 visas.

6 d. The catalog failed to clearly state the total charges for the entire educational program
7 as required by Code section 94909(a)(9).

8 i. The tuition stated in the catalog is inconsistent with the tuition stated in the
9 enrollment agreement. The catalog states that tuition for the Bachelor's degree program is \$150
10 per unit and tuition for the Master's degree program is \$200 per unit. Page 1 of the exemplar
11 enrollment agreement states that undergraduate tuition is \$200 per unit and that graduate tuition is
12 \$400 per unit.

13 ii. The "Total Charges" on page 40 of the catalog charges students in the
14 Bachelors of Business Administration Program \$18,050.00 for the entire program, or for 120
15 units. However, Respondent's application states that only 30 units can be completed at the school
16 and 90 units must be transferred from another institution.

17 iii. The schedule of charges outlined in the catalog does not match the itemized
18 costs in the enrollment agreement. As such, Respondent has not demonstrated that all costs have
19 been clearly identified. For example, the catalog identifies a \$10 transcript fee and a \$50
20 application fee for admission. However, the enrollment agreement does not reference these fees.

21 e. The pro rata refund calculations and examples on page 30 of the catalog do not
22 comply with the requirements of title 5, CCR, section 71750(c).

23 i. According to the catalog, students who withdraw on or between days 8 through
24 14 will be refunded a maximum of 80 percent, however, pursuant to Code section 94920(d) and
25 title 5, CCR, section 71750(c), a student withdrawing on day 8 must receive a pro rata refund of
26 85.7 percent.

27 f. The catalog failed to include the approximate number of days that will elapse
28 between the institution's receipt of student lessons, projects, or dissertations and the institution's

1 mailing of its response or evaluation, as required for distance education courses pursuant to title
2 5, CCR, section 71810(b)(11).

3 g. The most recent draft of Respondent's catalog dated 2016 included references to
4 certificate and doctoral programs that are no longer being offered by the institution, in violation
5 of title 5, CCR, section 71810(a).

6 h. The catalog failed to include the "Notice to Prospective Degree Program Students" as
7 required by title 5, CCR, section 71775(a) and (c)(1).

8 **FOURTEENTH CAUSE FOR DENIAL OF APPLICATION**

9 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards –**
10 **Organization Chart)**

11 52. Respondent's application is subject to denial under Code section 94887 and title 5,
12 CCR, section 71100 in conjunction with title 5, CCR, section 71140, in that the organizational
13 chart on page 4 of the catalog shows the faculty of the Department of Business reporting directly
14 to the Chief Academic Officer whereas the organizational chart that was previously submitted
15 shows the faculty reporting directly to the Program Director. No explanation was given for the
16 change and the Bureau is unable to determine whether either chart is an accurate portrayal of this
17 organizational relationship.

18 **FIFTEENTH CAUSE FOR DENIAL OF APPLICATION**

19 **(Failure to Demonstrate Capacity to Satisfy Minimum Operating Standards –**
20 **Recordkeeping)**

21 53. Respondent's application is subject to denial under Code section 94887 and title 5,
22 CCR, section 71100 in conjunction with title 5, CCR, section 71720(a)(9) and Code section
23 94900.5, as follows:

24 a. Respondent failed to maintain records documenting that each faculty member is duly
25 qualified and was qualified to perform the duties to which the faculty member was assigned for a
26 period of not less than 5 years, as required by title 5, CCR, section 71720(a)(9) and Code section
27 94900.5.

28 ///


1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PRAYER

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

1. Denying the application of American Cornerstone University for a Approval to Operate an Institution Non-Accredited; and,
2. Taking such other and further action as deemed necessary and proper.

DATED: 6/22/17



JOANNE WENZEL
Chief
Bureau for Private Postsecondary Education
Department of Consumer Affairs
State of California
Complainant

SD2016703101/81612354.docx