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

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

Case No. 999667

13 **ROSSTON SCHOOL OF HAIR DESIGN;**
14 **BHASKARA REDDY V. MUNAGALA,**
50% Owner; PADMAJA REDDY
15 **MUNAGALA, 50% Owner**

STATEMENT OF ISSUES

16 **School Code: 3600371**

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, Department of
23 Consumer Affairs.

24 2. On or about January 30, 2012, the Bureau for Private Postsecondary Education
25 (hereinafter "Bureau") received an application for a Renewal of Approval to Operate a Non-
26 Accredited Institution (Application #24351) from Rosston School of Hair Design; Bhaskara
27 Reddy V. Munagala, 50% owner and Padmaja Reddy Munagala, 50% owner (Respondent). On
28 or about January 24, 2012, Bhaskara Reddy V. Munagala and Padmaja Reddy Munagala certified

1 under penalty of perjury to the truthfulness of all statements, answers, and representations in the
2 application. The Bureau denied the application on March 19, 2014.

3 JURISDICTION

4 3. The former Bureau for Private Postsecondary and Vocational Education sunsetted on
5 July 1, 2007. On October 11, 2009, the Bureau for Private Postsecondary Education Act of 2009
6 (SB 48 and hereinafter, "the Act") was signed into law. The Act, which became operative on
7 January 1, 2010, established the Bureau for Private Postsecondary Education (hereinafter
8 "Bureau").

9 4. Education Code Section 94886 states:

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

15 5. Education Code Section 94887 states:

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

22 STATUTORY AND REGULATORY PROVISIONS

23 6. Education Code (hereinafter "Code") section 94891, subdivision (b) states that "[t]o
24 be granted a renewal of an approval to operate, the institution shall demonstrate its continued
25 capacity to meet the minimum operating standards."

26 7. Code section 94909 states in part:

27 (a) Prior to enrollment, an institution shall provide a prospective student, either
28 in writing or electronically, with a school catalog containing, at a minimum, all
of the following:

...

(3) The following statements:

(A) "Any questions a student may have regarding this catalog that
have not been satisfactorily answered by the institution may be
directed to the Bureau for Private Postsecondary Education at

1 (address), Sacramento, CA (ZIP Code), (Internet Web site address),
2 (telephone and fax numbers).”

3

4 (C) “A student or any member of the public may file a complaint
5 about this institution with the Bureau for Private Postsecondary
6 Education by calling (toll-free telephone number) or by completing
7 a complaint form, which can be obtained on the bureau's Internet
8 Web site (Internet Web site address).”

9

10 (11) A statement specifying that, if a student obtains a loan to pay for an
11 educational program, the student will have the responsibility to repay the full
12 amount of the loan plus interest, less the amount of any refund, and that, if the
13 student has received federal student financial aid funds, the student is entitled to
14 a refund of the moneys not paid from federal student financial aid program
15 funds.

16

17 (15) The following statement:

18 “NOTICE CONCERNING TRANSFERABILITY OF CREDITS
19 AND CREDENTIALS EARNED AT OUR INSTITUTION

20 The transferability of credits you earn at (name of institution) is at
21 the complete discretion of an institution to which you may seek to
22 transfer. Acceptance of the (degree, diploma, or certificate) you earn in
23 (name of educational program) is also at the complete discretion of the
24 institution to which you may seek to transfer. If the (credits or degree,
25 diploma, or certificate) that you earn at this institution are not accepted at
26 the institution to which you seek to transfer, you may be required to
27 repeat some or all of your coursework at that institution. For this reason
28 you should make certain that your attendance at this institution will meet
your educational goals. This may include contacting an institution to
which you may seek to transfer after attending (name of institution) to
determine if your (credits or degree, diploma or certificate) will transfer.”

... .

8. Code section 94911 states in part:

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

... .

(i)(1) The following statement: “Prior to signing this enrollment agreement, you
must be given a catalog or brochure and a School Performance Fact Sheet,
which you are encouraged to review prior to signing this agreement. These
documents contain important policies and performance data for this institution.
This institution is required to have you sign and date the information included
in the School Performance Fact Sheet relating to completion rates, placement
rates, license examination passage rates, salaries or wages, and the most recent

three-year cohort default rate, if applicable, prior to signing this agreement.”

(2) Immediately following the statement required by paragraph (1), a line for the student to initial, including the following statement: “I certify that I have received the catalog, School Performance Fact Sheet, and information regarding completion rates, placement rates, license examination passage rates, salary or wage information, and the most recent three-year cohort default rate, if applicable, included in the School Performance Fact sheet, and have signed, initialed, and dated the information provided in the School Performance Fact Sheet.”

9. Code section 94943.5 states:

An institution shall designate and maintain an agent for service of process within this state, and provide the name, address, and telephone number of the agent to the bureau. The bureau shall furnish the agent's name, address, and telephone number to a person upon request.

10. Title 5, California Code of Regulations (“CCR”), section 70000 defines the following terms as:

....

(d) “Chief executive officer” means the person primarily responsible for the overall administration of an institution, including the supervision of the chief academic officer and the chief operating officer. The chief executive officer is often, but need not be, called the “president.”

....

(q) “Mission” means an institution's stated educational reasons to exist. A mission statement contains all of the following characteristics:

(1) The mission includes the institution's broad expectations concerning the education that students will receive, including the acquisition of the body of knowledge presented in the educational program, the development of intellectual, analytical, and critical abilities, and the fostering of values such as a commitment to pursue lifelong learning; and

...

(r) “Objectives” are the goals and methods by which the institution fulfills its mission and transforms it into measurable student learning outcomes for each educational program.

...

11. Title 5, CCR, section 71100 states:

(a) An applicant seeking approval to operate pursuant to Section 94886 of the Code, other than Approval to Operate by Accreditation pursuant to Section 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).

1 An applicant seeking approval to operate by accreditation pursuant to Section
2 94890(a)(1) of the Code shall comply with section 71390.

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

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

9 12. Title 5, CCR, section 71475 states in part:

10 (b) An institution seeking to renew its Approval to Operate pursuant to section
11 94891 of the Code shall, prior to its expiration, complete and submit to the
12 Bureau the "Application for Renewal of Approval to Operate and Offer
13 Educations Programs for Non-Accredited Institutions," Form Application
14 94891 (rev. 2/10).

15

16 (d) In addition to the form required in (b), the institution shall submit all
17 information required by section 71100(b), and the appropriate renewal fee as
18 provided in Sections 94930.5(b)(1) and 94930.5(b)(2) of the Code, as
19 applicable, to the Bureau. Except for the financial statements required by
20 subdivision (e) of this section and the statement required in subdivision (f) of
21 this section, if the information required in order to renew its approval to operate
22 is substantially similar to the information submitted by the institution in its last
23 renewal application, or initial application if it is the first renewal, the institution
24 may state that there are no substantial changes.

25

26 (h) The institution shall include in its application the name, title, physical
27 address, telephone number, fax number, and e-mail address for the agent for
28 service of process in California as required by section 94943.5 of the Code. The
agent shall be at an address other than the address of the institution or any
branch. The agent must confirm the information and acknowledge in writing
that he or she is the designated agent for service of process. The information
shall be kept current pursuant to section 74190.

. . . .

(j) The institution shall provide in the application a description of the job duties
and responsibilities of each administrative and faculty position. If there have
been no substantive changes since the last submission, the institution may so
state and is not required to submit documentation.

(k) The institution shall identify in the application the chief executive officer,
chief operating officer, and chief academic officer and describe their education,
experience, and qualifications to perform their duties and responsibilities. If
there have been no substantive changes since the last submission, the institution
may so state and is not required to submit documentation.

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(n) The institution shall describe in the application, in detail its mission and objectives. If there have been no substantive changes since the last submission, the institution may so state and is not required to submit documentation.

(o) The institution shall include, with its application, exemplars of all student enrollment agreements and instruments of indebtedness.

....

(z) The application shall include a description of library holdings, services, and other learning resources, including policies and procedures for supplying them to students who do not receive classroom instruction. The description need not consist of a list of each holding. The description shall include an explanation of how the library and other learning resources are sufficient to support the instructional needs of students and, if no facilities exist at the institution, how and when students may obtain access to a library and other learning resources as required by the curriculum unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.

....

(bb) The application shall include a copy of the institution's catalog, in published or proposed-to-be-published form. The catalog shall meet the requirements of the Act and of section 71810.

...

(kk) An incomplete application filed under this section will render the institution ineligible for renewal.

13. 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.

14. Title 5, CCR, section 71720 states in part:

...

(b) Instructors in an Educational Program Not Leading to a Degree.

(1) An institution shall employ instructors who possess the academic, experiential and professional qualifications to teach, including a minimum of three years of experience, education and training in current practices of the subject area they are teaching. If an instructor does not possess the required three years of experience, education and training in the subject area they are teaching, the institution shall document the qualifications the instructor possesses that are equivalent to the minimum qualifications.

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15. Title 5, CCR, section 71730 states in part:

....

(f) The institution shall employ administrative personnel who have the expertise to ensure the achievement of the institution's mission and objectives and the operation of the educational programs.

...

16. Title 5, CCR, section 71810 states in part:

...

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

...

(4) Language proficiency information, including:

(A) the level of English language proficiency required of students and the kind of documentation of proficiency, such as the Test of English as a Foreign Language (TOEFL), that will be accepted;

...

(13) Housing information including all of the following:

...

(B) The availability of housing located reasonably near the institution's facilities and an estimation of the approximate cost or range of cost of the housing; and;

(C) If the institution has no responsibility to find or assist a student in finding housing, a clear and conspicuous statement so indicating. A statement that the program is "non-residential" does not satisfy this subparagraph.

...

17. Title 5, CCR, section 76215 states:

(a) A qualifying institution shall include the following statement on both its enrollment agreement for an educational program and its current schedule of student charges:

"You must pay the state-imposed assessment for the Student Tuition Recovery Fund (STRF) if all of the following applies to you:

1. You are a student in an educational program, who is a California resident, or are enrolled in a residency program, and prepay all or part of your tuition either by cash, guaranteed student loans, or personal loans, and

1 2. Your total charges are not paid by any third-party payer such as an employer,
2 government program or other payer unless you have a separate agreement to
3 repay the third party.

4 You are not eligible for protection from the STRF and you are not required to
5 pay the STRF assessment, if either of the following applies:

6 1. You are not a California resident, or are not enrolled in a residency program,
7 or

8 2. Your total charges are paid by a third party, such as an employer,
9 government program or other payer, and you have no separate agreement to
10 repay the third party.”

11 (b) In addition to the statement described under subdivision (a) of this section, a
12 qualifying institution shall include the following statement on its current
13 schedule of student charges:

14 “The State of California created the Student Tuition Recovery Fund (STRF) to
15 relieve or mitigate economic losses suffered by students in educational
16 programs who are California residents, or are enrolled in a residency programs
17 attending certain schools regulated by the Bureau for Private Postsecondary and
18 Vocational Education.

19 You may be eligible for STRF if you are a California resident or are enrolled in
20 a residency program, prepaid tuition, paid the STRF assessment, and suffered
21 an economic loss as a result of any of the following:

22 1. The school closed before the course of instruction was completed.

23 2. The school's failure to pay refunds or charges on behalf of a student to a third
24 party for license fees or any other purpose, or to provide equipment or materials
25 for which a charge was collected within 180 days before the closure of the
26 school.

27 3. The school's failure to pay or reimburse loan proceeds under a federally
28 guaranteed student loan program as required by law or to pay or reimburse
proceeds received by the school prior to closure in excess of tuition and other
costs.

4. There was a material failure to comply with the Act or this Division within
30 days before the school closed or, if the material failure began earlier than 30
days prior to closure, the period determined by the Bureau.

5. An inability after diligent efforts to prosecute, prove, and collect on a
judgment against the institution for a violation of the Act.”

However, no claim can be paid to any student without a social security number
or a taxpayer identification number.

FACTS

18. On January 30, 2012, the Bureau received an Application for Renewal of Approval to
Operate a Non-Accredited Institution, Application Number 24351, from Respondent. Respondent

1 had been approved to offer the following non-degree educational programs: Barber Course,
2 Barber Crossover Course and Barber Instructor Training.

3 19. On February 29, 2012 and April 30, 2012, the Bureau received additional documents
4 from Respondent.

5 20. On June 12, 2013, the Bureau sent Respondent a letter advising that the Bureau could
6 not grant Respondent a renewal of approval to operate because of deficiencies in the application,
7 including deficiencies pertaining to the institution's organization and management, agent for
8 service of process, mission and objectives, enrollment agreement, school catalog, and record
9 keeping. On July 10, 2013, the Bureau received Respondent's response to the deficiency letter.

10 21. On July 19, 2013, the Bureau sent Respondent another deficiency letter advising of
11 the deficiencies that remained with Respondent's application. On September 25, 2013, the
12 Bureau received Respondent's response to the deficiency letter.

13 22. On October 2, 2013, the Bureau sent Respondent a deficiency letter advising of the
14 deficiencies that remained with Respondent's application. On November 4, 2013, the Bureau
15 received Respondent's response to the deficiency letter.

16 23. On or about March 19, 2014, the Bureau denied Respondent's Application for
17 Renewal of Approval to Operate a Non-Accredited Institution and sent Respondent a "Notice of
18 Denial."

19 24. On April 14, 2014, the Bureau received additional documentation in support of
20 Respondent's renewal application. While some deficiencies were cured, certain deficiencies in
21 Respondent's application still exist.

22 **FIRST CAUSE FOR DENIAL OF APPLICATION**

23 **(Agent for Service of Process)**

24 25. Respondent's application is subject to denial under Education Code sections 94887
25 and 94891, subdivision (b), 94943.5 and title 5, CCR, section 71475, subdivision (h), in that
26 Respondent failed to include the confirmation and acknowledgment in writing of the agent for
27 service of process that he or she is the designated agent for service of process.

28 ///

1 SECOND CAUSE FOR DENIAL OF APPLICATION

2 **(Discrepancies Involving Organizational Chart)**

3 26. Respondent’s application is subject to denial under Education Code sections 94887
4 and 94891, subdivision (b) and title 5, CCR, section 71475, subdivision (j), in that there are
5 discrepancies between the organizational chart and the job descriptions of Respondent’s Chief
6 Academic Officer and Admissions Officer. In addition, there is a discrepancy in the individual
7 identified as the Admissions Officer. The circumstances are as follows.

8 27. In Respondent’s organizational chart, the Chief Academic Officer reports to the Chief
9 Executive Officer. However, the job description of the Chief Academic Officer states that the
10 Chief Academic Officer reports to the Chief Operations Officer. In Respondent’s organizational
11 chart, the Admissions Officer reports to the Chief Operations Officer. However, the job
12 description of the Admissions Officer states that the Admissions Officer reports to the Chief
13 Executive Officer.

14 28. Respondent’s organizational chart identified Itza Hernandez as the Admissions
15 Officer however, on July 10, 2014, Respondent’s website identified Darlene Flores as the
16 Admissions Officer.

17 THIRD CAUSE FOR DENIAL OF APPLICATION

18 **(Job Description of Chief Academic Officer)**

19 29. Respondent’s application is subject to denial under Education Code sections 94887
20 and 94891, subdivision (b) and title 5, CCR, section 71475, subdivision (j), in that the job duties
21 and responsibilities of Respondent’s Chief Academic Officer as described do not appear to be
22 related to Rosston School of Hair Design. The circumstances are as follows.

23 30. The job description of the Chief Academic Officer states in part:

24 **Duties and Responsibilities**

25 ...

26 3. Provides for vertical and horizontal curricular alignment company-wide and
27 implementing research-based, effective models of curriculum, instructional and
28 special programs for all programs that support student learning needs and the
objectives established by Recording Radio Film Connection.

1 ...

2 5. Works collaboratively with other departments to achieve the institution's
3 vision and goals.

4 ...

5 31. The reference to "Recording Radio Film Connection" and the existence of other
6 departments indicates that the aforementioned duties and responsibilities of the Chief Academic
7 Officer do not relate to Respondent. The job description of the Chief Academic Officer does not
8 demonstrate that Respondent has the capacity to meet the minimum operating standards.

9 **FOURTH CAUSE FOR DENIAL OF APPLICATION**

10 **(Insufficient Documentation to Support Qualifications of Chief Executive Officer)**

11 32. Respondent's application is subject to denial under Education Code sections 94887
12 and 94891, subdivision (b) and title 5, CCR, section 71475, subdivision (k), in conjunction with
13 title 5, CCR, section 71730, subdivision (f), in that the description of the qualifications of
14 Respondent's President/Chief Executive Officer, Padmaja Reddy Munagala, does not
15 demonstrate that Padmaja Reddy Munagala has the expertise to ensure that Respondent's
16 missions and objectives are met and to operate the educational programs. The circumstances are
17 as follows.

18 33. As defined by title 5, CCR, section 70000, subdivision (d), Chief Executive Officer
19 means "the person primarily responsible for the overall administration of an institution, including
20 the supervision of the chief academic officer and the chief operating officer." Respondent's Job
21 Description for the President/Chief Executive Officer states:

22 The President/Chief Executive Officer's major functions included the
23 following:

- 24 1. Supports operations and administration.
- 25 2. Designs, markets, promotes, and ensures that the institution delivers quality
26 programs, products and services.
- 27 3. Prepares a yearly budget and prudently manages organization's resources
28 within those budget guidelines according to current laws and regulations.
4. Ensures that the institution is financially capable of fulfilling its
commitments to its students;
5. Assures the organization and its mission, programs, products and services

1 are consistently presented in a strong, positive image to relevant stakeholders to
2 include students, graduates, staff members and employers.

3 34. In the description of the education, experience and qualifications to perform the
4 duties and responsibilities of President/Chief Executive Officer, no administrative qualifications
5 are provided for Padmaja Reddy Munagala. The description of Padmaja Reddy Munagala's work
6 experience consisted solely of duties as a cosmetologist. The description of Padmaja Reddy
7 Munagala's qualifications are insufficient to demonstrate her ability to perform the duties and
8 responsibilities of Chief Executive Officer.

9 **FIFTH CAUSE FOR DENIAL OF APPLICATION**

10 **(Noncompliant Mission Statement)**

11 35. Respondent's application is subject to denial under Education Code sections 94887
12 and 94891, subdivision (b) and title 5, CCR, section 71475, subdivision (n), in that Respondent's
13 mission statement fails to contain all of the characteristics of a mission statement as defined in
14 title 5, CCR, section 70000, subdivision (q)(1).

15 **SIXTH CAUSE FOR DENIAL OF APPLICATION**

16 **(Failure to Provide Objective for Each Educational Objective)**

17 36. Respondent's application is subject to denial under Education Code sections 94887
18 and 94891, subdivision (b) and title 5, CCR, section 71475, subdivision (n), in that Respondent
19 failed to provide objectives, as defined by title 5, CCR, section 70000, subdivision (r), for each
20 educational program. The circumstances are as follows.

21 37. The objectives set forth in Respondent's School Catalog include "function effectively
22 in an entry-level position as a barber." The objectives set forth in Respondent's School Catalog
23 are appropriate for the Barber Course and the Barber Crossover Course but are not appropriate for
24 the Barber Instructor Training Course.

25 **SEVENTH CAUSE FOR DENIAL OF APPLICATION**

26 **(Enrollment Agreement - Initials of Student)**

27 38. Respondent's application is subject to denial under Education Code sections 94887
28 and 94891, subdivision (b), section 94911, subdivision (i)(2), and title 5, CCR, section 71475,
subdivision (o), in that the enrollment agreement exemplar submitted by Respondent failed to

1 have a line for the student to initial immediately following the statement required by Code section
2 94911(i)(1) followed by the statement:

3 "I certify that I have received the catalog, School Performance Fact Sheet, and
4 information regarding completion rates, placement rates, license examination
5 passage rates, salary or wage information and the most recent three-year cohort
6 default rate, if applicable, included in the School Performance Fact Sheet, and
7 have signed, initialed and dated the information provided in the School
8 Performance Fact Sheet."

9 Respondent used boxes at the end of both paragraphs for initials.

10 **EIGHTH CAUSE FOR DENIAL OF APPLICATION**

11 **(Failure to Include Description of Library Services)**

12 39. Respondent's application is subject to denial under Education Code sections 94887
13 and 94891, subdivision (b) and title 5, CCR, section 71475, subdivision (z), in that Respondent's
14 application failed to include a description of library services and other learning resources,
15 including policies and procedures for supplying them to the students who do not receive
16 classroom instruction.

17 **NINTH CAUSE FOR DENIAL OF APPLICATION**

18 **(Noncompliant School Catalog)**

19 40. Respondent's application is subject to denial under Education Code sections 94887
20 and 94891, subdivision (b), section 94909, and title 5, CCR, section 71475, subdivision (bb), and
21 as further identified below, in that the school catalog contained the following deficiencies:

22 a. The specific language directing students to the Bureau for unanswered questions uses
23 the term "school" rather than the word required by Code section 94909(a)(3)(A), which is
24 "institution."

25 b. The specific language that refers individuals wishing to file a complaint about the
26 institution to the Bureau was not verbatim as required by Code section 94909(a)(3)(C) in that
27 Respondent added the words "toll-free."

28 c. The catalog does not contain the specific language that addresses transferability of
credits and credentials as required by Code section 94909(a)(15).

1 d. The level of documentation of English proficiency stated in the catalog is not
2 compliant with the requirements of title 5, CCR, 71810(b)(4)(A) since documentation of receipt
3 of prior education is not similar to the Test of English as a Foreign Language.

4 e. The catalog does not include information regarding the availability of housing located
5 reasonably near the institution nor does the catalog contain a clear and conspicuous statement
6 indicating that the institution has no responsibility to find or assist a student in finding housing,
7 which statements are required by title 5, CCR, section 71810(b)(13)(B) and (C).

8 f. The catalog does not contain a statement that if a student received federal student aid
9 funds, the student is entitled to a refund of the moneys not paid from federal student financial aid
10 program funds, which statement is required by Code section 94909(a)(11).

11 g. The catalog does not set forth the language regarding the Student Tuition Recovery
12 Program verbatim as required by title 5, CCR, section 76215, subdivisions (a) and (b), in that the
13 catalog stated "in an educational program" instead of "in educational programs."

14 **TENTH CAUSE FOR DENIAL OF APPLICATION**

15 **(Absence Policy)**

16 41. Respondent's application is subject to denial under Education Code sections 94887
17 and 94891, subdivision (b), in that the school's absence policy is inconsistent between the
18 enrollment agreement and the school catalog, which does not demonstrate that Respondent has
19 the capacity to meet the minimum operating standards. The circumstances are as follows.

20 42. The absence policy as stated in the enrollment agreement states, "For the purpose of
21 determining when the refund must be paid, the student shall be deemed to have withdrawn as the
22 end of 14 consecutive days." The absence policy as stated in the school catalog states, "All
23 absences are tracked and any student absent for 21 days consecutive calendar days will be
24 withdrawn from the program."

25 **ELEVENTH CAUSE FOR DENIAL OF APPLICATION**

26 **(Insufficient Documentation Re Qualifications of Faculty)**

27 43. Respondent's application is subject to denial under Education Code sections 94887
28 and 94891, subdivision (b), title 5, CCR, section 71475, subdivision (j) and section 71720,

1 subdivision (b)(1), in that the qualifications of faculty member, L.B., described in the school
2 catalog shows that he does not possess the required three years of experience, education and
3 training the subject area he is teaching. Respondent failed to document the qualifications
4 possessed by this faculty member that are equivalent to the minimum qualifications.

5 **TWELFTH CAUSE FOR DENIAL OF APPLICATION**

6 **(Operational Discrepancies)**

7 44. Respondent's application is subject to denial under Education Code sections 94887
8 and 94891, subdivision (b), in that there are discrepancies between the school catalog and the
9 recordkeeping policies that indicate operational discrepancies exist. These discrepancies do not
10 demonstrate that Respondent has the capacity to meet the minimum operating standards. The
11 circumstances are as follows.

12 a. The catalog states that Respondent does not admit "ability-to-benefit" students.
13 However, Respondent's recordkeeping policy entitled, "Recordkeeping – Students" states:

14 Written records and transcripts of any formal education or training, testing, or
15 experience that are relevant to the student's qualifications for admission to or
the award of credit or acceptance of transfer credits including the following:

- 16 • Verification of high school completion or equivalency or other
17 documentation (diploma or transcript) establishing the student's ability
18 to do college level work, such as successful completion of an ability-to-
benefit test, if applicable.

19 ...

20 b. The catalog states that Respondent "does not accept hours or credit through challenge
21 examinations, achievement tests, or experiential learning." However, Respondent's
22 recordkeeping policy for student records includes records of:

23 i) "All the documents evidencing a student's prior experiential learning upon
24 which the institution and the faculty based the award of credit."

25 ii) A transcript showing "[c]redit awarded for prior experiential learning, including
26 the course title for which credit was awarded and the amount of credit."

27 iii) A transcript showing "[c]redit based on any examination of academic ability or
28 educational achievement used for admission or college placement purposes."

1 **THIRTEENTH CAUSE FOR DENIAL OF APPLICATION**

2 **(Recordkeeping)**

3 45. Respondent's application is subject to denial under Education Code sections 94887
4 and 94891, subdivision (b), in that Respondent's recordkeeping policies are inconsistent with
5 Bureau approved courses. The circumstances are as follows.

6 46. Respondent is not approved for independent study courses however, Respondent's
7 recordkeeping policy entitled, "Recordkeeping – Students" states in part:

8 Written records and transcripts of any formal education or training, testing, or
9 experience that are relevant to the student's qualifications for admission to or
the award of credit or acceptance of transfer credits including the following:

10 ...

- 11 • For independent study courses, course outlines or learning contracts
12 signed by the faculty and administrators who approved the course.

13 ...

14 47. Respondent is not approved for graduate courses however, Respondent's
15 recordkeeping policy entitled, "Recordkeeping – Students" includes retention of "[s]tudent
16 projects submitted by graduate students."

17 **PRAYER**

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

21 1. Denying the application of Rosston School of Hair Design; Bhaskara Reddy V.
22 Munagala, 50% owner and Padmaja Reddy Munagala, 50% owner, for a Renewal of Approval to
23 Operate and Offer Educational Programs for Non-Accredited Institutions;

24 2. Taking such other and further action as deemed necessary and proper.

25 DATED: 10/17/14



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