

EDUCATIONAL APPROVAL BOARD

Meeting of Thursday, March 4, 2004
1:30 p.m.

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

Members Present: Christy L. Brown, Michael Cooney, Terry Craney, Joe Heim, Rick Raemisch, John Scocos, Monica Williams

Others Present: David Dies, Joan Fitzgerald, Linda Heidtman, and Blanca James, Educational Approval Board; James Stewart, WDVA; Don Madelung, Herzing College.

The EAB board secretary, Michael Cooney, called the meeting to order at 1:32 p.m. The roll was called and all members were present. A motion (Brown/Raemisch) to approve the minutes of December 16, 2003, and February 10, 2004, was adopted unanimously.

INTRODUCTION OF NEW BOARD MEMBERS

Mr. Cooney noted that the Governor had appointed two new board members, Joe Heim and John Scocos. Mr. Cooney asked the board members to introduce themselves and give some background information. Mr. Dies directed the board to member bios the contact information list.

ELECTION OF OFFICERS

Mr. Cooney indicated that the board needed to elect officers. He requested nominations for chairperson. Terry L. Craney was nominated (Brown/Raemisch) for chairperson. There were no other nominations and Mr. Craney was unanimously elected chairperson. Mr. Craney assumed the chair.

Mr. Craney explained to board members that the chairperson, vice-chairperson, and secretary constitute the executive committee of officers of the board. Mr. Craney opened the floor for nominations for vice-chairperson. Christy L. Brown was nominated (Cooney/Raemisch) for vice-chairperson. There were no other nominations and Ms. Brown was unanimously elected vice-chairperson. Mr. Craney requested nominations for the secretary position. Michael Cooney was nominated (Brown/Raemisch). There were no other nominations and Mr. Cooney was unanimously elected secretary.

EXECUTIVE SECRETARY REPORT

Mr. Dies discussed a few housekeeping items regarding reimbursement to board members for board meeting expenses and honorariums. He informed the board that staff briefings listed on the agenda would be deferred to the next meeting because of staff unavailability and the already full agenda.

AWARENESS AND UNDERSTANDING OF THE EAB AND APPROVED SCHOOLS

Approved Schools Directory - Mr. Dies informed the board that the directory of approved schools had been published and distributed in February to EAB-approved schools, high school guidance offices, local job centers, county veteran service offices, selected libraries, state legislators, workforce development boards, educational opportunity program sites, and other state agency officials. The directory is required under EAB 4.09. Mr. Dies indicated that the directory is also available from the EAB website. The electronic version of the directory is updated semi-annually. Mr. Dies also mentioned that EAB staff is exploring ways to improve the directory and will be conducting a survey to gain feedback from recipients.

Press Releases - An EAB press release regarding the appointment of Monica Williams was issued after her appointment. Another press release regarding the appointments for Mr. Heim and Mr. Scocos will be made after the Governor makes an official announcement.

External Education - Mr. Dies said that he is continuing to explore opportunities with the Wisconsin Technical College District Boards Association to share information about the EAB and its important role in the delivery of higher education in Wisconsin.

POSITIVE WORKING RELATIONSHIPS AND ALLIANCES

Teacher Licensure - Mr. Dies briefed board members on a February 12 meeting that was held with EAB-approved teacher education institutions; Kathryn Lind, Director of Teacher Education, Department of Public Instruction; Ron Jetty, IPD Consultant of Wisconsin Education Association Council (WEAC); and Miles Turner, Executive Director of Wisconsin Association of School District Administrators (WASDA). Terry Craney of the EAB board was also in attendance. The purpose of the meeting was to inform the schools of PI 34 and its implications. The result of the meeting was a better understanding of EAB-approved institutions and their issues by DPI, WASDA, and WEAC. A detailed summary of issues and of teacher education schools and their programs is included in the Executive Secretary's Report.

Mr. Craney commented that he felt time would tell whether or not the PI 34 teacher licensure system will work. He said that it is a flexible system that may require some changes over time. Mr. Dies said that the EAB had achieved its objective of establishing a dialogue between the schools, DPI, WASDA, and WEAC.

CONSUMER PROTECTION AND EDUCATIONAL CHOICES

Student Protection Fund Rules - Mr. Dies reported that on February 10 the board held a public hearing and gave final approval of the proposed administrative rule order creating a student protection fund. The respective standing committees have a 30 calendar day passive review. It is anticipated that the Legislature will not take action and the rule will be approved after the 30 days elapse and it is filed with the Secretary of State and Revisor of Statutes. The effective date of the rule is expected to be June 1.

Education Tax Credit - Mr. Dies summarized the Education Tax Credit Bill (Senate Bill 268) and how it would affect certain EAB-approved schools. The bill is presently awaiting executive action by the Joint Finance Committee who held a public hearing March 3, 2004. The EAB will continue to monitor the bill.

Massage Therapy Legislation - Mr. Dies briefed the board on Assembly Bill 78, which had been introduced by Representative Gregg Underheim at the request of the EAB. The bill would eliminate the EAB's role in qualifying individuals for certification as massage therapists or bodyworkers, a function for which the DRL is also responsible. Under 2001 Wisconsin Act 74, the EAB's authority was expanded to qualify individuals for certification as massage therapists or bodyworkers with the Department of Regulation and Licensing (DRL).

OPERATIONAL / ADMINISTRATIVE POLICIES AND PROCEDURES

Personnel – It was reported that the EAB is in the process of hiring a Limited Term Employee (LTE) to perform a comprehensive update of its database. The database was developed in 2000 and has not been modified since then.

Budget - Mr. Dies provided information highlighting the expenditures and revenues of the agency. He pointed out that the lower multiplier used to assess renewal fees was reflected in reduced revenues this year. Because of the significant growth in school revenues, the EAB board lowered its multiplier at the December 2002 meeting.

Administrative Services Agreement - The EAB is planning to begin discussions with officials from the Department of Veterans Affairs (DVA) in the next few weeks about an administrative services agreement for FY 04. Under this agreement, the EAB provides funding to the DVA for accounting, budget, fiscal management, IT, legal, payroll, personnel, and purchasing services, as well as rent and other direct charges from DOA.

SCHOOL APPROVAL ISSUES

For the benefit of new board members, Mr. Dies described the procedures used to review and approve the school activity report. He pointed out that the report summarizes staff activities and determinations that have been made during the past quarter, which the board is asked to formally approve. In addition, the report provides information on other school issues that warrant being brought to the attention of board members.

Mr. Dies commented on ITT Technical Institute. The school is headquartered in Indiana, with operations in other states, including two locations in Wisconsin. In response to a court order, federal inspectors took possession of records from the Indiana headquarters as well as campuses in several other states. None of the locations in Wisconsin were involved. Currently ITT is bonded for over \$1 million and EAB staff will continue to monitor the situation. Mr. Cooney pointed out that although this situation has not impaired the education being provided, it has impaired the corporate finances drastically.

Mr. Dies was asked to give to the board a short summary on the approval process. He answered several questions about the process, but in the interest of time he directed board members to the School and Program Approval Guide that is found in the Board Manual. This guide provides comprehensive information on the process. Mr. Dies offered to walk the board through the approval process at a later meeting.

A motion (Cooney/Williams) to approve items A through E of the School Activity Report was approved unanimously.

SAWYER COLLEGE OF BUSINESS

Mr. Dies provided an overview of Sawyer College of Business, which operated in Milwaukee until it closed in 1979. In 1985 the board certified a list of claimants (students attending the school when it closed) and filed a claim on the surety bond – a \$25,000 general school bond and four (4) separate \$1,000 representative bonds.

The EAB was engaged with the surety company for over one year to ensure a proper claim had been filed. In 1986 the EAB learned the surety company itself had become insolvent. After nearly a decade of working with the Ohio Insurance Liquidator, the EAB learned in 1995 that its claim had been approved and that a determination letter would be forth coming. However, it was not until April 2000 that a determination of claim notice was received. In December 2003 two checks totaling \$29,000 were received. The funding has been placed in a state holding account pending board decision about its disbursement.

Because most of the claims involved student loans through the Wisconsin Higher Education Corporation (WHEC), the loan guarantee agency (then publicly controlled), it is assumed that most of the refunds would have been due to WHEC since many students likely defaulted on their loans. However, if a student did fulfill their loan obligations, refunds would be due the student.

Trying to locate former students of the school would be nearly impossible. One problem was that WHEC became a private corporation and is now the Great Lakes Higher Education Corporation (GLHEC). Even if GLHEC had records for students of the school, it is highly likely that the loan obligations have been written off as uncollectable given the time that has passed since the school closed.

The EAB staff has recommended that notice be given to potential claim holders through a legal notice in the official state newspaper. Claimants would be required to provide proof of their claim. If total claims exceeded the \$29,000 available, refunds would be prorated.

Ms. Williams asked how much time a person would have to file a claim. Mr. Dies responded that no prescribed amount of time is required, but that the EAB would allow for a sufficient period – at least 60 to 90 days. Mr. Cooney suggested that the board could deal with this matter in two stages -- first, a motion to put out the legal notice calling for claimants, and second, if no claims are made by the June 10 meeting the board could move the money into the student protection fund.

Ms. Brown questioned where the legal notice would be published. Mr. Dies answered that because the Wisconsin State Journal is the official state paper it would be placed there. He mentioned that because the school was located in Milwaukee, the EAB also would look at publishing the legal notice in the Milwaukee Journal Sentinel. Ms. Brown asked that consideration be given to some of the smaller publications that have a broad distribution in certain communities. Ms. Williams also suggested staff look into placing the notice on the public cable channel.

Mr. Raemisch asked how difficult would it be to try to identify the claimants. Mr. Dies explained to board members that it would be extremely difficult to try to locate each of the originally identified claimants. The process of locating these students was difficult one year after the school closed. It would be nearly impossible to do so now almost 24 years after the school closed.

A motion (Cooney/Scocos) to have the EAB make a good faith effort to notify potential claimants of the bond proceeds from Sawyer College of Business by providing legal notices in the official state newspaper and Milwaukee area newspapers was approved unanimously. In addition, the EAB board will revisit at its next meeting the second part of the original recommendation which requests that the unclaimed funds be transferred to the student protection fund appropriation.

STUDENT RECORDS RETENTION POLICY

Mr. Dies provided an update on the student records retention issue. Assembly Bill 828 had been introduced since the last board meeting and a public hearing was held on February 24. Under the bill, the EAB would have the authority to take possession of student records from a school that has closed or is about to close if there are concerns about the records being lost, secreted, destroyed, mislaid, or otherwise unavailable. Mr. Dies gave Mount Senario College as an example of what type of situation would prompt this action.

Although the EAB had worked with Wisconsin Association of Independent Colleges and Universities (WAICU) because Mount Senario was a member, they decided after the bill was introduced that they wanted their members to be exempt. At the request of Representative Mary Williams, the bill's author, Mr. Dies responded to WAICU's request and explained that every attempt had been made by Mount Senario staff to get another institution, including WAICU, to take possession of their student records. When it appeared that the records would no longer be available to students and could be lost or destroyed, the EAB decided to take possession of the records to ensure former students could have access.

This agenda item was for information purposes and no board action was required. Mr. Dies noted that the student record retention issue likely would be included in the EAB's 2005-07 budget request.

2005-07 BIENNIAL BUDGET

Mr. Dies directed the attention of board members to the 2005-07 biennial budget paper. He mentioned that the board will need to act on the budget at its June meeting and this briefing

paper was intended to give board members a sense of the issues to be considered and to generate discussion on several of the items.

One item EAB staff is looking for input on is the administrative attachment to the Department of Veterans Affairs (DVA). Mr. Dies indicated that the EAB has a very good relationship with DVA. However, when looking at the EAB and its mission, it is an education entity. When it was first attached to the DVA it had responsibilities for GI bill functions. This is no longer the case, and the question has previously been raised about seeking a more education-focused agency for its administrative attachment. Moreover, the question of the EAB's administrative attachment is being raised in light of its strategic goal to enhance the visibility and awareness of the agency.

Mr. Dies directed the board to a spreadsheet that listed a variety of state agencies along with the pros and cons for each possible administrative attachment. Because Wisconsin does not have a postsecondary coordinating commission or any other type of higher education body that oversees all of the various sectors of postsecondary education, there is no right fit for an agency like the EAB. In addition, Mr. Dies said that a staff recommendation had not been provided to avoid influencing board discussion.

Mr. Scocos introduced himself as the new secretary and past deputy secretary of the DVA that negotiated some of the items mentioned by Mr. Dies earlier about the administrative services agreement. He indicated that he would like to come back and present a summary of all of the administrative services charges at the next meeting. Whether the EAB is with DVA or another agency is not up to the DVA, but as the secretary he is responsible for protecting his agency. He also stated that the DVA was not only fair but overly fair in terms of the administrative services agreement. He wants the "fit" for the EAB to be wherever the board determines. Mr. Scocos indicated that his agency would be glad to answer any questions in reference to cost factors and anything the agency can do to cut those costs. Mr. Scocos said he would have information to present by the next meeting.

Mr. Dies clarified that the administrative attachment issues being raised were not precipitated by negotiations over the current administrative services agreement. The issue being presented is much broader and speaks to the board's vision for the EAB. The EAB staff is very happy with its administrative attachment from a functional perspective and is not interested in change for the sake of change. However, it is the responsibility of staff to have the board look at positioning the agency so that it addresses the goals that are in the strategic plan that talk about enhancing the EAB's visibility and awareness.

Mr. Cooney commented that there is no best home for the EAB. Mr. Cooney suggested that the EAB might want to put more emphasis on explaining who and what the EAB is rather than looking for a new home. Ms. Brown inquired about a timeline for the budget process. Mr. Dies said that the EAB needs to submit its budget on September 15 and therefore needs to take action on the budget at its June meeting. Ms. Williams suggested the EAB look at and discuss the strategic plan before any decisions are made on this issue.

It was determined that this and other budget issues would be further discussed at the next meeting.

EAB ACCOMPLISHMENTS / GOALS

Mr. Craney referred to materials provided to board members that summarized the EAB's accomplishments during the past year and outlined goals for the current year. Mr. Dies indicated that the majority of these items were developed by EAB staff during its annual staff retreat held in January 2004. This item is provided for information and no action is needed.

STRATEGIC PLAN

Mr. Dies noted that the strategic plan is used by the EAB staff on a daily basis. Due to the change in board members, the board needs to create a revised plan to reflect its vision, ideas, and goals. Mr. Dies believes the EAB must have a plan that the board feels comfortable endorsing. Minimally, the strategic plan needs to be updated to reflect changes that have occurred during the past year.

Mr. Craney made the suggestion that this item be added to the agenda for the next board meeting, allowing time for the members to look at the plan in detail. He commented that this document may need to be reviewed several times before a final version is adopted.

OTHER BUSINESS

Mr. Craney invited the board to remain to have their picture taken for future newsletters.

ADJOURNMENT

There being no additional business to come before the board, a motion (Craney/Heim) to adjourn was unanimously approved at 3:40 p.m.