

# EDUCATIONAL APPROVAL BOARD MEETING

December 10, 2014

10:30 a.m.

1<sup>st</sup> Floor Conference Room  
201 W. Washington Avenue  
Madison, WI

**Members Present:** Don Madelung, Robert Hein, Jo Oyama-Miller, Omar Parks, William Roden

**Others Present:** David Dies, Zachary Galin, Linda Heidtman, Blanca James, Jessica Sabin, Patrick Sweeney, Casey Wachniak, *Educational Approval Board*; Wendy Coomer, *Foley & Lardner (representing Bridgepoint)*; Marshall Whitlock, *Upper Iowa University*; Nathan Halbach, *Whyte Hirschboeck Dudek SC (representing the University of Phoenix)*; Douglas Stein, *Colorado Technical University*; Mitchell Peterson, *Globe University*; Rob Manzer, *American Intercontinental University*; Daniel Sessions, Dariusz Semanyszyn, *Career Education Corporation*; Jean Janes, Jerry Langfeldz, *Kaplan University*

The chair of the Educational Approval Board (EAB), Mr. Madelung, called the meeting to order at 10:30 a.m. Roll call was taken and a quorum was present. A motion (Hein, Roden) to approve board meeting minutes from September 17, 2014 was adopted, with Ms. Oyama-Miller abstaining.

## **BOARD CHAIR'S REMARKS**

Mr. Madelung noted that there has been much happening in the proprietary education sector. He said the next year will be interesting.

## **PUBLIC COMMENT**

There were no public comments.

## **2015 BOARD MEETING DATES**

Following a brief discussion about the proposed dates, the board's preference was for meetings to be held as follows:

Wednesday, March 11, 2015  
Wednesday, June 10, 2015  
Wednesday, September 16, 2015  
Wednesday, December 9, 2015

A motion (Oyama-Miller, Roden) to hold the board meetings for 2015 as noted indicated above was adopted unanimously.

## **BOARD STATUS REPORT**

### *Consumer Protection*

Corinthian Colleges, Inc. – Mr. Dies indicated the EAB has been working collaboratively with the Department of Justice (DOJ) for the past two and a half years regarding the Everest College campus that was closed in Milwaukee. A lawsuit was recently filed by DOJ against the parent company – Corinthian Colleges, Inc. – claiming alleged false representation, graduation rate inflation, insufficient externship opportunities, enrollment of students who were unlikely to be successful, and recruitment of students by giving them a false sense of urgency to enroll.

Mailen vs. EAB – The EAB was notified that a former complaint it received, investigated and dismissed from Halis Mailen went to the Court of Appeals District IV, which ultimately ruled in favor of the EAB. Following this decision, the complainant petitioned the Supreme Court to review the decision, which the Supreme Court denied.

Mr. Roden inquired about any issues that might have arisen during the purchasing of Corinthian Colleges. Mr. Dies clarified that the lawsuit, while it is targeted at the corporate parent company ultimately stems from an investigation involving Everest College, which the EAB closed. Under the Corinthian corporate umbrella, there are a number of other institutions such as WyoTech, Heald, and Everest University. Mr. Dies stated that more information about the sale of Corinthian is provided under Tab 4 of the meeting materials. He clarified that the information provided about the Corinthian lawsuit is separate from the information provided about the sale of the company.

Mr. Dies further explained that a variety of concerns have been raised by consumer protection agencies regarding the potential sale of Corinthian. For example, they are in the business of collecting on student loans and have been cited by the Consumer Financial Protection Bureau and other agencies as employing very aggressive tactics in collection process. There is some concern that they would be similarly aggressive about recruiting students. In addition, if internal systems and personnel were retained in a sale of Corinthian, there is question about whether anything would actually change given the current culture. Finally, a series of logistical obstacles related to authorization would have to be tackled in the event of a sale.

### *Operational/Administrative Procedures and Policies*

EAB Move – In response to an inquiry from Ms. Oyama-Miller about the EAB offices, Mr. Dies explained that the EAB will not be out of its current office space by December 31, 2014 as requested by the Department of Veterans Affairs. He is working with Division of State Facilities staff at the Department of Administration (DOA) to locate a new space and negotiate the terms of a lease. The EAB has identified a site in the UW Research Park.

## SCHOOL APPROVAL ISSUES

Amerstate University – Mr. Dies reported that the EAB was successful in receiving an affirming decision from the court of appeals. The school argued that EAB’s withdrawal of approval was arbitrary and capricious. The EAB is now in the process of collecting on the bond to replenish the Student Protection Fund (SPF).

Anthem College Closure – The EAB is still working with issues related to the closing of Anthem College. Mr. Dies indicated that it has now paid roughly \$103,000 to facilitate the teach-out and transfers of former Anthem College students. There continue to be delays in the processing of Return to Title IV (R2T4) calculations. In addition to incorrect last dates of attendance for former Anthem students, which the EAB brought to the attention of the United States Department of Education (USDOE), many other errors have delayed these calculations, which is now auditing this process and that has further slowed the calculations.

Upon inquiry from Mr. Madelung, Mr. Dies indicated that the SPF balance is currently about \$1.6 million and would not have to be replenished unless it drops below the \$1.0 million threshold, which Mr. Dies indicated he doubted would happen.

Ms. Oyama-Miller asked if Amerstate had broken any restrictions lately. In addition, she thanked the staff for the work they had done in student protection and she stressed the continued importance of keeping the public aware of the work EAB does protecting students. Finally, she inquired about reimbursement to Herzing University for SPF fees paid upon the school switching to nonprofit status.

Mr. Dies first responded about Herzing University, referencing information provided in the board meeting materials. He indicated that the EAB would not retroactively refund SPF money to Herzing and that it would only affect EAB’s oversight and collection of SPF funds moving forward.

Mr. Dies indicated the EAB will continue to have oversight of Herzing University until they are able to demonstrate that the school satisfies the nonprofit exemption criteria. The EAB also sought counsel from DOJ regarding Herzing and the EAB’s reading of the statutes pertaining to their conversion. Although the EAB is almost certain Herzing will be able to provide the necessary documentation, they will still be subject to EAB oversight until they do so and will be assessed applicable fees in the meantime.

Pertaining to Ms. Oyama-Miller’s inquiry about Amerstate, Mr. Dies noted that the EAB periodically checks the Amerstate website. In the past they have falsely advertised on their website and the EAB has brought these violations to the attention of both the school and DOJ, but there was nothing of concern when the EAB last checked.

Wisconsin School of Professional Pet Grooming – Upon inquiry from Ms. Oyama-Miller, Mr. Dies clarified the site-visit to the Wisconsin School of Professional Pet Grooming (WSPPG) was conducted because the EAB was alerted to a situation involving a potential student who wanted to enroll in the school but the school thought it was unlikely that student would be successful.

In addition, Mr. Dies followed up with some issues the EAB has been working with related to WSPPG. For example one former student and complainant alleged the school violated a nondisclosure agreement, which resulted in her not receiving a job offer. In addition, another former student and complainant who chose not to sign a settlement agreement has been harassing EAB staff via email recently.

A motion (Roden, Oyama-Miller) to approve items “A” through “I” of the School Activity Report for the period September 6, 2014 through November 30, 2014 was approved unanimously.

### **COMPLAINT MEDIATION REVIEW – ADVANCED WELDING INSTITUTE**

Mr. Dies noted that the EAB board would be reviewing the investigation and findings of staff pertaining to a complaint that was received from a student who had attended the Advanced Welding Institute (AWI). It was noted that neither the school nor the complainant was in attendance of the meeting. Linda Heidtman, the EAB School Administration Consultant that works with AWI, indicated that the owner of AWI suggested the EAB refund the complainant his money since staff determined a refund was due.

Mr. Madelung stated that the board had three options and inquired about whether or not there was a way to ensure the school would actually refund the student’s money. Mr. Dies indicated the EAB could make a claim on the school’s surety bond if the school refused to refund the student’s money. However, there would not be a way to ensure the school issued and sent the student the certificates of completion he had earned.

Mr. Dies said that although neither the school nor the student would be able to dispute the refund amount determined by the board, the surety bond company might reject the claim if it did not agree with the EAB’s decision. It was noted that the certificate is probably of greater importance to the student and the EAB will do everything possible to make sure the student receives it. He suggested the board write this into whichever motion it selects, since the school would most likely not issue it voluntarily.

Mr. Dies suggested that language such as “failure to comply may result in further action by the board” or “will result in commencement of full hearing” be added to the motion. He said he is hopeful that the EAB could convince the school to grant the student’s credentials.

Mr. Roden suggested approving this option, but if the money and certificate aren’t awarded to the student the board will then hold a hearing or enter into binding arbitration. Mr. Madelung suggested implementing a date of compliance for the school.

Mr. Hein suggested board members and staff converse about the outcome of this via telephone sometime after the January 5 proposed date of compliance so the complaint can be remedied before the next board meeting in March.

A motion (Madelung, Roden) to approve option one contained in the board materials with further action if the school fails to comply by January 5 was adopted unanimously.

## **RENEWAL FEE MULTIPLIER**

Mr. Dies walked board members through a variety of charts and spreadsheets included in the meeting materials. These spreadsheets highlight the history of the renewal fee multiplier over time, approved budgets for Fiscal Years 14 and 15, month-to-month tracking of revenues and expenditures over the past several years, known operating costs, and revenue the EAB needs to generate in order to operate. Mr. Dies indicated that the EAB is required to set the multiplier two years at a time, but the board has historically revisited and revised it annually. Mr. Dies also highlighted two different numbers that are presented that include Herzing University as an approved school contributing to fees and another set of figures that would apply if Herzing University became exempt from EAB oversight.

Mr. Dies discussed what is currently known about online activity in Wisconsin and what would happen if the state entered into the State Authorization Reciprocity Agreement (SARA). More specifically, he discussed where the multiplier would need to be set to cover costs if the state becomes SARA participant.

Mr. Madelung indicated it is unlikely that Wisconsin would join SARA until mid-2015 because of the legislative changes that would be necessary to make it a possibility. He said it is more likely Wisconsin will see movement and have a clearer picture of things in 2016.

Mr. Dies added there are many periphery states with few online providers that have join SARA but there are far fewer states with large online schools. He said he still is not sure if Wisconsin will be able to participate because the nonprofit institutions lack any oversight. Mr. Madelung said that it is paradoxical because the EAB could probably have been the ideal portal agency if it was set up as such initially, although that did not happen.

A motion (Oyama-Miller, Roden) to set the multiplier used to calculate the second payment renewal fees at 1.3091 for FY 15 and 1.6847 for FY 16 was approved unanimously.

Mr. Madelung requested that after a brief recess the board take up the Strategic Plan discussion since Ms. Oyama-Miller had to leave early and it was an action item. There was no objection.

## **STRATEGIC PLAN**

Mr. Madelung provided some background about the Strategic Planning Session in which EAB staff and board members participated during the September 14, 2014 board meeting. Mr. Dies indicated that a summary of the Strategic Planning Session was included in the meeting materials. In addition, EAB staff had a follow up meeting with Russell Consulting to go more in depth and modify specific goals. Mr. Dies asked the board to endorse the goals that had been developed by staff. He said there is much more work to be done and the board would be asked to adopt the strategic plan once it is completed.

Ms. Oyama-Miller said the EAB needs to make it publicly known that it is committed to performance standards and that it needs the ability to enforce them. She wants this incorporated

in a vision statement and would like the board to take a much stronger stance regarding performance standards in the future. In response to a question from Mr. Madelung, she indicated that although this is already included, is not emphasized strongly enough. She suggested it is time to form a new committee for this and called on the board to publically support performance standards while working with schools to best educate students should also be a priority.

Mr. Roden stressed the importance of having the enforcement aspect portrayed strongly enough.

Mr. Dies said that the issue of performance standards is captured in several of the goals, although not specifically stated. He said that by design the goals are to be broad statements rather than specific actions. The more appropriate place for something specific about performance standards would be as the objectives that make up the goals.

A motion (Roden, Hein) to approve the strategic plan goals as presented and continue the development of the plan was approved unanimously.

## **STUDENT OUTCOMES REVIEW**

Mr. Dies noted that the student outcomes review is a discussion item and may help guide the board as they decided how to approach issues like developing performance standards at some point in the future. He noted that the EAB began collecting data by cohorts beginning last year and is now in the second year of the process.

For the 2012 cohort, out of the 21,210 students, 6,413 were no longer attending the program that they initially came into, translating to a 30% drop rate. Because we are now able to track both the 2012 and 2013 cohorts, their combined drop percentage increases to about 36%.

In addition, the EAB now has a second year of data to analyze for the 2012 cohort. Through this, the EAB can better track when most drops occur. Among all institutions, most students dropped out within the first reporting period.

Mr. Dies noted the EAB broke down total enrollment by degree/non-degree, online/on-ground and for-profit/non-profit – with degree, online and for-profit institutions consistently having significantly higher dropout rates hovering around 50%.

The EAB contacted those institutions with high dropout rates at a program level asking for explanations about those rates. Responses were included in the board materials. Although the responses varied widely, the most common explanation for the poor rates was that the students were nontraditional, difficult to serve students.

When asked what they would do to address performance numbers, the most common response was institutions placing students in remediation programs, organized orientations, or providing personalized training. Mr. Dies indicated the EAB has always maintained that if the schools are recruiting a population of students who are challenging to serve, they are clearly aware of these students' challenges and should be prepared to either address and help these issues or not enroll the students in the first place.

Mr. Dies made mention of Westwood College who has chosen to no longer serve online students, which has told the EAB that serving online students well was too difficult and not worth doing anymore. Despite having had poor student outcomes, Westwood's accreditor had not shared information with the EAB showing it was not meeting benchmarks and had been placed on probation repeated times.

Ms. Oyama-Miller left the meeting at 12:30 p.m.

Jessica Sabin, the EAB Program and Policy Analyst who has been working with the student outcomes data and reports provided in the board meeting materials, explained a number of charts and tables contained in the report. It was noted that not all schools are doing poorly, and some are certainly doing much better than others.

Mr. Roden said we need to question what "better" actually means. He argued that we need schools who are educating students for jobs that are available to them and that they can actually do. He said that even schools with high graduation rates are not necessarily preparing students for these jobs and we need to look more at the employability of graduates more than simply pure graduation rates. Finally, he pointed out that students who do not complete their programs still accrue debt that must be repaid, regardless of whether or not they get a job in their field.

Ms. Sabin said that it is important to focus on students leaving their programs with no credentials and high debt. Upon a question from Mr. Parks, she indicated that students who drop out for reasons beyond the school's control would only show up as a drop in the data. However, institutions with high dropout rates were provided an opportunity to explain what might have happened with students in those situations.

After some discussion about the fairness of reporting methodology, students who may have unique situations, and the reporting of this data such as students who drop and reenter, Mr. Dies clarified that the number of students who are "outliers" or have very unique situations are very few and not enough to skew the data.

A discussion began regarding the dissemination of outcomes data to the public. The EAB has made the outcomes data and reports available to the public via its website. It is currently refining the report and will be publically releasing it in early 2015.

Mr. Madelung informed those in attendance that the EAB is under increasing pressure to adopt performance standards. He urged everyone to read the report and reach out to EAB staff with questions. He mentioned that the EAB does not want to be adversarial or oppose schools, but schools do need to understand that the EAB is ultimately charged with protecting students.

## **ADJOURNMENT**

A motion (Hein, Roden) to adjourn was approved at 1:05 p.m.