

EDUCATIONAL APPROVAL BOARD

Meeting of September 10, 2002

1:30 p.m.

30 W. Mifflin Street, 8th Floor
Madison, WI 53703

Members Present: Raymond G. Boland, Richard L. Berg, Leroy Conner, Jr., Gene Kussart, Delora Newton

Absent: Jon E. Litscher, Georgiana Giese

Others Present: David Dies, Joan Fitzgerald, Linda Heidtman, Patrick Sweeney, Blanca James, EAB; John Rosinski, WDVA; Jim Buske, HEAB; Patti Epstein, Inacom; Brad C. Karthaus, TechSkills LLC; Don Madelung, Herzing College

Raymond Boland, Chair of the Educational Approval Board (EAB), called the meeting to order at 1:40 p.m. He noted that all members were present with the exception of Mr. Litscher and Ms. Giese. A motion (Kussart, Berg) to approve the June 18, 2002, minutes was made. The motion was approved unanimously.

BOARD CHAIR'S REPORT

Mr. Boland informed members that he and Mr. Dies met with policy staff in the Governor's Office to discuss potential items for inclusion in the EAB's biennial budget request. The feedback received was very positive. The staff especially liked the effort to prioritize issues and consider policy issues as separate legislation. It was reported that the motion to hold the discrimination complaint related to the hiring of the Executive Secretary in abeyance until the complainant pays fees he currently owes to the state was granted.

EXECUTIVE SECRETARY'S REPORT

Mr. Dies reported that Blanca James was hired as the new Program Assistant for the EAB in late July. He also indicated that the EAB was currently in the process of reclassifying the three Education Specialist positions. The request has been forwarded to the Department of Employment Relations and it likely would take several months before a decision was rendered. It was reported that the increased salary costs associated with the reclassification would require funds to be transferred between various budget lines.

Mr. Dies mentioned that he would be meeting in the coming weeks with the head of DVA's division of administration to start negotiations on an Administrative Services Agreement for FY 03. Members were informed that it likely would be necessary to transfer funds between budget line to cover the agreement, similar to what was done in FY 02.

It was reported that final year-end figures for FY 02, showed a savings of about \$85,000 due to vacancies of the program assistant and the executive secretary positions, and about \$12,600 more in school revenues than budgeted. These monies will be added to EAB's retained earnings balance bringing the total to approximately \$350,000. Mr. Dies pointed out that this total represents monies that have accumulated over the last 15 years. This sum has been identified as a source of money available to the EAB to establish a student protection fund, which will be considered as part of the EAB's 2003-05 budget request.

The EAB staff started the 2003 school renewal process. A copy of the information distributed to schools is attached to the Executive Secretary's report indicating the type of information being requested from the schools. This year additional information is being requested so that the EAB can get a better picture on the schools' outcome measures. All but 12 schools have responded, and staff is working with those schools.

An update was made on the EAB November 14th conference. The focus of the conference will be on the budgetary and administrative rule issues that the EAB is putting forward. A pre-conference workshop will take place on November 13, which will look at marketing aspects of career colleges.

Mr. Dies updated members on several school issues. Although MBTI, Inc. has made progress in trying to reach a settlement with the U.S. Department of Education, the school lost is accreditation from the Accrediting Council for Independent Colleges and Schools. MBTI is still teaching out the remaining night students and is looking into starting as a new school. Career Skills, formerly OnIT Consulting, is moving forward and has received authorization from SLM, a private lender, enabling them to open. The school should be opening soon and will start teaching out former OnIT students. Trident University, a school operating out of Singapore, was denied EAB approval, and the school has asked the EAB to reconsider its decision.

SCHOOL ACTIVITY REPORT

Mr. Dies requested that items A through D (new schools, new programs, new locations, and revised programs) of the School Activity report be approved. A motion (Kussart/Berg) was made and approved unanimously.

ADMINISTRATIVE RULE MAKING PROCESS

Mr. Dies reported that at its last meeting, the Board authorized staff to publish a statement of scope and prepared draft rule language on distance education. Subsequently, Mr. Dies and Mr. Boland discussed the rule process and identified a number of administrative issues in addition to those relating to distance education. Mr. Boland requested that staff bring back to the Board two proposals -- an option to only address distance education and an alternative option to pursue a more comprehensive administrative rule change, including the distance education component. Also discussed at the last Board meeting was whether or not to pursue the distance education rule as an emergency rule. Based on a review of the rule process and the criteria for emergency rule, Mr. Dies recommended that the board not pursue the rule change as an emergency rule.

Mr. Dies recommended that the Board adopt Option B (the comprehensive rule) and authorize EAB staff to publish a statement of scope and develop draft language. The Board would meet via teleconferencing to approve rule language and would hold a public hearing in conjunction with its December meeting.

Mr. Berg questioned the effect the rule would have on the University of Wisconsin and the technical college system. Mr. Dies indicated that the EAB has a separate chapter and he did not anticipate any concerns about the rule.

A motion was made (Conner/Berg) directing EAB staff to pursue a single comprehensive administrative rule (Option B). The motion was approved unanimously.

2003-05 BUDGET REQUEST

Mr. Dies presented a briefing paper prepared by staff that discussed potential budget and legislative issues to be considered during the 2003-05 session. Mr. Dies pointed out that the creation of a state-funded financial aid program, discussed at the last Board meeting, was not one of the items included in this proposal, primarily because budget instructions directed agencies not to submit new GPR funding requests. EAB staff is, however, seeking authority to work with the Governor's Office, administrative officials and members of the Legislature as work on the biennial budget progresses.

Standard Budget Adjustment proposal. DVA's budget office will automatically include standard budget adjustment items for the EAB. These adjustments include salary and fringe rate changes. Due to the delays within DOA, specific information regarding these changes is not available.

Reclassification Adjustment. Reclassification for three Education Specialist positions is anticipated to be approved by DER during the fall of CY 02. Because the reclassification is likely to happen after 2003-05 base budget salary and fringe levels have been set, this request would adjust the budgeted salary and fringe lines accordingly.

Student Protection Fund. Creation of a student protection fund would provide additional protection to students in situations when a school closes and the required bond is not adequate to fully indemnify students. The request would create a new appropriation for this fund and give the EAB authority to develop rules.

Mr. Dies described how the fund would work and the impact it would have on schools. A fee paid by schools would be created through an administrative rule process. Based on current student losses, an initial goal would be to build the fund to at least \$1 million. Once the protection fund is created, Mr. Dies indicated that the current bonding requirements could be greatly simplified, in such a way that savings from the bonding changes would likely offset the new fee. He added that the EAB's retained earnings, which could be used to support this fund, was not part of the request, but would be considered at a future time.

Mr. Conner indicated his opposition to the creation of another fee that would apply even to those schools that are doing their job. He asked that schools have an opportunity to comment on this issue. Mr. Dies indicated that this issue would be discussed at the approved schools conference in November and that there would be ample opportunity for input as part of the rule making process that would be necessary should the provision be adopted.

A motion was made and seconded (Kussart/Berg) to adopt the recommendation of EAB staff for the three proposals to be contained in the budget. All were in favor with the exception of Mr. Conner.

OTHER BUSINESS

Mr. Kussart suggested that a discussion regarding student financial aid be brought up at a future meeting. Mr. Berg indicated that he would like the Board to look at the agreement with Minnesota to ensure there are no conflicts. Mr. Dies indicated that the information would be provided to the Board.

There being no further business, a motion (Conner/Newton) to adjourn was made and unanimously approved. The meeting adjourned at 2:45 p.m.