



Accrediting Commission of Career Schools and Colleges

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April 10, 2025

ELECTRONIC DELIVERY

██████████
Director

Cambridge Technical Institute
200 Rafael Cordero Avenue
Plaza Centro, Ste. 18
Caguas, Puerto Rico 00725

School #M070587
Continued Probation

Dear ██████████:

At the February 2025 meeting, the Accrediting Commission of Career Schools and Colleges (“ACCSC” or “the Commission”) considered the following:

- Cambridge Technical Institute’s (“CTI”) response to the Commission’s September 11, 2024 Probation Order;
- The Department’s July 12, 2024 Determination letter;
- The school’s July 22, 2024 correspondence to ACCSC regarding the school’s loss of eligibility to participate in the Title IV Federal Financial Aid programs by the United States Department of Education (“the Department”);
- CTI’s Application for Renewal of Accreditation; and
- CTI’s Application for a Change of Location, Part I and II.

Upon review, the Commission voted to continue Cambridge Technical Institute on **Probation** with a subsequent review scheduled for ACCSC’s August 2025 meeting. The reasons for the Commission’s decision are set forth below.

History of the Commission’s Review:

December 2023 Meeting Review

At the December 2023 meeting, the Commission considered the October 13, 2023 notification from the Department placing the school on Heightened Cash Monitoring 2 (“HCM2”) method of payment. In a letter dated October 24, 2023, the Commission acknowledged this notification and directed the school to provide additional information related to the Department’s action. Upon review of the October 13, 2023 notification, ACCSC’s October 24, 2023 letter, and the school’s response, the Commission voted to defer action to the March 2024 meeting and to direct the school to submit additional information to demonstrate the school’s compliance with accrediting standards in the areas of compliance with federal government requirements (*Section I (D)(3), Rules of Process and Procedure, Standards of Accreditation*) and that the financial structure of the school is sound, with resources sufficient for the proper operation of the school and discharge of obligations to students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*).

February 2024 and March 2024 Meeting Reviews

At the February 2024 meeting, the Accrediting Commission of Career Schools and Colleges (“ACCSC” or “the Commission”) considered the Application for Renewal of Accreditation and the Application for a Change of Location submitted by CTI. In addition, at the March 2024 meeting, the Commission considered the school’s HCM2 status with the Department as well as the Department’s February 9, 2024 notification

that CTI had lost its eligibility to participate in Title IV. The Commission's review considered the following:

- December 8, 2023 On-site Evaluation Report ("OER") for the school's Renewal of Accreditation and change of location on-site evaluation;
- The letters from the Department cited above (HCM2 status & Title IV eligibility);
- The Commission's December 2023 meeting letter (dated February 7, 2024) and ACCSC's Agency Notice letter to CTI (dated February 12, 2024); and
- The school's responses.

Upon review of the above information, the Commission voted to place the school on Warning and to direct the school to submit additional information to demonstrate the school's compliance the following accrediting standards:

- Continuous operation in providing education and training to students on an ongoing basis with the exception of the school's approved change of locations (*Section I (A)(11) & Section I (G)(2)(b), Rules of Process and Procedure, Standards of Accreditation*);
- Financial soundness with resources sufficient for the proper operation of the school and discharge of obligations to students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*);
- Successful student achievement (*Section VII (B)(2)(b), Substantive Standards, Standards of Accreditation*);
- Verifiable graduate employment records (*Section VII (B)(3), Substantive Standards, Standards of Accreditation*);
- Advertising, promotional materials, statements, and claims that are truthful and accurate and avoid leaving any false, misleading, misrepresenting, or exaggerated impressions with respect to the school, its location, its name, its personnel, its training, its services, or its accredited status (*Section IV (B)(1), Substantive Standards, Standards of Accreditation*).

August 2024 Meeting Review

From its review at the August 2024 meeting, the Commission notified CTI that the school must demonstrate that the financial structure of the school is sound, with resources sufficient for the proper operation of the school and the discharge of obligations to its students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*). Prior to the August 2024 meeting, ACCSC received notification from the school regarding the Department's determination that affirmed its decision of the school's ineligibility to participate in the Title IV program. The school stated that "it will continue with the appeal process, this time directly to the Administrative Actions and Appeals Services Group (AAASG), requesting a reversal of the decision..." (July 22, 2024 CTI notification, pg. 2).

To better understand the circumstances involved in the school's change of location, which appears to have precipitated the school suspending enrollment, and the Department's subsequent and associated loss of Title IV eligibility determination,¹ the Commission required additional information regarding the school's financial soundness, as detailed in the Commission's May 1, 2024 Warning letter. The Commission's

¹ The Department's determination of "continuous operation" appears to be more stringent than ACCSC's. However, if conflicts exist between federal requirements and accrediting standards, the federal requirements will take precedence. CTI must meet all applicable federal government requirements. In cases where accrediting standards and federal requirements differ, the more stringent will apply (*Section I (D)(3), Substantive Standards, Standards of Accreditation*).

Warning letter requires the submission of internally prepared financial statements for the 6-month period ending June 30, 2024 prepared in accordance with the requirements set forth in ACCSC's Instructions for the Preparation and Submission of Financial Statements and Related Information; a Management Discussion and Analysis narrative, examining the current financial condition of the school specifically detailing the impact of the HCM2 method of payment and the subsequent loss of Title IV; and documentation of the school's cash reserves and cash infusions (e.g., documentation of bank accounts, statements, transfers, etc.).

Upon review at the August 2024 meeting of the school's financial statements (internally prepared 2024, 2023 and 2022) and a description of the cash reserves and cash flow, the Commission raised serious concerns regarding the school's financial soundness and ability to continuously operate without access to Title IV federal funds. Despite CTI's assertion that it will continue to "adapt our strategies as needed" (June 28, 2024 CTI response, pg. 21), the Commission questioned the limited description of these strategies and the likelihood of alternative funding sources, alternative revenue streams, and increased engagement with the local community (*Id.*, pg. 21).

Based on the foregoing, the Commission ultimately determined that CTI failed to demonstrate that the financial structure of the school is sound, with resources sufficient for the proper operation of the school and the discharge of obligations to its students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*). The Commission placed the school on Probation and directed the school to submit additional information to demonstrate the school's compliance with the following accrediting standards:

- Financial soundness with resources sufficient for the proper operation of the school and discharge of obligations to students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*);
- Successful student achievement (*Section VII (B)(2)(b), Substantive Standards, Standards of Accreditation*); and
- Verifiable graduate employment records (*Section VII (B)(3), Substantive Standards, Standards of Accreditation*).

February 2025 Meeting Review and Action

Area of Non-Compliance with Accrediting Standards

CTI has failed to demonstrate that the financial structure of the school is sound, with sufficient resources for the proper operation of the school and the discharge of obligations to its students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*). In response to the Commission's request for CTI to demonstrate financial soundness in light of the school's loss of Title IV eligibility, the school provided internally prepared financial statements for the 12-month period ending September 30, 2023 showing:

- A working capital deficit of [REDACTED] ([REDACTED] current assets to [REDACTED] current liabilities);
- A low cash reserve of [REDACTED];
- A net loss of [REDACTED]; and
- Cash reserves and infusions.

The school noted that the cash reserves and infusions are attributed to the increase in transactions from related parties ([REDACTED] on December 31, 2023 to [REDACTED] by December 31, 2024). The school provided a summary of its bank statements along with untranslated copies of bank statements covering the period of December 30, 2023 through December 31, 2024. As the school's fiscal year end is December 31, the school

was not required to submit 2024 audited financial statements. As such, the Commission determined the submission of the audited statements are required for its review to make a final determination of the school's financial soundness.

The school has continually noted financial contributions from "related parties," as referenced above. The Commission understands this related party to be an affiliated ACCSC-institution owned by [REDACTED]. As noted on page 53 of the school response, CTI is receiving roughly [REDACTED] of "cash inflows to sustain its operations" from this affiliated institution, identified as [REDACTED]. The response also states that "this structure will remain in place until a final decision is reached by the department concerning Title IV funding" (January 3, 2025 CTI Response, pg. 53). As such, the Commission continues to express grave concern regarding the sustainability of the related party's infusion of cash, as this now represents a potential strain on an affiliated ACCSC-institution due to the common owner's interest in both schools. As again noted in the school's response: "Depending on the outcomes of this appeal, the school's ability to continue operating effectively could be significantly affected...if the appeal is not granted, the school may have to close through a teach-out process" (*Id.*, pg. 17). The school's continued description of the potential impact of the assessment of the Department's liabilities on the school's operations severely inhibits the Commission's confidence in the school's financial soundness at this time.

In addition, the Commission requested a copy of the Department's final program review determination letter detailing liabilities owed by the school. However, the school noted that at the time of the response it had not received a final determination letter. The school provided documentation from the Department acknowledging the school's submission of an appeal to the Administrative Actions and Appeals Service Group. The school provided a Closeout Reminder Letter from the Department on December 31, 2024 with regard to the closeout of student financial aid programs, although it appears the estimated liability owed to the Department is \$ [REDACTED] (*Id.*, pg. 43), the Commission noted that the school is engaged in the appeal process with the Department and requires to the school to submit the 2024 audited financial statements to make a determination of the school's assessment of the potential impact of the liabilities owed on the operation of the institution.

Based on the foregoing, the Commission directs the school to submit the following:

- a. A copy of the school's 2024 audited financial statements prepared in accordance with the ACCSC Instructions for the Preparation and Submission of Financial Statements and Related Information;
- b. An update regarding the school's appeal with the Administrative Actions and Appeals Service Group including any pertinent correspondence;
- c. A copy of the Department's final program review determination letter detailing the liabilities owed by the school, as applicable;
- d. Any correspondence with the Department since the time of the school's January 3, 2025 response to ACCSC's Probation letter;
- e. An updated Management Discussion and Analysis narrative examining the current financial condition of the school, addressing the school's ability to meet its obligations to students in a secure, reliable, and on-going fashion, and providing a more detailed update on the school's strategies for increased revenue;
- f. Documentation of the school's updated cash reserves and cash infusions for the entirety of 2024 (e.g. documentation of bank accounts, statements, transfers, etc. with account numbers redacted), ensuring all applicable documentation is accompanied by an English translation;

- g. A formal statement of support from the owner of [REDACTED] regarding continued cash infusions explicitly detailing the amount to be provided, schedule, sustainability of the money, any potential impact on [REDACTED], etc.; and
- h. Any additional information that the school believes will be useful to the Commission to demonstrate that the school is affirmatively in compliance with *Section I (C)(1), Substantive Standards, Standards of Accreditation*.

Additional Area of On-Going Concern

CTI must demonstrate successful student achievement by maintaining acceptable rates of student graduation (*Section VII (B)(2)(b), Substantive Standards, Standards of Accreditation*). The Commission's May 1, 2024 Warning and the Commission's September 11, 2024 Probation required the submission of updated Graduation and Employment Charts for the Cosmetology (Diploma) and Barbering & Styling (Diploma) programs, using July 2024 and January 2025 Report Dates, respectively. The Report Dates required by the Commission correspond with the school's 2022 change of location process, which precipitated a prolonged period of non-enrollment. As such, despite two requests for updated outcomes, CTI asserted that the school has been unable to provide a demonstration of successful student achievement as there is no data to report for the above-referenced report dates. Upon review of the school's most recent response, the school was again unable to provide sufficient data to demonstrate successful student achievement in these programs.

The school submitted a Student Achievement Improvement Plan; however, the plan insufficiently targets low enrollment, as there has been no reportable data on the Graduation and Employment Charts – as noted above – the Commission is interested in the school's plan for increasing enrollment. As the school experienced a period of non-enrollment, the plan does not appear to contemplate recruitment as a component during the period January 2025 - December 2025, if the school is unable to provide graduation and employment data, the school cannot demonstrate compliance with the student achievement standards.

Likewise, CTI did not include within the response an assessment of the school's program-specific student achievement improvement effort. Rather, the response broadly describes the school's efforts with regard to admissions requirements and processes, curriculum/training equipment, learning resource center, student services, and career services. Though the Commission acknowledges the scope of the school's plans, the documentation did not evidence that the school has engaged in a meaningful assessment of the *effectiveness* of the efforts to improve student achievement. For example, on page 21 of the school's response, the school described its efforts to bolster student services, in particular academic support initiatives; yet, the school did not provide an assessment as to how this activity has been implemented or how effective this particular strategy has been in supporting improvement in student achievement.

CTI did provide an evaluation of the current employment trends and an assessment of when the school believes the Cosmetology and Barbering & Styling programs may meet ACCSC's benchmark rates. The Commission noted that the school's presentation of its evaluation and assessment is substantively deficient in evidence and explanation. For example, the school stated: "Cosmetology and barbering professions are in constant demand in Puerto Rico, especially due to the highly valued personal care culture on the island" (*Id.*, pg. 22). Though the school's narrative asserts that these programs remain viable due to the demand for professionals in this area, the school did not submit details or evidence regarding how the school arrived at this conclusion or to support this claim.

Furthermore, the Commission directed the school to submit updated licensure examination pass rate information for the period July 1, 2024 - January 1, 2025, as the school previously stated it had no reportable data. In response to the Commission's September 11, 2024 Probation letter the school stated:

... 9 students graduated from the Cosmetology program between July 1, 2024 and January 1, 2025, while 5 students completed the Barbering and Styling program during the same period. At this time, no student has been able to take the bar exam...In Puerto Rico, the bar exam is offered only twice a year, approximately every six months... (Id., pg. 22).

The school provided the schedule of examinations, the application process to sit for an examination, a list of students awaiting the examination, and a description of strategies being implemented to support graduate licensure rates and an assessment of the school's progress towards meeting the Commission's benchmarks. Upon review, the Commission noted that, yet again, the response lacks specificity regarding how the school intends to ensure that graduates will register for and sit for the examinations following the completion of their training program. As the testing dates can fall significantly after graduation date, the school's narrative does not express how the school intends to specifically target this contributing factor. The school noted that it "contacts graduates to notify them of key dates and assist them in completing the licensing exam registration process..." (*Id.*, pg. 26); however, the Commission found that this explanation is not well supported with evidence. Additionally, the school provided no assessment of the efficacy of its strategies, and did not show whether those graduates that are available to register for a licensure examination in 2025 are doing so. The school did not demonstrate that it has neither implemented nor assessed its strategies for those graduates pending registration for a licensure examination.

In light of the above, the Commission requires additional information, and directs CTI to submit the following:

- a. The school's student achievement improvement plan for the Cosmetology (Diploma) program and the Barbering & Styling (Diploma) program specifically addressing any enhancements or modifications made in the following areas:
 - i. Admissions requirements and process;
 - ii. Recruitment planning for each program; and
 - iii. Student services;
- b. An **assessment** of the effectiveness and implementation of the school's student achievement improvement efforts;
- c. An evaluation of current employment trends including an assessment as to when the Cosmetology program and Barbering & Styling program graduation and/or employment rates are expected to meet ACCSC's benchmark rates;
- d. For each Cosmetology program and the Barbering & Styling program student who graduated from January 1, 2025 through June 1, 2025, indicate whether the graduate took the required examination and whether the graduate passed the exam:

Graduate ID	Program	Start Date	Graduation Date	Took Exam (Y/N)	Passed Exam (Y/N)

- e. The overall examination pass rate for 2024 (number of graduates who took the exam divided by the number of graduates that passed the exam) for these programs;

- f. For any program for which the reported rates of licensure do not meet the ACCSC benchmark, an updated description of the strategies being implemented to support graduate licensure rates and an assessment of the school's progress toward meeting the Commission's benchmarks;
- g. Minutes from any Program Name Program Advisory Committee ("PAC") meetings hosted in 2024 / 2025 that include:
 - i. The date, time, and location of each meeting;
 - ii. A comprehensive and clear description of the review of and commentary made by each of the school's PAC; and
 - iii. The PAC review and commentary regarding student achievement outcomes.
- h. An updated Program Viability Study for Cosmetology program and the Barbering & Styling program offerings that specifically addresses, given the low reported rates of graduate employment, whether the school's program offerings adequately prepare students for entrance or advancement in training related occupations (this should include both internal and external review and validation of the program content and objectives as well as an analysis of the job opportunities for the school's graduates in each of the school's program offerings, to include evidence of any claims regarding the viability of the programs);
- i. An analysis of retention improvement activities and an ACCSC Retention Chart² for the Cosmetology program and the Barbering & Styling program using a **July 2025** Report Date;
- j. A Graduation and Employment Chart for the Cosmetology program and the Barbering & Styling program using **July 2025 Report Date**;³
- k. Summary information for each Graduation and Employment Chart organized according to the corresponding **cohort start date** reported on the chart (line #1) as follows:

- i. For each student who started in the program, provide the following:

Count	Student ID	Program	Start Date	Graduation Date	Withdrawal/Termination Date
1	12345	Cosmetology	4/10/2023	5/01/2024	N/A
2	12346	Cosmetology	4/10/2023	N/A	7/15/2023

- ii. For each student classified as "Unavailable for Graduation" (line #6), provide the following information:

Count	Student ID	Program	Start Date	Reason Unavailable	Description of the Documentation on File
1					

- iii. For each graduate classified as employed in the field⁴ (line #14), provide the following:

Count	Graduate ID	Program	Start Date	Grad. Date	Employer, Contact, Address, & Ph. #	Date of Initial Employ.	Descriptive Job Title and Responsibilities	Source of Verification (i.e., graduate or employer)
1								

- iv. From the list in (iii) above, for each graduate classified as employed in a training related field, that is "self-employed," provide the following:

Count	Graduate ID	Program	Start Date	Graduation Date	Description of the Documentation on File
1					

² Available on the [Forms and Reports](#) page of the ACCSC website.

³ See the December 21, 2021 ACCSC [Accreditation Alert](#) regarding COVID-19 guidance for student achievement reporting effective for any Graduation and Employment Charts submitted with a January 2022 Report Date going forward.

⁴ See *Appendix VII – Guidelines for Employment Classification, Standards of Accreditation*.

- v. From the list in (iii.) above, for each graduate classified as employed in a training related field, that is “Career Advancement,” provide the following:

Count	Graduate ID	Program	Start Date	Graduation Date	Description of the Documentation on File
1					

- vi. For each graduate classified as “Graduates-Further Education” (line #11) or “Graduates-Unavailable for Employment” (line #12), provide the following:

Count	Graduate ID	Program	Start Date	Classification on the G&E Chart	Reason	Description of the Documentation on File
1						

1. Any additional information, to include contemporaneous retention, graduation, or employment data, that the school believes will be useful to the Commission in making a determination regarding the school’s compliance with ACCSC’s student achievement outcomes requirements.

PROBATION REQUIREMENTS:

In cases where the Commission has reason to believe that a school is not in compliance with accreditation standards and other requirements, the Commission may, at its discretion, place a school on Probation. A school subject to a Probation Order must demonstrate corrective action and compliance with accrediting standards. **Failure of the school to demonstrate compliance with accrediting standards or other accrediting requirements by the due date set forth herein may result in a revocation of accreditation action.**

The Commission will not consider substantive changes, a change of location/relocation, or additions (i.e., separate facilities, new programs) to a school or its separate facilities while the school is on Probation. However, a school that is subject to Probation may seek the Commission’s approval for the transfer of accreditation that would result from a change of ownership as described in *Section IV, Rules of Process and Procedure, Standards of Accreditation (Section VII (L)(6) Rules of Process and Procedure, Standards of Accreditation)*.

In accordance with *Section X, Rules of Process and Procedure, Standards of Accreditation*, the reasons for the Probation Order is made public and provided to the U.S. Department of Education, appropriate State agencies, and appropriate accrediting agencies.

TEACH-OUT PLAN REQUIREMENT:

Given the serious nature of the issues outlined herein, the Commission directs the school to provide an **updated [Institutional Teach Out Plan Approval Form](#), which must be submitted as part of the response for the items listed above.**

MAXIMUM TIMEFRAME TO ACHIEVE COMPLIANCE:

The Commission chose not to withdraw accreditation with the February 2025 action and determined to provide more time for the school to submit the December 31, 2024 FYE audited financial statements due in June 2025 and therefore voted to continue the school on Probation until the August 2025 meeting. If those financial statements do not demonstrate financial soundness, the Commission will likely take action to withdraw the school’s accreditation. The timeframe to remedy noncompliance will not exceed the timeframe established in *Section VII (M), Rules of Process and Procedures, Standards of Accreditation* (i.e., three years from September 2024); however, **the Commission is not required to allow the maximum time frame to remedy noncompliance and may establish shorter time frames as deemed appropriate,**

including taking immediate adverse action at the August 2025 meeting or other as deemed appropriate (Section VII (M)(5), Rules of Process and Procedures, Standards of Accreditation).

Notification to Students:

Within **seven days** of receipt of the Probation notification and for the duration of that action, the school must:

- a. Inform current and prospective students in writing that the school has been placed/continued on Probation and provide such notice on the school's website;
- b. Provide a summary that accurately describes the reasons for the Probation; and
- c. Provide the uniform resource locator (URL) where that action can be obtained from the Commission's website.

The school must **within seven days** inform current and prospective students in writing that the school has been placed/continued on Probation, provide a summary of the reasons for the Probation, and indicate where that action can be obtained from the Commission's website. (*Section VII (L)(7) Rules of Process and Procedure, Standards of Accreditation*). **Within 10 days the school must upload a copy of the notice provided to students to ACCSC's College 360 Database (directions below).**

RESPONSE REQUIREMENTS:

By applying for accreditation, a school accepts the obligation to demonstrate continuous compliance with the *Standards of Accreditation*. While the Commission employs its own methods to determine a school's compliance with accrediting standards, the burden rests with the school to establish that it is meeting the standards. The Commission's deliberations and decisions are made on the basis of the written record and thus a school must supply the Commission with complete documentation of the school's compliance with accrediting standards.

CTI must provide a response to the items expressed above that provides the information requested along with any additional information that the school believes supports a demonstration of compliance with accrediting standards.⁵ If the school's response contains documentation that includes personal or confidential student or staff information that is not required for the Commission's review (e.g., social security numbers, dates of birth, etc.), please remove or redact that information.

CTI must upload the school's electronic response directly to ACCSC's College 360 Database. The ACCSC College 360 database can be accessed by [clicking here](#). Please note that the password utilized by the institution to access the Annual Report Portal is the same to access the School Submission section of the College 360 database. The Instructions for College 360 DMS Submissions can be found [here](#). A detailed overview on how to upload a school submission can be found [here](#).

Keep in mind, the school's response must be prepared in accordance with ACCSC's Instructions for Electronic Submission (e.g., prepared as one Portable Document Format ("PDF") file that has been prepared using Adobe Acrobat software (version 8.0 or higher) and which has a .pdf extension as part of the file

⁵ ACCSC has resources for submitting a well-documented and organized response for Commission consideration. As a reminder *Section I (H)(1) Rules of Process and Procedure, Standards of Accreditation*, states that all submissions and notifications must be organized as required by the *ACCSC Instructions for Electronic Submission*. More information is available on the [ACCSC website](#) under [Resources](#) and [Forms and Reports](#).

name). The school will receive an e-mail confirmation that the file has been received within 24 hours of the submission.

In summary, the school's responses are to include the following:

- **A copy of the notice provided to students of this Probation to ACCSC's College 360 School Submission Portal uploaded no later than April 19, 2025;**
- **The school's response to the substantive items included in this letter along with a signed certification attesting to the accuracy of the information uploaded to the College360 School Submission Portal no later than July 3, 2025;**
- **An updated Institutional Teach Out Plan Approval Form submitted as part of the response due July 3, 2025.**

If the responses, the required \$1,000 processing fee, and the certificate of attesting to the accuracy of the information is not received in the Commission's office **on or before July 3, 2025**, the Commission will consider further appropriate action.

For assistance with the password or for any other questions regarding the electronic submission requirements, please contact [REDACTED] at [REDACTED]. Please note that any password requests to access College 360 must be made by the school director, or designated member of the school's management team, via e-mail.

For further assistance or additional information, please contact [REDACTED].

Sincerely,

[REDACTED]

Executive Director

c:

[REDACTED]

Puerto Rico Council on Higher Education