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

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

Case No. 1001548

13 **CALIFORNIA HUMAN DEVELOPMENT**
14 **CORPORATION**

STATEMENT OF ISSUES

15 **School Code No. 4900431**

16 **Renewal of Approval to Operate an**
Institution Non-Accredited Applicant

17 Respondent.

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 (Bureau), Department of
23 Consumer Affairs.

24 2. On the following dates, the Bureau issued an approval to operate the following
25 educational programs to California Human Development Corporation (Respondent):

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Approved Program Name	Approval Date
Assembly and Fabrication	2/11/2000
Building Construction	2/11/2000
Cashiering and Inventory Control Clerk	10/30/2006
Forklift Operation and Safety	8/3/2004
Introduction to Computers	10/30/2006
Mathematics Level I	10/30/2006
Mathematics Level II	10/30/2006
Office Occupations	12/6/2011
Payroll Assistant Clerk	3/15/2007
Security Officer	11/22/2002
Shipping and Receiving	2/11/2000
Spanish Adult Literacy	3/7/2006
Telecommunications Line Installer	11/22/2002
Truck Driving	2/11/2000
Vocational English as a Second Language I	3/7/2006
Vocational English as a Second Language II	3/7/2006
Welding	2/11/2000

3. Respondent's approval to operate expired on May 31, 2013, and has not been renewed.

4. On or about December 11, 2012, the Bureau received an Application for Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions from Respondent. On various dates in November and December 2012, Respondent's board members certified under penalty of perjury to the truthfulness of all statements, answers, and representations in the application. The Bureau denied the application on or about March 7, 2016.

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1 9. Section 94913 of the Code provides, in pertinent part:

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

4 ...

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

7 ...”

8 **REGULATORY PROVISIONS**

9 10. California Code of Regulations, title 5, section 71700 states: “The Bureau may
10 request that an institution document compliance with the standards set forth in the Act and this
11 Division to obtain and maintain an approval to operate.”

12 11. California Code of Regulations, title 5, section 71475 provides, in pertinent part:

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

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

16 ...

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

21 ...”

22 12. California Code of Regulations, title 5, section 71745 provides, in pertinent part:

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

25 ...

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

27 “(6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the
28 end of the most recent fiscal year when using generally accepted accounting principles, or for an

1 institution participating in Title IV of the federal Higher Education Act of 1965, meet the
2 composite score requirements of the U.S. Department of Education. For the purposes of this
3 section, current assets does not include: intangible assets, including goodwill, going concern
4 value, organization expense, startup costs, long-term prepayment of deferred charges, and non-
5 returnable deposits, or state or federal grant or loan funds that are not the property of the
6 institution but are held for future disbursement for the benefit of students. Unearned tuition shall
7 be accounted for in accordance with general accepted accounting principles.

8 ...”

9 13. California Code of Regulations, title 5, section 74112, subdivision (a) states:

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

16 14. California Code of Regulations, title 5, section 74115 provides, in pertinent part:

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

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

22 ...

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

25 ...”

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FIRST CAUSE FOR DENIAL OF APPLICATION

(Failure to Maintain Sufficient Assets and Financial Resources to Pay Operating Expenses)

15. Respondent's application is subject to denial under California Code of Regulations, title 5, sections 71475, subdivision (e), 71745, subdivision (a)(5), and 74115, subdivision (b)(3), in that Respondent failed to document that it has sufficient assets and financial resources to pay all operating expenses due within 30 days.

SECOND CAUSE FOR DENIAL OF APPLICATION

(Failure to Maintain Adequate Ratio of Current Assets to Current Liabilities)

16. Respondent's application is subject to denial under California Code of Regulations, title 5, sections 71475, subdivision (e), 71745, subdivision (a)(6), and 74115, subdivision (b)(3), in that the financial statements Respondent submitted with its renewal application failed to show that Respondent has sufficient assets and financial resources to maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year.

THIRD CAUSE FOR DENIAL OF APPLICATION

(Inadequate School Performance Fact Sheet)

17. Respondent's application is subject to denial under sections 94891, subdivision (b) and 94910, subdivision (f)(2) of the Code, and California Code of Regulations, title 5, sections 71700 and 74112, subdivision (a), in that the statement in Respondent's School Performance Fact Sheets informing the reader of where he or she may obtain from Respondent a list of the employment positions determined to be within the field for which a student received education and training for the calculation of job placement rates contains an incorrect website.

FOURTH CAUSE FOR DENIAL OF APPLICATION

(Inadequate Website)

18. Respondent's application is subject to denial under section 94913, subdivision (a)(2) of the Code and California Code of Regulations, title 5, section 71475, subdivision (c)(1), in that Respondent's website does not contain current and corrected School Performance Fact Sheets for each educational program Respondent offers.

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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 for Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions submitted by California Human Development Corporation;
- 2. Taking such other and further action as deemed necessary and proper.

DATED: 11/9/16


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

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