Career Education REVIEW™
The Career College Information Source

FEATURES & REPORTS

July 2014 • Section 1

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Career Education REVIEW™

The Career College Information Source

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The *Career Education Review* is the career college information source dedicated to providing top management, owners, investors, sector leaders and suppliers with the in-depth information required to operate a successful educational enterprise and to provide a life-changing education experience for the students served by the sector.

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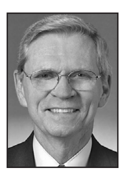

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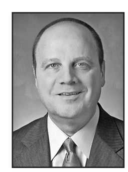

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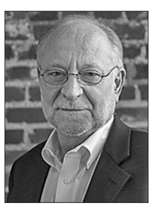
Contents


Schulz


Gudeman

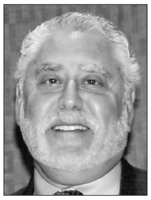

Leyton


Chema




Hartsfield


Denson


Leyton


Brodie

State Authorization: Feds Give More Breathing Room, But Shed Little Additional Light

By Katherine Brodie and Peter S. Leyton, Esq., Ritzert & Leyton, PC

The purpose of this article is to update the CER readership on what is new about the status of the state authorization rule and to flag compliance concerns that impact schools today. **p. 31**

Leading by Example: Why it is Imperative for Higher Ed CEOs to get Active on Social Media

By Andy Kelley, President, Effective Student Marketing

The number one reason CEOs need to be active on social media is to put an actual identifiable person behind their institution. A school needs a face attached to its brand and the more a CEO is willing to become the voice of the institution, the more students will connect and trust both. **p. 41**

Letter from the Editor

Adding to CER's effective leadership, we are pleased to announce two additional advisory board members. We would like to welcome Peter Crocitto, Executive Vice Chancellor/Chief Operating Officer, Keiser University and Renee Herzing, President/CEO, Herzing University to the CER family of advisors. Along with the entire advisory board, their combined knowledge of the career education community will assist CER in staying up-to-date on school issues, best practices, and trends.

As mentioned in the June Features & Reports issue, CER is debuting a new feature that will be showcased in the News & Opinion Digest called "Ask the Experts," column. CER has compiled, what we believe, are some of the top experts in the career education community. And they have agreed to share their wealth of knowledge and experience with you!

Whether you have questions about financial aid, faculty development, school operations or are looking for advice/recommendations, our panel of experts can help. **But we need your participation to make this feature successful.** Submit your questions to me, with "Ask the Experts" in the subject line, at jfaubert@careereducationreview.net. Submitted questions will remain anonymous and will be answered in the News & Opinion Digest.

With all of our busy schedules, we might put things on the back burner to finish at a later time, but sometimes they are forgotten. After reading through this issue, I was reminded that some things should never be forgotten. During these difficult times, we need to be proactive and prepare for the future. Several articles in this issue will give you the information you need to stay current on education politics and policies. Other articles provide useful tips to help increase awareness of your school and students. I hope this issue will help you stay proactive and plan for the future.

I would like to leave you with some encouraging words. In talking to people at the Annual APSCU Convention, I was reminded that the sector has experienced adversity in the past and we rose above it, many say for the better. There has and will always be a need for career-focuses schools. Taking some insight from Dennis Spisak's article, we need to remember who we are fighting for and that is the 3.5 million students we are educating!

I hope you enjoy this issue and find the topics covered informative. As always, please feel free to contact me with questions or comments.

Sincerely,

Jenny Faubert

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Meet CER'S Panel of Experts

CER is thrilled to announce our panel of experts. Eighteen of the top leaders in the career education community want to help you! And through CER's strategic alliance with KUCCEL, 18 additional prominent members of the sector are available to answer your questions.

Submit your questions/inquires to me at jfaubert@careereducationreview.net, with Ask the Experts in the subject line. Please include the category you believe your questions would fall under or if it is a general question. We will then forward your question to our panel of experts. Answers will be featured in the News & Opinion Digest.

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CAREER EDUCATION REVIEW'S

Career College Event Calendar

July 2014 – August 2014

Dates You Need to Know

July 2014

Association of Private Sector Colleges and Universities (APSCU)
Leadership Institute
Keiser University
Tampa, FL
July 14-18, 2014
www.apscu.org

Pennsylvania Association of Private School Administrators (PAPSA)
Annual Conference
Valley Forge Radisson Casino Hotel
Valley Forge, PA
July 23-24, 2014
www.papsa.org

American Association of Cosmetology Schools (AACS)
Career Educators Alliance (CEA) Annual Convention
Fort Lauderdale, FL
July 25-28, 2014
www.beautyschools.org

Florida Association of Postsecondary Schools and Colleges (FAPSC)
Annual Conference
Turnberry Isle Miami
Aventura, FL
July 28-31, 2014
www.fapsc.org

August 2014

Kentucky Association of Career Colleges & Schools (KACCS)
Annual Meeting and Educational Conference
Sullivan University
Louisville, KY
August 22, 2014
www.kycareercolleges.org

The Career School Alumni Community: Ten-Year Results at Pima Medical Institute

By Dr. Susan F. Schulz, Founding Owner, Schulz School Advisors as reported to by June Gudeman, Alumni Coordinator, Pima Medical Institute

Ten years ago Pima Medical Institute (PMI) owner and CEO, Richard Lupcke, had a great idea – establish an alumni community structured for private sector career schools and colleges. To work it had to look very different from traditional alumni associations that focus on fundraising.

It has been 10 years and the return on investment has been amazing, says June Gudeman, who was hired to head up the alumni community at the 13 campuses in six western states plus an online bachelor's degree. Clearly the PMI's alumni community has impacted admissions, enrollment, compliance, staff and faculty development, retention, career and student services, gainful employment, internships, branding, and more. Wow.

Success stories are printed on large posters and hung throughout the PMI campuses, especially Admissions offices, placed on the alumni community website, and published in bound books.

Can one initiative create this broad range of results?

Admissions and Enrollment

June Gudeman, PMI Alumni Coordinator at Pima Medical Institute

DR. SUSAN F. SCHULZ has been working in the career school sector for over 20 years. She is the Founding Owner of Schulz School Advisors. Dr. Schulz is passionate about the benefits of alumni communities and the impact on career schools as a result of five years of research. She gives frequent presentations on the power of alumni communities and how to set them up on any sized campus. Dr. Schulz is a member of the APSCU Professional Development Committee and recently was appointed to the best practices committee that focuses on alumni in the career school sector.

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focuses on success stories. "After 10 years, success stories work even better than ever," June reports. Success stories are printed on large posters and hung throughout the PMI campuses, especially Admissions offices, placed on the alumni community website, and published in bound books. Now graduates are given a supply of posters for their employers, which are typically high-profile medical centers. This means that within medical offices patients and staff, learn about the great education PMI provides. They know that many of the professional medical staff on-site completed their studies at PMI.

Alumni success stories are powerful messages to show that students are satisfied, do succeed, and get placed.

Involved alumni are happy to refer friends and family. Now their employers know that PMI is a great resource for training that can benefit other employees. It is a very strong statement about the school and allows PMI to enjoy subtle endorsements. Increased enrollment can be directly and indirectly attributed to alumni and their employers and measured as part of ROI results.

Compliance

Regulatory agencies are concerned about results (among many other things.) Alumni success stories are powerful messages to show that students are satisfied, do succeed, and get placed.

Alumni Events

After 10 years June is increasing the focus on events. She recommends that events only be started after there is a strong alumni community infrastructure. Events are customized to meet the personality of each campus. Local campus leaders are charged with setting up and running them. One PMI location offers associates degrees in three different areas: Radiography, Respiratory Therapy, and Physical Therapy Assisting. Graduates from as far back as possible are invited to "happy hours." After some introductory activities they divide into three groups depending on their majors. The purpose is to network and share challenges and joys. Seniors in each program are also invited to learn what they can from successful graduates in their field and the job search process.

Another PMI campus that offers Medical Assistant and Pharmacy Tech programs holds events and

JUNE GUDEMAN has been the Alumni Coordinator for PMI for over 10 years, creating PMI's alumni program from the ground up. She focuses much of her efforts on gathering alumni success stories and creatively sharing them with prospective and current students, as well as the PMI staff and community at large. She creates campus teams (representing admissions, career services, administration, and student services) to plan local alumni events and encourages an ongoing relationship with PMI graduates. Her recent focus has been on improving the PMI alumni website, including a special emphasis on Career Services.

June earned a Master's in Education from University of Illinois and a Bachelor of Arts from Trinity Christian College in Palos Heights, Ill. Prior to her work in the career college sector, she taught and coached at the high school level for 10 years.

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invites their "super stars" in each major to speak. June says they focus on the need to "keep learning." This clearly drives people to enroll in the next level program plus the online bachelor's degree.

Some other secrets to event success include the following:

- Vary time frames to meet the needs of each campus and its population.
- Hold events at the campus to reduce costs of outside rentals.
- Include a very short program of 20 minutes and plan the rest of the time for networking and fun.
- Include fun things like a photo booth.
- Train staff to engage graduates.
- Provide great giveaways – usually something with the school name on it.
- Ask people to sign up to "give back." Alumni are asked to be speakers, sponsor externships, plan events, conduct mock interviews, and more. Usually over 25 percent of participants volunteer their time.
- Ask for success stories and have photographers and staff available to take photos and write down the stories.
- These alumni are a "big deal" so we invite the "big shots" to attend i.e., CEO, COO, Campus Director, etc.

Staff and Faculty Enhancement

Faculty and staff are heavily involved in alumni community events. Employees are invited as far back as the start of each program whether they are still working at PMI or not. The reason is, so all alumni who attend functions can connect with their favorite teachers. Staff is instructed on how to engage with the graduates, ask questions, and talk about their successes. "This is a great shot in the arm for faculty and staff," reports June. Instructors can learn what they did to encourage and teach their students to be great performers on the job. "It turns into a mini staff development session," continued June.

Instructors can learn what they did to encourage and teach their students to be great performers on the job. "It turns into a mini staff development session," continued June.

June reiterated again that PMI finds its best instructors are their graduates. Having graduates as instructors has many measurable financial benefits.

An alumni success story is shared via email to all PMI employees biweekly. This serves as a "Chicken Soup" type inspiration to the faculty and staff and reminds them they are involved in changing lives.

Retention

Awareness of an active alumni community and alumni events has impacts on retention. Throughout their training, students can see the success of PMI graduates. Many of these alumni return to the school on a regular basis even when there are no parties. Alumni can be seen mentoring, coaching, teaching students, and sharing their enthusiasm. All this increases retention. It is also cost effective since alumni volunteer their services.

Gainful Employment

Career school and college leaders continually face the challenges of locating graduates since people move and rarely provide a change of address. PMI's alumni community website is the main way graduates can request transcripts. They must provide updated contact information. This reduces the costs of hiring people to phone, research, and follow lost graduates.

June reported that finding graduates is, however, still a challenge. Contacting graduates upon graduation is helping. The requirement of updated information to get a transcript is working. This year an annual "homecoming" was created in order to locate missing graduates. In addition, certain evenings have been designated for telephoning graduates to get updated information. Not surprising, many phone numbers have been disconnected. "While a challenge, without the alumni community initiative we would not have as many updated contacts as we do," says June.

Satisfied alumni can make the search for job openings for entry-level graduates as well as externship sites easy.

Career Development, Internships, and Placement

Satisfied alumni can make the search for job openings for entry-level graduates as well as externship sites easy. Imagine being connected to "insiders" (your alumni) at every company that can hire your grads or offer externships. Alumni can introduce you to hiring decision-makers. What is that worth?

Marketing and Public Relations

Consider the benefits of reducing marketing costs as a result of your alumni community? Alumni can refer quality students to increase enrollment. Many work for companies that have public relations departments. Joint promotions and events generate press and provide publicity and expertise you may not have.

Website Marketing

"Traffic is driven to the dedicated alumni community website because it is a way to obtain a transcript," reports June. The website also drives traffic to the main PMI website. The website has a place for graduates to sign up to volunteer. Within a short period, PMI gained 719 responses from graduates who offered to give their time and resources.

Summary

Alumni communities provide career schools and colleges a competitive opportunity. Given the choice between two similar institutions, a prospective student might be swayed by the tacit endorsement of alumni testimonials. The return on investment, ROI, is measurable in all areas that are important to career school owners – enrollments, retention, placement and operations. Some results can be measured in trends and goodwill. In the long run, what is important is the career school image, reputation, and success – all areas where alumni communities make a difference. All these are reasons to consider alumni communities as part of your institution's growth and improvement plan.

Career Education REVIEW

PMI ALUMNI SUCCESS STORY

Prior to coming to Pima Medical Institute, I started a premed degree in North Dakota. After relocating to the Phoenix area, I decided to continue in the medical field and my research led me to the Radiography program at PMI's Mesa campus. I enjoyed my classes and my externship was completely invaluable! It was the real deal and I was exposed to so much. I was hired by Phoenix Baptist Hospital, one of my clinical sites. Within a few short months I had an opportunity to become a co-clinical instructor and I found myself supervising PMI students!

This field allows so much flexibility. I worked in hospital settings and outpatient facilities as well as education and research. During our early years of marriage, my job allowed me opportunities for swing shifts and extra hours. When I began having children, I was able to switch to night shifts to make life work for our family.

When I was getting weary of night shifts, I answered an ad on Craig's List for an x-ray tech to sell film and printers. It was a good 'foot in the door' into sales and a year and half later I was approached by Phillips Healthcare, where I have been working for 5 years. I am currently the National VP of Sales for our Mobile Surgery Division and have a team of 13 Modality and Product Specialists reporting to me selling or demonstrating portable surgical imaging equipment throughout the country.

I believe Radiography is one of the best fields in medicine. It has changed my life. Little did I know when I entered PMI's Radiography Program where it would lead me? Thank you Pima!

- Sharla Huston-Fisher

Radiography Program
MesaCampus
Graduated 1997

2013 PMI Alumni Event

Read more stories from real PMI grads online at alumni.pmi.edu

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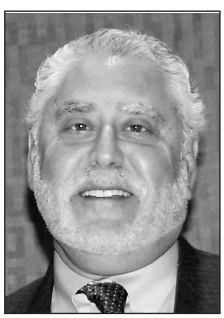
Clearly Expanded: Gainful Employment II's Transparency Framework

By Peter S. Leyton, Esq. and Stephen T. Chema II, Esq., Ritzert & Leyton, PC

This article is the second part of a two part series on gainful employment II. A copy of the webinar, presented April 24, 2014 regarding this topic is available on the CER website.

The Accountability Framework dominates the discussion of Gainful Employment (GE) II. This is rightfully so, given the complexities, compliance burdens, and draconian sanctions associated with the Department of Education's ("the Department") proposal.

Nevertheless there are numerous differences between the reporting and disclosure requirements contained in GE II's Transparency Framework that expand beyond the reach of the 2011 rule. Awareness of these changes



PETER S. LEYTON, firm co-founder, focuses his practice on postsecondary education law. He has represented many institutions of higher education, as well as associations of schools and private-investment groups, with respect to regulatory, compliance and transactional matters. His work involves interaction with the U.S. Department of Education (DOE), national, regional and programmatic accrediting agencies and state licensing agencies, as well as other third parties. Mr. Leyton served on the Association of Private Sector Colleges and Universities (APSCU) Board of Directors from 1998-2000, 2002-2004 and 2010-2012, and is actively involved in advising APSCU on legislative, regulatory and litigation matters, such as the DOE program-integrity regulations.

Prior to the founding of Ritzert & Leyton in 1994, Mr. Leyton was a partner in the law firm of White, Verville, Fulton & Saner, where his practice focused on postsecondary education. Before entering the practice of law, he was a senior program analyst with the U.S. Government Accountability Office, the investigative arm of Congress, where he focused on education. Mr. Leyton has written and frequently spoken on issues affecting postsecondary institutions of higher education, including contributions to Career Education Review and The Link. He has earned the AV® Preeminent™ Rating by Martindale-Hubbell®. An active member of the District of Columbia and Virginia bars, Mr. Leyton has been specially admitted to appear before numerous state and federal courts around the country. He received his Bachelor's degree in Political Science from Antioch College, a Master's degree in Public Administration from American University, and his law degree from Catholic University of America's School of Law.

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is important for institutions and school officers, many of whom, found compliance with the former reporting requirements and current GE disclosures to be a major challenge.

Expanded Disclosure Requirements

Currently, institutions are required to provide public disclosures on their websites, admissions and recruiting collateral, and other documents that mention a GE program for five categories of information. Instead of retaining the five static categories found in the current rule, the Department sought to provide itself with a way to change GE disclosure requirements in order to reflect its shifting policy goals.

Awareness of these changes is important for institutions and school officers, many of whom, found compliance with the former reporting requirements and current GE disclosures to be a major challenge.

The Department will accomplish this via GE II by annually publishing a list in the Federal Register specifying the disclosure items institutions must incorporate into their GE disclosures for the coming year.

The Department's list could potentially include some or all of the following items:

- The primary occupations by name and SOC code that the GE program prepares students to enter with links to each code's O*Net profiles.
- Completion and withdrawal rates for the GE program's full-time and less-than-full-time students.
- The GE program's length in weeks, months, or years.
- The number of clock or credit hours in the GE program.
- Loan repayment rates of the program's completers and/or students who withdrew from the GE program, as determined by the Department.
- The total cost of the GE program's tuition, fees, books, supplies and equipment for students who complete the GE program within its published length.
- The GE program's placement rate calculated according to the methodology of any state or accreditor that requires the institution to report placement rates.

STEPHEN T. CHEMA II, advises clients on a wide array of matters related to compliance with student financial aid programs under Title IV of the Higher Education Act, including topics such as 90/10, the incentive compensation rule, institutional and student eligibility issues, and gainful employment. He also specializes in advising postsecondary institutions on compliance with privacy laws, including the Family Educational Rights and Privacy Act ("FERPA"), the Gramm-Leach-Bliley Act ("GLBA"), and the Federal Trade Commission's "Red Flags" rule. In addition, his work involves counseling institutions on issues related to anti-discrimination and employment law, campus security and consumer protection. Mr. Chema also works extensively in the area of immigration law, specializing in business immigration in the following areas: non-immigrant visa petitions (including H1-B, L-1, E, O, P and TN); labor certification and permanent residency; I-9 compliance and worksite enforcement; and citizenship.

Mr. Chema is a member of the National Association of College and University Attorneys (NACUA), the American Immigration Lawyers Association's D.C. Chapter, and the Young Lawyers and Administrative Law divisions of the American Bar Association. Mr. Chema, who is admitted to practice in Maryland, Virginia and the District of Columbia, received a B.A. from The College of the Holy Cross and a J.D. from The Catholic University of America.

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- The percentage of the GE program's students during the most recently completed award year who incurred debt.
- The median debt of the GE program's completers and/or students who withdrew from the program, as determined by the Department.
- The GE program's most recent pCDR.
- The most recent annual earning rate calculated for the GE program's completers.
- Whether the GE program meets any applicable state requirements for professional licensure of graduates for any state in the Metropolitan Statistical Area in which the institution is located.

Additionally, the Department would have a free hand to develop other disclosure items, as it deems necessary.

Another significant change in the proposed GE II disclosures is that all of the listed disclosure items, except the percentage of students incurring any debt, would reflect only students who received Title IV program funds.

This change relates back to the *APSCU v. Duncan* case and the Department's decision to calculate and provide completion, withdrawal, repayment rates, and median debt and median earnings information directly to institutions.

Because the court's ruling in *APSCU v. Duncan* effectively prohibited the Department from keeping a database on students who did not receive Title IV funds, the Department can only provide data to institutions for students who received Title IV funds. Based on the Department's planned involvement in calculating certain disclosure items, the Department has voluntarily extended this limitation to the GE disclosures.

The proposed disclosure requirements are also notable in that the Department appears to have retreated from the idea in the current rule that it could create a universal methodology for calculating placement rates.

Another significant change in the proposed GE II disclosures is that all of the listed disclosure items, except the percentage of students incurring any debt, would reflect only students who received Title IV program funds.

Explaining this decision in the *Preamble* to the proposed rule, the Department cited the conclusion of a Technical Review Panel of the National Center for Education Statistics that "a single job placement rate methodology could not be developed without further study because of limitations in data systems and available data."

Based on NCES' inability to deliver a placement rate methodology to the Department in 2011 or in the years since, it would appear that the development of a universal methodology for reporting placement statistics is no longer in the Department's immediate plans.

GE II Reporting Requirements

Like the Disclosure Requirements, GE II's reporting requirements significantly expand on the former requirements of the 2011 GE rule. **Under GE II, institutions will have to annually report the following items for each student who was enrolled in the GE program and who received Title IV funds:**

- Personally identifying information such as the student's name, Social Security Number, and date of birth.
- The name, CIP code, credential level, and length of the GE program.
- The date the student first enrolled in the GE program.
- The student's attendance dates

and attendance status in the GE program.
- The student's enrollment status as of the first day of the student's enrollment in the GE program.

Additionally, for any student who withdrew from or completed the GE program during the reporting period, institutions must report:
- The date of the student's completion or withdrawal from the GE program.
- The amount of the student's private educational loan debt (Non-Title IV debt) incurred for enrollment in the GE Program.
- The amount of institutional debt incurred for enrollment in the GE Program.
- The amount of tuition and fees assessed to the student for enrollment in the GE program.
- The total amount of the allowances for books, supplies, and equipment included in the student's Title IV cost of attendance, for each award year in which the student was enrolled in the program, or a higher amount if assessed to the student by the institution.

The primary reason for the expansion of the reporting items in comparison to the 2011 GE rule is the changes made to the Debt-to-Earnings (D/E) measures and the addition of the pCDR to the Accountability Framework.

The initial deadline for institutions to make their GE reporting would be July 31 of the year in which the regulations take effect. Institutions would need to report information for their students receiving Title IV funds and who were enrolled in GE programs during the second through seventh award years prior to the July 31 deadline. If an institution has a medical or dental program, it must also include data for the eighth award year prior to the July 31 deadline.

Thus, if GE II becomes effective July 1, 2015, the award years covered in the first round of reporting for most schools would be the 2008-2009 through 2013-2014 award years. Schools with medical or dental programs would report from the 2007-2008 through 2013-2014 award years. After the initial round of GE reporting, institutions would have a reporting deadline of Oct. 1 for the following award years.

The primary reason for the expansion of the reporting items in comparison to the 2011 GE rule is the changes made to the Debt-to-Earnings (D/E) measures and the addition of the pCDR to the Accountability Framework. The Department intends to calculate these new metrics and provide the results to institutions; therefore several of the added reporting items are necessary for the Department to perform its calculations.

Additionally, the Department also intends to calculate completion rates, withdrawal rates, repayment rates, median loan debt and median earnings, in order to provide the institutions with the results for inclusion in the GE disclosures. Thus, the expanded reporting requirements are also designed to enable the Department to calculate these items.

The Department has stated its belief that developing these metrics itself, instead of relying on institutions to do so, will result in greater efficiency, a decreased administrative burden on institutions and greater accuracy.

Challenging Department – Determined Calculations

GE II contains proposed language that would allow institutions to challenge the accuracy of the Department's calculation of a GE program's completion, withdrawal, and repayment rates, as well as its median loan debt.

The Department would provide institutions with draft completion, withdrawal and repayment rates, and a draft median debt amount. Upon receiving these draft calculations, institutions would have 45 days to challenge the calculations by providing evidence that the information was incorrect.

An institution's failure to challenge its draft calculations with a response that is timely, accurate, and in the format required by the Department will result in the draft rates becoming final calculations.

When an institution files a proper challenge with the Department, the Department will analyze the challenge and issue a determination informing the institution if its challenge was accepted and stating the final calculations.

Institutions will not have the ability to challenge the Department's calculation of minimum earnings for a GE program for purposes of the GE disclosures. As is the case with the minimum earnings calculation used to calculate the D/E rates, the Department obtains aggregate data from the Social Security Administration and has no capability to analyze an institution's challenge to that data on a student-by-student basis.

Conclusion

The Department has recently confirmed its intention to publish a final GE Rule in October 2014. If the final rule is published in the Federal Register by Nov. 1, 2014, the likely effective date of the GE II rule would be July 1, 2015.

Institutions will not have the ability to challenge the Department's calculation of minimum earnings for a GE program for purposes of the GE disclosures.

It is possible that based on the comments the Department received to the proposed rule that it will choose to make changes to GE II in the final rule. However, it appears unlikely at this time that the Department will make significant or sweeping changes to its proposed rule. Therefore, school leadership and staff should familiarize themselves with the requirements of GE II and begin the preparations for complying with GE II.

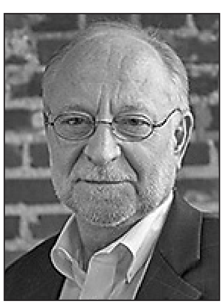
Career Education REVIEW

Affordable and Effective Web Solutions for Bigger Branding

By Rick Anderson, Amy Coffman and Scott A. Gayer of Gragg Advertising Creative Services

The digital age has opened the proverbial door for institutions of higher learning. Educators now have access to affordable, effective solutions to expand their reach and engage their audience in an unprecedented way thanks to the World Wide Web. However, with the influx of increased competition brought about by the advent of the Internet, managing your brand message becomes even more important. In relation to the Web, branding can present the persistent pressure to find a responsive audience with the rise and fall of influencers like social media platforms. This past year alone has seen major titans such as Facebook and Twitter challenged by the likes of platforms that include Snapchat, Vine and Instagram. Search engine algorithms discern and rank relevant content based on prevailing acceptance of the Internet

This past year alone has seen major titans such as Facebook and Twitter challenged by the likes of platforms that include Snapchat, Vine and Instagram.



RICK ANDERSON is the seasoned Creative Director of Gragg Advertising. He helps clients discover the truth and power of their brand. With over 40 years of experience in traditional and direct-response marketing, Rick has developed national creative campaigns. His work has received national and regional recognition from Graphis, Adweek and the Direct Marketing Association. Rick and his team remain dedicated to fostering unbridled creative driven by analytics. It's an intelligence and methodology that Gragg has honed for over 20 years and continues to refine. Experience Gragg and see where your brand can take you.

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as an informational resource, and increasing reliance on social media as a preferred means of communication. This is creating stiff competition for best ad placement and optimized (organic) ranking. Yet, amid this constant change, school brands can take advantage of affordable and efficient means to build meaningful dialogue with students through a more consistent and relevant Web presence.

Institutions must continually ask whether or not their Web presence presents an integrated message and provides a means for people to get in touch quickly and easily.

Prior to the widespread adoption of the Web, TV spots traditionally served brands, and their success was largely dependent on whether they were engineered with an effective idea and message. For many years, this methodology comprised the top of the delivery funnel for brands needing to project their marketing message. Over time, the accessibility to TV has expanded with the introduction of online TV and digital pre-roll (a commercial spot that plays before selected online content can be viewed). According to recent research from Google, 77 percent of the time when users watch TV it is with another device. This confirms TV has become a catalyst for users who are also browsing the Web (and/or double-screening) with a secondary device.

Now that the Web has taken over the top of the "branding funnel," the same creative filters should still apply. Institutions must continually ask whether or not their Web presence presents an integrated message and provides a means for people to get in touch quickly and easily. For most schools needing to launch their brand more cost-effectively, the process almost always reveals the need to take their presence on the Web seriously.

While website and social media initiatives may be fundamental in the scope of a marketing plan, do not underestimate the influence they exercise over your audience.

At Gragg, we create websites and integrate social media strategies that maintain message efficacy while driving response at the same time.

Much like an evolving door, the Internet provides a forum to make your message clear in various ways to a captive audience. It is not just a place for words and pictures, but also an environment where video and direct-response (DR) mechanisms can invite your audience into a more meaningful dialogue with you. In DR marketing, the call-to-action has always been a valued tactic in messaging. Yet, with the Web, this kind of messaging empowers users even more because they are already engaged by the time they have begun to digest your message. To make the most of this opportunity, insure that your messaging compels people to act on why you do what you do.

This year and beyond, mobile Web usage will continue to skyrocket. According to CISCO's visual networking index, mobile connections are growing faster than the Earth's population. By 2017 there will be roughly 1.3 connections for every person on the planet. These trends put even more emphasis on the ability of a Web presence to leverage your brand awareness. Never before have the barriers of entry been so low when it comes to experiencing your brand online. At Gragg, our client websites are designed to be mobile friendly via responsive design techniques. This method enables a website to display beautifully on any device of any size. This simple design decision keeps search engines happy and rewards our clients with better search rankings.

If you are looking to take the first serious steps in your branding, there is no better time than now to re-evaluate the abilities of your website and social media strategy. **Some important questions to ask when launching brands through the Web include the following:**

- Does your competition communicate their brand clearly through their Web presence?
- Is your current Web presence generating any response from your target audience?
- Does your message speak more about what you do, rather than why you do it?
- What do you like about other websites and social media pages in your industry?

These kinds of questions can reveal some of the most important answers you need to get your brand moving. It does not necessarily involve expensive client research or focus groups. It is just asking candid questions aimed at revealing answers that will ultimately save you time down the road when you are ready to go live.

Gragg's clients achieve the best success when they take the time to seek these answers at the beginning of the brand development process. It gets them thinking about the big picture as to who they are and the unique value they want their audience to respond to. In the end that is what people on the Web are looking for. It is the Wild West to communicating online, and people are seeking someone or something unique. At Gragg Advertising, we are pioneers on the frontier of digital marketing communications.

Career Education REVIEW

A Greater Danger!

By Dennis Spisak, President, DJSpisak Consulting

During the past several years, the career college sector of postsecondary education has certainly gone through a lot of turmoil. We continuously have to defend our schools, the reputation of our sector, and the value we bring to society. The major attacks have been from the Department of Education in D.C. The Department appears to be targeting corporate chains with schools nationwide, although the results will affect every school in the sector.

The Association of Private Sector Colleges and Universities (APSCU) has invested heavily, both time and money, to ward off the attempts of more regulations on our sector. They have been fairly successful to this point. Now with a resurgence of gainful employment, APSCU once again has to appeal to Congress the impracticality of such a regulation and the unfairness of such to the sector. And more importantly, to students who are trying to get a foot in the workplace, start a career and create a new life for themselves and their families.

People associate profit with growth and growth means jobs and security. However, for some reason, profit is bad when associated with the career college community.

Our country was built on capitalism. The industrial revolution of the late 1800s generated a transition in our

DENNIS SPISAK began a 32-year career in publishing with McGraw-Hill in 1981, holding several management positions including regional manager and vice president of sales/national sales manager for the career education division of McGraw-Hill Higher Education. After leaving McGraw-Hill in 2011, he served as senior consultant for Pearson Learning Solutions and in 2013 he started DJSpisak Consulting, which concentrates on the career college sector of postsecondary education. DJSpisak Consulting deals with new technology companies working with career colleges, as well as working with individual career colleges to enhance performance and outcome achievement.

Spisak was named one of the 25 Most Influential People in the Career College Sector by Career College Central magazine in 2008, and he was recognized as one of 25 who are "Making an Impact in Career Education" by Career College Central magazine in 2012.

He currently also serves as vice chairman on the executive board of the Imagine America Foundation. He earned his bachelor's degree and master's degree in business education from Shippensburg University of Pennsylvania, and he is a recognized national speaker on topics dealing with faculty development, retention, handling and embracing change, teaching methodology, the impact of technology on all aspects of the teaching/learning process, and more.

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country from an agrarian society to an industrialized society. We had a great movement of workers from rural areas to cities where new factories provided jobs and steady income. We saw major growth of companies in the areas of steel, gas and oil, railroads, etc. What created such growth and helped our country become a world power was the **profit** made by these companies. In the vast majority of companies and industries, profit is recognized as a good thing. People associate **profit** with growth and growth means jobs and security. However, for some reason, profit is bad when associated with the career college community. It seems as though the moment we grow, the federal government feels as though they have to act to limit the growth within our sector.

However there is a greater danger to the career education community. And this danger can do serious if not irreparable damage to the very core of our sector.

I have been working with career colleges since 1981. Yes, it was very different back then, as the majority of schools that made up our sector were privately owned "mom and pop" schools. In the late 1980s we began to see the growth of chain schools, and the government took notice. The growth of such chains as CareerCom and the Phillips schools created a situation of government scrutiny that encompassed our entire sector and resulted in regulations that applied to all schools in our sector. This included the "mom and pop" schools that were simply doing what they always did; providing job skills to individuals that otherwise would not have the opportunity to enter the labor force. Was there wrongdoing in some of our chain schools at that time? Probably. Should their practices have been addressed? Again, the answer is yes. But why were all the schools in the sector targeted? Some good schools were closed because of the applied regulations, especially the 90/10 rule. The loss of such schools not only hurt the owners but the community in which they resided, their employees, their students and all future students that could have benefited from the school in terms of job training.

So here we are in 2014, and the same situation is occurring and, again, the entire sector is under attack. Recently we have read about the problems GM has had with safety issues of their cars, the lawsuits against them, the recalls, etc. The government is stepping in with committee hearings and the like. Are they targeting the entire auto industry? No, they are going after the company with alleged wrongdoing. This is typical behavior **except** when it pertains to the career college sector.

As I stated previously, the government appears to be targeting corporate schools although the negative press and proposed regulations will have a harmful effect on all our schools. In spite of the current climate, most of our "mom and pop" schools have been able to maintain their reputation and standing in their communities and for good reason. Such schools have been an asset to their communities. They provide job training for individuals that otherwise may not have had the opportunity to enter the workforce. They are recognized as a valued source of skilled employees for companies within the community. They contribute tax dollars to the local economy, as well as to the state. They are active partners with the community, providing services and contributing to the general welfare of the community. Many of our schools sponsor blood drives or initiate events to raise money for a common cause. I look at a school such as Empire College in California, which, under the leadership of Roy and Sheri Hurd, is highly recognized and respected for the community services they provide. I look at Harrison College and see the benefits Indianapolis, IN experienced because Ken Konesco worked closely with community leaders in the revitalization of downtown Indianapolis and located his corporate office and school in the downtown area. Frank Longnecker of National College has schools in several states. Frank has maintained the need for each school to contribute to the community and his schools are recognized for the community services they provide. Keep in mind the individual schools within a national corporate chain do the same thing in their local communities. I could go on-and-on listing schools in our sector that contribute in a positive manner to their local communities.

When I look at the career college sector of postsecondary education, I see two distinct but related groups. We have the large, corporate chain schools, and we have what I affectionately call the "mom and pop" schools. Both serve a need and both provide opportunities to individuals that otherwise would have no place to go for further education and job training skills. Again, at the national level, the government and press are attacking primarily our corporate chain schools. **However there is a greater danger to the career education community.** And this danger can do serious if not irreparable damage to the very core of our sector.

I have always looked at our "mom and pop" schools as the foundation of our sector. The growth provided by our corporate chain schools is good but the very fiber of what our sector is all about, why it was started 160+ years ago, the contributions it makes to our society and the benefits it has provided millions of individuals over the years has been maintained and upheld by "mom and pop" schools at the local level. Our core is now being challenged and attacked by individuals at the local and state levels and this can and will be extremely damaging.

The implication is that any college that is part of the for-profit sector is implicated in these probes, investigations, etc. Imagine the impact to a small career college in a small Midwest town?

When the government attacks a national, corporate chain school it makes the news but rarely does it make the front page of local newspapers, local television or radio stations. In some cases, it may not even be mentioned in a local newspaper, television or radio station. I live in St. Louis and normally have to go to a national newspaper to find information on such activities as our local media provides little if any coverage of such stories. However, when a school is attacked at the local or state level and covered by local media it reaches the very individuals that would be prospective students of that school. It does not matter if the allegations are true or false; it is the allegations that are stressed by the media. There always appears to be a negative connotation to such stories and the schools are portrayed as guilty, wrongdoing or not. The really scary thing is that the local media does not let up. Once they sense the makings of a story, they go after it and rarely let up. A good example of this is the former Allentown Business School.

Allentown Business School was founded in 1869 and offered secretarial programs. Over the years it grew, expanded its program offerings, and moved several times to accommodate its growing enrollment. In 1995, Career Education Corporation purchased Allentown Business School. CEC added programs, grew enrollment, and eventually build a beautiful, new school on a 30-acre campus in the Allentown area. In 2005, as a result of allegations made by former employees, the local newspaper ran a series of articles on the school and cited allegations of aggressive tactics by recruiters, job placement expectations, lax academic standards and high tuition. After those stories ran, the Attorney General of Pennsylvania began an investigation, a class-action suit was filed, and a state legislative hearing was conducted. The newspaper articles against the school continued, and the state investigation widened. In 2009, the school, then called Lehigh Valley College, closed. The initial allegations against this school may or may not have been true, but the impact of constant negative press, in a small community, had a major impact on the enrollment at the school.

What is happening at the state and local level is as much if not more of a danger to our sector than what is happening at the federal level.

There is now a coordinated group of 32 state attorney generals, investigating for-profit colleges. That group is working with Consumer Protection agencies within their states and the Federal Consumer Financial Protection Bureau to openly target our sector for investigation. When the average consumer reads headlines such as, *"For-Profit Colleges Probe Expands," "For-Profit Colleges Face New Wave of State Investigations," "State Attorneys General Open New Investigations Into For-Profit Colleges," "Attorneys General Target For-Profit Colleges Looking to Make a Buck—Especially Off Veterans,"* what are they to think? We are not talking about a specific school that did something illegal or unethical. The average consumer is being led to believe that our entire sector is under investigation. This message is going out to consumers at the state and local level. The implication is that any college that is part of the for-profit sector is implicated in these probes, investigations, etc. Imagine the impact to a small career college in a small Midwest town? I was recently told of a school that has been fighting a state AG investigation for a couple of years. Twenty-one students were signed up to start, however the week they were to start an article ran in the local newspaper concerning the ongoing investigation. Those 21 students never started, you wonder about the timing and the ultimate purpose of such an article.

We are seeing state attorney general websites asking employees and students of our schools to let them know if they have information or a complaint about our schools business practices. I recently heard of two students that were attending one of our schools that had filed a lawsuit against the school. You would think that they would drop out of that school since they filed a lawsuit against it, but this was not the case. When asked why they were still attending, the students said they enjoyed the school and liked their instructors. You wonder how many other lawsuits are results of such government websites or lawyers approaching our students because they see the current situation as something to be taken advantage of for their personal benefit. What is really sad is that allegations, true or false, can destroy a school, especially a "mom and pop" school. The resulting drop in enrollment, coupled with limited resources to fight such allegations, makes for a no-win situation in many cases.

Like General Motors, if we have schools that have broken rules, crossed the line, or exhibited unethical behavior and practices, fine them and make them correct their errors. But, do not go after the entire sector. How fair would it be to Ford or Chrysler if they were implicated in the General Motors situation when they did nothing wrong. Where would their lost business go and how would that impact their employees, companies supplying them with goods and services, and consumers overall? This would not be good for our country. Along the same track, where will approximately 3.5 million career college students go if our schools no longer exist? What would the impact be to the local community that received tax dollars from the school, trained employees for their businesses, and provided job training for individuals so they could become taxpayers and homeowners?

What is happening at the state and local level is as much if not more of a danger to our sector than what is happening at the federal level.

So what can be done? How can we be proactive versus defensive to this growing threat to the foundation of our sector? **A few thoughts:**

- **Utilize Employers of Your Students.** At the annual APSCU meeting, we usually recognize the "Employer of the Year." A representative comes to the podium and speaks glowingly about the employees they receive from the local career college. They talk about the specialization of training the employees have and overall performance of the employees from the college. We have companies ranging from hospitals to trucking companies that have been honored at our national and state association meetings. This is, to me, "preaching to the choir." We do not need to have them tell us about our students. We need them to tell the local, state, and federal governments about the value our schools provide to the success of their companies. Take it one step forward, we need them to demand support for our sector from legislators, attorney generals, etc., or they will not continue donating to their campaign funds. We need local and state employers and companies to tell our story and explain our value to those in a regulatory, decision making position.
- **Utilize Alumni.** As a sector, we pride ourselves in providing the means for individuals to make a change in their lives and the positive impact it has on their families. We have thousands of graduates that fall into this category, yet we let two or three students appear before a senate subcommittee telling a congressional committee the

The state of Illinois, which gives us Senator Durbin, does not have an active state association yet has far more career colleges than most states.

terrible experience they had in our schools. We need to find an avenue that allows the thousands of our successful graduates to sing their stories from the mountaintop. We need a national database of graduates from all our schools that we can draw upon to contact legislators at the state and national levels and tell their story. We need to generate alumni associations in our schools where graduates can communicate among themselves. With social media such as Facebook, this should not be too hard. We need to have an open line of communication to make sure our graduates know the problems befalling their schools. I have three sisters that are graduates of our schools. Not one of them was aware of what is going on in our sector. They know now.

I often see comparisons of tuition costs between career colleges and community colleges. If 90/10 applied to community colleges as well as career colleges, I guarantee we would see a jump in their tuition.

- **State Associations.** Every state that has a career college needs to have a state association to act as an umbrella for that school. Where we have states with only a handful of career colleges, we need to have regional state associations such as the KY/TN Association. The state of Illinois, which gives us Senator Durbin, does not have an active state association yet has far more career colleges than most states. This simply cannot be. We need state associations to protect all our schools but especially our "mom and pop" schools who do not have the resources to effectively combat a state investigation. Our "mom and pop" schools are easy prey for a zealot state official. We need to have strong communication between our state associations. When a school runs into a problem in one state, all state associations need to enter the fray. Keep in mind, when you have a coordinated group of 32 AGs targeting our sector, you basically have a national problem, not just a problem with a school in an individual state. It becomes a problem to all of us.
- **Cultivate Local Media.** Do not wait until a newspaper reports a negative situation about one of our schools to get to know individuals from your city newspaper. Cultivate a positive relationship with them now. Use them as a resource. Let them come into our schools as a guest speaker or have them do a feature story on individuals whose lives have been changed because of what they accomplished at a career college.
- **Cultivate relationships with government officials with the purpose of having them recognize and support the need for all sectors of postsecondary education to come under the same regulations.** The only reason I can see why there are government regulations that apply to our sector and not other sectors of postsecondary education is the fact that we are for-profit. It is interesting to me that we are different when it comes to regulations, yet the same, when comparisons are made between our schools and those in other sectors of postsecondary education. For example, I often see comparisons of tuition costs between career colleges and community colleges. If 90/10 applied to community colleges as well as

> career colleges, I guarantee we would see a jump in their tuition. Gainful employment is targeting our schools and our vocational programs. I wonder how well a liberal art major from UCLA would fare under gainful employment. We hear all the time about how much our schools cost the government and taxpayers in terms of the federal loans and grants our students receive. We never hear about the taxes our schools pay to local, state, and federal government. We never hear about the individuals who graduate from our schools transforming themselves from someone taking from the government to one who is paying taxes and supporting our government. What about the cost to taxpayers of supporting and maintaining their local community college?

Let us look at productivity and results in comparing the sectors of postsecondary education. According to the National Center for Education Statistics, the graduation rate at public two-year institutions was 20 percent. At private nonprofit two-year institutions the graduation rate was 51 percent. Private for-profit two-year institutions had a graduation rate of 62 percent. Now you can wonder why the federal government is placing millions of dollars into community colleges for job training, especially with such paltry results in terms of graduation. You may further wonder why the federal government is not providing career colleges with some of the job-training funding since they are and always have been in the job training business and have results far surpassing those of community colleges in terms of graduation.

In my mind, parity, in terms of regulations in post-secondary education, needs to be a top priority for our sector at the national level. With parity, many of the problems facing our sector will be eliminated.

While focus has been and needs to be on what is happening in Washington, we need to be very much aware of the attack coming at us at the state level via the attorney generals and consumer protection agencies in our states. This is a growing threat and a threat that has to be addressed in a firm and timely fashion. It needs to be recognized as a national threat to our sector and must be combated collectively by all involved in and those that benefit from the career college sector. Our effort should be a coordinated one and include alumni, employers of our students, vendors, communities in which we operate, etc.

While focus has been and needs to be on what is happening in Washington, we need to be very much aware of the attack coming at us at the state level via the attorney generals and consumer protection agencies in our states.

We have fought many battles over the years and have survived. One reason is that ultimately we are needed. 3.5 million students would not be receiving an education at the postsecondary level if it were not for the career college sector. Above all else, we need to keep that fact in mind.

Medical Stop-Loss Captives and The Impact of Health Care Reform on Private Sector Schools

By Bruce Denson, Executive Vice President and Bo Hartsfield, Vice President, Cobbs Allen

It is hard to quantify the financial impact of healthcare reform, both at a micro and macro-economical level. There are, however, a few things we can reasonably assume about the Patient Protection and Affordable Care Act (PPACA) as it relates to private sector education. Industries projected to be most impacted by PPACA are those with large populations of variable hour employees. Industries such as hospitality, staffing, construction, and education fall into this category. Adjunct professors have been a staple of higher education for decades.

BO HARTSFIELD is the Vice President and Manager of the Benefits Department. Bo has been a Health and Welfare Consultant at Cobbs Allen since 2005. He specializes in customizing benefit plans that balance the need for cost-effective programs while remaining attractive to current and future employees.

Bo holds a Series 66 and Series 7 license and is certified by the National Underwriting Company as a Group Benefits Disability Specialist. He graduated cum laude from the University of Mississippi with a Bachelor's degree of Business Administration in Finance. In May 2013, Bo became the manager of the Employee Benefits Production Staff at Cobbs Allen.

He began working with the For-Profit Education industry in 2006 and led Cobbs Allen to receiving an endorsement from the Association of Private Sector Colleges and Universities (APSCU) in 2008 as their employee benefits consultant of choice. Since that time, Bo and the Cobbs Allen team have invested a great amount of time and resources into understanding Private Sector Colleges and Universities. Bo has attended 20+ events hosted by APSCU, including presenting a breakout session on "The Impact of Healthcare Reform on APSCU Member Schools" at the 2013 annual convention.

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Adjuncts are traditionally not considered full time employees, and therefore have not been considered benefit eligible. One of the primary mandates of the ACA extends coverage to all employees working 30 or more hours per week. This will cause all post-secondary educational institutions to rethink their adjunct strategy, or face a substantial increase in business cost by having to extend benefits, primarily health insurance, to adjunct professors (the IRS Safe Harbor ratio for contact to non-contact hours is 1 : 1.25 – almost double the ratio many schools currently use).

Beyond PPACA, there are additional external factors that are influencing the cost of providing an employer sponsored health plan. Private sector schools compete directly with public sector schools for employees. In most cases, public sector schools have access to state-based public health plans. These plans will continue to be richer in plan design and provided at less cost to participants than private sector plans (one way that state-based plans have been able to keep costs down, is that they have a larger "pool" from which to draw participants). Therefore, the pressure on private sector schools to provide a low-cost competitive health insurance plan is greater than ever before. In the current health insurance environment this will be increasingly more expensive to sustain.

Employers with less than 1,000 employees will be most impacted by

BRUCE DENSON graduated with honors from Vanderbilt University with degrees in Philosophy and Classical Studies. He also holds a Masters in Theology from Covenant Theological Seminary. After graduate school he moved back to Birmingham to work for Cobbs Allen, a large risk management consulting firm. He quickly advanced in the company and in 2007 founded the Education Practice Group. That same year he was also asked to join the MAPLYT training program, an executive leadership program open to the top 10 brokers under 35, run by Marsh-Berry, the largest brokerage consulting firm in the country. In 2009, after winning the top consultant award the previous two years, he was made a Vice President and also took over recruiting and training of new consultants. In 2010 Cobbs Allen appointed Bruce to the Board of Directors and he became Executive Vice President and a member of the Executive Committee.

Bruce specializes in evaluating risk management programs in terms of total cost of risk and utilizing alternative risk placement services, particularly captives, group captives, and rent-a-captives. He has put together specialized programs for the housing industry, difficult fleet exposures, independent schools and private sector education. Through seminars and other speaking engagements he has also advised employers on strategies to reduce costs through alternative risk transfer vehicles. He is a frequent speaker in various industries on the topic of risk management, alternative financing, and difficult coverage issues. In 2008 his presentation on tax issues related to captives was granted CPE credit status by the state CPA board.

Bruce joined the Association for Private Sector Colleges and Universities in 2008 in an effort to grow the education practice group at Cobbs Allen and to increase his understanding of the risks faced in private sector education. Realizing that the greatest risk to a school involved educational malpractice claims and, perhaps greater, governmental funding claims, and that both of these were excluded by traditional policies he started working toward an APSCU program that could cover some of the losses due to these risks.

Bruce is very active in APSCU and has attended conventions, assisted in fund raisers for congressmen sympathetic to the APSCU agenda, is a regular contributor to the APSCUPAC, served on the federal legislative committee, and participates in annually in Hill Day.

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premium increases. One of the primary objectives of the ACA is to extend health insurance to an estimated 50 million uninsured Americans. This influx of consumers will be a mix of both underutilizers (primarily the young) and overutilizers (the unhealthy who previously could not obtain or afford health insurance). Consumption will be driven still further by the removal of lifetime maximums, which will particularly increase expensive end of life care. The increase in demand without any corresponding increase in supply will naturally lead to higher costs.

Between an obligation to continue to provide health insurance to compete for the best employees and the rising costs related to reform, schools with less than 1,000 employees (or of any size with fully underwritten medical plans) will be in a position without many options to control rising healthcare costs. One option that is gaining increased popularity is for companies to pool together and form a partially self-insured pool through a medical stop-loss captive.

Let us consider two car insurance companies to illustrate the example. Based on the underwriting and actuarial data available to them, both Company A and Company B project that 2 percent of their drivers will be in an accident resulting in an average of $10,000 per loss. Both companies charge the same premium, but Company A insures 1,000 drivers at $500 annual premium while company B insures 100 drivers at $500 annual premium. If everything goes according to plan and only 2 percent of the driving pool incurs accidents, then both companies make a profit. Company A collects $500,000 in premium (1,000 X $500) and pays out $200,000 in claims (20 X $10,000). Company B collects $50,000 (100 X $500) in premium and pays out $20,000 in claims (2 X $10,000).

But, for illustrative purposes let us assume that both companies have a bad year and miss the projection by 10 accidents. Company A can easily absorb the additional $100,000 in claims expense and maintain a profit of $200,000. But an additional $100,000 expense to Company B will result in a net loss of $70,000 ($50,000 in premium less $120,000 in claims). So what happens at the next renewal? Company A can keep costs relatively flat because they collected enough premium to cover claims, while Company B will be forced to raise premiums in an effort to make up for the losses incurred in the previous year.

One option that is gaining increased popularity is for companies to pool together and form a partially self-insured pool through a medical stop-loss captive.

Company A has aggregated the pool of drivers into a larger, more predictable population. An additional 10 accidents is only 1 percent of their insured pool and they still have enough premium to cover losses. Company A has a large enough pool over which to adequately **spread the risk**. Conversely, Company B's population lacks enough size to have predictability. This company would have to charge higher premiums to manage against greater claim variability.

The same principle applies to self-insured medical plans. As companies grow, their annual claims become much easier to project. A company with 1,000 employees will spend a very predictable amount of dollars on medical care. In the event the projection is off by 10 claims, there is still a large enough population to adequately spread the risk, thus allowing them to keep costs down over a longer period of time.

The reverse is, of course, also true. Smaller companies have less claims predictability. So typically insurance companies aggregate these small employers into larger populations and distribute premium increases across the pool. This lessens the increase when you have a bad claims year but still results in an increase in the event of a good claims year.

Reinsurance (also called Stop-Loss insurance) is the passing of risk at a specified dollar amount to a third party insurance company.

Going back to our car insurance example above, as insurers have grown more sophisticated they underwrite for clues to how likely someone is to get in an accident. A 16-year-old with three speeding tickets driving a red Corvette is much more likely to get in an accident than a 50-year-old driving a blue Subaru. The insurance company will charge far more premium for the 16-year-old.

This is where the analogy to health insurance breaks down. Health insurance companies (and corporate plan sponsors) do not have the luxury of assigning different premiums to people of different ages or health risk. The ACA has allowed for greater premium discrepancies based on tobacco usage and participation in wellness programs, but for the most part, a healthy 27-year-old employee will pay the same premium as a 55-year-old undergoing cancer treatment. This is one reason why the reinsurance component of larger medical plans is integral.

Reinsurance (also called Stop-Loss insurance) is the passing of risk at a specified dollar amount to a third party insurance company. This component increases the predictability of claims costs by capping each claim at a certain dollar amount. Even when a group has a large enough population to adequately predict costs and spread risk, a $1MM claim can still potentially bankrupt the plan. But if all individual claims are capped at, say $100,000, the plan is protected against catastrophic losses and thus creates more sustainability. This reinsurance component is a crucial factor for groups that are large enough to self-insure their own risk.

The advantages of self-insurance are threefold. A company captures and maintains the profit that would normally transfer to an insurance company. Second, a company's premiums are no longer dictated by the broader pool of employees and they are individually underwritten on their own experience. If they implement strategies to reduce medical spend, they will keep the savings. Lastly, specific to the ACA, they avoid premium taxes imposed on fully insured plans. To these we should add two more benefits; self-insured plans have the liberty to customize a plan design that fits their individual employee group rather than being forced to choose from the limited number of plan designs offered by the insurance company, and self-insured plans enjoy more competition for their premiums since there are far more stop-loss carriers than health insurance carriers (for example, most states have 1-4 health insurance providers offering fully insured plans but there are 10+ stop-loss insurers in every state).

This all begs the question; how does a smaller company become self-insured? The short answer is by joining a medical stop-loss group captive and aggressively managing medical spend, not just insurance premiums. Even though each 200 employee group is too small to truly benefit from self-insurance, if 20 such groups pool their risk, the group would be more than large enough to self-insure up to a high retention. This arrangement is known as a group captive, which is simply a financial mechanism designed to bring the benefits of self-insurance to smaller employers.

Group captives have existed since the late 70's and early 80's for all kinds of risks, particularly workers' compensation and general liability. The expansion of group captives usually follows hard insurance markets where premiums become very expensive and companies look for alternatives to traditional insurance. It is no surprise that the first medical group captives were not established until 10 years ago and have only recently experienced rapid growth. The trend of large medical insurance premium increases is simply unsustainable for most companies. Alternatives to the traditional insurance market are especially attractive to private sector education companies that must provide a robust benefit package to compete for employees versus public sector schools with rich state-based health plans.

The best place to look for a group captive is through an association or affiliated businesses. In the private sector education sector, the Association of Private Sector Colleges and Universities has recently announced it is sponsoring a group captive for its members. It is important for prospective captive members to understand the risks, advantages and requirements of captive participation.

If you consider joining a captive ask what other companies are joining the captive, what cost reduction strategies are required to join, and how compliance is being enforced.

It is not enough to simply pool employers together and try to capture the insurance company's profit. While that does provide a benefit, there is still a need to perpetuate the benefits of pooling together by mitigating future premium increases. To truly take advantage of self-insurance, the group captive needs to actively control medical spend. Without going into great detail, these strategies should include High Deductible Health Plans (HDHP's), providing pricing data to employees and incentives for using less expensive options, targeted wellness plans focused on high risk employees, and utilizing technology to incentivize doctors to be cost conscious when making referrals. A company joining a group captive should be confident that the captive is proactively managing the plan to control long-term costs. Joining a group captive is not about saving money in the first year, but having control over medical insurance costs for the next decade.

More importantly, a company should have confidence that the administrators of the group captive are enforcing compliance with the cost reduction strategies on all the other member companies. Perhaps an appropriate analogy is that a group captive is like-minded employers trying to create a cleaner pool of participants. If you consider joining a captive ask what other companies are joining the captive, what cost reduction strategies are required to join, and how compliance is being enforced. Prospective members should request copies of the financials of the captive, cost reduction strategy compliance scorecards, and member financial scorecards.

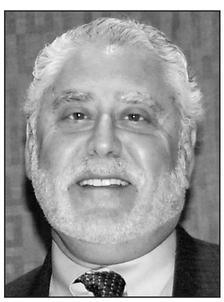
As the impact of ACA increases over the next five years we believe we will see a significant uptick in companies doing away all together with employer sponsored medical plans as more employers decided to pay the penalty for not providing health insurance. For those industries in which no longer offering health insurance is a very unpalatable option in order to be able to compete, participation in medical stop-loss group captives will increase more quickly.

Career Education REVIEW

State Authorization: Feds Give More Breathing Room, But Shed Little Additional Light

By Katherine Brodie and Peter S. Leyton, Esq., Ritzert & Leyton, PC

Back in October 2010, the Department of Education ("ED'" or "the Department") published a final rule on state authorization applicable to Title IV postsecondary on-ground locations and the provision of postsecondary distance education. You may recall that around the same time, 33 Chilean miners were trapped for 68 days in a coal mine. While the miners are now happily free of their plight and have been for quite some time, nearly four years later postsecondary institutions remain trapped. Trapped, that is, in a mine of uncertainties surrounding the Department's implementation of both the on-ground rule that survived the Association of Private Sector Colleges and Universities (APSCU) court challenge and ED's intent on re-promulgating a distance education portion of the rule that has been the subject of a



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recent Negotiated Rulemaking. The purpose of this article is to update the CER readership on what is new about the status of the rule and to flag compliance concerns that impact schools today. A copy of a webinar presented May 15, 2014 regarding this topic is available on the CER website.

The current state of federal regulatory limbo should not, in our view, be a basis for postsecondary institutions to be lulled into a false sense of complacency about the import of the current state authorization rule on their operations and their need to document compliance with all applicable state laws.

What's New

On June 24, 2014, the Department announced in the Federal Register that the implementation date of the on-ground rule is further delayed until July 1, 2015. To refresh your recollection, the on-ground portion of the rule is currently contained in 34 C.F.R. § 600.9(a) and (b) which requires an institution of higher education, defined for proprietary schools under 34 C.F.R. § 600.5, to be legally authorized by a state in which those institutions are physically located. The Department has interpreted this to mean that an institution must be able to demonstrate legal authorization by a state for the main location of a Title IV certified school and for any other eligible location at which 50 percent or more of any program is offered (as required to be listed on the E-App and included on the ECAR), with some additional nuances as discussed in this article. See Dear Colleague Letter (DCL) GEN-12-13 (Q4/A4).

In a related but separate development, on June 25, 2014, ED Under Secretary of Education Ted Mitchell stated publicly that the Department will not publish a Notice of Proposed Rulemaking (NPRM) on a new distance education portion of the state authorization rule by Nov. 1, 2014, the practical import of which would be that a new rule regulating postsecondary distance education will not be in effect by July 1, 2015. Mr. Mitchell described the Department's position with respect to the distance education portion of the rule as a "pause" to "get it right." This announcement followed the

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Negotiated Rulemaking session on distance education that concluded in May 2014 where ED sought to reach consensus on a revised distance education portion of the state authorization under 34 C.F.R. § 600.9(c) in response to the federal court's ruling vacating the 2010 version of the rule. That Negotiated Rulemaking session was contentious, with many stakeholder participants questioning the extent of the Department's efforts to mandate state regulation of online education and set in place onerous new requirements for states and institutions.

The Upshot

While the Department's recent actions to create more breathing room are good in that they recognize the tremendous challenges the rule has placed, and has the potential to place, on postsecondary institutions and state governments, the fact is that the burden still remains on Title IV postsecondary institutions to determine their compliance with state laws governing their on-ground activities and any distance education provided to students in a state. Therefore, the current state of federal regulatory limbo should not, in our view, be a basis for postsecondary institutions to be lulled into a false sense of complacency about the import of the current state authorization rule on their operations and their need to document compliance with all applicable state laws.

To that end, we list below some important points for schools to keep in mind:

1. **Documentation Requirements.**

Since publication of the final on-ground state authorization rule in October 2010, the Department has provided leeway to schools in complying with the original effective date of July 1, 2011 if schools are located in states that do not have legal authorization procedures or structures that meet the requirements of the rule. There are (at least) two problems here:

In the context of re-certification, change of ownership, OIG audits, accreditation reviews and program reviews, compliance with the current state authorization rule is, in our view, fair game by the Department.

One, the Department has not, and will not, provide a list of states that are non-compliant, in their view, with the on-ground state authorization rule because, for example, the state does not have an "active process" for granting approval or does not have a sufficient state student complaint forum. It is up to institutions to make the determination of whether the state in which they are located is compliant, in some cases with the assistance of the Department if they are willing to provide guidance on individual situations.

Two, the leeway provided by the Department to date is, technically speaking, not a blanket extension of time to comply with the rule. In order to avail itself of this leeway in the implementation date, an institution must be able to document a state's efforts to come into compliance with the current on-ground rule. There is an open question as to whether, given the numerous extensions provided by ED, it would vigorously enforce the state authorization rule as of its original July 1, 2011 effective date against a school that could not document its state approval or efforts to obtain state approval as of that original effective date, but the point is that technically speaking as of July 1, 2011, a school in a state that does not meet the requirements of the rule must have documented each year to date the state's efforts to come into compliance with the rule as follows:

- In the October 2010 Final Rule, the Department permitted a one-year extension until July 1, 2012 and a second extension until July 1, 2013, "where necessary for states to come into compliance with the rule." The Department stated that to receive an extension of the effective date of the rule for institutions in a State, an institution must obtain from the State an explanation of how a one-year (and second year) extension will permit the State to modify its procedures to comply. An Aug. 22, 2011 Electronic Announcement by ED added some more detail: an institution must obtain from the State a written explanation of how the one-year extension will permit the State to modify its procedures so that the institution is able to comply with the rule. The explanation could apply to multiple institutions in a State. If the institution needs a subsequent one-year extension until July 1, 2013, the institution must obtain a further written explanation of how the additional one-year will permit the State to modify its procedures so that the institution can comply. The Department stated that institutions should obtain and maintain this documentation and should have it on hand if the Department asks for it.

Title IV schools are required to be compliant now with any state authorization or licensing rule currently in place that applies to their provision of distance education in their own or another state.

- In a May 21, 2013 Federal Register notice, the Department provided for an additional one-year delay, until July 1, 2014, if an institution can demonstrate that the extension will allow it to come into compliance with the regulation by July 1, 2014. Again, this was not a blanket extension of the implementation date but an exception to the implementation of the rule if the institution obtained an explanation from the State regarding "how an additional one-year extension will permit the State to modify its procedures to comply." To technically comply with the rule, then, the institution must have that document on file to provide to Department staff upon request.
- As mentioned, on June 24, 2014, the Department published another notice in the Federal Register delaying implementation until July 1, 2015, "for institutions of postsecondary education whose State authorization does not meet the requirements of these regulations, so long as the State is establishing an acceptable authorization process that is to take effect by the delayed implementation date." The notice states that "the institution must obtain from the State an explanation, such as information on timeline and action steps to ensure compliance, of how an additional one year extension will permit the State to finalize its procedures so that the institution is in compliance with the rule" and that information must be available to provide the Department upon its request. Again, the burden is on the institution to obtain this documentation from the state and maintain it in its files.

In the context of re-certification, change of ownership, OIG audits, accreditation reviews and program reviews, compliance with the current state authorization rule is, in our view, fair game by the Department. The obligation is on the institution to have documentation on hand as evidence of its compliance with applicable state authorization laws, or where the state has not yet made changes in its laws or procedures to meet the requirements of the rule, evidence that the state is working actively toward that goal.

2. Compliance with "Applicable State Laws."

While ED has stated that the on-ground portion of the state authorization rule at 34 C.F.R. § 600.9(a) and (b) is applicable to the main location and each eligible location that offers 50 percent or more of an eligible educational program, ED has also stated that Title IV institutions are otherwise required to be in compliance with any state law that applies to postsecondary operations in a state. For example, if a school offers a portion of an externship program in another state but offers in total less than 50 percent of an educational program at a location in that state, the Department has stated that if ED learns that the program is not being conducted in compliance with state laws applicable to the externship, it will take that fact into consideration in determining whether the institution is fully compliant with the federal state authorization rule. See DCL GEN-12-13 (Q5/A5).

What this means as a practical matter, then, is that all state laws applicable to postsecondary educational offerings by a school are potentially relevant in the Department's determination of federal state authorization rule compliance, not just the state laws that apply to main or eligible locations listed on an E-app and ECAR. Thus, state laws can actually "raise the bar," so to speak, on what is required under the current federal "on-ground" state authorization rule in its current form because the Department interprets it to mean that schools must currently be in compliance with all applicable state authorization and licensing laws. Institutions, therefore, must stay current with evolving state laws that apply to their operations.

The Department's interpretation of the current rule also applies to schools offering all or a portion of a program by distance education. Title IV schools are required to be compliant now with any state authorization or licensing rule currently in place that applies to their provision of distance education in their own or another state. As the Department has stated, although it does not have the current authority to enforce the state authorization rule for distance education so as to establish minimum requirements for state oversight of distance education, institutions "continue to be responsible for complying with State laws as they relate to distance education." See DCL GEN-12-13 (Q4/A4 and Q5/A5). Again, what this means is that institutions must know and comply with state distance education laws now as they apply to their operations.

In determining where and why states may assert some level of jurisdiction through licensing or other authorization or exemption requirements, institutions should be familiar with certain triggering factors that have led states to assert jurisdiction.

As a result, schools should not be complacent but should investigate, understand and comply with state laws that impact their postsecondary operations, and be able to document to the Department, if asked that they are compliant.

In determining where and why states may assert some level of jurisdiction through licensing or other authorization or exemption requirements, institutions should be familiar with certain triggering factors that have led states to assert jurisdiction. These factors include state variations on the traditional "physical presence" test, which can include having one of the following in a state: an office, classroom or other physical location; official mailing address, telephone or fax number; a call center; advertising in the state targeted to state residents; faculty meetings with students in the state or courses delivered from a state; offering credit bearing courses or externships/clinics in the State; or recruiting in the state, among other possible triggers. Institutions need to determine on a state-by-state basis whether their activities in a state trigger a state licensing, exemption or authorization requirement.

In addition, the Department has stated that agencies issuing licenses for both secondary and postsecondary programs may not meet this requirement if it is not apparent to the public that the institution has been authorized to provide postsecondary programs.

It should also be noted that current regulations provide that an institutional accrediting agency may not accredit or pre-accredit institutions that lack legal authorization under "applicable State law" to provide a program of education beyond the secondary level. <u>See</u> 34 CFR § 602.28(a). To the point above, state law compliance issues brought to the attention of the Department or an accrediting body can potentially create problems under the current state authorization and accrediting body regulations.

3. Gaps in the Department's Guidance on On-Ground Rule

The current on-ground rule also contains uncertainties with regarding to how the Department interprets certain aspects of the rule that may impact individual institutions.

Pursuant to 34 C.F.R. § 600.9(a)(1)(i)(A), an institution is legally authorized by a state if *"the institution is established by name as an educational institution by a State through a charter, statute, constitutional provision, or other action issued by an appropriate State agency or State entity and is authorized to operate educational programs beyond secondary education, including programs leading to a degree or certificate."*

The Department has stated in DCL GEN-11-05 that articles of articles of incorporation may meet the requirement of "other action" for an institution to be established by name as an educational institution "if the articles are for the establishment of a postsecondary institution and the institution is incorporated by name" but not if "the articles of incorporation are the same as articles of incorporation for a business or nonprofit entity in the State." This raises the question, yet unanswered by the Department, as to whether LLC formation papers can satisfy the educational institution authorization requirement and, as discussed in more detail below, whether for-profit entities can even meet the requirements of this section as "educational institutions."

The Department has stated that a letter issued by a State naming an institution would not satisfy the "other action" requirement in 600.9(a)(1)(i)(A) and that an institution simply paying a fee to a State agency to receive an approval or license without an additional process to evaluate the institution to offer postsecondary educational programs is not a sufficiently "active role" to meet the requirements of the rule.

In addition, the Department has stated that agencies issuing licenses for both secondary and postsecondary programs may not meet this requirement if it is not apparent to the public that the institution has been authorized to provide postsecondary programs.

However, the Department has stated that "if an institution's documentation of State approval to offer educational programs does not show that the programs it provides are postsecondary, the institution can show that the State agency is only authorized to resolve applications from postsecondary institutions." See DCL GEN-13-20. If the State agency that issues the license does so for both secondary and postsecondary programs, it must be clear to the public, and supported by agency regulations and the licensure process that the institution has been authorized by the State to provide postsecondary educational programs.

The Department has also stated that "other action" for purpose of establish an institution as an educational institution in a state can include: (1) documentation that names the institution as a participant in a State Grant Program where its students receive State funds that are provided only to students attending postsecondary institutions in the State; and (2) documentation from an in-State institution that it has an articulation agreement with a public postsecondary institution in the State for transfer students from the institution to receive credits at the postsecondary level for courses completed at the institution. The school must be able to document both the articulation agreement and credit transfer policy of the public postsecondary institution. See DCL GEN-13-20.

The consequence of a proprietary institution not being able to meet the requirements of state authorization as an "educational institution" in a State is that it must be established on the basis of an authorization to conduct business in the state under 34 C.F.R. § 600.9(a)(1)(ii) and, as a consequence, may not be exempt from the state's approval or licensure requirement based on accreditation, years in operation, or other comparable exemption.

With regard to what is or is not an "exemption" under the state authorization rule, the Department has recognized that Florida's License By Means of Accreditation (LBMA) process, for example, is not an exemption because (1) the state approval process is not simply a waiver of State requirements based on accreditation and (2) the state retains an active role in authorizing institutions and there are numerous other requirements in addition to submission of accreditation materials. Therefore, the Department has concluded that the LBMA in Florida is an alternative licensure process under State law, not simply a waiver of State law. Similar state LBMA procedures are likely to pass muster with the Department.

Significant uncertainty remains, however, with regard to states that grant institutions exemption from state law based on regional accreditation, as in California.

Significant uncertainty remains, however, with regard to states that grant institutions exemption from state law based on regional accreditation, as in California. For these institutions, the critical question is whether the institution can meet the definition of an educational institution under 34 C.F.R. § 600.9(a)(1)(i)(A) so that the Department recognizes that the institution may operate in a state under an exemption. The Department has not yet provided definitive guidance on whether for-profit institutions can be "educational institutions" under this section of the rule, a decision which has critical implications for some institutions operating under state exemptions based on accreditation.

4. Student Protection.

The consumer disclosure and complaint process provisions of the current on-ground rule are current law that institutions must comply with now:

State complaint process. Pursuant to 34 C.F.R. § 600.9(a), to demonstrate compliance with the federal state authorization rule, a State must have "a process to review and appropriately act on complaints concerning the institution including enforcing applicable State laws." This is a separate, stand-alone requirement that must be met by a state to satisfy the rule. Institutional complaint review processes do not satisfy this requirement. In DCL GEN-11-05, the Department stated that when looking to the sufficiency of state complaint processes, it will recognize a delegation of responsibility for handling complaints to an institutional, accrediting, or other third party only where the state agency such as the State Attorney General or a state educational agency retains final authority over the complaint. The Department stated, for example that after initially considering a complaint, a State entity may refer it to other appropriate entities for final resolution, such as an institution or an accrediting agency, and await the outcome of that review, but that the State must have jurisdiction and final authority over the complaint. Some states require exhaustion of institutional review processes before activating state review process, but a state cannot solely rely on the institution's process.

This consumer disclosure requirement is also subject to the Department's misrepresentation rule, which requires truth and accuracy in information provided to the public. This portion of the rule is fully effective now.

Consumer Disclosure. The Final Rule effective July 1, 2011 includes a requirement pursuant to 34 C.F.R. § 668.43(a) that "[t]he institution must provide its students or prospective students with contact information for filing complaints with its accreditor and with its State approval or licensing entity and any other relevant State official or agency that would appropriately handle a student's complaint." Further, DCL GEN 12-13 states that the information may be provided on school website if prominent and accurate that institutions may link to a third party list or site that contains the information, and that all students taking any course or program from the institution must be provided with the State agency that would handle complaints for that student, including the State agency information applicable to students taking a portion of their program from an institution located in another State. This consumer disclosure requirement is also subject to the Department's misrepresentation rule, which requires truth and accuracy in information provided to the public. This portion of the rule is fully effective now.

5. Distance Education and State Authorization Reciprocity Agreement

Although we will likely not see an NPRM on distance education for several months, as mentioned in this article institutions have a current obligation to comply with all existing state laws applicable to their provision of distance education. The State Authorization Reciprocity Agreement (SARA) initiative seeks to make this process, over time, less expensive and cumbersome for degree granting postsecondary institutions.

For those of you who attended the APSCU Convention, you may have heard the report from Marshall Hill, Executive Director of the National Council for State Authorization

Reciprocity Agreements on the progress among the four regional higher education compacts (Midwestern Higher Education Compact, New England Board of Higher Education, Southern Regional Education Board, and the Western Interstate Commission for Higher Education) to implement SARA, a voluntary agreement among Member states to establish uniform national standards for licensing postsecondary distance education courses and programs.

The framework is meant as an alternative to each institution separately having to seek state approvals in each state or territory where it enrolls students. Degree-granting postsecondary institutions accredited by an agency recognized by ED and located in SARA-participating States can choose to apply to their regional compact to participate. SARA is still in its relative infancy, but offers promise to help streamline regulatory compliance for distance education. As of May 2014, 7 States were approved as SARA states (Alaska, Colorado, Idaho, Indiana, Nevada, North Dakota and Washington). More information is located at www.nc-sara.org.

SARA is still in its relative infancy, but offers promise to help streamline regulatory compliance for distance education.

Leading by Example: Why it is Imperative for Higher Ed CEOs to get Active on Social Media

By Andy Kelley, President, Effective Student Marketing

There is no doubt that social media has changed the world. It is an amazingly powerful forum that has played a pivotal role in some of the most transformative global events of the last decade. From the Arab Spring to more recent news coverage of what is happening across the country and the globe, social media has been at the forefront of world events. Its vast nature, expansive reach and enormous potential also make it an incredible marketing tool. Most successful schools understand this and use social media in their marketing strategies. However, its very power can also be intimidating to the leadership of those same schools. CEOs acknowledge its potential for good, but fear its potential for disaster. They encourage their schools' marketing departments to embrace the medium, but are not as quick to put themselves in front of the world on social media channels like Facebook, Twitter, and Instagram.

According to a 2013 survey conducted by Domo and CEO.com, almost 70 percent of Fortune 500 CEOs have no social media presence. Domo's founder and CEO Josh James thinks that is crazy.

"Social media isn't a passing fad. The primary reason you have to be social is because that is where your customer lives," he wrote in a guest post for Forbes. "CEOs have a responsibility to their shareholders to be visible. CEOs who shun social media risk losing touch with some of their most lucrative customers, prospects and influencers."

According to a 2013 survey conducted by Domo and CEO.com, almost 70 percent of Fortune 500 CEOs have no social media presence. Domo's founder and CEO Josh James thinks that is crazy.

Why bother?

The number one reason CEOs need to be active on social media is to put an actual identifiable person behind their institution. People relate to other people. A school needs a face attached to its brand and the more a CEO is willing to become the voice of the institution, the more students will connect and trust both. Efforts to link a school's leader to the institution were traditionally attempted through the "Letter from the President" that appears in the front of most school catalogues. While CEOs and presidents can still use such correspondence as a means to speak to students, such letters simply do not reach all the stakeholders they need to. People expect more from their leaders. In a Brandfog survey, nearly 75 percent of U.S. respondents said that they considered companies with leadership teams that used social media to communicate about core mission, brand values and purposes to be more trustworthy. The same survey found that 75 percent believed Social CEOs made better leaders.

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Social CEOs can have direct conversations with the people they need to interact with most. They can share their school's story with students, graduates and prospects. But they also can keep employees and board members constantly in the loop. They can be the public relations leader for their school, reaching out to traditional media outlets, the community and the governmental agencies that supervise them. CEOs that rely on old-fashioned methods of getting their message out are missing the boat. A mission statement in an annual report or an occasional press release just does not do the trick anymore. Being active on social media represents an amazing opportunity for a school's CEO to advance his or her mission and recruit and retain students. The CEO who ignores its potential is doing a disservice to their students and school.

Another important benefit to active

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A direct marketing mechanic by trade, he has a strong marketing and financial analysis background as well as a passion for technology. He is a Social CEO and knows firsthand the benefit of being the front-and-center voice for his company and the sector it serves. His leadership—in marketing, technology and finance—help his clients realize and exceed their business goals.

Before founding Effective Student Marketing, Inc. in 2004, Kelley managed the marketing and admissions departments of Boston University's Corporate Education Center, helping to grow the award –winning vocational training division within a traditional higher education environment.

Now as president of Effective Student Marketing, Kelley and his team have helped private, proprietary schools across the country reach their admissions and retention goals by building lifelong relationships with prospective students, enrolled students, and graduates through pay-per-click advertising, social media and reputation management, content creation and distribution, and search engine optimization.

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social media engagement by the CEO is that it creates transparency. Students are more likely to attend a school if they believe in what it is promising. They are more likely to believe in the message if they trust the messenger. And when schools get hit by negative reviews or bad press, those schools are more likely to weather the storm when the CEO has already had an active presence on social media. After the fact is too late! Students and grads will stand by their school and their school's leader if it is a presence in which they already believe.

Getting Started

Becoming a "Social CEO" does not mean creating an account on sites like Twitter and Facebook, posting content sporadically, and hoping for the best. Social media requires a disciplined approach with a complete strategy to truly be successful, and ensure that the CEO's social media efforts are generating positive return. A Social CEO cannot be all places at all times, so he or she needs to begin by narrowing down the social media channels that will give the best exposure and help achieve the goals set forth by the CEO and the Marketing Department.

LinkedIn can be a powerful tool for connecting with employees, government relations, and potential employers. It is an online resume with an ability to share updates and links to valuable content. A CEO should create a complete LinkedIn profile, including a photo and completed biography to ensure the account is optimized. The status updates shared on LinkedIn should revolve around important school and industry information that is professional in nature.

Twitter is another social media channel on which CEOs can engage. The real-time, fast-paced platform allows for quick and easy sharing of links, photos, videos, and anything else that can be fit into 140 characters. A more casual channel than LinkedIn, Twitter gives CEOs the opportunity to connect with local news stations or companies with which a school may work closely, as well as with students and graduates. Since Twitter is a fast-paced site, followers expect a constant stream of content and posts on a daily basis.

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In addition to posting to social media channels, CEOs should become content creators for their schools. Writing guest blog posts for the school's website will allow a CEO to give voice to his or her thoughts on the school, industries, and events. It puts the CEO's side of the story front and center for visitors to the school's website and provides perfect fodder for LinkedIn updates and tweets.

CEOs should work closely with the Marketing Department to create schedules for each social media platform based on the goals for each and ensure that accounts are updated regularly. Incomplete, empty social media channels are worse than not having anything at all. Social media is not an area where a half-hearted effort is acceptable. Audience members will quickly disengage if they are not receiving the updates and content they expect out of the CEO and the platform.

Lead By Example

In spite of their concerns, it is time for CEOs to get social! As their institutions' leaders, they simply cannot afford to be the last people to leverage the benefits of social media. It is up to them to highlight the good work their institutions do and to be brand ambassadors for their schools. Especially in higher education where students consider their school much more than just a product, it is vitally important that CEOs get over their fears and jump into the deep end of the social media pool. CEOs should be thought leaders beyond the boardroom. They need to lead by example and have an active and engaging presence on social media sites.

Incomplete, empty social media channels are worse than not having anything at all.

About Effective Student Marketing

Effective Student Marketing specializes in integrated online marketing strategies that bring together social media marketing, pay-per-click advertising and content creation to help schools achieve their enrollment goals and engage with prospects, students, and graduates at all stages of the student life cycle.

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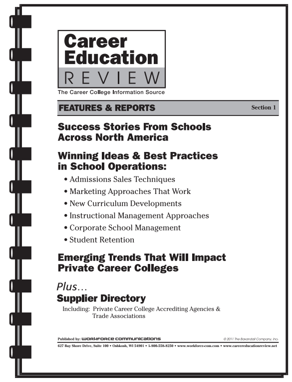

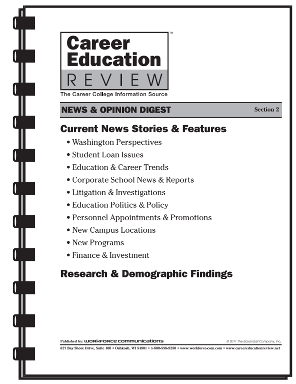

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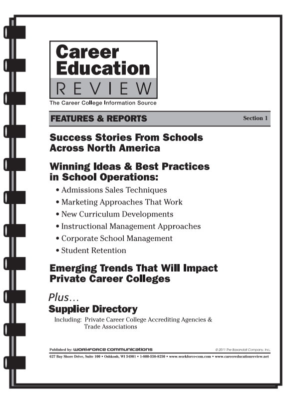

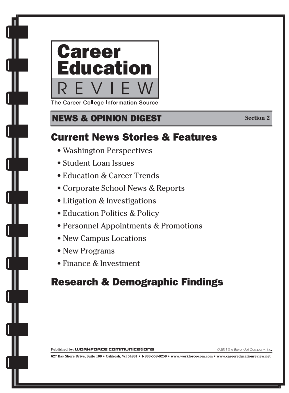

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