

**GEORGIA NONPUBLIC POSTSECONDARY
EDUCATION COMMISSION**

ANNUAL REPORT

For

Fiscal Year 2017

Submitted to:

**GOVERNOR NATHAN DEAL
HOUSE AND SENATE HIGHER EDUCATION COMMITTEES
HOUSE AND SENATE EDUCATION COMMITTEES**

Corinna M. Robinson, Executive Director
Georgia Nonpublic Postsecondary Education Commission
2082 East Exchange Place, Suite 220
Tucker, Georgia 30084-3309
www.gnpec.georgia.gov

TABLE OF CONTENTS

Introduction.....	3
Board of Commissioners	4
Tuition Guaranty Trust Fund Board of Trustees.....	5
Executive Director’s Comments.....	6
Organization and Mission.....	7
Activities.....	8
Appropriations and Revenue Collections.....	9
Postsecondary Institutions Exempted from Authorization.....	9
Summary of Activities & Institutions Authorized in Georgia.....	10
Accomplishments.....	11
Financial Viability Assessment.....	12
Tuition Guaranty Trust Fund Annual Report	13
Exhibit A - Exempt Institutions.....	14

INTRODUCTION

The Georgia Nonpublic Postsecondary Education Commission (GNPEC/the Commission) was established by legislation enacted in 1990. The agency staff began operations on April 10, 1991, and the first Board of Commissioners were appointed by the Governor in 1992. Prior to the creation of GNPEC, the Georgia Department of Education was responsible for regulating non-degree granting institutions (under the Proprietary School Act) and degree granting institutions (under the Postsecondary Educational Authorization Act). The Nonpublic Postsecondary Educational Institutions Act of 1990 repealed these earlier statutes and consolidated regulatory authority within the Commission.

The Board of Commissioners, is comprised of fifteen (15) members appointed by the Governor and confirmed by the Senate. The members are appointed for three year terms of office and may serve two terms consecutively. The 1990 Act specifies that the Commission must include a member from each of the state's fourteen (14) congressional districts and one at-large member. Two of the Commission members must be appointed to represent degree granting institutions, and two members must represent institutions granting only certificates (that is, non-degree granting institutions). The Commission is required to meet at least quarterly or at the call of the chair. During Fiscal Year 2017 the Commission met four times.

The GNPEC offices are located in Tucker in the Georgia Student Finance Commission building. The Georgia Nonpublic Postsecondary Education Commission is attached to the Georgia Student Finance Commission for *administrative purposes only*.

BOARD OF COMMISSIONERS
Fiscal Year 2017

Clinton Hobbs, *Chair*
AT-LARGE

Norma Nunez-Cortes
12th Congressional District

Dr. Arthur Vaughn, *Vice Chair*
11th Congressional District

Karen Gilbert
13th Congressional District

Holly Kirbo, *Secretary*
8th Congressional District

Vacant
14th Congressional District

Victoria Agyekum
1st Congressional District

Mollie Cohen
2nd Congressional District

Robert Lee Todd IV
3rd Congressional District

Deb Wade
4th Congressional District

Amanda Shailendra
5th Congressional District

Shelley Nickel
6th Congressional District

Toby Hinton
7th Congressional District

Dr. Martha Nesbitt
9th Congressional District

Ryan Worsley
10th Congressional District

**TUITION GUARANTY TRUST FUND
BOARD OF TRUSTEES
Fiscal Year 2017**

Clinton Hobbs, *Chair, GNPEC Commission*
AT-LARGE

Dr. Arthur Vaughn, *Vice Chair, GNPEC Commission*
11th Congressional District

Holly Kirbo, *Secretary, GNPEC Commission*
8th Congressional District

Amanda Shailendra
5th Congressional District

Toby Hinton
7th Congressional District

Norma Nunez-Cortes
12th Congressional District

EXECUTIVE DIRECTOR'S COMMENTS

I am pleased to present the Georgia Nonpublic Postsecondary Education Commission's Annual Report for Fiscal Year 2017.

The Georgia Nonpublic Postsecondary Education Commission provides a service to Georgia's citizens by authorizing and regulating the operations of for-profit and not-for-profit postsecondary institutions. In FY 2017, GNPEC authorized 286 institutions. Of those, 128 institutions were degree granting and 158 institutions were non-degree granting (certificates). These nonpublic postsecondary educational institutions serve thousands of students annually. There has been significant growth in the number of institutions authorized by GNPEC over the past several years. The U.S. Department of Education's Program Integrity changes have also increased work load demands. The agency will monitor and make appropriate adjustments to manage the workforce needs.

The Georgia Nonpublic Postsecondary Education Commission is committed to providing careful oversight to ensure that all nonpublic postsecondary educational institutions doing business in Georgia are educationally sound and financially stable. This commitment is evidenced by our enhancement of the authorization process of regulated institutions through innovative technology initiatives by implementing a fully integrated database that eliminates the need for paper. We are continually pursuing methods to improve the efficiency and effectiveness of the authorization process.

On behalf of the Commission, thank you for your support of our vision to promote excellence and systematic improvement in the regulation of nonpublic postsecondary institutions in Georgia.

ORGANIZATION

This Commission administers the Nonpublic Postsecondary Educational Institutions Act of 1990 by providing ongoing assessment and evaluation of private postsecondary institutions operating in the state. Oversight is achieved through review and processing of institutional applications and inspection of in-state physical facilities, investigation of student complaints, and facilitation of institutional closures and resulting student records. Additionally, staff regularly propose new or revised policies and procedures in the aim of enhancing Commission operation, effectiveness and consumer advocacy.

MISSION

The Commission's mission is to ensure that each authorized nonpublic postsecondary educational institution doing business in Georgia is educationally sound and financially stable.

VISION

The vision of the Commission is to promote excellence and systematic improvement in the regulation of nonpublic postsecondary educational institutions in Georgia.

CORE VALUES

The Commission provides the critical consumer protection functions of assuring prospective and enrolled students that the institutions regulated meet minimum standards and assuring prospective employers that graduates have acquired appropriate job skills.

ACTIVITIES

Regulatory Compliance

To ensure application of the law governing this agency and its associated institutions, regulatory compliance is central to GNPEC operations. This is achieved through application review and critique, curriculum evaluation, complaint mediation, and, for in-state institutions, annual campus visits. Curriculum evaluation occurs when an institution proposes a new or modified program. This process may require the formation of a committee, made up of an expert or team of experts who specialize in the particular field of instruction of the proposed program, who will offer a recommendation to GNPEC as to its quality. All compliance activities are reviewed by multiple GNPEC professional staff persons for accuracy, consistency, and adequacy and then are recorded electronically in a customized agency database. This permits easy and secure access to all relevant institutional documentation associated with GNPEC oversight.

Academic Record Keeping

GNPEC requires that authorized institutions maintain student academic records in a prescribed format. This not only allows for consistent student access but also supports the transfer of student records to the agency with a minimum of difficulty in the event the institution closes. State law mandates such transfer to the state/GNPEC, and institutions are required to provide a signed Record Agreement annually as part of the Renewal of Authorization Application. In addition to stipulations associated with closure, this document also provides requirements for ongoing record maintenance while the institution is in operation. With regards to academic records of closed institutions previously authorized by GNPEC, the Agency is responsible for fielding transcript requests from students and/or approved representatives. While inquiries are made through an electronic form available on the GNPEC website, records are stored at the State Records Center. One GNPEC staff member is assigned the responsibility of processing transcript requests, which number in the hundreds annually.

Institutional Closures

In Fiscal Year 2017, twenty-one (21) GNPEC authorized institutions closed. Of these, five (5) ceased operation prior to entering into a teach-out of remaining students. During each of the closings, GNPEC staff worked closely with the institution's students and other institutions to provide students with the opportunity to complete their programs of study either at the institution to be closed or at another institution. Student academic records were sought upon receipt of notification of each closure. To provide student access, records were then either transferred to the State Records Center or to other active campuses of the closed institution.

Student Complaints

In an effort to provide consumer protection, state law requires that complaint policies of authorized institutions include a student's right to appeal an institution's final determination with GNPEC. Complaints are submitted electronically on the GNPEC website, and a full investigation is completed by the GNPEC staff person responsible for the compliance review of the particular institution. This process involves consultation with appropriate institution officials upon receipt of a complaint and visitation to institutions, as needed. GNPEC regards the prompt resolution of

complaints from students as a high priority of the agency. In addition to formal complaints, GNPEC responds to all inquiries and concerns made by students with regard to the institution at which they are enrolled. In Fiscal Year 2017, GNPEC investigated thirty-eight (38) student complaints.

SARA State Portal Entity

The State of Georgia became a member of the National Council for State Authorization Reciprocity Agreements (NC-SARA) in October 2015. As the state coordinating “portal” agency, GNPEC assures that institutions which are SARA-approved in their own states follow NC-SARA policy in providing on-line programming to residents of Georgia. GNPEC reviews applications from Georgia institutions wanting to become SARA-approved by the state so that those institutions may offer online programming to residents of other states. GNPEC also serves as the agent for complaints filed relative to Georgia-SARA approved institutions and facilitates the resolution of complaints filed by Georgia residents relative to out-of-state institutions.

During Fiscal Year 2017, a total of sixty-three (63) Georgia institutions were SARA-approved through GNPEC action and became institutional members of NC-SARA. Of these, twenty-eight (28) were University System of Georgia institutions, twenty-two (22) were Technical College System of Georgia institutions, and thirteen (13) were Georgia nonpublic degree granting accredited institutions.

There was a reduction in the total number of GNPEC authorized institutions when thirteen (13) institutions joined NC-SARA in their home states.

Appropriations and Revenue Collections

GNPEC is a revenue generating agency by collecting fees for annual authorization, which are based on gross tuition received by an institution during its most recently completed fiscal year or, in the case of initial authorizations, projections for the first year of authorization. In addition, others fees are based on specific services performed by GNPEC, such as approval of a change of ownership, evaluation of proposed new programs and updates to an administrative record. Revenue collections for FY 2017 were \$1,483,966.

GNPEC’s state appropriation for its Fiscal Year 2017 annual operating budget was \$977,831. No federal funds are received.

Postsecondary Institutions Exempted from Authorization

Under existing state law, certain postsecondary educational institutions are excluded from GNPEC authorization. All state operated higher education institutions are exempt as are the thirty-six (36) independent private colleges and universities.

Institutions that are regulated by other state agencies are exempted from authorization, such as those regulated by licensing boards under the Georgia Secretary of State or Board of Nursing. These include cosmetology, nursing, barbering, truck driving and real estate institutions.

Additionally, seventy-four (74) religious institutions are exempt from state authorization. Annually, each religious institution must demonstrate to GNPEC that the institution grants only

religious degrees and/or certificates; accepts no federal or state funds; and accepts no students who desire to use federal or state loans to attend.

FISCAL YEAR 2017 SUMMARY OF ACTIVITIES

The Georgia Nonpublic Postsecondary Education Commission (GNPEC) authorizes new institutions and processes renewal authorizations annually. This chart depicts other key functions delivered by GNPEC such as providing transcripts to students of closed institutions, investigating student complaints and facilitating institutional closures.

ACTIVITY	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Newly Authorized Institutions	24	32	24	21	23
Student Transcript Requests	741	832	601	827	689
Student Complaint Investigations	34	35	56	33	38
Institutional Closures	16	20	43	26	23

Institutions Authorized in Georgia

This chart depicts the total number of degree granting and non-degree granting (certificate-granting) institutions that were authorized in Georgia.

AUTHORIZED INSTITUTIONS	FY2013	FY 2014	FY 2015	FY 2016	FY 2017
Degree Institutions	156	163	156	152	128
Non-degree Institutions	154	159	154	139	158
Total	310	322	310	291	286

ACCOMPLISHMENTS

Enhanced Oversight of Unaccredited Institutions

In an effort to improve regulation of institutions lacking accreditation recognized by the U.S. Department of Education, GNPEC introduced new requirements for this group of authorized institutions. This included a reporting requirement specific to student outcome data. Additionally, a new disclosure form was introduced and required to provide explicit information to students upon enrollment.

Expanded Paperless Processing and Record Keeping

GNPEC is focused on improving its electronic processing of applications as well as its overall record keeping. The customized agency database now includes centralized institutional records including applications, fee payments, comments, and any other pertinent documentation. In FY 17, paperless processing was expanded to include all exempt applications as well as improved functionality within the authorization applications. Record keeping capabilities improved during this fiscal year to more effectively connect the internal database with the public website. This included the provision of focused institutional information made available in an institutional directory.

Development of New Resources

While institutional and student resources were previously available on the agency website, serving both groups in the navigation of GNPEC services and procedures, new resources were developed in FY 17 to help support institutions in their operation. These include templates for transcripts and enrollment agreements and guidelines for catalogs and site visits. The intent of this accomplishment aimed to provide institutions with supplemental services that would encourage operation in accordance with GNPEC policies and postsecondary norm.

TUITION GUARANTY TRUST FUND ACTIVITIES

The Tuition Guaranty Trust Fund (TGTF) is designed to provide a teach-out or reimbursement to students at institutions that close and fail to honor commitments to complete the students' programs of study. The TGTF serves as an insurance pool of funds available for students of closed institutions. GNPEC adopted a fee structure, based upon one-tenth of one percent of the institutions' annual gross tuition receipts. Beginning in July 1992, authorized institutions began to make annual payments to the TGTF. The chart on the following page reflects activities of the TGTF over the past five years and the financial strength of the fund.

Financial Viability Assessment

Beginning in April 2015, GNPEC implemented a rigorous financial viability assessment (FVA) of authorized institutions to prioritize institutional fiscal stability as part of the overall evaluation required for authorization and to protect the TGTF. Proactive review and communication with the institutions has assisted GNPEC to enhance its planning of potential teach outs and estimations of student reimbursements; both of which are often required in the case of institutional closures. A teach out is the completion of a course of study at another institution following the closure of an institution. Student reimbursements are those funds paid to students should they be unable or unwilling to complete their programs elsewhere.

The financial viability assessment at GNPEC is achieved through a collaborative review of financial documentation submitted by authorized institutions, completed by both GNPEC professional staff and an external auditor. In FY 2017, there were one hundred sixty-seven (167) institutions assessed. The outcomes are approved, conditionally approved and denied.

FVA OUTCOMES	FY2016	FY 2017
Approved	73	108
Conditionally Approved	93	56
Denied	11	3
TOTAL	177	167

**TUITION GUARANTY TRUST FUND
ANNUAL REPORT**

	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>
Beginning Fund Balance	\$ 2,750,771	2,908,276	3,127,257	3,296,416	3,417,781
<u>Receipts to Fund</u>					
Fees From Institutions	238,431	305,592	236,243	173,032	144,460
Bond Proceeds	-	-	-	-	-
Total Interest Earned	4,327	3,183	4,233	6,086	10,851
Total Receipts	242,758	308,775	240,475	179,118	155,311
<u>Payments from Fund</u>					
Administrative Expense	(52,556)	(47,136)	(2,828)	(2,260)	(2,034)
Institution Closing Expenses:					
Storage of Records	(9,670)	(8,167)	(8,007)	(15,532)	(11,662)
Teachout of Students	(1,655)	(2,400)	(26,731)	(10,573)	(6,008)
Refund of Tuition	(21,372)	(32,090)	(33,750)	(29,388)	(775)
Total Payments	(85,253)	(89,794)	(71,316)	(57,753)	(20,479)
Ending Fund Balance	\$ 2,908,276	3,127,257	3,296,416	3,417,781	3,552,613

EXHIBIT A
Exempt Institutions [O.C.G.A. § 20-3-250.6 (c)]

The following institutions provided the Commission with an audited financial statement as prescribed by the O.C.G.A. § 20-3-250.6 (c) for **FY 2017**:

Agnes Scott College
Andrew College
Art Institute of Atlanta
Berry College
Beulah Heights University
Brenau University
Brewton-Parker College
Carver Bible Institute and College
Clark Atlanta University
Columbia Theological Seminary
Covenant College
Emmanuel College
Emory University
Georgia Military College
Grady Health System
Interdenominational Theological Seminary
John Marshall Law School
LaGrange College
Life University
Luther Rice College and Seminary
Mercer University
Morehouse College
Morehouse School of Medicine
Oglethorpe University
Oxford College of Emory
Paine College
Piedmont College
Point University
Reinhardt University
Savannah College of Art and Design
Shorter University
South University
Spelman College
Thomas University
Toccoa Falls College
Truett McConnell University
Wesleyan College
Young Harris College

The following institution did not provide the Commission with an audited financial statement as prescribed by the O.C.G.A. § 20-3-250.6 (c) for **FY 2017**.

Morris Brown College