

**GEORGIA NONPUBLIC POSTSECONDARY
EDUCATION COMMISSION**

ANNUAL REPORT

For

Fiscal Year 2018

Submitted to:

**GOVERNOR BRIAN P. KEMP
HOUSE AND SENATE HIGHER EDUCATION COMMITTEES
HOUSE AND SENATE EDUCATION COMMITTEES**

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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 The Nonpublic Postsecondary Educational Institutions Act of 1990 repealed these earlier statutes and consolidated regulatory authority within the Commission.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 2018, the Commission met four times. It should be noted that during the Fiscal Year 2018 Legislative Session, legislation was passed that decreased the board membership from fifteen (15) members to eleven (11) members and eliminated the congressional district requirement. This change went into effect July 1, 2018 (Fiscal Year 2019).

The GNPEC office is 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 2018

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

Norma Nunez-Cortes
12th Congressional District

Holly Kirbo, *Vice Chair*
8th Congressional District

Karen Gilbert
13th Congressional District

Mollie Cohen, *Secretary*
2nd Congressional District

Vacant
14th Congressional District

Victoria Agyekum
1st Congressional District

Clinton Hobbs
AT-LARGE

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 2018**

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

Holly Kirbo, *Vice Chair*
8th Congressional District

Mollie Cohen
2nd Congressional District

Toby R. Hinton
7th Congressional District

Victoria Agyekum
1st Congressional District

EXECUTIVE DIRECTOR'S COMMENTS

I am pleased to present the Georgia Nonpublic Postsecondary Education Commission's Annual Report for Fiscal Year 2018.

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 Fiscal Year 2018, GNPEC authorized 291 institutions. Of those, 144 institutions were degree granting and 147 institutions were non-degree granting (certificates). These nonpublic postsecondary educational institutions serve thousands of students annually who paid over \$900 million in tuition and fees in Fiscal Year 2018.

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 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 2018, twenty-three (23) GNPEC authorized institutions closed. 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 regarding the institution at which they are enrolled. In Fiscal Year 2018, GNPEC investigated thirteen (13) 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 2018, a total of seventy-one (71) Georgia institutions were SARA-approved through GNPEC action and became institutional members of NC-SARA. Of these, twenty-six (26) were University System of Georgia institutions, twenty-two (22) were Technical College System of Georgia institutions, and twenty-three (23) were Georgia nonpublic degree granting accredited institutions.

There was a reduction in the total number of GNPEC authorized institutions when twenty-five (25) 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, other 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 administrative records. Revenue collections for Fiscal Year 2018 were \$1,227,420.

GNPEC’s state appropriation for its Fiscal Year 2018 annual operating budget was \$995,847. 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-seven (77) 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; does not receive federal or state funds; and secondly, the religious institution will not accept students who have an existing federal or state loan.

FISCAL YEAR 2018 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 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Newly Authorized Institutions | 32 | 24 | 21 | 23 | 34 |
| Student Transcript Requests | 832 | 601 | 827 | 689 | 531 |
| Student Complaint Investigations | 35 | 56 | 33 | 38 | 13 |
| Institutional Closures | 20 | 43 | 26 | 23 | 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 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| Degree Institutions | 163 | 156 | 152 | 128 | 144 |
| Non-degree Institutions | 159 | 154 | 139 | 158 | 147 |
| Total | 322 | 310 | 291 | 286 | 291 |

ACCOMPLISHMENTS

New Website

With the support of the Georgia Technology Authority (GTA), GNPEC launched a new website in Fiscal Year 2018. The website now features formatting and mobility aligned with the state administered GTA platform. The expert support of GTA allowed for the development of a modern and informative website that both improved access to information and enhanced GNPEC's ability to develop new resources for publication to its stakeholders.

Revised Fees

To improve information available to institutions when considering application for a new program and to simplify agency procedures associated with a program evaluation, GNPEC modified its program evaluation fees in Fiscal Year 2018. Additionally, the late fees for Renewal of Authorization Applications were also revised to clarify requirements for maintaining compliance. These changes have enabled agency staff to better deliver consistent information and service to institutions regulated by GNPEC.

Expanded Institutional Training

In Fiscal Year 2018, GNPEC established the role of Training Coordinator. This staff person was tasked with expanding training methods used by GNPEC in the aim of improving user experience and reducing time and effort required by agency staff to support institutional users. GNPEC committed to regularly hosting training and informational sessions for institutions regulated by GNPEC; sessions took place both in-person and via webinar. In addition to one-on-one staff support and information published on the agency website, training sessions now provide institutional representatives with a new way to access information and training from GNPEC.

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 Fiscal Year 2018, there were two hundred and twenty-eight (228) institutions assessed. The outcomes are approved, conditionally approved and denied.

| FVA OUTCOMES | FY2016 | FY 2017 | FY 2018 |
|------------------------|---------------|----------------|----------------|
| Approved | 73 | 108 | 125 |
| Conditionally Approved | 93 | 56 | 89 |
| Denied | 11 | 3 | 14 |
| TOTAL | 177 | 167 | 228 |

TUITION GUARANTY TRUST FUND ANNUAL REPORT

| | <u>FY 14</u> | <u>FY 15</u> | <u>FY 16</u> | <u>FY 17</u> | <u>FY 18</u> |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Fund Balance \$ | 2,908,276 | 3,127,257 | 3,296,416 | 3,417,781 | 3,552,613 |
| <u>Receipts to Fund</u> | | | | | |
| Fees from Institutions | 305,592 | 236,243 | 173,032 | 144,460 | 119,003 |
| Bond Proceeds | - | - | - | - | |
| Total Interest Earned | 3,183 | 4,233 | 6,086 | 10,851 | 24,806 |
| Total Receipts | 308,775 | 240,475 | 179,118 | 155,311 | 143,809 |
| <u>Payments from Fund</u> | | | | | |
| Administrative Expense | (47,136) | (2,828) | (2,260) | (2,034) | (2,108) |
| Institution Closing Expenses: | | | | | |
| Storage of Records | (8,167) | (8,007) | (15,532) | (11,662) | (9,596) |
| Teachout of Students | (2,400) | (26,731) | (10,573) | (6,008) | (2,667) |
| Refund of Tuition | (32,090) | (33,750) | (29,388) | (775) | - |
| Total Payments | (89,794) | (71,316) | (57,753) | (20,479) | (14,371) |
| Ending Fund Balance \$ | 3,127,257 | 3,296,416 | 3,417,781 | 3,552,613 | 3,682,052 |

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 **Fiscal Year 2018**:

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

Note: Morris Brown College lost accreditation due to financial issues and is no longer eligible

for exempt status. The institution is now required to seek authorization as an unaccredited institution and has been unresponsive to date.