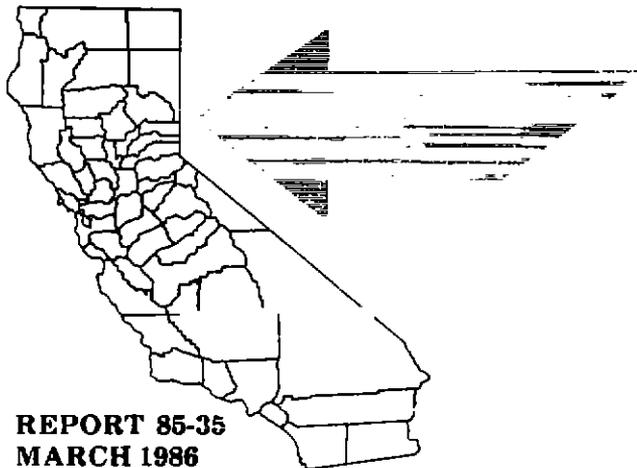


Oversight of Out-of-State Accredited Institutions Operating in California

*A Report to the California
Postsecondary Education Commission
Pursuant to Senate Bill 1036*



**Special Committee for the Review
of Out-of-State Accredited Institutions**



REPORT 85-35
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ONE

Origins and Scope of the Report

State Law Before 1985

PRIOR to July 1983, California delegated the responsibility for monitoring the California-based operations of out-of-state accredited institutions to their appropriate home regional accrediting association. Legislation enacted in 1981, which became effective in July 1983, required all out-of-state institutions desiring to operate in California as regionally accredited institutions (under Section 94310(a) of the *Education Code*) to have their California-based operations accredited by the Western Association of Schools and Colleges (WASC) in addition to their home regional accrediting associations.

During the two years in which the Accrediting Commission for Senior Colleges and Universities of WASC has sought to cooperate with the Legislature's request for its participation in the review of out-of-state institutions, it has reviewed the California operations of six out-of-state institutions and determined that five of them operate in compliance with its standards. The efforts by WASC to implement this new responsibility, however, have been met with considerable resistance from the other regional and programmatic accrediting associations. In 1983, the Recognition Committee of the Council on Postsecondary Accreditation -- the national organization devoted to regulating and improving accreditation -- indicated that, as a result of these new activities, WASC might be "engaged in accrediting activities which exceed the scope of its recognition." As a result, in 1984, the Senior Commission of WASC adopted revised guidelines for out-of-state institutions, providing that WASC and the institution's home regional accrediting association would cooperatively review the institution, using the standards and policies of both accrediting groups in this evaluation. Then in October 1985, California's Attorney General issued an opinion that these revised WASC guidelines did not fulfill the requirements of California law regarding WASC accreditation of institutions.

Changes in 1985

Senate Bill 1036 (Montoya, 1985, attached) now provides an avenue for out-of-state accredited institutions to offer degrees in California and for the State to assure compliance with its standards of quality. The bill instructed the Director of the California Postsecondary Education Commission to establish "a special committee of persons with demonstrated knowledge of both regional accrediting standards and procedures and the special demands of off-campus programs" in order to draft proposed standards and procedures to be used in the review of out-of-state institutions. Our committee was to include "representatives from the State Department of Education, from institutions incorporated in another state which offer educational programs in California, and from public and independent California colleges and universities."

Work of the Committee

In preparing these standards and procedures, our committee reviewed the accrediting standards and procedures of the six regional accrediting associations, including the Western Association of Schools and Colleges, as well as the State approval and authorization standards and procedures by the California State Department of Education in licensing institutions currently offering educational programs in California.

Principles

We were also guided in our work by the following language of Senate Bill 1036 that stated these six principles for us to use in developing our recommended standards and procedures

- A Within two years from the enactment of this statute, the State Department of Education shall review the operations of all institutions operating under the provisions of this subdivision
- B Following the initial State review, subsequent on-site reviews by the Superintendent shall be conducted wherever possible in conjunction with institutional reviews by the home regional accrediting association. However, if there is substantial evidence that the institution is not in compliance with State standards, the Superintendent may initiate a special review of the California operations of the institution
- C Each institution shall submit a single application for all operations in California, and the application shall include a single fee which is institution based and not site based
- D The superintendent shall develop a procedure for establishing the number of sites to be visited by the State in the review of the institution's operations in California
- E The purpose of the on-site review by the Superintendent shall be to determine that operations by the institution in California meet the minimum State standards identified in statute
- F The standards and procedures shall not unreasonably hinder educational innovation and competition

In our deliberations, we agreed that the following principles were implied in Senate Bill 1036, and thus we have used them as guidelines in the preparation of our recommended procedures and standards

- 1 It is most appropriate for out-of-state regionally accredited institutions to operate in California in statutory categories designated for accredited institutions
- 2 The status of regional accreditation as maintained by some out-of-state institutions is recognized in California statute and provides that the State licensing process shall focus on the operations in California by these out-of-state institutions
- 3 Out-of-state accredited institutions operating in California should be expected to meet the same level of excellence as comparable programs offered by in-state accredited institutions
- 4 The State's licensure of out-of-state accredited institutions' operations in California should be conducted wherever possible in concert with institutional review conducted by the regional associations in order to limit the costs and burdens to institutions
- 5 The State's standards and procedures for licensing of accredited out-of-state institutions' operations in California should not unreasonably hinder educational innovation and competition, and, consequently, out-of-state accredited institutions' California operations should be treated neither more nor less rigorously than the off-campus and out-of-state operations of in-state accredited institutions

**Organization
of the Report**

We offer procedural recommendations in the second part of our report. In Part Three, we offer proposed standards in seven areas: (1) governance and administration, (2) educational services and curriculum, (3) faculty and their qualifications, (4) academic achievement by students, (5) learning resources, (6) financial resources, and (7) physical plant, materials, and equipment. In Part Four, we offer five recommendations for State and Commission action to strengthen these procedures and standards.

We submit our report to the California Postsecondary Education Commission for review and action at its next meeting on March 17, 1986.

**Members of
the Committee**

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TWO

Recommended Procedures

PROCEDURES to be used in the on-site review and licensing of the operations in California by out-of-state accredited institutions are listed below under three categories of institution (1) those not currently operating in the State, (2) those now operating in California, and (3) all institutions

Institutions Not Currently Operating in California

Provisional Licensure

1. The Superintendent of Public Instruction shall provide a provisional license under *California Education Code* Section 94310(a)(2) to out-of-state regionally accredited institutions initially seeking to operate in California. These institutions shall be eligible to enroll students and offer educational programs for a one-year period thereafter, but they shall not award degrees until receiving full licensure to operate.

Required Materials

2. In order to operate with a provisional license, an institution shall file the following information with the Superintendent within 30 days prior to enrolling students or offering any educational program in California:

- a. A copy of the most recent self-study report it prepared for its home regional accrediting association,
- b. A copy of the report prepared by the visiting team of the accrediting association,
- c. A copy of any response by the institution to the accrediting team's report,
- d. A list of all locations of its proposed operations in California, and
- e. A list of all degree, diploma, and certificate programs it proposes to offer in California, as well as the curriculum, instruction, and faculty planned for utilization in each program.

On-Site Review

3. The Superintendent shall impanel a visiting committee as specified in Items 15-16 on pages 7 and 8 below to conduct an on-site qualitative review and assessment of the institutions' California operations during its provisional licensure.

Committee Report

4. The visiting committee shall submit its report with recommendations to the Superintendent within 45 days of its visit. A copy of its report shall also be provided to the institution. The report shall include the committee's recommendation for granting or denying licensure for the institution's operations in California, the rationale for this recommendation, and any other information deemed appropriate. The report shall be cooperatively and jointly prepared by all members of the visiting committee.

Actions Open to the Superintendent

5. After this review, the Superintendent may extend the provisional license for an additional six months. However, after this period, the Superintendent must either grant the institution a full license to operate in California for a period not to exceed four years, or deny it a license to operate in California.

6. The Superintendent shall advise the institution about the specific reasons for denial of licensure and specific changes needed for its California operations to be likely to achieve licensure.

Institutions Currently Operating in California

Visitation Schedule

7. The Superintendent of Public Instruction shall establish an on-site visitation schedule that meets the requirements and assurances of quality instruction as identified both in *Education Code* Section 94310(a)(2) and in this report as adopted by the California Postsecondary Education Commission. The visitation schedule shall include, but not be limited to, sites that include a wide representation of each institution's degree programs, faculty, students, and administrative offices, sites where specialized resources are required, sites for the management of each institution's operations in California, and sites for the storage of student records from these operations.

8. The Superintendent shall, at a minimum, conduct an on-site qualitative licensure review and assessment every four years of the California operations of each out-of-state accredited institution operating in California. The institution has the responsibility to urge its home regional accrediting association to participate in this review process.

9. An accredited institution already operating in California and seeking to renew its license to operate in the State, shall submit to the Superintendent its institutional self study in time for the Superintendent's staff to review it and, if necessary, request and receive any other information needed prior to the on-site visit.

On-Site Review

10. The Superintendent shall impanel a visiting committee to conduct an on-site visit as specified in Items 15-16 below.

11. The on-site visits by the Superintendent's visiting committee and the home regional accrediting association shall be conducted, whenever possible, at the same time. The visiting committee shall submit its report with recommendations to the Superintendent within 45 days from the receipt of the team report prepared by the home regional accrediting association. Typically, the Superintendent will withhold action on the California operations of the institution until the regional accrediting association takes action on the accredited status of the institution. However, the Superintendent shall retain the authority to act on the institution's licensure status at any time deemed appropriate.

Committee Report

12. A copy of the report prepared by the State's visiting committee shall be provided to the Superintendent, and the Superintendent shall make a copy of the report available to the institution. The report prepared by the visiting committee shall include the committee's recommendation for granting or denying li-

censure for the institution's operations in California, the rationale for this recommendation, and any other information determined appropriate

Following the on-site review by the State's visiting committee and the accreditation review team, the institution shall submit to the Superintendent a copy of the team report prepared by the home regional accrediting association at the most recent accreditation review, as indicated in item 11. This report shall be used as a working document by the members of the State's visiting committee. A copy of the institution's response to the accreditation team report shall also be submitted to the Superintendent and shared with the State's visiting committee. The report from the State's visiting committee shall be cooperatively and jointly made by all members of the State's visiting team.

Action Open to the Superintendent

13. Following the review and assessment of the institution's operations in California, the Superintendent shall take one of the following actions:

- a. Grant the institution a license for a period consistent with the length of the accreditation action, but not to exceed four years.
- b. Grant the institution a conditional license for a period not to exceed two years. During this period, the institution shall be subject to special scrutiny by the Superintendent, which may include required submission of periodic reports as prescribed by the Superintendent and special visits by authorized representatives of the Superintendent. If at the end of the specified period, the institution has not taken steps to eliminate the cause for its conditional license to the satisfaction of the Superintendent, the Superintendent may withdraw its license to award degrees.
- c. Deny the institution a license to operate in California.

14. The Superintendent shall advise the institution about the specific reasons for conditional licensure or denial of licensure and specific steps needed for it to be likely to achieve licensure.

All Institutions

Visiting Committee

15. The Superintendent shall impanel a visiting committee for the on-site licensure review that shall be composed of:

- a. One member, who shall serve as chairperson for the visiting committee, appointed by the Superintendent from his or her staff.
- b. One member appointed by the Director of the California Postsecondary Education Commission, and
- c. At least two additional members with technical expertise in the institution's programs, appointed by the Superintendent from regionally accredited postsecondary institutions operating in California, with at least one of these individuals from a WASC accredited institution. The Superintendent may appoint individuals already designated by the home regional accrediting association to serve also as members of the State's visiting committee.

16. The institution may accept, or challenge for cause, team members assigned

17. The institution shall have the responsibility to urge participation by the home regional accrediting association in the review of its California operations

18. If the visiting committee perceives serious problems with the institution's operations in California that might lead it to recommend denial of licensure, the institution shall be notified immediately by the Superintendent

**Confidentiality
and Importance
of Accrediting
Materials**

19. The Superintendent shall protect and preserve the confidentiality of the accrediting team's report to the greatest extent feasible while facilitating the State's review of the institution's operations in California, recognizing that accreditation is a process designed for the improvement of institutions and that therefore the report is likely to identify weaknesses that the institution is to address in the period between accreditation visits. To the greatest extent possible, the Superintendent shall rely on the good faith efforts of the institution to remedy its weaknesses within the framework of its relationship to its home accrediting association, except when these weaknesses are in violation of the provisions and standards contained either in Chapter 3, Part 59, Division 10 of the *California Education Code* or in this present report

**Notification of
Superintendent**

20. Each out-of-state institution operating in California shall notify the Superintendent within 30 days if there is any change in its regionally accredited status

21. Each institution shall notify the Superintendent at least 30 days prior to any proposed change in the level or type of degrees it offers in California

22. Each institution shall notify the Superintendent if, for any reason other than its regularly scheduled accreditation review, its home regional accrediting association asks to visit it. A designee of the Superintendent shall be allowed to participate in that visit if the Superintendent so chooses

Self Study

23. Each institution has the responsibility, when preparing any self studies related to regional accreditation, to address specifically the licensing standards and provisions of the State of California. It will be expected to produce a single self-study report that is responsive to both its home regional accrediting association and California standards for licensure

Appeal

24. An institution denied a license to offer educational programs in California may appeal the Superintendent's action to an advisory arbitration body established by the Superintendent for this purpose. The appeal shall be filed no later than 30 days following notification of the Superintendent's action

Costs and Fees

25. Each institution shall pay all actual costs (excluding salary) incurred by all members of the visiting committee for their on-site review and assessment, as well as an annual licensing fee to be established by the Superintendent

THREE Recommended Standards

The standards stipulated in this report shall be used in the licensing of out-of-state accredited institutions to operate programs in California and shall be interpreted in terms of the institution's purposes and objectives. The standards are listed below under seven categories: (1) governance and administration, (2) educational services and curriculum, (3) faculty and their qualifications, (4) academic achievement by students, (5) learning resources, (6) financial resources, and (7) physical plant, materials, and equipment.

STANDARD ONE: Governance and Administration

1. Institutions are expected to maintain direct quality and fiscal control of all aspects of the programs they offer in California and provide adequate resources to maintain this quality.

Governing Board

1.1 The governing board (trustees, regents, etc.) is the legally constituted body representing the founders, the religious group, or the supporting governmental unit that controls the operation and establishes the policies of the institution. No single pattern is mandated, except that the public interest is adequately represented and continuity of membership assured.

The board is responsible for establishing policies in accordance with which educational programs are developed and personnel selected, and it offers substantial support to the institution's objectives and programs.

Organization of Administration

1.2 The primary function of the administration of an institution is to provide educational leadership through an environment conducive to effective learning and high morale. Effective administration fosters candid communication among the governing board, administrators, faculty, staff, and students. Working conditions and learning opportunities are established that permit and encourage faculty and students to concentrate on education. The administration interprets the institution to supporting constituencies, and it considers seriously the concerns of such groups.

In institutions with multi-state operations, clear institutional policies regarding shared jurisdiction between the home campus and the operations in California are essential. Those responsibilities devolving upon administrators responsible for California are matched by delegated authority.

Some, but by no means all, components of this standard are

1.2.1 The administration of the California operations of the institution is organized and staffed to reflect institutional purposes, size, and complexity, and to provide economical and efficient management. Administrative organization,

roles, and responsibilities are defined clearly. The chief executive officer responsible for the California operations is directly accountable to the institution, and his or her full-time or major responsibility is to the institution.

1.2.2 Administrators are qualified by education and experiences to provide effective leadership and management, and they have access to professional renewal. The central administrative office for the institution determines and implements specific ways to evaluate the administrators of its California operations.

1.2.3 The division of responsibility between the central office of the institution and the California operations is clear and centrally determined and administered. Policies and procedures are clearly defined and equitably administered.

1.2.4 The home office of the institution has a mechanism for quality control and accountability of the California operations of the institution.

Role of Faculty

1.3 Faculty participation in governance is an appropriate recognition of faculty professional competence and commitment, and it is essential to the smooth and effective operation of an institution. The role of faculty in governance should be both substantive and clearly defined.

Some, but by no means all, components of this standard are

1.3.1 The role of the faculty in the California operations on various policy-making, planning, and special-purpose bodies is clearly and publicly stated.

1.3.2 The full-time faculty in the California operations of the institution have a role in policy-making and planning that is clearly defined and understood by the governing board.

1.3.3 The responsibilities of faculty at the home institution in the governance of the overall institution, including the operations in California, are clearly and publicly stated.

1.3.4 Faculty have, and exercise, an independent voice in matters of educational program, faculty personnel, and other matters of institutional policy that relate to their areas of responsibility and expertise.

1.3.5 Faculty participation is the development of institutional policies and involves regular and open channels of communications among faculty and between faculty and administration, and is broadly representative of the faculty as a whole.

Role of Students

1.4 The institution is responsible for determining what level of student involvement in institutional governance is appropriate. There are many patterns of governance that provide opportunities for participation by students. An effective institution of higher education is responsible to the expressed needs and desires of its constituencies. The role of students in governance is clearly stated and publicized.

STANDARD TWO: Educational Services and Curriculum

2. The instruction of students should be the central focus of the resources and services of the institution in its operations in California. Methods of instruction should vary with the discipline to be taught and with the abilities and experience of the students. Responsible experimentation should be encouraged, and the institution should stimulate and assist the faculty to achieve a high quality of instruction.

The assurance of quality in educational programs and instruction is central to California State licensure. The primary concern in the evaluation of off-campus and nontraditional programs is assurance that the educational outcomes are equivalent or superior to those of more traditional accredited programs.

The thoroughness with which the curriculum and its associated services are reviewed depends on the autonomy with which the off-campus program operates. All off-campus programs in California are to be reviewed in accordance with Standard 2.1 below. The remaining guidelines under Standards 2.2 and 2.3 are to be used when programs meet the special cases indicated.

Standards for All Off-Campus Programs

2.1 The quality of degree programs and courses in terms of degree, faculty, resource materials, level of instruction, adequacy of evaluation, and student services are appropriate to the needs of the students and programs and meet the standards and criteria set forth in relevant sections of the respective regional accrediting association standards. Institutional support, such as learning resources, admissions, records, and financial services, is adequate for the special programs or courses.

Some, but by no means all, components of this standard are

2.1.1 The structure, functions, goals, and objectives of degree programs and courses are consistent with and help meet institutional purposes as expressed in the institutional self-study.

2.1.2 Innovation practices are encouraged. Institutions, however, must be able to demonstrate that these practices lead to academic accomplishments at least equal to those attained through traditional practices.

2.1.3 Credit is awarded consistent with student learning or achievement and is based upon generally accepted norms or justified equivalencies. When credit is measured by outcomes alone, student learning and achievement are demonstrated to be at least comparable in breadth, depth, quantity, and quality to the result of traditional programs.

2.1.4 All terms used by the institution for the recognition of student work are clearly stated and defined in its catalog, other appropriate publications, and transcripts.

2.1.5 Institutions offering programs and courses taught exclusively by special delivery systems, such as computer, newspaper, television, and video or audio tape, provide students with personal access to faculty members and additional learning resources.

2 1 6 Programs and courses are planned for optimal learning while meeting student scheduling needs. For example, special provision in scheduling is made for reflection on difficult concepts, development of analytical skills, or independent study.

2 1 7 Each program contributes to the personal growth of students by helping them to develop responsible, independent judgment, to weigh values, and to understand fundamental theory.

2 1 8 Programs and courses are offered in a manner that assures students the opportunity to complete their entire sequence as announced.

2 1 9 On-campus administrators and faculty with expertise in relevant academic fields participate in planning, approving, and continual evaluating of degree programs and courses, and in selecting instructors to assure quality in them.

2 1 10 Learning resources, such as library facilities, computer terminals, laboratories, classrooms, study areas, offices, and other equipment and facilities are provided as needed and used appropriately for the programs and courses offered at each learning site. Where there is no library, specific written provision is made for students to have ready access to other resource collections.

2 1 11 When contracting with non-accredited entities to provide instruction for credit, the institution maintains control of and responsibility for all academic matters, such as instruction, student assessment, and faculty appointments.

Graduate Programs

2.2 The graduate programs offered in California have both faculty and learning resources in quality and quantity well beyond those normally required for an undergraduate program in the same discipline. Degree requirements shall include clear and appropriate admission criteria and a coherent and published program design.

2.2.1 Field study, training programs, and other practices bear a clear and necessary relationship to theoretical and other conceptual aspects of a graduate program.

2.2.2 Any credit at the master's level for non-academic experiences not sponsored by the institution is limited in amount, clearly justified on academic grounds and demonstrably related to the focus of the master's program. No such credit shall be awarded at the doctoral level.

2.2.3 Doctoral dissertations or other culminating experiences and doctoral candidates are reviewed by a committee of at least three faculty.

Additional Standards for Special Cases

2.3 Additional information will be provided when a California program differs from that of the home institution in any of the following areas:

Mission and purpose,

Degrees offered or requirements for those degrees,

General education requirements,

Grading and credit policy,

Admission requirements, and
Residency requirements

2 3 1 All conditions governing degree programs and courses that differ from usual institutional policy are fully disclosed in appropriate catalogs, brochures, announcements, and other promotional materials, including tuition charges, refund policies, admission procedures, academic requirements, and opportunities for completion. These published materials include accurate, comprehensive descriptions of student services and learning resources. Publicity to prospective students is factual and consistent with services actually provided.

2 3 2 When variation from home-campus policy are not clear from the above, they are clearly delineated in the institution's self-study report or in materials accompanying the report that are provided to the committee prior to their visit. All variations from the policies and practices of the home institution should be explicitly identified and thoroughly explained.

2 3 3 These variations are consistent with the accrediting policies of the institution's home regional accrediting association.

STANDARD THREE: Faculty and Their Qualifications

3. The faculty serve under the leadership of the chief executive officer and within the framework of the educational objectives approved by the governing board. The faculty is utilized as the expert professional body for devising, developing, and providing the academic program. In order to accomplish these objectives, the following standards will be employed.

Faculty Selection

3.1 In order to offer proper instruction, the faculty consists of competent, professionally-prepared, interested individuals, each fully accepting responsibility for maintaining the highest levels of professional activity and competence. Members of the faculty are qualified by training and experience to serve at the levels that the institution's purposes require. The selection, development, and retention of such faculty in large part determines the quality of an institution.

Some, but by no means all, components of this standard are

3 1 1 Criteria for faculty selection, both full time and part time, are clearly stated, and directly related to institutional and program purposes. Care is taken to avoid over-dependence on graduates of any one institution.

3 1 2 Teaching effectiveness is a principal criterion used in selection, retention, and promotion of faculty who have teaching responsibilities.

3 1 3 Faculty have graduate academic training and degrees and/or professional experience appropriate to their teaching assignments and consistent with institutional purposes. The terminal degree in the teaching field is the primary index of appropriate training, but institutions may, in some instances, substitute exceptional experience or professional certification for the terminal degree.

3 1 4 Graduate courses are offered by faculty in full command of their disciplines, having academic credentials and experience beyond the level of the program offered. Thus graduate degree or professional experience requirements of faculty are appropriate to the level and nature of degree offerings of the institution. Doctoral candidates have research supervision from faculty who have research experience and appropriate field experience well beyond their own dissertations, and who are active in their own research.

Faculty Functions and Responsibilities

3.2 Faculty are adequate in number and diversified in discipline to provide effective instruction and advisement. Opportunities exist for faculty to participate in scholarly or creative activity as well as in academic planning and policy-making, curricular development, and institutional governance.

Effective instruction, including supervision of student academic work and student advisement, is related to instructional load. Workloads are thus equitable and reasonable for faculty and staff. Periodic appraisal of workload assures that readjustments occur as institutional conditions change. Safeguards are provided against internal or external responsibilities that might encroach upon the quality or quantity of work expected of faculty members.

Some, but by no means all components of this standard are

3 2 1 Instructional effectiveness is systematically evaluated.

3 2 2 Policies of the institution encourage faculty participation in scholarly or creative activities in their fields.

3 2 3 Faculty workloads reflect the institution's purposes and faculty training and allow for professional growth and renewal.

3 2 4 The criteria for determining faculty workloads are clearly stated and cooperatively developed. All workload factors are considered, including class size, number of preparations, contact hours, nature of subject matter, level and mode of instruction, student advising, assistance available, and other institutional assignments.

3 2 5 Faculty are allowed adequate time for supervision of internships, foreign study, and other out-of-classroom learning.

3 2 6 The institution has a policy regarding the obligations and responsibilities of full-time and part-time faculty.

3 2 7 Sufficient faculty are employed full time at the institution to provide advisement, academic planning, curriculum development, and institutional governance, as well as instruction. If no more than half of the faculty are full time, the institution is responsible for demonstrating that faculty perform these functions adequately.

Personnel Policies for Faculty and Staff

3.3 The categories of personnel employed by colleges or universities vary substantially from institution to institution. Generally, each institution defines its own "faculty," "staff," "administration," "support personnel," and other groups, and establishes common or distinct policies and practices for each of these groups. These policies, regulations, and procedures concerning academic and

nonacademic personnel, including hiring, review, termination, and the awarding of tenure, are properly a matter of concern in evaluating an institution, since they affect the institution's ability to provide the continuity and expertise necessary to offer effective educational programs. Thus an institution needs to demonstrate the extent of its investment in personnel and the means by which it intends to provide such personnel in the future.

Some, though by no means all, components of this standard are

3.3.1 Criteria and procedures for faculty and staff appointment, retention, advancement, evaluation, termination, and due process are explicitly stated, published, accessible to all faculty and staff, reviewed periodically, and equitably administered.

3.3.2 Salaries and benefits accruing to faculty and staff are adequate and consistent with the purposes of the institution. Policies on salaries and benefits are clear, well-publicized, and equitably administered.

3.3.3 Policy regarding off-campus professional activity and publication by faculty is clear and conforms to accepted academic norms.

3.3.4 Non-discrimination is a stated and implemented policy of the institution consistent with institutional purposes. While State licensure should not hinge on the ways in which institutions implement the principles of equal employment opportunity and affirmative action, the assumption is made that these principles are consistent with quality education.

3.3.5 Faculty and staff roles in recruitment, retention, and advancement of their members are recognized and clearly defined.

3.3.6 Policy regarding privacy of information is clearly stated and published.

3.3.7 Materials in personnel files are properly protected.

Academic Freedom

3.4 A sound educational environment requires a secure framework of academic freedom. Academic freedom and job security are not synonymous and should not be contingent on each other. Regardless of whether faculty members hold probationary initial appointments or are on extended contract or permanent tenure, the same principles of academic freedom must apply to all. Academic freedom has to do with a method of inquiry rather than with the personal views of the inquirer. It gives one the right and implies the obligation as a scholar to examine all data and to question every assumption. It debars one from preconceived conclusions. It obliges a teacher to present all information fairly, because it asserts the student's right to know the facts. Academic freedom does not require neutrality on the part of either an individual or an institution. It is consistent with earnest and declared efforts to advance a particular point of view, if it be insisted that complete access to the facts underlie the argument and that the argument be plainly distinguished from the inquiry. To restrict the availability or limit the presentation of data or opinions, even though they may be considered erroneous, is to deny academic freedom.

The major, but not the only components of this standard are

3.4.1 The institution has a written policy on academic freedom, which is clearly stated, widely available, and actively followed

3.4.2 Faculty distinguish between personal conviction and proven conclusions and present relevant data fairly and objectively to students

STANDARD FOUR: Academic Achievement by Students

4. The institution should have verifiable evidence of academic achievement comparable to that required of graduates of similar degree programs at other accredited institutions in California

Some, but by no means all, components of this standard are

Assessment	4.1 The evaluation and assessment procedures maintained by the institution support the instructional program and provide evidence of student accomplishment and instructional effectiveness
Self Study	4.2 The institution periodically reviews the relationship between student work and expected outcomes of its curricula
Records	4.3 Records of student progress and achievement are readily understandable and usable by other academic institutions for the assessment of students for admission
Grading	4.4 Faculty members are able to verify the bases for assigning grades
Student Work	4.5 Student work products include activities such as tests, essays, written projects, theses, dissertations, and other culminating experiences
Standardized Evaluation	4.6 Standard evaluation procedures are used to measure student performance
Employment	4.7 Degree programs designed to prepare students for employment or professional licensure actually result in such employment or passage of licensure tests for employment
Student Satisfaction	4.8 Students attending the institution feel they are achieving their learning goals
Attrition	4.9 The institution retains data necessary to ascertain the percentages and causes of student attrition

STANDARD FIVE: Learning Resources

5. The purpose of a library and learning resources program is to support and improve instruction and learning in ways consistent with the philosophy and curricular programs of the institution. Its goals and objectives should be compatible with and supportive of the institutional goals and objectives. It should constitute a central support of the entire educational program, assist in cultural development of students, faculty, and the community it serves, and be capable of supporting research in major programs, to the level of degrees offered by the institution.

Some, but by no means all, components of this standard are

Adequacy

5.1 Facilities, materials, and equipment are provided at a level of quality and quantity that support and enhance the educational philosophy, goals, and objectives of the institution. Specifically, facilities are adequate to accommodate a satisfactory percentage of users in an inviting and efficient atmosphere. Materials appropriate in depth and breadth for the achievement of the goals and objectives of the library and learning resources program. Equipment is available in sufficient variety and quantity to serve the needs of the users.

Use of Other Resources

5.2 Occasionally an institution will make library and learning resources services available to students and faculty through specific arrangements with another institution or agency where the holdings and services are adequate to support both organizations' programs. In such cases, the institution demonstrates that these arrangements are formally recognized by all participating parties, are fully effective, will continue to be so in the foreseeable future, and are capable of meeting the needs of prospective program changes and additions.

Acquisitions

5.3 The acquisition program of the library and learning resources program enables the institution to keep pace with educational program development and also to maintain the range and distribution of holdings.

Resource Use

5.4 The institution's learning resources are used effectively by faculty and students, consistent with the educational goals of the institution.

STANDARD SIX: Financial Resources

6. The financial resources of both the institution as a whole and its operations in California affect the stability and quality of its California programs. The institution shall demonstrate that it has sufficient resources to ensure the continuity of its California operations and programs and shall guarantee on the authority of its governing board sufficient assets to assure that all students admitted to its degree programs in California shall have reasonable opportunity to complete their program.

Some, but by no means all, components of this standard are

Sources of Income	6.1 The institution gives evidence of the cultivation, continuity, and utilization of sources of income so that a continuing and sufficient income base can be projected
Stability of Income	6.2 The institution exhibits stability of income as measured by at least three years' history
Organization	6.3 All business and financial functions of the institution are centralized under a single business officer responsible to the president. The accounts of the California programs are reported regularly to the president and the board of trustees and are reported separately as a part of the institution's application for State licensure
Adequacy of Income	6.4 The institution demonstrates the sources and adequacy of financial resources for the support of its California programs. When these programs depend upon external funding or support from out of state, stability of this income is evidenced by an explicit guarantee from the institution's governing board to provide this support
Budget Planning	6.5 The institution prepares for its California programs an annual budget and short-range and long-range plans for financing its operating and capital expenditures. These budgets and financial plans consistently relate to educational plans and reflect commitments to educational programs. They are annually reviewed and adopted by the institution's governing board
Budget Control	6.6 The institution demonstrates a system of budget control in its California programs that is appropriate to the size and character of its programs
Accounting, Reporting, and Auditing	6.7 The institution's accounting system follows the generally accepted principles of institutional accounting as they appear in <i>College and University Business Administration</i> , published by the National Association of College and University Business Officers, or generally accepted accounting principles. An annual audit with a certified report is made by a certified public accountant employing a guide by the American Institute of Certified Public Accounts. The auditors are not to be directly connected with the institution
Refund Policy	6.8 The institution has and publishes a fair and equitable policy in reference to refund of the unused portion of tuition fees and other charges in the event the student fails to enter the course, or withdraws therefrom at any time prior to completion of the course. The refund policy for its California programs is consistent with the policy maintained by the institution for its operations in other states and regions

STANDARD SEVEN: Physical Plant, Materials, and Equipment

7. The physical facilities, including buildings, materials, equipment and campus should be designed and maintained to serve the needs of the institution in

relation to its stated purposes. Sufficient rooms for classes of various sizes should be available to meet the instructional needs of the institution. These should be properly lighted and adequately equipped, heated, and ventilated for their purposes and their uses.

When an institution does not have its own campus but rents or is provided free instructional facilities or when an institution has a campus but rents or uses facilities away from campus, it must demonstrate that the facilities are instructionally adequate, especially where laboratories, specialized instructional equipment, and library and learning resources are known to be necessary for acceptable programs.

Some, but by no means all, components of this standard are

Overall Adequacy

7.1 The physical plant -- buildings, grounds, and equipment -- are adequate to support the objectives of the institution and to meet the needs of the students.

Maintenance

7.2 The physical plant is well maintained and conforms to applicable legal requirements, especially those concerned with access, safety, and health.

Instructional Adequacy

7.3 The classrooms, laboratories, and other areas for instruction are properly equipped and adequate in number and size.

FOUR Additional Recommendations

IN addition to the procedures and standards recommended above for the review and licensure of out-of-state accredited institutions, the Committee also offers the following five recommendations for consideration by the California Postsecondary Education Commission

Prohibition of Accredited Institutions Operating as Nonaccredited

1. While Senate Bill 1036 created a new category in statute for out-of-state accredited institutions under *Education Code* Section 94310(a)(2), it did not preclude any accredited out-of-state institution that is unable to meet the standards contained in that section of the *Education Code* from coming into California and offering accredited programs and degrees through another provision of the *Education Code*. The Committee therefore recommends that the Commission seek legislation to revise the *Education Code* to preclude out-of-state accredited institutions from operating in California (under Section 94310 of the *Education Code*) unless they comply with the provisions of Section 94310(a)(2) and the standards contained in this report

Licensing Period

2 Senate Bill 1036 stipulated that the Superintendent of Public Instruction license out-of-state accredited institutions for a period not to exceed four years. The Committee has recommended in Part Two above that the State's licensure process should be conducted in concert with the accreditation review process whenever possible in order to limit the costs and burden to the institution as well as to improve the thoroughness of the review process. However, since the cycle for accreditation review is usually five years, it will be difficult to facilitate cooperative reviews by the State and the regional accrediting association. Accordingly, the Committee recommends that the Commission seek legislation to provide that for those institutions what are determined to be in compliance with the standards contained in this report (1) the initial State license be granted for a period up to the next accreditation action, but for no longer than five years, and (2) all subsequent licenses by the State be granted for a period consistent with the length of the accreditation action, but for no longer than five years

Representation of Out-of-State Institutions

3. Existing statute provides that the Council for Private Postsecondary Educational Institutions shall review and act on licensure fee schedules and participate in the development of regulations for private postsecondary institutions, including out-of-state accredited institutions. However, out-of-state accredited institutions are currently not represented on that Council. Accordingly, the Committee recommends that the Commission seek legislation to revise the membership of the Council for Private Postsecondary Educational Institutions to include representation by out-of-state accredited institutions operating in California under the provisions of Section 94310 (a)(2) of the *Education Code*

Initial Review

4. The Committee recommends that the entire review and assessment process for out-of-state accredited institutions be reviewed by the California Postsec-

ondary Education Commission within three years after its initial implementation -- that is, by July 1, 1989

Periodic Review

5. Finally, the Committee recommends that a process be adopted so that every five years the State licensing standards will be reviewed and revised as necessary, both to reflect changes in education as well as any revisions in the standards used by the accrediting associations

The Committee also offers one recommendation for consideration by the Superintendent of Public Instruction

Regulations

6. Based upon the standards and procedures recommended by the Special Committee and acted upon by the Commission, the Superintendent should develop regulations prior to March 1987, for the licensure of out-of-state accredited institutions operating in California. These regulations should be reviewed and approved by the Council for Private Postsecondary Educational Institutions. In the development of these regulations, an appeal process should be developed by the Superintendent in cooperation with the out-of-state accredited institutions currently operating in California. In addition, a process should also be developed by the Superintendent for the selection of members of the State's visiting team in those situations when the licensure visit is not held in conjunction with the accreditation visit

Senate Bill 1036 (Montoya)

An act to amend Sections 94310 and 94331 of the Education Code, relating to postsecondary education, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1036, Montoya. Postsecondary education: accreditation.

Existing law prohibits private postsecondary educational institutions from awarding academic or honorary degrees unless the institutions comply with specified standards.

This bill would authorize an institution incorporated in another state that has accreditation from a regional accrediting association recognized by the United States Department of Education at the time of the issuance of a degree, and that is approved by the Superintendent of Public Instruction pursuant to the provisions of this bill, to issue degrees, diplomas, or certificates.

This bill would prescribe the qualifications for licensure of private postsecondary educational institutions, increasing the licensing fee revenues paid to the Private Postsecondary Education Administration Fund, a continuously appropriated fund, and would thus constitute an appropriation.

This bill would take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 94310 of the Education Code is amended to read:

94310. No institution may issue, confer, or award an academic or honorary degree unless the institution meets the requirements of at least one of the subdivisions of this section.

(a) The institution meets the requirements of one or

both of the following paragraphs

(1) The institution, at the time of the issuance of a degree, has accreditation of the institution, program, or specific course of study upon which the degree is based by a national accrediting agency recognized by the United States Department of Education, by the Western Association of Schools and Colleges, or by the Committee of Bar Examiners for the State of California. The institution shall file with the superintendent an annual affidavit by the administrative head of the institution stating that the institution is so accredited. Institutions authorized to operate under this paragraph may issue diplomas and certificates as well as degrees

(2) An institution incorporated in another state that has accreditation from a regional accrediting association recognized by the United States Department of Education at the time of the issuance of a degree, and that is licensed by the superintendent, may issue degrees, diplomas, or certificates.

(A) The superintendent shall not license an institution to issue degrees, diplomas, or certificates pursuant to this paragraph until he or she has conducted a qualitative review and assessment of, and has approved, the operations of the institution in California, and the superintendent has determined all of the following.

(i) The institution has financial resources to ensure the capability of fulfilling the program or programs for enrolled students.

(ii) The faculty includes personnel who possess appropriate degrees from institutions accredited by a regional accrediting association recognized by the United States Department of Education in the degree major field or fields offered, in sufficient number to provide the educational services.

(iii) The education services and curriculum clearly relate to the objectives of the proposed program or programs, which are comparable in scope and sequence to minimum standards of comparable programs offered by accredited institutions already operating in this state.

(iv) The facilities are appropriate for the defined educational objectives and are sufficient to ensure quality

educational services to the students enrolled in the program or programs.

(v) The institution has verifiable evidence of academic achievement comparable to that required of graduates of other accredited institutions operating in this state for the program or programs upon which the degree, diploma, or certificate is based.

(B) All institutions incorporated in another state that were offering educational programs in California and were authorized to operate pursuant to paragraph (1) of subdivision (a) on December 31, 1985, shall have the option until and including December 31, 1989, of continued operation in California pursuant to authorization under paragraph (1) of subdivision (a) or through licensure pursuant to this paragraph.

(C) Except as otherwise provided by subparagraph (D), the superintendent shall grant licensed status under this paragraph for a period of four years.

(D) The superintendent shall grant licensed status under this paragraph until December 31, 1987, for all other institutions incorporated in another state that offered educational programs in California prior to July 1, 1985, that file with the superintendent within 30 days from the effective date of the amendments to this section enacted by the Statutes of 1985 all of the following information:

(i) A copy of the institution's most recent self-study report prepared for the institution's home regional accrediting association, as well as a copy of the institution's team report prepared by the accrediting association.

(ii) A list of the locations of all of the operations of the institution in California.

(iii) A list of all degree, diploma, and certificate programs offered by the institution in California, as well as the curriculum, instruction, and faculty utilized in each program.

(iv) A list of degrees, diplomas, and certificates offered by the institution.

Institutions licensed under this subparagraph shall offer in California only programs that the institution can

document to have been acknowledged and favorably reviewed by the home regional accrediting association.

(E) (i) The Director of the California Postsecondary Education Commission shall establish a special committee of persons with demonstrated knowledge of both regional accrediting standards and procedures and the special demands of off-campus programs. The committee shall include representatives from the State Department of Education, institutions incorporated in other states that offer educational programs in California, and public and private California colleges and universities.

(ii) The committee shall develop proposed standards and procedures to be used in the onsite review and licensure of institutions applying for licensure under this paragraph, subject to the principle that educational innovation and competition shall not be hindered unreasonably.

(iii) The committee shall report to the California Postsecondary Education Commission and the Superintendent of Public Instruction by November 1, 1985, regarding the proposed standards and procedures. The commission shall take action on the proposed standards within 60 days of receipt of the report by the special committee. This paragraph shall become inoperative on January 1, 1987, if the commission has not adopted standards and procedures proposed by the special committee by that date.

(iv) The committee shall utilize the following principles in the development of these standards and procedures:

(A) Within two years from the enactment of this statute, the State Department of Education shall review the operations of all institutions operating under the provisions of this subdivision

(B) Following the initial state review, subsequent onsite reviews by the superintendents shall be conducted wherever possible in conjunction with institutional reviews by the regional accrediting association. However, if there is substantial evidence that the institution is not in compliance with state standards, the

superintendent may initiate a special review of the California operations of the institution.

(C) Each institution shall submit a single application for all operations in California, and the application shall include a single fee which is institution-based and not site-based.

(D) The superintendent shall develop a procedural rationale to justify the number of sites to be visited by the state in the review of the institution's operations in California.

(E) The purpose of the onsite review by the superintendent shall be to determine that operations by the institution in California meet the minimum state standards identified in statute.

(F) The standards and procedures shall not unreasonably hinder educational innovation and competition.

(v) Prior to December 31, 1987, the State Department of Education shall utilize the standards and procedures recommended by the special committee and acted upon by the commission to review all institutions operating pursuant to subdivision (d) of Section 94310(a) (2).

(b) The institution, at the time of the issuance of a degree, has full institutional approval by the superintendent to award or issue specific professional, technological, or education degrees.

(1) The superintendent shall not approve an institution to issue degrees until he or she has conducted a qualitative review and assessment of, has approved each program offered by the institution, and has determined all of the following:

(A) The institution has facilities, financial resources, administrative capabilities, faculty, and other necessary educational expertise and resources to afford students, and require of students, the completion of a program of education that will prepare them for the attainment of a professional, technological, or educational objective, including, but not limited to, a degree.

(B) The curriculum is consistent in quality with curricula offered by appropriate established accredited institutions that are recognized by the United States

Department of Education or the Committee of Bar Examiners for the State of California and issue the appropriate degree upon the satisfactory completion of specific qualitative academic programs.

(C) The course for which the degree is granted achieves its professed or claimed academic objective for higher education, with verifiable evidence of academic achievement comparable to that required of graduates of other recognized schools accredited by an appropriate accrediting commission recognized by the United States Department of Education or the Committee of Bar Examiners for the State of California

The criteria developed for conducting the review and assessment shall effectuate the purposes of this chapter, but shall not unreasonably hinder legitimate educational innovation.

(2) The superintendent shall conduct the qualitative review and assessment of the institution and all programs offered through a comprehensive onsite review process, performed by a qualified visiting committee impaneled by the superintendent for that purpose. The visiting committee, which shall be impaneled by the superintendent within 90 days of the date of receipt of a completed application, shall be composed of educators from both accredited and state approved institutions. Within 90 days of the receipt of the visiting committee's report and recommendations, the superintendent shall take one of the following actions:

(A) Grant full institutional approval for a period not to exceed three years.

(B) Grant candidate for institutional approval status for a period not to exceed two years plus the remainder of the calendar year in which the application was made. Candidate status may be renewed only one time, at the discretion of the superintendent

(C) Disapprove the application.

If the application is disapproved, or candidate for institutional approval status is granted, the institution shall be advised of the specific reasons for the action and the specific corrective measures needed to achieve full institutional approval. An institution may not advertise

itself as an approved or fully approved institution unless each degree program offered by the institution has been approved in accordance with the requirements of this section.

(3) (A) The superintendent shall grant full institutional approval status for three years to all institutions operating pursuant to subdivision (b) of Section 94310 on June 30, 1984, as it read on that date and that have received full approval of all courses offered.

(B) The superintendent shall grant candidate for institutional approval status for a period not to exceed two years to all institutions operating on June 30, 1984, pursuant to both subdivisions (b) and (c) of Section 94310 as it read on that date. The superintendent shall specify a date, prior to June 30, 1986, by which all institutions operating pursuant to this subparagraph shall file a completed application for either full institutional approval pursuant to this subdivision, or authorization to operate pursuant to subdivision (c).

(4) The superintendent may authorize any institution approved to issue degrees pursuant to this subdivision to issue diplomas for the completion of courses of study that do not fully meet the degree requirements, but are within the institution's approved degree program.

The superintendent may approve an application to issue honorary degrees if the applicant institution has received full institutional approval to issue academic degrees.

(c) The institution has demonstrated that it is in compliance with formal standards recommended by the Council for Private Postsecondary Educational Institutions and adopted by the superintendent, which shall include, but not be limited to, the standards developed by the special committee pursuant to Section 94304.5.

(1) The institution shall demonstrate compliance with the standards through a comprehensive onsite review process conducted by a three-member visiting committee impaneled by the superintendent for that purpose pursuant to paragraph (2). The process shall review all of the following:

- (A) Institutional objectives.
- (B) Administrative methods.
- (C) Curriculum.
- (D) Instruction.
- (E) Faculty, including their qualifications.
- (F) Physical facilities.
- (G) Administrative personnel.
- (H) Procedures for keeping educational records
- (I) Tuition, fee, and refund schedules.
- (J) Admissions standards.
- (K) Scholastic regulations and graduation requirements.

(L) Degrees offered.

(M) Financial stability, including that the capital assets of the institution are sufficient for the type, level, and number of degree programs offered and that the current assets of the institution are sufficient to serve the number of students then currently enrolled and to meet any tuition or fee refunds that may reasonably be expected under the institution's refund policy.

(2) Within 90 days of the date of receipt of a completed application, the superintendent shall impanel a visiting committee for the purpose of reviewing the applicant institution. The visiting committee shall be composed as follows:

(A) One member appointed by the director of the California Postsecondary Education Commission.

(B) One member appointed by the superintendent from a list of three names submitted by the Council for Private Postsecondary Educational Institutions.

(C) One member appointed by the superintendent from his or her staff, who shall serve as chairperson of the visiting committee.

(D) Additional members may be appointed by the superintendent if the superintendent determines that their technical expertise is necessary to review the applicant institution. These members shall be nonvoting members.

(3) The visiting committee's responsibilities shall include all of the following:

(A) To verify the accuracy of the information

submitted by the applicant institution.

(B) To determine whether the applicant institution complies with the standards required by statute and regulation.

(C) To provide the applicant institution with a preliminary report of its findings, including its recommendation regarding the grant of the requested authorization, no later than 30 days following completion of the onsite review. The applicant institution shall provide the visiting committee with any additional information the visiting committee may request within 30 days after receipt of the preliminary report.

(D) To review the applicant institution's response to the preliminary report, and no later than 30 days following receipt of the response, submit a final report to the superintendent. The final report shall include the visiting committee's recommendation for the grant of authorization or for the denial of that authorization.

(4) If the visiting committee's recommendation regarding authorization is not unanimous, the superintendent shall refer the final report to the council or to an appropriate appeals committee of the council for its advice pursuant to paragraph (8) of subdivision (f) of Section 94304.

(5) Within 90 days of the receipt of a unanimous visiting committee's report or the advice of the council, as appropriate, the superintendent shall take one of the following alternative actions:

(A) Grant the applicant institution full authorization for a period not to exceed five years. Authorization pursuant to this subparagraph shall continue to be valid upon payment of the annual renewal fee specified in Section 94331.

(B) Disapprove the application.

The superintendent shall advise the applicant institution of the specific reasons for action taken pursuant to subparagraph (B) and of the specific corrective measures needed to obtain authorization. If those corrective measures have been taken, authorization may then be granted for an initial period not to exceed one year, and for periods of five years upon

each subsequent renewal, subject to the payment of the annual renewal fee specified in Section 94331.

(6) Not later than 90 days prior to the expiration of an authorization to operate, an institution shall file a completed application for reauthorization pursuant to subdivision (c) with the superintendent. The reauthorization process for all institutions shall include a full review by a visiting committee.

(7) All institutions operating pursuant to authorization received under this subdivision in effect on June 30, 1984, shall receive conditional authorization for a period not to exceed three years. On a specified date prior to June 30, 1987, determined by the superintendent, each institution granted conditional authorization pursuant to this paragraph shall file a completed application for reauthorization pursuant to subdivision (c).

(8) Authorization received pursuant to this subdivision shall not be interpreted to endorse, and it is unlawful for, any institution to represent by any means that the State of California, the Superintendent of Public Instruction, the State Board of Education, or the State Department of Education has made any accreditation or endorsement of the course of study or degree.

(9) If at any time the superintendent determines that an authorized institution has significantly deviated from the standards for authorization, but not to an extent that would warrant the withdrawal of the institution's authorization, the superintendent may place the institution on probation for a specific period of time. During the period of probation, the institution shall be subject to special scrutiny by the superintendent. That scrutiny may include required submission of periodic reports, as prescribed by the superintendent, and special visits by authorized representatives of the superintendent. If at the end of the specified probation period, the institution has not taken steps to eliminate the cause for its probation which the superintendent finds satisfactory, the superintendent may withdraw the institution's authorization to award degrees. An institution placed on probation pursuant to this paragraph may appeal the superintendent's action to the

council. The appeal shall be filed no later than 30 days following the superintendent's initial action pursuant to this paragraph.

(d) The institution is structured by schools of theology, and awards degrees primarily in theology and other areas of religious study, and it has filed all of the following affidavits with the superintendent:

(1) An annual affidavit of "full disclosure" describing the institutional objectives and proposed methods of achieving them, the curriculum, instruction, faculty with qualifications, physical facilities, administrative personnel, educational recordkeeping procedures, tuition and fee schedule, tuition refund schedule, scholastic regulations, degrees to be conferred, graduation requirements, and financial stability as evidenced by a certified financial statement for the preceding year.

(2) An affidavit by the president or other head stating that the institution owns, and shall continue to own, net assets in the amount of fifty thousand dollars (\$50,000) which is used solely for the purpose of education as stated in paragraph (1), located within this state, and stating that these assets provide sufficient resources to achieve the educational objectives of the institution. These assets shall include such real property as buildings and facilities, library materials, and instructional materials, but shall not include other personal property not used directly and exclusively by the institution for the purpose of education. The affidavit shall be accompanied by a statement from a public accountant showing the value of the interest of the institution therein to be at least fifty thousand dollars (\$50,000) above the unpaid balance on any note secured by a mortgage, deed of trust, or the unpaid balance on a contract of sale.

(3) An annual affidavit by the president or other head setting forth, as a minimum, all of the following information:

(A) All names, whether real or fictitious, of the person, institution, firm, association, partnership, or corporation under which it has done or is doing business.

(B) The address, including city and street, of every

place of doing business of the person, firm, association, partnership, or corporation, within this state.

(C) The address, including city and street, of the location of the records of the person, firm, association, partnership, or corporation, and the name and address, including city and street, of the custodian of those records.

(D) The names and addresses, including city and street, of the directors, if any, and principal officers of the person, firm, association, partnership, or corporation.

(E) That the records required by subdivision (k) of Section 94312 are maintained at the address stated, and are true and accurate.

Any change in the items of information required to be included in this affidavit shall be reported to the superintendent within 20 days of the change.

Within 90 days of the receipt of the affidavits described in paragraphs (1), (2), and (3), and prior to granting the initial authorization to operate, the superintendent shall verify the truthfulness and accuracy of the affidavits by impaneling a three-member team comprised of one representative which he or she shall select, one representative of the California Postsecondary Education Commission, and one representative selected by, but not affiliated with, the institution to be inspected. Within 30 days of the receipt of the report from the three-member team, the superintendent shall grant or deny authorization to operate. Authorization to operate may be denied only if the affidavits are inaccurate. Authorization to operate may be granted for one year initially and for periods of three years upon each subsequent renewal, subject to payment of an annual fee pursuant to Section 94331. For all affidavits beyond the initial application, the superintendent may take any steps necessary to verify the truthfulness and accuracy of the affidavits. Filing pursuant to this subdivision shall not be interpreted to mean, and it shall be unlawful for, any institution to expressly or impliedly represent by any means whatsoever, that the State of California, the Superintendent of Public Instruction, the State Board of Education, or the State Department of Education has

made any evaluation, recognition, accreditation, approval, or endorsement of the course of study or degree.

SEC. 2. Section 94331 of the Education Code is amended to read:

94331. The superintendent shall establish and maintain a Private Postsecondary Education Administration Fund. All fees collected pursuant to this section shall be credited to this fund, along with any interest on the money, for administration of the provisions of this chapter. The money in the fund is continuously appropriated to the State Department of Education without regard to fiscal years. However, if the Legislature makes an appropriation for the support of the Office of Private Postsecondary Education in the Budget Act of any fiscal year, the amount for support of the Office of Postsecondary Education expended from the Private Postsecondary Education Administration Fund during that fiscal year shall not exceed the amount appropriated by the Budget Act.

For the approval or authorization of private institutions operating under this chapter, including the licensure of institutions operating pursuant to paragraph (2) of subdivision (a) of Section 94310, the superintendent shall charge an amount not exceeding the the actual costs of approving or authorizing the private institutions. However, in no case shall these fees exceed the fee schedule in this section, except that these maximum amounts may be increased by a percentage that reflects an increase in the Consumer Price Index, all items of the Bureau of Labor Statistics of the United States Department of Labor, measured for the calendar year preceding the fiscal year to which it applies. If the actual costs incurred exceed the proceeds of the maximum amount so computed, the superintendent may further increase the maximum fee up to the amount of the actual costs incurred, with the approval of the council. The superintendent shall annually publish a schedule of the current fees to be charged pursuant to this section and shall make this schedule generally available to the public.

The following fee schedule shall govern the fees to be

paid by private institutions operating under this chapter:

(a) For approval to issue specified degrees pursuant to subdivision (b) of Section 94310:

(1) Fifteen hundred dollars (\$1,500) for an institution's original application.

(2) Five hundred dollars (\$500) for an institution's annual renewal.

(3) Two hundred dollars (\$200) for an institution's change of ownership.

(4) One hundred fifty dollars (\$150) for an institution's change of location.

(5) Five hundred dollars (\$500) for an institution's additional degree title.

(b) For authorization to issue degrees pursuant to subdivision (c) or (d) of Section 94310.

(1) Fifteen hundred dollars (\$1,500) for an institution's original application.

(2) Five hundred dollars (\$500) for an institution's annual renewal.

(3) Two hundred dollars (\$200) for an institution's change of ownership.

(c) For authorization to issue diplomas or offer courses pursuant to subdivision (c) of Section 94311:

(1) (A) Four hundred dollars (\$400) for a new institution.

(B) Two hundred fifty dollars (\$250) for an institution converting from approval pursuant to subdivision (d) of Section 94311.

(C) Two hundred dollars (\$200) for a new or converted institution of an administrative family.

(2) (A) Two hundred dollars (\$200) for an annual renewal of a new or converted institution.

(B) One hundred dollars (\$100) for an annual renewal of an administrative family institution.

(d) For approval to issue diplomas or offer courses pursuant to subdivision (d) of Section 94311:

(1) (A) Five hundred dollars (\$500) for a new institution.

(B) Two hundred fifty dollars (\$250) for a new institution of an administrative family.

(C) Two hundred dollars (\$200) for a new institution

of a nonprofit public benefit corporation, organized pursuant to Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code, if such education is limited to instruction in employment and skill training and if it is offered at no charge to those persons receiving such education.

(2) (A) Two hundred twenty-five dollars (\$225) for an institution's annual renewal.

(B) One hundred dollars (\$100) for an annual renewal of an institution of an administrative family and for an annual renewal of an institution described in subparagraph (C) of paragraph (1) of subdivision (d).

(3) Two hundred dollars (\$200) for an institution's change of ownership.

(4) One hundred fifty dollars (\$150) for an institution's change of location.

(5) One hundred dollars (\$100) for an institution's additional course.

(e) For an annual filing by an ownership to offer career-related education pursuant to Section 94315: Two hundred dollars (\$200).

(f) For purposes of this section, "administrative family" refers to two or more institutions under common ownership, and the ownership maintains centralized administration, records, and reporting at one California location, and has at least a five-year history of private postsecondary education operations in California.

(g) For evaluation of an applicant for a certificate of authorization for service, issued pursuant to paragraph (3) of subdivision (d) of Section 94311, the original and renewal applications for a three-year authorization shall be accompanied by a twenty-five dollar (\$25) fee.

(h) For a private school agent's permit pursuant to Section 94333: Twenty-five dollars (\$25) annually per applicant.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that the Superintendent of Public

Instruction is authorized to exercise jurisdiction over private postsecondary educational institutions based in another state operating one or more branches in California at the earliest possible time, it is necessary that this act take effect immediately.

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**Oversight of Out-of-State Accredited Institutions Operating in California:
A Report to the Commission Pursuant to Senate Bill 1036
California Postsecondary Education Commission Report 85-35**

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Special Committee for the Review of Out-of-State Accredited Institutions

Oversight of Out-of-State Accredited Institutions Operating in California

*A Report to the California
Postsecondary Education Commission
Pursuant to Senate Bill 1036*

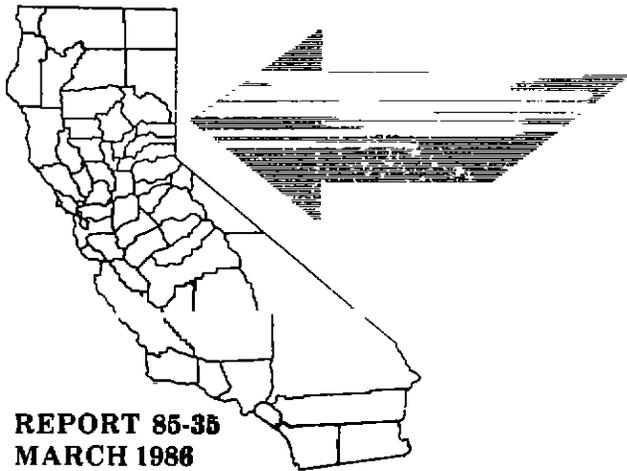


Special Committee for the Review
of Out-of-State Accredited Institutions

**OVERSIGHT OF OUT-OF-STATE
ACCREDITED INSTITUTIONS
OPERATING IN CALIFORNIA**



Special Committee for the Review of Out-of-State Accredited Institutions



REPORT 85-35
MARCH 1986

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