

Texas Workforce Commission

A Member of Texas Workforce Solutions

Tom Pauken, Chairman

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Commissioner Representing
Labor

Andres Alcantar
Commissioner Representing
the Public

Larry E. Temple
Executive Director

Notice of Intent to Revoke Certificate of Approval

July 27, 2011

CERTIFIED MAIL 7002 0510 0002 9661 3501
and United States Mail

Mr. Carli Strength, CEO
ATI Enterprises, Inc.
6331 Boulevard 26, Suite 275
North Richland Hills, Texas 76180

RE: S0024 ATI Technical Training Center (Maple Ave., Dallas)
S0328 ATI Career Training Center (North Richland Hills)
S0353 ATI Career Training Center (Dallas)
S2868 ATI Career Training Center (Garland)
S2869 ATI Career Training Center (Richardson)
S3264 ATI Career Training Center (Stemmons Freeway, Dallas)
S3375 ATI Career Training Center (Waco)
S3385 ATI Career Training Center (Houston)
S3555 ATI Career Training Center-Lewisville (Lewisville)
S0269 South Texas Vocational Technical Institute (McAllen)
S0270 South Texas Vocational Technical Institute (Weslaco)
S2028 South Texas Vocational Technical Institute (Brownsville)
S3258 South Texas Vocational Technical Institute (Corpus Christi)
S3446 South Texas Vocational Technical Institute (S.E. Military St., San Antonio)
S3509 South Texas Vocational Technical Institute (Jackson Keller St., San Antonio)
S1030 Dallas Nursing Institute (Dallas)

Dear Mr. Strength:

This provides notice that, based on the independent accountant's report submitted on June 29, 2011, the Texas Workforce Commission (TWC) intends to revoke the certificates of approval for all schools owned by ATI Enterprises, Inc. TWC, in its March 31, 2011 notice, required ATI to procure an independent third-party review of student completer placement-employment reporting at all ATI-owned schools in Texas for the 2009-2010 reporting cycle (September 1, 2009 – August 31, 2010 Reporting Period). Based on review of the accountant's report on the verification of student completer placement-employment results, as well as review of additional supporting documentation, ATI has not demonstrated reliably reported student employment rates for its programs or performance that is consistent with the minimum employment rate standard of 60 percent of graduates.

Texas Education Code §132.055(b)(15) requires that schools or colleges furnish TWC with the current rates of students receiving a certificate of completion, and any job placement and employment of students receiving a certificate of completion. Title 40, Texas Administrative Code, §807.131(b)(1) and (2) state that to maintain program approval, the school must demonstrate a reasonable student completion rate for each program and a minimum employment rate for program graduates in jobs related to the stated occupation.

TWC has determined that the ATI-owned schools in Texas have failed to comply with the statutory and regulatory requirements outlined above. The enclosed analysis details TWC's findings from the accountant's verification report. In short, TWC compared the independent reviewer's results and the results reported by ATI and finds that ATI's reported employment results are inaccurate and, in many cases, below the required standard.

As required by Texas Education Code §132.058, on behalf of Larry E. Temple, administrator of the Career Schools and Colleges Act, TWC hereby provides Notice of Intent to Revoke the continued approval represented by the certificate issued to all ATI-owned schools, effective five business days from the date of this letter. Within five business days of receipt of this letter, ATI must provide to TWC:

1. confirmation that enrollment of new students in all vocational programs regulated by TWC at all ATI-owned schools has been suspended;
2. current Master Student Registration Lists, to include information on all currently enrolled students, their program of study, and scheduled date of completion; and
3. confirmation that ATI has initiated plans to complete or provide a viable teach-out approved by TWC for each program of study for all currently enrolled students and will continue to provide all post-education assistance to graduates previously promised.

TWC will determine the effective revocation date of each school's certificate of approval upon review of the last date of completion for each vocational course currently underway.

Upon issuance, ATI has the right to appeal the Notice of Revocation within 15 days of receipt. The suspension of enrollments is not appealable; therefore, all future enrollments must be suspended within the specified timeframe.

Students currently enrolled in a vocational course at an ATI-owned school who withdraw from their current course of study prior to the point of 75% completion are entitled to a refund per the school's published refund requirements and consistent with the statutory minimum refund policy requirements in effect at the time of the student's withdrawal. Students who have enrolled but not yet begun a course of study shall be provided with a full refund to their or lenders' accounts as appropriate.

Carli Strength

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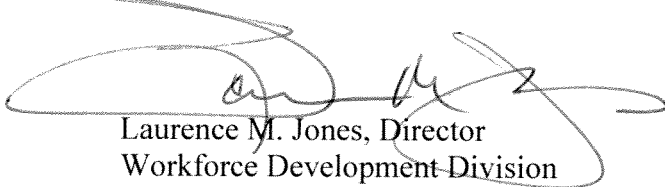
After the revocation of ATI Certificates of Approval becomes final, ATI will no longer be authorized to operate a career school or college in the State of Texas. Operation of a career school or college without such a certificate is prohibited by *Texas Education Code, §132.151(1)*. *Texas Education Code, §132.154* requires the administrator of the Texas Career Schools and Colleges Act to make application to a court of competent jurisdiction for an injunction restraining the Agency of any act that would be in violation of this chapter. Therefore, if ATI operates schools without the benefit of a Certificate of Approval, TWC will have no alternative other than to comply with the requirements of this section of the law.

Please note that *Texas Education Code, §132.151(5)* requires ATI to notify TWC of the discontinuance of the operation of the school within seventy-two (72) hours of the cessation of classes and to make available accurate records. In addition, *Title 40, Texas Administrative Code, §807.212* requires a school to permanently maintain student transcripts of academic records, financial records in accordance with federal retention requirements, and all student records for at least a five-year period.

TWC will work with ATI to address questions and challenges that arise in the process of closing out regulated vocational programs at ATI-owned schools in Texas.

Please feel free to call Laurie Biscoe at 512-936-9256 if you have questions about this letter or need any assistance.

Sincerely,



Laurence M. Jones, Director
Workforce Development Division

cc: Dr. Michael McComis, Accrediting Commission of Career Schools and Colleges
Dr. Gary Puckett, Council on Occupational Education
Carole Moneymaker, Accrediting Bureau of Health Education Schools

Attachment

Summary of Findings - Third Party CPE Reporting Review
ATI Misreporting/Overreporting of Employment Related to Program of Study

The Texas Workforce Commission (TWC) ordered ATI to contract with an independent, third-party Certified Public Accountant for purposes of conducting an independent verification of student completer placement-employment reporting at all ATI-owned schools in Texas for the 2009-10 reporting cycle (Sept. 1, 2009 – Aug. 31, 2010 Reporting Period).

The CPA was to verify employment information for ATI's graduates was as originally reported by ATI. The CPA then provided recalculated employment rates:

1. a recalculated employment rate based on the method used by ATI and other career schools to report to TWC on the percentage of a program's graduates with verifiable, documented employment in the occupation for which they were trained; and
2. a maximum possible employment rate that counted as employed those graduates for whom the accountant was not able to make contact with the student or the reported employer in order to verify employment outcomes.

Using the CPA's report and supplementary data submitted by the CPA at TWC's request, TWC has evaluated the accuracy of the employment outcome data reported to TWC by ATI schools. Key observations based on this analysis are:

(1) Although ATI's requirement was to validate all employment outcomes for all graduates reported by ATI, the independent verification reflects a contact rate of only 54% for all schools, with contacts for some programs being as low as 11%.

(2) In comparing the employment rates reported by ATI to those recomputed by the CPA using the standard employment rate reporting method, based on the percentage of a program's graduates with verifiable, documented employment in the occupation for which they were trained for ATI's vocational programs to the employment rates reported by ATI:

- 61 programs (97%) had rates overreported by 2% or more percentage points
- 60 programs (95%) had rates overreported by 5% or more percentage points
- 57 programs (90%) had rates significantly overreported ¹
- 40 programs (63%) dropped from having met the 60% employment rate to no longer meeting the 60% minimum employment rate

(3) The verification report reflects a number of students reported as graduates that varies from the ATI-reported numbers for a significant portion of programs.

¹ Programs in which the ATI-Reported employment rate was higher than the upper limit of the 95% confidence interval of the accountant's reported recomputed employment rate.