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8		RE THE
9		CONSUMER AFFAIRS E POSTSECONDARY EDUCATION
10	STATE OF C	CALIFORNIA
11		1
12	In the Matter of the Statement of Issues Against:	Case No. 1002170
13	HI-DESERT TRUCK DRIVING SCHOOL	
14	Renewal of Approval to Operate and Offer	STATEMENT OF ISSUES
15	Educational Programs for Non-Accredited Institutions Applicant	
16	School Code: 74722111	·
17	Respondent.	e e e e e e e e e e e e e e e e e e e
18		
19		
20	Complainant alleges:	
21	PAR	<u>eties</u>
22	1. Joanne Wenzel ("Complainant") brin	gs this Statement of Issues solely in her official
23	capacity as the Chief of the Bureau for Private Po	ostsecondary Education (the "Bureau"),
24	Department of Consumer Affairs.	
25	2. On or about November 29, 2012, the	Bureau received an Application for Renewal of
26	Approval to Operate and Offer Educational Prog	rams for Non-Accredited Institutions (the
27	"Application") from Hi-Desert Truck Driving Sc	hool ("Respondent"). On or about November 26,
28	2012, Karanjodh S. Johal and Sukhjodh S. Johal	certified under penalty of perjury to the
]		I

truthfulness of all statements, answers, and representations in the application. The Bureau denied the application on October 4, 2016.

JURISDICTION

- 3. This Statement of Issues is brought before the Director of the Department of Consumer Affairs ("Director") for the Bureau, under the authority of the following laws. All section references are to the Education Code unless otherwise indicated.
 - 4. Code section 94886 states that:

Except as exempted in Article 4 (commencing with Section 94874) or in compliance with the transition provisions in Article 2 (commencing with 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.

5. Section 94893 of the Education Code states:

"If an institution intends to make a substantive change to its approval to operate, the institution shall receive prior authorization from the bureau. Except as provided in subdivision (a) of Section 94896, if the institution makes the substantive change without prior bureau authorization, the institution's approval to operate may be suspended or revoked."

6. Section 94894 of the Education Code states:

"The following changes to an approval to operate are considered substantive changes and require prior authorization:

- "(a) A change in educational objectives, including an addition of a new diploma or a degree educational program unrelated to the approved educational programs offered by the institution.
 - "(b) A change in ownership.
 - "(c) A change in control...."
- 7. Section 94897 of the Education Code states:

"An institution shall not do any of the following: ...

"(e) Advertise, or indicate in promotional material, that the institution is accredited, unless the institution has been accredited by an accrediting agency...."

- 8. Section 94902 of the Education Code states:
- "(a) A student shall enroll solely by means of executing an enrollment agreement. The enrollment agreement shall be signed by the student and by an authorized employee of the institution.
- "(b) An enrollment agreement is not enforceable unless all of the following requirements are met:
 - "(1) The student has received the institution's catalog and School Performance Fact Sheet prior to signing the enrollment agreement.
 - "(2) At the time of the execution of the enrollment agreement, the institution held a valid approval to operate.
 - "(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.
- "(c) A student shall receive a copy of the signed enrollment agreement, in writing or electronically, regardless of whether total charges are paid by the student."
 - 9. Section 94910 of the Education Code states:

"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 particular 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) (1) 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."

"(f) All of the following:

- "(1) A description of the manner in which the figures described in subdivisions (a) to (d), inclusive, are calculated or a statement informing the reader of where he or she may obtain a description of the manner in which the figures described in subdivisions (a) to (d), inclusive, are calculated.
- "(2) A statement informing the reader of where he or she may obtain from the institution 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 as required by subdivision (b).
- "(3) A statement informing the reader of where he or she may obtain from the institution a list of the objective sources of information used to substantiate the salary disclosure as required by subdivision (d).

"(g) The following statements:

"(1) "This fact sheet is filed with the Bureau for Private Postsecondary Education.

Regardless of any information you may have relating to completion rates, placement rates, starting salaries, or license exam passage rates, this fact sheet contains the information as calculated pursuant to state law."

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"(2) "Any questions a student may have regarding this fact sheet that have not been
satisfactorily answered by the institution may be directed to the Bureau for Private
Postsecondary Education at (address), Sacramento, CA (ZIP Code), (Internet Web site
address), (telephone and fax numbers)."

- "(h) If the institution participates in federal financial aid programs, the most recent three-year cohort default rate reported by the United States Department of Education for the institution and the percentage of enrolled students receiving federal student loans.
- "(i) Data and information disclosed pursuant to subdivisions (a) to (d), inclusive, is not required to include students who satisfy the qualifications specified in subdivision (d) of Section 94909, but an institution shall disclose whether the data, information, or both provided in its fact sheet excludes students pursuant to this subdivision. An institution shall not actively use data specific to the fact sheet in its recruitment materials or other recruitment efforts of students who are not California residents and do not reside in California at the time of their enrollment."
 - 10. Section 94912 of the Education Code 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."

- 11. Section 94913 of the Education Code states in pertinent part:
- "(a) An institution that maintains an Internet Web site shall provide on that Internet Web site all of the following:
 - "(2) A School Performance Fact Sheet for each educational program offered by the institution..."
 - 12. Section 94928 of the Education Code states in pertinent part:
 - "As used in this article, the following terms have the following meanings:
- "(a) 'Cohort population' means the number of students that began a program on a cohort start date.
- "(b) 'Cohort start date' means the first class day after the cancellation period during which a cohort of students attends class for a specific program.

- "(c) 'On-time graduates' means the number of students who complete a program within 100 percent of the published program length. An institution may separately state completion information for students completing the program within 150 percent of the original contracted time, but that information may not replace completion information for students completing within the original scheduled time. Completion information shall be separately stated for each campus or branch of the institution.
- "(d) 'Graduates available for employment' means the number of graduates minus the number of graduates unavailable for employment.
- "(e) (1) 'Graduates employed in the field' means graduates who are gainfully employed in a single position for which the institution represents the program prepares its graduates, beginning within six months after a student completes the applicable educational program. For occupations for which the state requires passing an examination, the period of employment shall begin within six months of the announcement of the examination results for the first examination available after a student completes an applicable educational program.
 - "(2) The bureau shall define by July 1, 2014, specific measures and standards for determining whether a student is gainfully employed in a full-time or part-time position for which the institution represents the program prepares its graduates, including self-employment or conducting freelance work, and may set the standards for the hours per week and duration of employment and utilize any job classification methodology the bureau determines appropriate for this purpose, including, but not limited to, the United States Department of Labor's Standard Occupational Classification codes.
 - "(3) This subdivision shall not prohibit the bureau from authorizing an institution to aggregate single positions held by a graduate for purposes of meeting the hours per week standards established by the bureau.
- "(f) 'Graduates unavailable for employment' means graduates who, after 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 employment in the United States, or are continuing their education at an accredited or bureau-approved postsecondary institution.

"(g) 'Students available for graduation'	' means the cohort population minus the number of
students unavailable for graduation.	

- "(h) 'Students unavailable for graduation' means students who have died, been incarcerated, or called to active military duty."
 - 13. Section 94929.5 of the Education Code states in pertinent part:
- "(a) An institution shall annually report to the bureau, as part of the annual report, and shall publish in its School Performance Fact Sheet, all of the following:
 - "(1) The job placement rate, calculated by dividing the number of graduates employed in the field by the number of graduates available for employment for each program that is either (1) designed, or advertised, to lead to a particular career, or (2) advertised or promoted with any claim regarding job placement.
 - "(2) The license examination passage rates for the immediately preceding two years for programs leading to employment for which passage of a state licensing examination is required, calculated by dividing the number of graduates who pass the examination by the number of graduates who take the licensing examination the first time that the examination is available after completion of the educational program. The institution shall use state agency licensing data to calculate license examination passage rates. If those data are unavailable, the institution shall calculate the license examination passage rate in a manner consistent with regulations adopted by the bureau.
 - "(3) Salary and wage information, consisting of the total number of graduates employed in the field and the annual wages or salaries of those graduates stated in increments of five thousand dollars (\$5,000).
 - "(4) If applicable, the most recent official three-year cohort default rate reported by the United States Department of Education for the institution and the percentage of enrolled students receiving federal student loans.
- "(b) Nothing in this section shall limit the bureau's authority to collect information from an institution to comply with this section and ensure, by regulation and other lawful means, that the

management or policies. For the purpose of this paragraph, a person exercises "substantial control over the institution's management or policies" if the person has the authority to cause the institution to expend money or incur debt in the amount of five thousand dollars (\$5,000) or more in any year.

- "(A) For each address required, the institution shall provide a physical home address, and may request that the address, email address, and telephone number, of each person described in paragraph (7) be maintained as personal information.
- "(B) The federal employer identification number for partnerships or the social security number for individual owners identified in the application pursuant to section 71130(a)(1)....
- "(e) The institution shall submit at the time it applies for renewal current financial statements that meet the requirements of section 74115 as follows: (1) for an institution with annual gross revenues of \$500,000 and over, statements shall be audited; (2) for an institution with annual gross revenues less than \$500,000, statements shall be reviewed...."
 - 16. Title 5, Section 71400.5 of the California Code of Regulations states in part:
- "(b) In addition to denying an application pursuant to section 94887 of the Code, the Bureau may deny any application based on any act that constitutes grounds for the denial of a license under Section 480 of the Business and Professions Code, incorporated herein by reference."
 - 17. Title 5, Section 71640 of the California Code of Regulations states in part:
- "(a) An institution seeking to change the business organization form, control, or ownership as defined in sections 94821, 94822, or 94823, respectively shall complete the "Change of Business Organization/Control/Ownership" form (OWN rev. 2/10) to obtain prior authorization. The form shall be submitted to the Bureau along with the appropriate fee as provided in Section 94930.5(c) of the Code. An application under this section shall be signed by all signatories to the initial application, or the last approved application under this section, as well as the persons required to sign an application pursuant to section 71380 for institutions approved under section

94885 of the code and section 71390 for institutions approved under section 94890 of the code...."

18. Title 5, Section 71660 of the California Code of Regulations states in part:

"An institution shall notify the Bureau of a non-substantive change including: change of location of less than 10 miles; addition of a program related to the approved programs offered by the institution; addition of a new branch five miles or less from the main or branch campus; addition of a satellite; and change of mailing address. All such notifications shall be made within 30 days of the change and sent to the Bureau, in writing, to the address listed in section 70020."

- 19. Title 5, Section 74112 of the California Code of Regulations states in part:
- "(a) Format. The format for the Performance Fact Sheet shall be in at least 12 pt. type, in an easily readable font, with 1.15 line spacing and all titles and column headings shall be in bold 14 pt. type, which shall also identify the program for which the Performance Fact Sheet pertains. The Performance Fact Sheet shall contain all and only the information required or specifically permitted by sections 94910 and 94929.5 of the Code or this chapter. A separate Performance Fact Sheet shall be prepared for each program.
- "(b) An institution offering educational programs that are too new to provide the required two years of data shall include the date the program began as well as the statement required by section 94910(e) of the Code. The Performance Fact Sheet shall also disclose the estimated date of availability for two full years of data for those programs.
- "(c) Institutions approved under section 94874.8 of the Code, which do not include all required information per section 94874.8(a)(4), shall include on the Performance Fact Sheet the date of approval to operate and when the required 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 positions list required by section 94910(f)(2) of the Code that the program prepares its graduates; and

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

- "(B) The graduate is employed by the same employer that employed the graduate before enrollment, and any of the following conditions are met:
 - "(i) the graduate is employed in an occupation with a different

 Detailed Occupation (six-digit) level Standard Occupational Classification
 code than applies to the position in which the graduate was employed
 before enrollment; or
 - "(ii) the employer or the graduate provides a statement to the effect that the employment after graduation was the result of a promotion with increased pay, due at least in part to graduation from the program; or
 - "(iii) the employer or the graduate provides a statement to the effect that the degree or the completed program was required as a condition of continued employment; or

1	"(B) The percentage of enrolled students receiving federal student loans;	
2	"(C) The average amount of federal student loan debt of those graduates wh	o have
3	federal student loan debt in the reporting year; and	
4	"(D) The percentage of graduates with federal student loans, as calculated by	the
5	institution.	
6	"Loan information shall be included in the Performance Fact Sheet in a format subs	stantially
7	similar to the format listed below (dates and numbers are for example only):	
8	"Federal Student Loan Debt at (Name of Institution)	
9	Percentage of students who defaulted on their federal student loans at this school:	28% 1
10		50000000000000000000000000000000000000
11	Percentage of students enrolled in 20XX who took out federal student loans to pay for this program:	43%
12		anne e commune e sone e como e co
13	Percentage of graduates in 20XX who took out federal student loans to pay for this program:	65%
14 15 16	Average federal student loan debt of 20XX graduates who took out federal student loans at this institution:	\$26,000
17 18 19	The percentage of students who defaulted on their federal student loans is called the Conditional Default Rate (CDR). It shows the percentage of this school's students who were more the days (about 9 months) behind on their federal student loans within three years of when the payment was due. This is the most recent CDR reported by the U.S. Department of Educational Educational Student's Initials:	an 270 ne first cation.
20		
21	"(2) Institutions that do not participate in federal financial aid programs shall include	le one of
22	two statements in the Performance Fact Sheet in a format substantially similar to the following	owing:
23 24	"Students at (name of institution) are not eligible for federal student loans. The U.S. Dep of Education has determined that this institution does not meet the criteria that would alk	
25	students to participate in federal student aid programs.	TAN 112
26	(Name of Institution) is eligible, but chooses not to participate in federal student aid prog	grams. So
27	students here do not have federal student loans. Student's Initials: Date:	
28	Initial only after you have had sufficient time to read and understand the informat	ion.
	13	

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

"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)

	Number of	Students	Number of	On-time
Calendar	Students Who	Available for	On-time	Completion
Year	Began the	Graduation	Graduates	Rate
	Program			
***************************************	en de la manuel de l	ora dan manana mana		
20XX	100	98	70	71%

20XY	80	80	55	69%
	npleting Within 150% cational Program (Pr		ogram Length	
			,	
antanin'i Paulinine di Antonio di	Number of	Students		150%
Calendar	Students Who	Available for	150%	Completio
Year	Began the	Graduation	Graduates	Rate
	Program		2 Section 2 Control (1997)	
· / / · · · · · · · · · · · · · · · · ·		***		
20XX	100	98	95	97%
20XY	80	80	78	98%
*20XZ	90	90	87	97%
*20YA	87	85	74	87%
	Here was the state of the state	e consiste i i i i i i i i i i i i i i i i i i i	The state of the s	\$ 1900 to 1900
	if program is more th			
Student's Initianitian in the state of the s	ıls: [ter you have had suf i	Date:	nd understand th	e information
, ,	Placement Rates.			
	1) Any placement data			
	reported for the number	_		defined in
subdivisi	on (d)(1) of this section	n tor each reported ca	nendar 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)

			With the state of	The state of the s	Placement
00000000000000000000000000000000000000	Number of	TO THE PARTY OF TH	Graduates	Graduates	Rate %
Calendar	Students Who	Number of	Available for	Employed in	Employed in
Year	Began the	Graduates	Employment	the Field	the Field

	Program					
		************************************	nemen en e			
20XX	100	70	70	55	79%	
20XY 80		55	55	20	36%	
"Name	of Employment Categor Educational Programme vs. Full Time En Graduates Employed 20 to 29 hours pe	ram (Programental) in the field	t	ed in the field	prior to reporti Total Gradua Employed in Field	
20XX			40		55	
20XY		ngtika kamenda khome pilika den pi kilika ngga	15	20		
Single	Position vs. Concurr Graduates Employed field in a single pos	l in the	Graduates Employed i		Total Gradua Employed in Field	
20XX	52		3	55		
20XY	19	AMPROVED TO A COLOR	1	20		
"Self-En	nployed/Freelance P	10 1	Total Gradu	ates Employed i Field		
	Graduates Employ wo	yed who ar rking freel			ricia	
20XX					55	

1		Graduates Employed in the field who are employed by	Total Graduates Employed in
2		the institution, an employer owned by the institution, or an employer who shares ownership with the institution	the Field
3	20XX	15	55
4	20XY	5	20
5	Student'	s Initials: Date:	
6	Initial o	only after you have had sufficient time to read and und	lerstand the information.
7		"(5) The following self-employment/freelance worker	disclosure shall be initialed by
8	stı	idents entering any programs in which the majority of gra	duates who obtain jobs obtain in
9	th	is type of work:	
10	"This pr	ogram may result in freelance or self-employment.	
11	• The wo	ork available to graduates of this program is usually for fre	eelance or self-employment.
12		pe of work may not be consistent. riod of employment can range from one day to weeks to s	everal months
13	• Hours	worked in a day or week may be more or less than the tra	ditional 8 hour work day or 40
14		rk week. In expect to spend unpaid time expanding your networks,	advertising promoting your
	services,	or honing your skills.	
15	once g	raduates begin to work freelance or are self-employed, that attaion that they are employed as such so that they may be	ey will be asked to provide
16	placeme	nt records.	
17	are empl	ts initialing this disclosure understand that either a majori oyed in this manner and undestand what comprises that w	y or all of this school's graduates ork style.
18	Student's	s Initials: Date:	
19	Only in	tial after you have had sufficient time to read and und	derstand the information.
20	" "	License Examination Passage Rates. If license examinat	on passage rates are not
21	available	from the appropriate state agency, an institution shall col	lect the information directly
22	from its	graduates. If an institution demonstrates that, after reason	able efforts, it is unable to obtain
23	the exam	nination passage information from its graduates, the institu	ition shall report the number of
24	students	it could not contact and note in a font the same size as the	e majority of the data on the
25		nnce Fact Sheet, "License examination passage data is not	
26		ering the examination. We were unable to collect data from	- •
27			10
28			

"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	in	NIN WAR AND AND	Number Who Passed Exam	Number Who Failed Exam	Passage Rate
2/1/20XX	3/15/20XX	277	80	40	40	50%
6/1/20 XX	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 exa	mination	passage	data is no	t available	from t	he state	agency	administeri	ng the
examination.	We were	unable to	o collect a	lata from 3.	2 grad	luates.			Ū

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)

	Graduat es	Gradua tes	MATERIAL CANADA				No Salary
Calend ar	Availabl e for	Employ ed in	\$15,0 00-	\$20,0 01-	\$25,0 01-	\$30,0 01-	Informal ion
Year	Employm ent	the Field	\$20,0 00	\$25,0	\$30,0	\$35,0 00	Reporte d
		30 - 100 - 1					
20XX	100	70	5	40	6	3	16
20XY	80	55	5	7	3	5	35

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

Student's Initials: _____ Date: ____

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

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

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

""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.

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

""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).

""150% Completion Rate" is the number of students who completed the program 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.

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

""Graduates Unavailable for Employment" means the graduates who, after 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 employment in the United States, or are continuing their education in an accredited or bureau-approved postsecondary institution.

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

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

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

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

""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.

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

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

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

- "(m) Documentation supporting all data reported shall be maintained electronically by the institution for at least five years from the last time the data 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 at a minimum:
 - "(1) the list of job classifications determined to be considered gainful employment for the educational program;
 - "(2) student name(s), address, phone number, email address, program completed, program start date, scheduled completion date, and actual completion date;
 - "(3) graduate's place of employment and position, date employment began, date employment ended, if applicable, actual salary, hours per week, and the date employment was verified;
 - "(4) for each employer from which employment or salary information was obtained, the employer name(s) address and general phone number, the contact person at the employer and the contact's phone number and email address, and all written communication with employer verifying student's employment or salary;
 - "(5) for students who become self-employed, all documentation necessary to demonstrate self-employment;
 - "(6) a description of all attempts to contact each student or employer;
 - "(7) any and all documentation used to provide data regarding license examinations and examination results;
 - "(8) for each student determined to be unavailable for graduation or unavailable for employment, the identity of the student, the type of unavailability, the dates of unavailability, and the documentation of the unavailability; and

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

- "(n) The institution shall provide on a separate document along with the Performance Fact Sheet the same cancellation disclosure as that which is required to be included with the enrollment agreement by Section 94911(e)(1) of the Code. The separate document shall be substantially the same size as the Performance Fact Sheet and shall be captioned "STUDENT'S RIGHT TO CANCEL" using bold 14 pt. type.
 - 20. Title 5, Section 74115 of the California Code of Regulations states in part:
- "... (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 required under generally accepted accounting principles for nonprofit organizations.
- "(3) The financial statements shall establish that the institution meets the requirements for financial resources required by Section 71745.
- "(4) If an audit performed to determine compliance with any federal or state student financial aid program reveals any failure to comply with the requirements of the program and the

noncompliance creates any liability or potential liability for the institution, the financial statements shall reflect the liability or potential liability.

- "(5) Any audits shall demonstrate that the accountant obtained an understanding of the institution's internal financial control structure, assessed any risks, and has reported any material deficiencies in the internal controls. . . ."
 - 21. Title 5, Section 71745 of the California Code of Regulations states in part:
- "(a) The institution shall document that it has at all times sufficient assets and financial resources to do all of the following:
 - "(5) Pay all operating expenses due within 30 days.
- (6) 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 when using generally accepted accounting principles, or for an institution participating in Title IV of the federal Higher Education Act of 1965, meet the composite score requirements of the U.S. Department of Education. For the purposes of this 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...."

FIRST CAUSE FOR DENIAL OF APPLICATION

(Failure to Provide Accurate Ownership Information in Application)

- 22. Respondent's Application is subject to denial under Education Code section 94893; and California Code of Regulations, title 5, sections 71475(c)(7) and 71640(a), in that Respondent failed to provide accurate ownership information in its Application. The circumstances are as follows:
- a. On or about January 17, 2006, Respondent began offering postsecondary education programs under Institution/School Code No. 74722111. As of that date, Respondent informed the Bureau that Balvinder Johal had an ownership interest of 100% in Respondent.

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b. On its Application, Respondent indicated that there have not been any substantive changes in Respondent's Organization and Management.

- c. If there were any substantive changes in the ownership of Respondent, Respondent is required to obtain prior authorization from the Bureau before making any substantives changes. Substantive changes requiring prior approval include changes to ownership or control of Respondent. Respondent has never requested approval from the Bureau to make or implement any substantive changes to its ownership or control. Respondent has never filed a Change of Business, Organization, Ownership Control with the Bureau. Such a form is required whenever a licensee has a change of ownership. Thus, Bureau records still indicate that Balvinder Johal maintains a 100% ownership interest in Respondent.
- d. However, in its Application, Respondent stated that Karanjodh S. Johal has a 40% ownership interest in Respondent and that Sukhjodh S. Johal has a 40% ownership interest in Respondent. These statements are inconsistent with the information Respondent previously provided to the Bureau.

SECOND CAUSE FOR DENIAL OF APPLICATION

(Failure to Provide Accurate Information Regarding Control of Respondent in Application)

- 23. Respondent's Application is subject to denial under California Code of Regulations, title 5, section 71475(c)(5) in that Respondent has failed to provide the Bureau with accurate information regarding who controls Respondent. The circumstances are as follows:
- a. On or about January 17, 2006, when Respondent began offering postsecondary education programs under Institution/School Code No. 74722111, Respondent identified
 Balvinder Johal as Respondent's Institution Contract Person and Institution Representative
- b. On its Application, Respondent indicated that there have not been any substantive changes in Respondent's Organization and Management.

- c. If there were any substantive changes in the control of Respondent, Respondent is required to obtain prior authorization from the Bureau before making any substantives changes. Substantive changes requiring prior approval include changes to ownership or control of Respondent. Respondent has never requested approval from the Bureau to make or implement any substantive changes to its ownership or control. Respondent has never filed a Change of Business, Organization, Ownership Control with the Bureau. Such a form is required whenever a licensee has a change of control. Thus, Bureau records still indicate that Balvinder Johal maintains full control over Respondent.
- d. On the Application, Respondent indicated that Bob Johal is the Institution's Contact Person. The Application also identifies Baldev S. Johal as Respondent's Manager. This information is inconsistent with the information Respondent previously provided to the Bureau regarding Respondent's contact Person and its Institution Contact Person and Institution Representative.

THIRD CAUSE FOR DENIAL OF APPLICATION

(Failure to Provide the Bureau with Current and Sufficient Financial Statements)

- 24. Respondent's Application is subject to denial under California Code of Regulations, title 5, section 71745(a)(5), (a)(6), and (e); and California Code of Regulations, title 5, section 74115(b) in that Respondent has not provided financial statements sufficient to establish its financial resources to conduct business. The circumstances are as follows:
- a. On or about November 30, 2012, the Bureau issued a letter to Respondent notifying Respondent that its Application was incomplete because Respondent did not include financial statements meeting the requirements of California Code of Regulations, title 5, section 74115.
- b. On or about December 20, 2012, the Bureau received financial records from Respondent in support of its Application. These financial records include an Income Statement "for the 3 periods ended September 30, 2012," and a Balance Sheet dated September 30, 2012. Both documents were "compiled by Doshi & Associates Inc."

- c. On or about April 26, 2016, the Bureau sent Respondent another letter outlining various deficiencies in its Application. In this letter, the Bureau noted that the "compiled financial documents received with your renewal application on November 29, 2012, for 'three periods ended September 30, 2012', are not acceptable as they do not comply with CCR §74115. Please submit new, current, reviewed or audited (as appropriate), pursuant to CCR §71475(e) financial statements that comply with CCR §71745 and CCR §74115." Respondent never submitted new, current, reviewed, or audited, financial statements to the Bureau.
- d. Respondent has not provided the Bureau with a cash flow statement, which is required under California Code of Regulations, title 5, section 74115.
- e. On or about May 9, 2016, during a review of Respondent's Application and its submissions, the Bureau found an internal financial document on Respondent's website under the link "annual report" for the year ending December 31, 2015. Specifically, the Bureau discovered an Income Statement for the year ending on December 31, 2015. Based on this Income Statement, Respondent is not financially solvent sufficient to comply with California Code of Regulations, title 5, section 71745. Respondent is unable to meet the 30-day operating expense test or the ratio test based on the following:
- (i) The 30-day operating expense test requires that Respondent be able to pay all operating expenses due within 30 days. (See 5 CCR §71745 (a)(5).) The Income Statement for the year ending December 31, 2015, indicates that Respondent has \$530,006 in cash or assets convertible to cash within 7 days; however, Respondent has \$536,482 in operating expenses. Thus, Respondent has not provided financial statements to establish that it can meet its operating expenses within 30 days.
- (ii) The ratio test requires that Respondent maintain a current assets to current liabilities ratio of 1.25:1.00 or greater at the end of the most recent fiscal year. (See 5 CCR §71745 (a)(6).) Respondent did not provide a balance sheet that complies with California Code of Regulations, title 5, section 74115, so the Bureau is unable to confirm that Respondent satisfies this test.

FOURTH CAUSE FOR DENIAL OF APPLICATION

(Failure to Submit Accurate and Complete School Performance Fact Sheets to the Bureau)

- 25. Respondent's Application is subject to denial under Education Code sections 94902, 94910, 94912, 94928, and 94929.5; and California Code of Regulations, title 5, section 74112, in that Respondent has failed to provide the Bureau with accurate and complete School Performance Fact Sheets ("SPFSs") The circumstances are as follows:
- a. On or about May 4, 2016, the Bureau reviewed the SPFS documents Respondent submitted for the 2013/2014 school year. A review of these documents revealed that Respondent is offering the following unapproved programs: (1) CDL A, (2) CDL B, and (3) CDL BP. The review also revealed that Respondent has not submitted SPFS documents for the following educational programs: (1) Advanced Commercial Driver, Class A (48 hours); (2) Bus/Truck Driver, Class B (168 hours); (3) Class A Refresher Course (40 hours); and (4) Professional driver, Class A (168 hours).
- b. The SPFS documents Respondent submitted for the 2013/2014 school year are also deficient for the following reasons:
- i) The 2013/2014 SPFSs do not have any definitions, in violation of the Education Code, section 94928 and California Code of Regulations, title 5, section 74112(b).
- ii) The 2013/2014 SPFSs document the placements rates for the CDL A, CDL B, and CDL PB education programs are all on one fact sheet. Education Code section 94910, subdivision (b), and California Code of Regulations, title 5, section 74112(e), require that Respondent document these placement rates separately on each education program fact sheet.
- iii) The 2013/2014 SPFSs fail to include "graduates employed an average of less than 32 hours per week" under the Placement Rates table for each education program Respondent is approved to offer, in violation of California Code of Regulations, title 5, section 74112(e)(4).
- iv) The 2013/2014 SPFSs do not have the required statement under the Salary and Wage Information table regarding where the reader may obtain from the institution a list of objective sources of information used to substantiate the salary disclosure, in violation of Education Code section 94910, subdivision (f)(3).

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- v) The 2013/2014 SPFSs do not have the required line for a student initial and date under each section of the fact sheet, in violation of Education Code section 94902.
- vi) The 2013/2014 SPFSs do not have the required statement, "This fact sheet is filed with the Bureau for Private Postsecondary Education. Regardless of any information you may have relating to completion rates, placement rates, starting salaries or license exam passage rates, this fact sheet contains the information as calculated pursuant to state law." Failure to include this statement is a violation of Education Code section 94910, subdivision (g)(1).
- vii) The 2013/2014 SPFSs do not have the required statement, "Any question a student may have regarding this fact sheet that have not been satisfactorily answered by the institution may be directed to the Bureau for Private Postsecondary Education at: P.O. Box 980818, West Sacramento, CA 95798-0818, www.bppe.ca.gov, P: 888-170-7598 or 916-263-1897." Failure to include this statement is a violation of Education Code section 94910, subdivision (g)(2).
- viii) The 2013/2014 SPFSs do not have the required line for the student and the institution to sign and date documenting that the party has reviewed the information required to be disclosed in the SPFS. Failure to include these signature and date lines is a violation of Education Code sections 94912 and 94902, subdivision (a)(3).
- ix) Respondent failed to submit to the Bureau any of the substantiating data in support of its 2013/2014 SPFS, in violation of California Code of Regulations, title 5, section 74112(h).

FIFTH CAUSE FOR DENIAL OF APPLICATION

(Failure to Maintain an Institution Website)

- 26. Respondent's application is subject to denial under Education Code sections 94897, subdivision (e), and 94913, subdivision (a)(2), in that Respondent's website incorrectly indicates that the Bureau accredits the institution and does not include individual fact sheets for each educational program Respondent is approved to offer. The circumstances are as follows:
- a. On or about July 16, 2016, the Bureau reviewed Respondent's website, <u>www.hi-deserttruckdrivingschool.com</u>, as part of its review of Respondent's Application. As of July 16,

2016, under the "About Us" section of Respondent's website, Respondent stated that it is "accredited from the Bureau for Private Postsecondary Education. For more information about our accreditation please go to http://www.bppe.ca.gov/." This statement is incorrect, since the Bureau does not accredit institutions.

b. Respondent's website has links to its SPFSs. However, the link does not include an individual fact sheet for each of the educational programs Respondent is approved to offer.

This is a violation of Education Code section 94913, subdivision (a)(2).

SIXTH CAUSE FOR DENIAL OF APPLICATION

(Offering Educational Programs Not Approved by the Bureau)

- 27. Respondent's application is subject to denial under Education Code section 94894, subdivision (a), and California Code of Regulations, title 5, section 71660 in that Respondent is offering educational programs the Bureau has not approved. The circumstances are as follows:
- a. The 2013/2014 SPFS documents Respondent submitted to the Bureau as part of its application indicated that Respondent is offering the following educational programs that the Bureau has not approved: (1) CDL A, (2) CDL B, and (3) CDL BP.
- b. Respondent maintains a course catalog on its website. The course catalog indicates that Respondent is offering the following educational programs that the Bureau has not approved: (1) Class A Refresher Course (24 hours), and (2) Truck Driver Class B/BP (48 hours).
- c. Respondent has not submitted a notification of changes of courses offered to the Bureau. Pursuant to California Code of Regulations, title 5, section 71660, an institution shall notify the Bureau in writing within 30 days of a non-substantive change. A non-substantive change includes adding an educational program related to the approved programs the institution offers.

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	1. Denying the application of Hi-Desert Truck Driving School for a Renewal of Approve		
2	to Operate and Offer Educational Programs for Non-Accredited Institutions;		
3	2. Taking such other and further action as deemed necessary and proper.		
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6	6	OANNE WENZEL Chief	
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