

EDUCATIONAL APPROVAL BOARD MEETING

September 16, 2015
10:30 a.m.

3rd Floor Board Room
201 W. Washington Avenue
Madison, WI

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

Others Present: David Dies, Anna Fosdick, Blanca James, Sharon Johnson, Jessica Sabin, Casey Wachniak, *Educational Approval Board*; Rocky Klitzke, *Globe University*; David Healy, Mandy Johnson, *Madison Media Institute*; Nathaniel Orpen, *Rasmussen College*; Marshall Whitlock, *Upper Iowa University*; Nathan Halbach, *Whyte Hirschboeck Dudek SC (representing the University of Phoenix)*

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 (Oyama-Miller, Roden) to approve board meeting minutes from June 10 and June 30, 2015 was adopted unanimously.

BOARD CHAIR'S REMARKS

Mr. Madelung welcomed the audience and noted the meeting was the second regular meeting since proposal to eliminate the EAB was removed from the state budget by the Legislature. He congratulated Casey Wachniak, Sharon Johnson, and Anna Fosdick as new school administration consultants for the EAB.

PUBLIC COMMENT

Mr. Madelung opened the meeting to comments from the public. Ms. Oyama-Miller expressed her appreciation of receiving the news digest. Those in attendance introduced themselves, but no public comments were offered.

BOARD STATUS REPORT

Mr. Dies highlighted and reported on the following items:

Involvement in Postsecondary Education Policy Decisions

Mr. Dies said the EAB had been contacted by the office of Representative Murphy who chairs the Assembly Colleges and Universities Committee. His staff sent an email indicating their interest in knowing if the EAB has rule changes that are necessary to enhance efficiency and make improvements. Mr. Dies said he responded by suggesting they approach these changes in

two phases: First that they look at statutory changes, which should be addressed first because they will also require some subsequent administrative rule changes (phase two). It was noted that the EAB has already endorsed and drafted a modernization bill, which is ready for introduction.

In response to a question from Ms. Oyama-Miller about whether any changes are needed to the bill, Mr. Dies pointed indicated that changes had been previously made in response to concerns raised by the Department of Public Instruction and with the University of Wisconsin System. In addition, because of the Amerstate University revocation, the Department of Justice (DOJ) recommended a number of changes, which are reflected in the current draft.

Mr. Madelung asked if the Assembly committee was also looking at the technical colleges and the UW System. Mr. Dies replied they were and noted the committee has the broad responsibility for all higher education. He also noted that Representative Murphy's office indicated they had a lot on their plate because of those two entities, which have a lot of administrative rules for them to review; and the committee may not be able to get to the EAB's changes.

Positive Working Relationships and Alliances

Mr. Dies reported that recently the EAB had received a couple of inquiries from individuals interested in the EAB's student outcomes data: a Ph.D. candidate at UW-Madison, who is currently studying the EAB's data collection methods for a dissertation topic; and the analytics manager & lead evaluator for the UW Flexible Option at UW-Extension who wants to learn more about the reasons students are seeking online education in other states.

Consumer Protection

Ms. Oyama-Miller wanted to know if the EAB had received complaints in previous years similar to the current complaints about the University of Phoenix (UoP), and whether they have changed either their marketing or course requirements. Mr. Dies indicated the EAB gets a hand-full of complaints about UoP on various issues every year. The current complaints are all tied to the human services program, which he guessed were above average. Mr. Dies noted that UoP has been very responsive in addressing these complaints. He said that marketing changes are not tracked by the EAB and no information is available.

Ms. Oyama-Miller also expressed concern about schools performing poorly because of the possibility of SARA and the EAB no longer overseeing online schools. Mr. Dies commented that because UoP is closing its on-ground campus in Milwaukee and will only have online programs with about 3,000 students, it would no longer be subject to EAB approval and under SARA, complaints would be handled by Arizona.

Mr. Dies reported the U.S. Bankruptcy Court recently determined the lawsuit filed by the state against Corinthian Colleges, Inc. could proceed. Although there will be no money because of the bankruptcy, it is hoped students who had attended Everest College can get their student loans

discharged. The EAB hopes the federal government will handle these students as a class, and not individually.

Postsecondary Educational Choices (Public Awareness & Understanding)

Mr. Dies noted that a reporter from the Portland Tribune had interview him as part of an investigative series on the oversight of for-profit institutions.

Operational / Administrative Procedures and Policies

Mr. Dies reported the EAB's office relocation is pending execution of the lease. Based on a conversation he had with the Department of Administration, it should be signed next week. The offices will be located in Research Park. Plans to move are scheduled for mid-October. It was also announced the EAB had hired three new staff following the retirements of Pat Sweeney and Linda Heidtman, and the resignation of Zach Galin. Joining the EAB are Sharon Johnson and Anna Fosdick, who along with Casey Wachniak, who had been with the EAB in another capacity, will be the new school administration consultants.

At the same time, Blanca James will increase her time from half-time to about three-quarter time as the operations program associate. Mr. Dies also informed the board that Pat Sweeney had been hired as a limited term employee to assist with the transition of the new school administration consultants. Mr. Dies acknowledged Jessica Sabin, who had assumed responsibility for working with the schools on the outcomes section of annual school renewal process.

SCHOOL APPROVAL ISSUES

Mr. Madelung recused himself from participating for discussions because he previously worked for one of the institutions under consideration.

Mr. Dies reported the EAB had used \$483,294 from the student protection fund to cover expensed through July related to the closure of Anthem College. He also provided information about Ashford University closing its Clinton, IA campus.

A motion (Hein, Roden) to approve items "A" through "I" of the School Activity Report for the period June 4, through September 4, 2015 was approved 4-0 (Madelung abstaining).

STATE AUTHORIZATION RECIPROCITY AGREEMENT

Mr. Dies reported that UW System and WAICU officials had developed draft language to implement SARA, which Senator Harsdorf shared with the Legislative Reference Bureau and asked that a bill be drafted. In addition, EAB staff recently met with Senator Harsdorf to discuss the impact SARA will have on the agency.

Current modeling suggests that SARA will result in a reduction of 105 schools and the estimated loss of \$189,000 in renewal fee revenue. The EAB will also lose an estimated \$134,000 from

online institutions that pay initial approval fees. The combined reduction is nearly one-half of the EAB's current operating budget. Mr. Dies laid out a number of options to address the potential impact of SARA.

- Under the fee structure contained in current administrative rule, the EAB could simply make up lost revenue by increasing the fees of institutions that remain subject to its oversight. It was noted that Wisconsin is one of only a few states that has regulated online activity. Had the EAB never regulated distance learning in the first place (like the majority of other states), institutions already would be paying higher fees.
- The impact on schools could be offset by repealing the current statutory provision that requires the EAB to assess institutions an extra 10% (roughly \$80,000) in addition to the fees it assesses to cover its operating budget and transfer this additional revenue to the state's general fund.
- The EAB's operating budget and related oversight functions could be reduced. Mr. Dies pointed out that 89% of the EAB's operating budget consists of staff costs and noted it has been operating with the same number of consultants since 2001 when it approved 112 schools. Even with 105 fewer schools, the EAB will still approve 160 schools following the implementation of SARA. While the EAB has leveraged technology to stay ahead of the growing numbers of schools, it has already scaled back its operations performing fewer site visits and no longer holding conferences or publishing a newsletter.

Ms. Oyama-Miller agrees that the board should revisit its position regarding SARA. There should be more discussions and suggested other ways to examine the situation, such as surveying schools as to their stand on the increase of fees or other changes.

Mr. Madelung asked if an institution does not wish to participate in SARA, can they be approved by the state. Mr. Dies indicated that while SARA participation is voluntary, it could be more costly to forego participation. He also pointed out that SARA still gives online students minimal protection.

Mr. Roden asked for confirmation that SARA was going to happen and was going to be implemented. Mr. Madelung said yes, but Ms. Oyama-Miller indicated that the EAB could still influence the rule making and writing of the rules. Mr. Roden stated he was very concerned with protecting students and where they could go for help.

Ms. Oyama-Miller feels the EAB was excluded from SARA discussions. She feels the EAB needs more input. Mr. Madelung stated that legislation that will be drafted. The EAB will be one fifth of the governing agency, and at least the EAB would have a presence.

Ms. Oyama-Miller left the meeting at 11:45 a.m.

Mr. Roden indicated that he opposes SARA.

Mr. Madelung would like to have Mr. Dies as the representative of the portal agency. Having a voice present may help by knowing what is being done, even though our voice may be symbolic.

Mr. Dies said it is important for the EAB to take a position regarding SARA, expressing concern about not being able to collect student outcomes data.

Mr. Hein indicated he is not opposed to SARA. He does have some concerns, but generally supports it.

Mr. Parks asked what will happen to the data collection process. Mr. Dies responded that it is somewhat unclear and still being determined. While complaint information would be collected; the type of outcomes data the EAB collects is unlikely.

Mr. Roden made a motion that the EAB to go on record as opposing SARA because of its negative impact on student protection. The motion was not seconded.

Mr. Hein wanted the record to show that he does not oppose SARA, and that he feels it is in the best interest of the people of Wisconsin. It will not be quite as devastating as might appear at first.

Mr. Parks moved to table the issue, which was adopted unanimously. Mr. Madelung indicated the board could schedule a special meeting if there are any significant developments. Mr. Dies was asked to share any such information with the board prior to its next meeting.

ADJOURNMENT

A motion (Roden, Hein) to adjourn was approved unanimously at 12:00 p.m.