

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

APRIL 23, 2015 BOARD MEETING MINUTES

Members present:	Jason Pistillo, Chair	KC Miller, Vice Chair
	Craig Jacob, by phone	Trish Leonard
	Glen Tharp	David Walser

Also present:

- Teri Stanfill, Executive Director
- Keith Blanchard, Deputy Director
- KD, Manager Licensing
- John Tellier, Assistant Attorney General
- Frankie Eckberg, Assistant Attorney General

**I. CALL TO ORDER**

Chairman Pistillo called the meeting of the Arizona State Board for Private Postsecondary Education to order at 10:03 a.m. Mr. Pistillo stated that Agenda Item V. for Everest College Phoenix will be moved to the end of the Agenda.

**II. BOARD MEETING MINUTES:**

A. February 26, 2015 Regular Meeting Minutes: Mr. Tharp made the motion to approve the February 26, 2015 Minutes as submitted. Mr. Walser seconded the motion and the motion carried. Mr. Jacob abstained.

B. February 26, 2015 Executive Session Minutes: Ms. Miller made the motion to approve the Executive Session Minutes as submitted. Mr. Tharp seconded the motion and the motion carried. Mr. Jacob abstained.

C. March 18, 2015 Special Meeting Minutes: Ms. Leonard made the motion to approve the March 18, 2015 Special Meeting Minutes as submitted. Mr. Pistillo seconded the motion and the motion carried. Ms. Miller stated she was present by phone. Mr. Tharp and Mr. Jacob abstained.

**III. STUDENT TUITION RECOVERY FUND: CLAIMS FILED BY FORMER ANTHEM COLLEGE STUDENTS:**

- A. Shameka Powell: \$1633.32
- B. Ryann Long: \$1420.00
- C. Shanelle Avey: \$370.00

Mr. Blanchard introduced this Agenda item. Mr. Blanchard explained the STRF claims have been submitted by the above name students and have been filed for reimbursement of payments made to Anthem College.

Action: After discussion and review, Ms. Leonard made the motion to approve each claim presented. Mr. Pistillo seconded the motion and the motion carried.

#### IV. RULES – PROPOSED RULE REVISIONS TO A.A.C. TITLE 4, CHAPTER 39: DISCUSSION AND ACTION

Mr. Pistillo stated the Rules have been under consideration for revisions since 2008. Mr. Pistillo explained the Board intends to review each of the proposed rules revisions during this meeting and encourages any input. The proposed revisions to date have been summarized in Staff's Report dated February 26, 2015.

The following revisions were discussed and adopted:

1. Definition of "certification", page 49: no change to the revision
2. "USDE", page 8: no change to the revision
3. "Management Capability", page 7: add "as applicable"
4. "Student Fees", page 8: add tuition definition and change to "Student Tuition and Fees" or add the definition of "tuition" separately
5. Licensing time frames, page 8: section D.2. add "upon approval", change all related
6. Licensing time frames, page 9 and 10: after discussion, revise to reflect the number of revisions allowed revised to reflect actual procedure applied. Change to allow up to two resubmits and shall close after four resubmits.
7. Reasons to deny a new application if a licensee that closed precipitously, section B.1., page 12: after discussion, consider "debarment" language; discussed "employee" – to be reviewed further
8. Initial licensure, accredited degree and voc, page 13: Section 103(D).3.6.7.8., add "if applicable". #7, add "Title IV program"
9. Reporting of enrollment, placement, retention, Section 103(E).4., page 14: add "USDE"
10. Program delivery, Section 103(E).5., page 14: add "hybrid"
11. Teach-out, Section 103(E).6., page 14: add "specific plan" to include terms/specifics
12. Notifications, Section 103(F)1.3., page 14: change to "or"
13. Conditional License, Section (104), page 15: delete "new" (could have previously operated)
14. Page 15, highlighted question: yes
15. Page 16, Section 104(D).3.d.: add "or represents"
16. Arbitration, Section 104(D).12.e., page 18: as written, no change
17. Surety Bond, LOC, Finance, Section 108(C).1., page 25: delete "all". Discussed AZ students as related to SARA. May need further review.
18. Section 108(C).4. Other factors, page 26: move #4 to paragraph B, on page 25. Add amounts "may be modified by the Board"
19. Section (108)(F), page 26: After considerable discussion. Delete F.1. - #2 revised to \$350,000 and must be prepared by a licensed CPA. #3 revised to \$350,000, prepared according to GAAP, not required to be CPA prepared, add may request for supporting documentation, delete tax returns.
20. Section 108(C),H.2., page 27: too limiting, should be inclusive of review of criteria in H.4.
21. Section 108(I),4., page 27: change "shall" to "may" and add "not limited to"
22. Section 110.2.3., page 29: delete "chief executive officer changes" and #3 add "assets are sold"
23. Section 110.B., page 29: delete "the sale must transfer liabilities associated" and clarify liabilities for currently enrolled students. Delete C?
24. Section 110.F., page 30: delete E
25. Section 110.I., page 31: add same criteria for review COO as a new/renewal
26. Section 301.A.13, page 34: add "term" and #14 add "satisfactory academic progress policy" – but not dictated.
27. Section 303.A.1., page 35: change "local" to "on-site"
28. Section 303.B.2.: page 36: delete 2

29. Section 303.C.2., page 36: delete "develop"
30. Section 304.A., page 37: add diploma/certificate awarded
31. Section 306.B., page 39: add "home schooled" - use USDE's definition
32. Section 306.B., page 39: add per test manufacturer's rules
33. Section 401.A., page 42, add "new", so not required of past students; properly organized for each student and not in a proprietary format (problem with Anthem records)
34. Section 401.B.1.c., page 42: delete c
35. Section 402, page 43: ensure available in non-proprietary format
36. Section 403.A., page 44: add "later of the dates" as all three are different dates. Discussed SARA's 2-year rule; we need it to be shorter to ensure ability to go to SARA within the 2 year limit.
37. Section 403.C., page 44: ensure will not accept anonymous by either a student or non-student
38. Section 404.B., page 45: leave in "calendar"
39. Section 404.D., page 46: delete "for the program" and change to "as defined by the school"
40. Section 404.E., page 46: add 2 back
41. Section 404.F., page 47: change to 50 clock hours, delete \$1000 amount, clarify applies to refund policy, not licensure, add "tuition and fees" , add refund policy is properly disclosed.
42. Section 406.A., page 47: "alternative" – no change
43. Section 406.F., page 48: delete F
44. Section 407.B., page 48: term "university" – needs further revisions, need further input. Mayo Medical representatives provided input.
45. Section 407.C.2, page 49: should be "and"
47. Section 409.C.2., page 50: delete 2

Mr. Pistillo asked if the public wished to make additional revisions/suggestions. No one came forward.

The Board directed Staff to make the necessary revisions and schedule a final review by the Board in August.

11:30 Recess

11:40 Meeting Reconvenes

**VI. Supplemental License Application for a Change of Ownership/Control:** Brighton College.  
Represented by Paul Zagnoni

Ms. Stanfill introduced this Agenda item. Mr. Walser was lead.

Mr. Zagnoni addressed the State Board and explained their plans for the two institutions that are commonly owned, Sonoran Desert Institute and Brighton College. Mr. Zagnoni responded to Mr. Walser's questions regarding the changes planned (platform, programs).

Ms. Leonard noted the following deficiencies in the following areas: noted typos, clarify admissions (age requirements), admission requirements be "together", clarify payment plans and the leave of absence policy to align with DEAC.

Motion: Mr. Walser made the motion to approve the Supplemental License Application for a Change of Ownership with the stipulation that the \$15,000 Surety Bond be maintained. Ms. Leonard seconded the motion and the motion carried. Mr. Zagnoni agreed to the stipulation and to make the suggested revisions.

**B. Conditional to Regular Vocational Program License Renewals:****1. Bend Method Yoga:** Represented by Phil Larson

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

Mr. Larson addressed the State Board and stated he was disappointed with the low enrollment. Mr. Larson explained the Teacher Training program is not the primary business of the yoga studio.

Motion: 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. Mr. Larson agreed to the stipulation.

**2. Phoenix Dental Assistant School:** Represented by Peter Gilkey

Ms. Stanfill introduced this Agenda item. Ms. Stanfill explained that since licensure, Phoenix Dental has added two additional locations. Mr. Tharp was lead. Mr. Tharp asked about the additional locations. Ms. Stanfill explained the two locations will hold separate licenses and require separate renewals and fees.

Mr. Gilkey addressed the Board. Mr. Gilkey stated that enrollment has been lower than expected. Mr. Tharp asked if enrollment is lower than expected, why additional locations added. Mr. Gilkey responded and explained the available number of externships, which has not been an issue for them. Mr. Gilkey explained their intent is to remain strong in Arizona.

Mr. Tharp suggested a few revisions to the admissions requirements and attendance policy.

Ms. Leonard also suggested revisions. Ms. Leonard also requested more information on the externships.

Ms. Miller requested further clarification on the additional locations. Ms. Miller suggested that the Catalog clearly identify all of the locations. The question of the multiple locations was discussed. Ms. Stanfill explained the locations will be considered separately licensed, the confusion is a result of the timing of initial licensure, adding the locations and the conditional to regular renewal.

Motion: Mr. Tharp made the motion to approve the Conditional to Regular Vocational Program License with the stipulation that the \$15,000 Surety Bond be maintained. Ms. Leonard seconded the motion and the motion carried. Mr. Gilkey agreed to the stipulation and to make the suggested revisions.

**3. Symbolix Training:** Represented by Dr. Carolin Leong

Ms. Stanfill introduced this agenda item and explained the following:

In October 1, 2012, AHCCCS established new training and testing requirements for students to become DCWs. AHCCCS mandated that all agencies working with Medicaid, Arizona Long Term Care System (ALTCS) provide this training to clients and individuals supported by the Department of Economic Security, Division of Developmental Disabilities (DES/DDD).

It was Symbolix's intent to offer this training to the general public, requiring licensure by this Board. However, in October 2014, AHCCCS changed their policy requiring that companies are no longer allowed to use the independent contractor model and that all caregivers are to be employees. This policy is currently being challenged and Dr. Leong's letter explaining the matter has been provided. Symbolix has not had any students since licensure.

Ms. Leonard was lead.

Dr. Leong explained the AHCCCS policy changes that occurred in October 2014. Currently, there are meetings being held between AHCCCS and the stakeholders.

The requirements of the Direct Care Worker vs. the Caregiver, certification and the different employment models was discussed.

Ms. Miller and Ms. Leonard questioned if licensure is required based upon the current situation. Ms. Miller also expressed her concern regarding the viability of the business model.

Ms. Leonard noted several revisions are required to clarify the different requirements for the three courses and the AHCCCS client.

Motion: After discussion, Ms. Leonard made the motion to defer action and requested the following additional information for review:

1. The pending policy change with AHCCCS and its effect on Symbolix;
2. Clearly explain and disclose that the DCW cannot be employed at an Assisted Care Living facility;
3. Clarify in all documents that the student may choose between the three courses based upon the requirements of AHCCS at the client.

Mr. Tharp seconded the motion and the motion carried.

4. **Yoga Breeze:** No one was present.

Ms. Stanfill introduced this Agenda item. Ms. Miller was lead. There were no questions.

Motion: 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. Mr. Walser seconded the motion and the motion carried.

**C. Regular Degree-Granting License Application:** Mayo Medical School. Represented by Michele Halyard, MD. Vice Dean; Nancy Gray, Operations Manager; David Dahlen, Registrar and Director of Financial Aid; Tiffany Hopson, Administrative Fellow.

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

Dr. Halyard addressed the Board and responded to Mr. Pistillo's question regarding staffing and stated their intent to offer a 4-year Medical degree through the Mayo Medical Clinic in Arizona.

1:00 Break – fire drill

4/23/15 Minutes

1:15 Meeting reconvenes

Mr. Pistillo noted the cost of living expenses were missing several federal requirements.

Ms. Leonard noted several deficiencies:

- The financial aid and withdrawal/tuition refund policy language are consistent with federal guidelines and documents related to financial aid/withdrawal/refund are updated
- The Enrollment agreement is updated to reflect the updated policies for withdrawal and refund
- SAP policy is updated
- The leave of absence policy is updated to state that no FA disbursements will be made when students are on leave

Ms. Leonard strongly suggested all policies to be closely reviewed and revised as necessary to ensure compliance with Title IV regulations.

Motion: Mr. Pistillo made the motion to approve the Regular Degree-Granting License application. Mr. Tharp seconded the motion and the motion carried.

**D. Conditional Vocational Program License Application:** Computer Learning Center. Represented by George David.

Ms. Stanfill introduced this Agenda item and explained the following:

Computer Learning Center is seeking a non-accredited vocational program license offer several programs (IT, project management, and business). In order to be granted a Conditional Vocational License, the applicant must meet the minimum requirements of A.R.S. § 32-3021(B), R4-39-104, R4-39-301 thru 308 and R4-39-401 thru 406.

Computer Learning Center was licensed by the State Board from June 2000 through February 25, 2011.

During this period, the State Board received two complaints:

- Complaint #06-S011: June 2006 Student filed a Complaint. Upon investigation and review by the Complaint Committee in June 2006 and by the State Board in August 2006. Entered into a Consent Agreement, citing violations of A.R.S. § 32-3051(1), R4-39-404 and R4-39-308; civil penalty assessed in the amount of \$3000.00, paid in installments.
  - Complaint #11-NS001 – In October 2010, the State Board received information from the Workforce Development Division of the Maricopa County Human Services Department. The information stated that educational services had been suspended and a refund was due to Maricopa County in the amount of \$18,000.00. Upon receipt of this information, the State Board opened Complaint #11-NS001.
- \* February 3, 2011 – Mr. David notified the State Board that CLC would not be renewing the 2011 License “due to unresolved issues with WIA”.

\* April 29, 2011 Complaint Committee meeting, the Complaint Committee determined to “dismiss without prejudice” and to reopen the investigation if the institution and/or owners submitted a new application to open a school in Arizona.

**Submission of New Application:**

- \* September 19, 2014, CLC submitted a Conditional Vocational Program License Application.
- \* October 6, 2014 – the first deficiency letter was sent to CLC that requested the following, “Accordingly, you must provide evidence that the above matter (WIA) has been resolved. A copy of the final disposition with the Workforce Development Division and any refunds to the Workforce Development Division must be provided. Are you currently offering any of these programs to the public? Please be advised if you are offering these programs without proper licensure, it is a violation of State Board statute and rule.”

Mr. David’s responses are attached.

Ms. Eckberg and I have had many conversations with Jutta Ulrich with DES (ETP program) and the OIG. It is our understanding that formal charges were not filed, Mr. David was not requested to refund the \$18,000 in question by DES, and the OIG did not conduct an audit as it had not been proven that that the State had been financially harmed.

Mr. Tharp was lead.

Mr. George did not make an opening statement.

Motion: Mr. Tharp made a motion to go into Executive Session to obtain legal advice. Mr. Pistillo seconded the motion and the motion carried.

1:30 P.M. Regular meeting adjourns  
 1:31 P.M. Executive Session begins  
 1:36 P.m. Executive Session ends  
 1:37 p.m. Regular meeting reconvenes

Mr. Tharp expressed his many concerns with the application. Mr. Tharp stated he is concerned with what is being taught today, what is stated in the application vs. what is on the website.

Mr. David stated that only non-vocational programs are being offered, and only on line; basic computer skills and testing.

Mr. David explained that the website has not been updated for quite a long time and it should have been taken down.

Mr. Tharp noted that the website states changes were made in February 2015.

Mr. David stated those programs have not been offered.

There was significant discussion regarding the “classes” offered by CLC, vendor “neutral” classes and that the website states vendor specific classes.

Mr. Pistillo noted the advertising and expressed concern that their flyers did not appear to be current. Mr. David responded the flyers are current. Mr. Pistillo expressed his concern the advertising was then misleading.

Mr. Walser noted the submitted financial statements do not meet State Board requirements.

Ms. Leonard questioned the admission requirements and tuition payment plans, identified lenders in the materials.

Mr. Tharp asked who provides the placement assistance. Mr. David stated he does.

The Board members expressed their concerns with the application and the misrepresentation of materials. The market research also stated a bachelor degree was required for employment and the Board members expressed concern this may cause a problem for a potential student without the degree.

Motion: Mr. Tharp made the motion that the application packet does not meet licensing requirements and not grant the license. Further, the following information and revisions are required for further consideration:

1. The Website is revised to correctly reflect the programs offered;
2. All consumer information materials are to be updated and to reflect correct information;
3. Admission requirements – explain how CLC will assess 7<sup>th</sup> grade and basic computer skills;
4. December 2014 CPA prepared financial statements are required, prepared according to GAAP to include a Statement of Cash Flows and Disclosures/footnotes;
5. The Catalog is to be updated and revised to reflect the current programs and revised as necessary (catalog descriptions are incomplete).

Ms. Leonard seconded the motion and the motion carried.

**V. Everest College Phoenix:** No one was present.

Ms. Stanfill stated she will provide the Board with an update regarding the status of Everest College Phoenix.

**VII. Call to the Public** – No one came forward

**VIII. BOARD BUSINESS**

**A. Executive Directors Report**

Mr. Pistillo requested the schools that were recently identified to be on HCM1 be placed on the June Finance Committee agenda.

Ms. Stanfill gave a brief update on the first meeting of the AZ-SARA Council.

**ADJOURNMENT**

The meeting adjourned at 2:15 p.m.

The Minutes of the April 23, 2015 meeting were approved at the May 28, 2015 meeting.



Teri Stanfill, Executive Director