

ARIZONA STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION
1400 W. WASHINGTON STREET, CONFERENCE ROOM B1
PHOENIX, AZ 85007

JANUARY 23, 2014 BOARD MEETING MINUTES

Members present: Jason Pistillo, Chair KC Miller, Vice Chair
 Trish Leonard
 Dr. Hank Radda Glen Tharp

Also present: Teri Stanfill, Executive Director
 Keith Blanchard, Deputy Director
 KD, Manager ~ Licensing
 John Tellier, Assistant Attorney General

I. CALL TO ORDER

II. BOARD MEETING MINUTES:

A. December 16, 2013 Regular Meeting Minutes: Ms. Leonard made a motion to approve the Minutes as written. Ms. Miller seconded the motion and the motion carried. Mr. Tharp abstained.

B. December 16, 2013 Executive Session Minutes: Ms. Leonard made a motion to approve the Executive Session Minutes as written. Dr. Radda seconded the motion and the motion carried.

III. LICENSING:

A. Regular Vocational and Regular Degree-Granting License Renewal Applications:

1. **Everest College, all three locations.** Represented by Dr. Thomas Waite, Provost; Elaine Raker, Compliance. Dr Johnson later joined by phone.

Ms. Stanfill introduced this Agenda item and summarized the Board Report. Ms. Stanfill also reported that Everest received notification on January 21, 2014 from HLC that Everest has been granted re-accreditation for 10 years, until 2023-24, with only one "Embedded Monitoring" Report due in Year 4. Dr. Radda was lead board member.

Dr. Radda requested a summary be provided regarding HLC accreditation, campus financial losses and the enrollment/placement data.

Dr. Waite gave an in-depth report on the progress that has been made over the last year that included significant changes in staff, departments and overall improvement. Dr. Waite stated the HLC visit went very well and believes Everest has reached a "significant milestone".

Regarding the financial losses, Dr. Waite explained that the parent company has provided additional funding during the period of minimal enrollment under the HLC Show Cause directive.

Ms. Raker explained that Everest chose not to enroll students in the degree programs during the Show Cause for at least 16 months. Ms. Raker explained that Everest understood this decision

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would have a significant impact financially on the College, but believed the decision was not a good business decision, but it was the best decision ethically in the long run.

Dr. Waite explained that during the last year there has been significant, financial improvement – Mesa and Phoenix campus are close to breakeven, but acknowledged that enrollment is not yet where it should be.

Dr. Radda requested specifics of how the institution plans to ensure the student's investment is supported based upon the financial losses. Dr. Waite responded that last year the budget was re-done from "A to Z" and is sound without the input/parameters that has been imposed from CCI in the past. Significant technology investments have been made as well as the recruitment of deans and staff with a "regional background" and this has been different and new for the school.

Dr. Radda asked about the information that is provided in the license renewals regarding the differences between the placement rates on the license renewal and the quarterly enrollment reports.

Ms. Raker explained the differences are due to the timing and reporting of the license renewals and the quarterly reports. The license renewals are for a different reporting period and the retention/placements rates are not reported by program as are the quarterly reports. Ms. Raker provides a further explanation and stated the retention rates are improving, but not where they should be.

Dr. Radda raised the question of the calculation of the retention rate on the license renewal. Ms. Raker explained that the formula is on the enrollment data form. Ms. Stanfill stated she will check the formula on the form.

Ms. Pistillo expressed his appreciation of the improvement but continues to have concern over the online retention. Dr. Waite responded that previously the online campus used CCI online services for the infrastructure. Dr. Waite explained he has hired new personnel with the technological background and expertise, a new internal infrastructure has been developed to include management of student services, the training of admissions, implemented the new retention initiative, intensive and new faculty training. Dr. Waite explained the significant improvement in redesigning the first four courses has made a difference in retention. Dr. Waite stated it is the intent to redesign additional courses. Dr. Waite also stated that the "Intelligent Heart" methodology for the students and staff has been introduced and all of the staff have had training in the "Intelligent Heart" methodology. Dr. Waite stated the changes at the campuses have been "night and day". Dr. Waite passionately stated his belief in the difference the private institutions provide the students who would not have had an opportunity at a "traditional" institution.

Ms. Miller raised the question if a Surety Bond should be required. After discussion, the Board determined that a Surety Bond was not required.

Action: Dr. Radda made a motion to approve the 2014 Regular Vocational and Degree-Granting Program License with the following stipulations:

1. Continue quarterly retention and placement data reporting;
2. Submit to quarterly financial reporting.

Ms. Stanfill requested clarification if the quarterly reporting was to be reviewed by the Board or the Finance Committee.

After discussion, Dr. Radda clarified that the quarterly reports be reviewed by the Finance Committee and would be forwarded to the Board if there were concerns.

Ms. Miller seconded the motion and the motion carried.

2. Le Cordon Bleu College of Culinary Arts. Represented by Lloyd Kirsch, Campus President and Tom O'Donnell, VP of Strategic Initiatives and Administration with CEC

Ms. Stanfill summarized the Board Report and added that LCB has not yet received any communication from ACCSC regarding the report submitted in November.

Mr. Kirsch briefly addressed the Board.

There was considerable discussion regarding the Contribution Margin and the Break-even point. Mr. O'Donnell stated LCB experienced an operating loss in 2013 and expects a small operating loss in 2014. But, Mr. O'Donnell explained that LCB had a "positive contribution margin" in 2013 and 2012, excluding the management fee. This fact indicates that LCB is covering its fixed and variable costs and providing cash back to CEC to cover corporate overhead. Mr. O'Donnell further stated that closing of LCB would have a negative effect on CEC.

Mr. O'Donnell stated that the re-introduction of the associate programs will have positive results on revenue and a higher student population. Further, projections for 2014 is attributed to fewer anticipated graduates in 2014 due to the longer programs, not based on an assumption on increased student starts. Mr. O'Donnell concludes that LCB expects to be profitable in 2015. Mr. Pistillo stated his concerns with the fluctuating and inconsistent reporting of the break-even point and requests LCB to present consistent break-even information in the quarterly reports.

Action: Mr. Pistillo made a motion to approve the Regular Vocational Program License and the Regular Degree-Granting License with the following stipulations:

1. Maintain the \$1,682,800 Surety Bond;
2. Continue Quarterly reporting.

Mr. Tharp seconded the motion and the motion carried.

B. Conditional to Regular Vocational Program License Renewals:

1. Sutra Midtown. Represented by Matthew Fritz

Ms. Stanfill introduced this agenda item. Ms. Miller was lead.

Ms. Miller asked Mr. Fritz to summarize the first year of operating. Mr. Fritz responded that this year has been good with positive student surveys. Mr. Fritz also stated it is their intent to remain a small institution.

Ms. Miller noted the term "credentialed" should be removed from the marketing materials. Ms. Miller also asked for clarification regarding attendance and make up hours.

Action: Ms. Miller made the motion to approve the Conditional to Regular Vocational Program License Renewal with the stipulation that the \$15,000 Surety Bond be maintained. Ms. Leonard seconded the motion and the motion carried.

Additionally, the State Board made the following suggestions:

1. Catalog, Welcome page – revise the word “credentialed” in reference to the school with Yoga Alliance.
2. 100% attendance - It was suggested the ability to make up the missed time be more clearly explained.
3. The State Board clarified that Yoga Alliance does not require 100% attendance, but the student is required to pass the competencies with a 100%.

Mr. Fritz agreed to the stipulations.

2. **Veterans Adjusting School.** Represented by Guy Grand and Cheryl Sinn.

Ms. Stanfill introduced this agenda item. Mr. Tharp was lead.

Mr. Tharp asked Mr. Guy to summarize the first year of licensure. Mr. Grand responds that one complete class had been conducted and the four graduates have all been hired. Mr. Grand explained that the first year has been a learning curve and has found it necessary to refine the curriculum for the on-site classes.

Mr. Grand stated that enrollment was 20% lower than expected and VAS has brought in investors to provide financial assistance. The new investors have made it possible for VAS to offer “Student Payment Plan”.

Mr. Tharp and other Board members expressed their concerns with the “Student Payment Plan”. There was a lengthy discussion over the plan with the Board members cautioning VAS to ensure compliance with banking matters.

Mr. Tharp also expressed his concern regarding the “health” questions VAS asks of potential students and cautioned VAS regarding HIPPA requirements.

Ms. Miller asked about the new “business partners”. Ms. Sinn responded that she has the information to provide to Ms. Stanfill today.

Ms. Miller asked if VAS is approved for the veteran benefits. Ms. Sinn responded they have applied and attended the required training but are not eligible for another year. Ms. Sinn explained that because the Veterans who are interested in the program are not eligible for the benefits, they have not enrolled. Ms. Sinn stated because of this, VAS has changed some of their marketing materials.

Action: Mr. Tharp made the motion to approve the Conditional to Regular Vocational Program License Application with the stipulation that the \$34,000 Surety Bond be maintained. Ms. Leonard seconded the motion and the motion carried. Mr. Grand agreed to the stipulation.

11:15 a.m. Break

11:20 a.m. Reconvene

- C. **Conditional to Provisional Degree-Granting License Renewal – Unmanned Vehicle University.** Represented by Dr. Jerry LeMieux

Ms. Stanfill introduced this agenda item. Mr. Pistillo was lead.

Mr. Pistillo asked Dr. LeMieux to make an opening statement. Dr. LeMieux responded this first year has been a great year. UVU is profitable, hired a DETC consultant and to help improve their processes. UVU has received a great deal of positive media attention and the industry is new and emerging field. UVU will also be eligible for GI benefits on February 3rd. Dr. LeMieux explained that over the next three years, 70,000 new jobs are expected for this emerging industry and UVU intends to continue to lead and recruit top quality instructors and develop new courses.

Mr. Pistillo stated the concepts and products of UVU are unique, but expressed his concern regarding the administrative capability and policies.

Mr. Pistillo noted the financial statements are not prepared accordingly to GAAP. The accrual basis was discussed.

Ms. Pistillo cautioned UVU over misleading statements.

Mr. Pistillo raised questions/concerns regarding the enrollment agreement, charging of tuition, payment plans, the terms "semester" vs. "term", leave of absence policy, maximum time frame policy, satisfactory academic progress policy and the maximum time frame policy. Mr. Pistillo explained all of these policies will be required to be revised to comply with accrediting standards and/or federal requirements if UVU intends to seek Title IV eligibility.

Ms. Leonard emphasized these policies should be put in place based upon UVU's intent to become accredited by DETC and seek Title IV eligibility and to seek assistance.

Mr. Pistillo stated the course descriptions needed further improvement and detail.

Action: Mr. Pistillo made a motion to approve the Conditional to Provisional Degree-Granting and Conditional to Regular Vocational Program license with the following stipulations:

1. Maintain the \$18,000 Surety Bond;
2. Submit to Quarterly Financial reporting.

Ms. Leonard seconded the motion.

After discussion, Mr. Pistillo amended his motion to require UVU to revise the period of time references and corrected financial statements.

Ms. Miller explained that the Finance Committee closely monitors the projections vs. actual and the importance to provide realistic numbers.

Dr. Radda seconded the amended motion. The motion carried.

Dr. LeMieux agreed to the stipulations.

E. Conditional Vocational Program License Applications:

1. **Bend Hot Yoga.** Represented by Phil Larson

Ms. Stanfill introduced this agenda item. Ms. Leonard was lead.

Mr. Larson clarified the correct name for the school is "Bend Method School of Yoga".

Ms. Leonard requested Mr. Larson provide a summary of their plans. Mr. Larson responded "Bend" intends to offer a "hot" yoga program.

Ms. Leonard stated that she was did not understand if the programs were 200 hours, 300 hours or 500 hours and it was not clear in any of the materials.

Ms. Leonard noted the following concerns: the make-up policy was very confusing and could be open to interpretation, which could lead to complaints; the number of projected students and if the market could support that number of teachers; in the admission requirements, the term high school diploma "or equivalent diploma" should be clarified; if the books were the current edition; if the equipment was provided to the students or required to purchase and the pricing; the refund policy as it relates to the subtraction of the registration fee; the pricing for the members and non-members and the acceptance of previous credits/transfer policy.

Ms. Miller suggested the acceptance of the 200 hours from other programs include the statement "state licensed yoga teacher program" and/or Yoga Alliance.

Ms. Miller explained the confusion of the two programs in the way the programs have been presented. This matter was discussed at length.

Ms. Miller stated that "100% attendance" is not a practical policy; but allow a make-up policy.

Ms. Miller asked what "CYT" is. Mr. Larson responded it means "Certified Yoga Teacher" but agreed the term is a "misnomer" and is meant to be "Certificate holder of". Ms. Miller expressed caution in the use of "CYT" and "RYT".

Mr. Larson explained the "Bend" Method of the program (focuses more on physiology, the harder sciences as opposed to the softer sciences).

Mr. Tharp expressed his concern with the Enrollment Agreement and the health questions within it. Mr. Tharp cautions that the "health" questions not be a part of the Enrollment agreement because of HIPPA requirements. Mr. Tharp also cautioned in the use of the word "certified".

Action: Ms. Leonard made a motion to postpone action pending required revisions/information. Ms. Miller seconded the motion and the motion carried.

2. Images Enterprises, LLC. Represented by Jacqueline Berry Fisher

Ms. Stanfill introduced this agenda item. Ms. Miller was lead.

The previous licensure was discussed.

Ms. Miller stated the Business Plan was very well done but expressed her concern with a weakness in marketing. Ms. Fisher responded the school has been approved by WIA.

Ms. Fisher explained how the three programs and the facility work together.

Ms. Miller asked who was "AIIC". Ms. Fisher explained AIIC is an organization that offers continuing education credits.

Ms. Miller noted the Certificate of Completion had Ms. Fisher as an "AICC Instructor" and needs to be corrected.

Action: Ms. Miller made a motion to approve the Conditional Vocational Program License with the stipulation that the \$15,000 Surety Bond be maintained. Mr. Tharp second the motion and the motion carried.

3. Makeup and Fashion Couture Institute, LLC. Represented by Dion Kay

Ms. Stanfill introduced this agenda item. Ms. Leonard was lead.

Ms. Leonard requested Ms. Kay provide an opening statement explaining the plans for the school.

Ms. Leonard stated she understands Ms. Kay's passion but questions if she has the administrative capability to operate the school.

Ms. Leonard emphasizes the importance of a Business Plan.

Ms. Leonard raised the following questions and concerns: the additional cost of the \$1,000 Makeup Kit; faculty requirements "in a related industry" is vague; the requirements of the social security number of A1 as a requirement for admission; graduation requirement that states "good study habits" and the percentage of attendance; claims of salary projections from \$20,000 to \$100,000; leave of absence policy and the undefined conditions for the termination of a student.

Ms. Leonard explained the significant changes that were needed in the enrollment agreement and policies in the Catalog.

Mr. Pistillo and Mr. Tharp strongly caution in the quoting of salary levels.

Mr. Tharp requested clarification on the ownership. Ms. Kay responded she is the sole member of the LLC, but the financials included her husband. Mr. Tharp stated on the application, page 2 was answered "yes" if there was pending legal action and asked if that was correct. Ms. Kay said no, it was a mistake.

Mr. Tharp emphasized the importance of seeking administrative assistance and the difficulty in running a school.

Action: Ms. Leonard made a motion to postpone action pending a revised and submission of additional information in the application. Mr. Tharp seconded the motion and the motion carried.

1:25 p.m. break

1:30 p.m. reconvene

4. Phoenix Dental Assisting School. Represented by Dr. Thomas Ince

Ms. Stanfill introduced this agenda item. Dr. Radda was lead.

At Dr. Radda's request, Dr. Ince explained his current operations in Texas and his plans for the Arizona location. Dr. Ince stated the Dentists with whom they partner do not have an equity interest.

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Dr. Radda asked about the placement rate. Dr. Ince responded the placement rate needs improvement and changes have been made to improve placement.

Dr. Radda asked about the previous submission of the application. Dr. Ince explained several areas needed improvement and determined to put "on hold" future growth during 2013 until he joined full time and employed a new management team.

Dr. Radda noted the reference to the Texas Board on the Certificate of Completion and that a correction was required.

Dr. Radda questioned the student grievance procedure. Dr. Ince clarified the process and agreed to revise it.

Dr. Radda questioned the clarity of the statement "evaluated to ensure they have the necessary language skills and documentation..." in the admission requirements. Dr. Ince agreed to revise the statement to read "demonstrates the ability to proficiently read and write English."

Dr. Radda cautioned the school's use of the word "guarantee" to find an externship. After discussion, Dr. Ince agreed to delete the word "guarantee".

Mr. Tharp expressed his concern over the number of new dental assisting programs that have entered the market and his concern regarding available externships.

Action: Dr. Radda made a motion to approve the Conditional Vocational Program License Application with the stipulation that the \$15,000 Surety Bond be maintained. Dr. Ince agreed to the stipulation.

1:25 break

1:30 reconvened

IV. Call to the Public – no one was present

V. Board Business:

Ms. Stanfill explained that Classic Cooking Academy has decided to relinquish the license and explained the details.

Ms. Stanfill reported that the rule-writer has begun working on the rules and hopes to have the draft by February 5th.

Ms. Stanfill reported that Arizona School of Massage Therapy has been put on Show-Cause. The Board directed staff to refer the matter to the Complaint Committee in order to determine if a complaint is to be opened.

Ms. Stanfill provided the State Board with an update on the progress of SARA. The Board also discussed the possibility of adding state reciprocity for the residential/campus based programs.

E. Election of Chairman and Vice Chairman

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Ms. Miller nominated Mr. Pistillo to continue as Chairman. Mr. Pistillo agreed to accept the nomination. Ms. Miller made the motion to nominate Mr. Pistillo as Chairman. Ms. Leonard seconded the motion and the motion carried.

Ms. Miller opened the floor for nominations of Vice Chair. Ms. Miller agreed to remain as Vice Chair. Mr. Pistillo made the motion to nominate Ms. Miller as Vice Chair. Ms. Leonard seconded the motion and the motion carried.

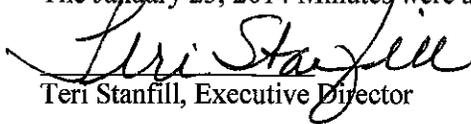
F. Election of the Members of the Finance and Complaint Committee.

The current members agreed to remain on the Committees.

VI. Adjournment

The meeting adjourned at 1:42 p.m.

The January 23, 2014 Minutes were approved at the February 27, 2014 Board meeting.


Teri Stanfill, Executive Director