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7
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
Against:

Case No. 1001078

12 **INTERCULTURAL INSTITUTE OF**
13 **CALIFORNIA, a Non-Profit Corporation**
14 **1362 POST STREET**
SAN FRANCISCO CA 94109

STATEMENT OF ISSUES

15 **School Code No. 3801931**

16 Respondent.

17
18 Complainant alleges:

19 **PARTIES**

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

23 2. On or about June 24, 2004 the former Bureau for Private Postsecondary and
24 Vocational Education¹ issued a full approval to operate to the Intercultural Institute Of California
25 (Respondent), a Non-Profit Corporation, (School Code No. 3801931):

26 ¹ The former Bureau for Private Postsecondary and Vocational Education sunsetted on
27 July 1, 2007. On October 11, 2009, the Private Postsecondary Education Act of 2009 (AB 48)
28 was signed into law. The Act, which became operative on January 1, 2010, established the
Bureau for Private Postsecondary Education.

1 not satisfy the requirements to operate in California, that the institution is appealing the bureau's
2 decision, and that the loss of the appeal may result in the institution's closure.

3 “(3) If the bureau determines that the continued operation of the institution during the
4 appeal process poses a significant risk of harm to students, the bureau shall make an emergency
5 decision pursuant to its authority provided in Section 94938.”

6 **REGULATORY PROVISIONS**

7 7. California Code of Regulations Title 5, section 74112, subsection (d), states:

8 “(d) Completion Rates. Reporting of completion rates for an institution's Annual Report
9 and Performance Fact Sheet shall include, for each educational program, the number of students
10 who began program as defined in subdivision (b), the number of students available for
11 graduation, number of graduates, and completion rate(s). An optional column may be added to
12 include completion rate data for students completing within 101-150% of the published program
13 length. For an institution reporting completion data pursuant to section 94929(b) of the Code,
14 completion data shall be separately reported for each program. The Performance Fact Sheet shall
15 disclose, if true, that the completion data is being reported for students completing within 150%
16 of the published program length, and that data is not being separately reported for students
17 completing the program within 100% of the published program length.

18 “Completion rates shall be included in the Performance Fact Sheet in a format
19 substantially similar to the chart below, including the footnoted information below (dates,
20 numbers, and other data shown are for example only):

21 “Completion Rates (includes data for the two calendar years prior to reporting)

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

23

	<i>Number of</i>	<i>Students</i>			
<i>Calendar Year</i>	<i>Students Who</i>	<i>Available for</i>	<i>Completion</i>		
	<i>Began Program¹</i>	<i>Graduation²</i>	<i>Graduates³</i>	<i>Rate⁴</i>	
26 20XX	100	98	70	71%	
27 20XY	80	80	55	69%	

28

1 Students Completing After Published Program Length - 150% Completion Rate
 2 *Name of Educational Program* (Program Length)

3	<i>Number of</i>	<i>Students</i>	<i>150%</i>	
4	<i>Calendar Students Who</i>	<i>Available for 150%</i>	<i>Completion</i>	
5	<i>Year</i>	<i>Began Program¹</i>	<i>Graduation²</i>	<i>Graduates⁵ Rate⁶</i>
6	20XX	100	98	25 26%
7	20XY	80	80	23 29%

8 ¹ "Number of Students Who Began Program" is the number of students who began the program
 9 who are scheduled to complete the program within the reporting calendar year.

10 ² "Students available for graduation" is the number of students who began program minus the
 11 number of "Students unavailable for graduation," which means those students who have died,
 12 been incarcerated, or called to active military duty.

13 ³ "Graduates" is the number of students who completed the program within 100% of the
 14 published program length.

15 ⁴ "Completion Rate" is the number of Graduates divided by the Number of Students Available for
 16 Graduation.

17 ⁵ "150% Graduates" is the number of students who completed the program within 101-150% of
 18 the published program length.

19 ⁶ "150% Completion Rate" is the number of students who completed the program in the reported
 20 calendar year within 101-150% of the published program length divided by the Number of
 21 Students Available for Graduation in the published program length period.

22 8. California Code of Regulations Title 5, section 74115 states:

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

25 "(b) A set of financial statements shall contain, at a minimum, a balance sheet, an income
 26 statement, and a cash flow statement, and the preparation of financial statements, shall comply
 27 with all of the following:
 28

1 (b)and (d); California Code of Regulations, Title 5, section 71475(e), and California Code of
2 Regulations, Title 5, section 71745, subsection (a)(6), in that the financial statements submitted
3 by Respondent did not meet the requirements of the regulations as follows:

4 a. Respondent submitted financial statements for 2010 with its May 16, 2011 renewal
5 application. The financial statements that were submitted were not reviewed or audited as
6 required.

7 b. Respondent also submitted reviewed financial statements for the year ended June 30,
8 2011 on July 30, 2012. The submitted financial statements were reviewed and not audited. The
9 submitted financial statements show a gross annual revenue of greater than \$500,000, which
10 requires the submission of audited financial statements. The submitted financial statements were
11 not "current". "Current" with respect to financial statements means completed no sooner than 120
12 days prior to the time it is submitted to the Bureau, and covering no less than the most recent
13 complete fiscal year. Also, if more than 8 months will have elapsed between the close of the
14 most recent complete fiscal year and the time it is submitted, the fiscal statements shall also cover
15 no less than five months of that current fiscal year. The financial statements were submitted did
16 not cover the most recent complete fiscal year at the time of submission, which would have been
17 the year ended June 30, 2012.

18 c. Respondent submitted reviewed financial statements for the year ended June 30,
19 2014, on December 3, 2014. The submitted financial statements were reviewed and not audited.
20 The submitted financial statements show a gross annual revenue of greater than \$500,000, which
21 requires the submission of audited financial statements. The submitted financial statements do
22 not show a compliant ratio of current assets to current liabilities of 1.25 to 1.00 or greater. The
23 financial statements list a ratio of current assets to current liabilities of 0.55 to 1.00 and do not
24 meet the required ratio of 1.25 to 1.00.

25 **SECOND CAUSE FOR DENIAL OF APPLICATION**

26 (School Performance Fact Sheet)

27 12. Respondent's application is subject to denial under California Education Code Section
28 94891 in conjunction with California Code of Regulations, Title 5, section 74112, subsection (d)

1 in that Respondent did not provide a Student Performance Fact Sheet (SPFS) that complied with
2 the requirements for a SPFS. Respondent submitted its SPFS for 2012 and 2013 but the SPFS did
3 not contain the required data regarding its completion rates. The SPFS lists all data as "N/A",
4 stating that "no cohort completion rate can be calculated" due to its open enrollment system. The
5 SPFS must contain the required data with regards to its completion rates.

6 **PRAYER**

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

- 10 1. Denying the Application for Renewal of Approval to Operate and Offer Educational
11 Programs for Non-Accredited Institutions submitted by the Intercultural Institute of California
12 2. Taking such other and further action as deemed necessary and proper.

13
14 DATED: 3/22/16



15 JOANNE WENZEL
16 Chief
17 Bureau for Private Postsecondary Education
18 Department of Consumer Affairs
19 State of California
20 *Complainant*

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