

**GEORGIA NONPUBLIC POSTSECONDARY
EDUCATION COMMISSION**

ANNUAL REPORT

For

Fiscal Year 2016

Submitted to:

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

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INTRODUCTION

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 The Commission's Act repealed these earlier statutes and consolidated regulatory authority in the Commission.

The Commission, known as the Board of Commissioners, is comprised of 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 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 FY 2016, the Commission met four times.

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

BOARD OF COMMISSIONERS
Fiscal Year 2016

Martha Nesbitt, *Chair*
9th Congressional District

Karen Gilbert
13th Congressional District

Clinton Hobbs, *Vice Chair*
AT-LARGE

Alexander Whitaker IV
14th Congressional District

Arthur Vaughn, *Secretary*
11th 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

Holly Kirbo
8th Congressional District

Ryan Worsley
10th Congressional District

Norma Nunez-Cortes
12th Congressional District

**TUITION GUARANTY TRUST FUND
BOARD OF TRUSTEES
Fiscal Year 2016**

Martha Nesbitt, *Chair*
9th Congressional District

Clinton Hobbs, *Vice Chair*
AT-LARGE

Arthur Vaughn, *Secretary*
11th Congressional District

Deb Wade
4th Congressional District

Toby Hinton
7th Congressional District

Karen Gilbert
13th Congressional District

EXECUTIVE DIRECTOR'S COMMENTS

I am pleased to present the Georgia Nonpublic Postsecondary Education Commission's Annual Report for Fiscal Year 2016.

There has been a consistent educational trend that suggests proprietary education has become more acceptable both nationally and to Georgians who want to obtain a degree, a diploma, or to enhance skills necessary to compete in the job market. Because of this increased public acceptance and demand, Georgia proprietary education is a multi-million dollar business. Proprietary institutions offer numerous and diverse educational programs and enroll many students who attend day, evening, weekend and on-line classes. Because proprietary colleges and schools are market driven and are able to respond rapidly to work force demands, many students are able to meet their specific educational requirements in a timely manner by attending such colleges and schools.

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 2016, NPEC authorized 291 institutions. Of those, 152 institutions were degree granting and 139 institutions were non-degree granting. These postsecondary educational institutions serve more than 100,000 students annually. Increases in the number of proprietary institutions and student enrollment place more regulatory and organizational demands upon NPEC.

The Georgia Nonpublic Postsecondary Education Commission will continue to provide careful oversight to ensure that all nonpublic colleges and schools are academically sound and financially stable.

ORGANIZATION

This Commission administers the Nonpublic Postsecondary Educational Institutions Act of 1990, by providing standards, procedures and evaluation for the oversight of schools and colleges under the law. The staff reviews and authorizes each identified institution annually, provides student information, handles student complaints, manages school closures and resulting student records, prepares required publications and grants exemptions as applicable. In addition, the staff proposes new or revised standards, procedures, and regulations which are submitted to the Board of Commissioners for approval in response to changing laws, needs and circumstances.

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 schools regulated meet minimum standards and assuring prospective employers that graduates have acquired appropriate job skills.

ACTIVITIES AND ACCOMPLISHMENTS

Evaluation of In-State Physical Facilities

In keeping with one of GNPEC's highest priorities, all in-state institutions are visited by their assigned GNPEC Standards Administrator during both the initial authorization and the annual renewal process. In addition to the Standards Administrator, an expert or team of experts who specialize in the particular field instruction offered at the institution often review the program content and the associated physical facility components. The purpose of these visits is to ensure that the institution has adequate facilities, equipment, records, personnel and academic programs to comply with the GNPEC standards. While site visits typically take place once a year, an institution may receive additional GNPEC visits in response to specific complaints or other identified problems. These visits may be announced or unannounced.

Maintenance of Student Academic Records

GNPEC continues to place emphasis on the requirement that authorized schools maintain student academic records in a prescribed format, so that it is possible to transfer the records to the state with a minimum of difficulty in the event the school closes. State law mandates such transfer to the state, and schools are required to agree in writing to provide student records in the event of closure. One GNPEC staff member is assigned the responsibility of obtaining individual transcripts on request from students who attended previously closed schools.

Student Complaints

GNPEC regards the prompt resolution of complaints from students as a high priority of the agency. Standards Administrators consult with appropriate school officials upon receipt of complaints and visit institutions as needed to resolve them.

Closed Institutions

In FY 2016, twenty-two GNPEC authorized institutions closed subsequent to entering into a teach-out of remaining students and ceasing to enroll students. During each of the closings, GNPEC staff worked closely with the institution's students, staff and other institutions to provide the students with the opportunity to complete their programs of study either at the school to be closed or at another institution.

Institutions Authorized by NC-SARA

In October 2015, Georgia became a member of the National Council for State Authorization Reciprocity Agreements (NC-SARA). 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 also serves to review applications from Georgia institutions to become SARA-approved from the state so that those institutions may

offer online programming to residents of other states. GNPEC finally serves as the agent for complaints filed relative to Georgia institutions and facilitates the resolution of complaints filed by Georgia residents relative to out of state institutions.

During FY 2016, a total of fifty-three Georgia institutions were SARA-approved through GNPEC action and became institutional members of NC-SARA. Of these, twenty-three were University System of Georgia institutions, twenty-two were Technical College System of Georgia institutions, and eight were Georgia nonpublic degree granting accredited institutions.

In addition to these, nine institutions which had been GNPEC authorized to enroll on-line students became members of the National Council of State Authorization Reciprocity Agreements (NC-SARA) and no longer required separate GNPEC authorization.

Finance

Fees for annual authorization are based on gross tuition received by a school during its most recently completed fiscal year. In addition, several fees are based on specific services performed by GNPEC, such as charges for forms and other printed materials, fees for evaluation of proposed new programs and schools seeking initial authorization. Collections for FY 2016 were \$1,518,124.

GNPEC's appropriation for its annual operating budget for FY 2016 consisted of \$873,071 in state funds. No federal funds are received.

Postsecondary Institutions Excluded from Regulation by GNPEC

Under existing state statute, certain postsecondary institutions are excluded from GNPEC licensure. All state operated higher education institutions are exempt. Furthermore, there are specific exemptions identified in O.C.G.A. 20-3-250.3 which include approximately 30 private colleges and universities.

Other specific occupational schools and educational institutions regulated by Licensing Boards under the Georgia Secretary of State are likewise excluded. These include cosmetology, nursing, barbering, truck driving and real estate institutions.

INSTITUTIONS AUTHORIZED IN GEORGIA

CATEGORY	FY 2012	FY2013	FY 2014	FY 2015	FY 2016
Degree Institutions	162	156	163	156	152
Non-Degree Institutions	139	154	159	154	139
Total	301	310	322	310	291

MISCELLANEOUS ACTIVITIES FOR FY 2016

In addition to authorizations and renewals, other GNPEC functions include providing applications, student transcripts, information, handling and responding to complaints. A summary of these activities since FY 2012 is as follows:

ACTIVITY	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
New School Applications Processed	29	24	32	24	21
Student Transcript Requests	1102	741	832	601	827
Student Complaints Investigated	45	34	35	56	33

TUITION GUARANTY TRUST FUND ACTIVITIES AND ACCOMPLISHMENTS

Beginning in July 1992, authorized institutions began to make annual payments to the Tuition Guaranty Trust Fund (TGTF), which is designed to provide a teach-out or reimbursement to students at institutions which close and fail to honor commitments to complete the students' programs of study. The Commission adopted a fee structure, based upon one-tenth of one percent of the institutions' annual gross tuition receipts. The TGTF serves as an insurance pool of funds available for students of closed institutions.

The chart on the following page reflects activities of the Fund from Fiscal Year 2012 through Fiscal Year 2016.

Beginning in April 2015, the Commission implemented a rigorous financial viability assessment of authorized institutions to ensure that teach-outs and student reimbursements were minimized from the Tuition Guaranty Trust Fund. In FY 2016, there were ninety-one (91) institutions evaluated with one hundred-ten (110) outcomes. The outcomes are approved, conditionally approved, and denied. Fifty-two institutions were approved, forty-seven institutions were conditionally approved and eleven institutions were denied.

**TUITION GUARANTY TRUST FUND
ANNUAL REPORT**

	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>
Beginning Fund Balance	\$ 2,488,459	2,750,771	2,908,276	3,127,257	3,296,416
<u>Receipts to Fund</u>					
Fees From Schools	242,938	238,431	305,592	236,243	173,032
Bond Proceeds	50,000	-	-	-	-
Total Interest Earned	3,057	4,327	3,183	4,233	6,086
Total Receipts	295,995	242,758	308,775	240,475	179,118
<u>Payments from Fund</u>					
Administrative Expense	-	(52,556)	(47,136)	(2,828)	(2,260)
School Closing Expenses:					
Storage of Records	(9,848)	(9,670)	(8,167)	(8,007)	(15,532)
Teach Out of Students	(23,835)	(1,655)	(2,400)	(26,731)	(10,573)
Refund of Tuition	-	(21,372)	(32,090)	(33,750)	(29,388)
Total Payments	(33,683)	(85,253)	(89,794)	(71,316)	(57,753)
Ending Fund Balance	\$ 2,750,771	2,908,276	3,127,257	3,296,416	3,417,781

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 2016**:

Agnes Scott College
Andrew College
Augusta Area Dietetic Internship
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
LaGrange College
Life University
Luther Rice
Mercer University/Macon
Morehouse College
Oglethorpe University
Paine College
Piedmont College
Point University
Reinhardt University
Savannah College of Art and Design
Shorter University
Spelman College
Thomas University
Toccoa Falls College
Truett McConnell College
Wesleyan College
Young Harris College

The following institution did not provide the Commission with an audited financial statement as performed by an independent certified public accountant as prescribed by the O.C.G.A. § 20-3-250.6 (c) for **FY 2016**.

Morris Brown College