

## AGENDA ITEM

A-3. Licensure Program Approval .....Kimberly van Noort

**Situation:** The Board of Governors of the University of North Carolina is charged under North Carolina General Statute Section 116-15 with responsibility for licensing nonpublic educational institutions to conduct post-secondary degree activity in North Carolina.

**Background:** The following have applied for licensure:

- Miami International University of Art & Design, to designate the Art Institute of Charlotte and the Art Institute of Raleigh-Durham as branch campuses offering post-secondary degree programs in North Carolina
- Northcentral University, to offer post-secondary degree programs in North Carolina
- Western Governors University, to offer post-secondary degree programs in North Carolina

**Assessment:** After appropriate review of the licensure application, including site visits by a team of examiners, UNC General Administration recommends approval of licensure for the following:

- Miami International University of Art & Design, to designate the Art Institute of Charlotte and the Art Institute of Raleigh-Durham as branch campuses
- Northcentral University, to offer the proposed degree programs
- Western Governors University, to offer proposed degree programs

**Action:** This item requires a vote by the Committee, with full Board vote through the consent agenda.

## **UNCGA Staff Report and Recommendations for Authorization and Licensure**

After careful consideration of the Team of Examiners' Reports, institutional responses, and various consultations, we present the following proposals and attendant recommendations for your consideration.

### **Miami International University of Art & Design – Miami, Florida**

#### **BACKGROUND INFORMATION**

Miami International University of Art & Design (MIUAD) is a member of the for-profit Art Institutes International System that is owned by the Education Management Corporation (EDMC). MIUAD is licensed by the Florida Commission for Independent Education to offer postsecondary programs of instruction leading to diplomas, associate, baccalaureate, and master's degrees. The University has been operating since 1965. MIUAD obtained a Certificate of Authority to transact business in North Carolina.

Miami International University has applied for licensure to assume ownership of two institutions already operating in North Carolina. The Art Institute of Charlotte (AiCharlotte) and the Art Institute of Raleigh-Durham (AiRaleigh-Durham) (both currently licensed institutions in North Carolina and both currently designated as branch campuses of South University) are institutions owned by the same corporate entity—EDMC-- which owns MIUAD.

In June 2016, MIUAD obtained approval from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to officially merge the three institutions and to designate AiCharlotte and AiRaleigh-Durham as branch campuses of MIUAD. As branch campuses of Miami International University, the Art Institute of Charlotte and the Art Institute of Raleigh-Durham would come under the scope of MIUAD's regional accreditation by SACSCOC.

Miami International University currently operates branch campuses in Tampa and Jacksonville, Florida. In addition to AiCharlotte and AiRaleigh-Durham, SACSCOC has given approval for MIUAD to acquire two additional branch campuses in Texas, the Art Institute of Dallas and the Art Institute of Fort Worth.

#### **THE APPLICATION AND SITE VISIT**

Miami International University of Art & Design is requesting authorization to designate the Art Institute of Charlotte and the Art Institute of Raleigh-Durham as branch campuses of MIUAD. The University has no plans to offer any of its own academic programs in North Carolina.

In accordance with the Rules and Standards: Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina, a Team of Examiners was appointed to review the application, visit the institution, and evaluate compliance with the licensure standards.

The Team of Examiners conducted a site visit to the campus of Miami International University of Art & Design in Miami, Florida on June 28, 2016. The Team evaluated the facilities and resources of the institution during its site visit and also reviewed the following reports and documents before and during the visit: the MIUAD licensure application and the accompanying exhibits; litigation and regulatory matters; governing board documents; organizational charts; faculty credentials; library and electronic

resources; budget data; annual financial reports; enrollment and graduation data; and excerpts from the University's *Faculty Handbook*, *Student Handbook (2015/2016)*, *Strategic Plan*, and the *2015-2016 Catalog*.

During the visit, the Team of Examiners met with numerous faculty, administrators, staff and students of MIUAD.

## **DEGREE PROGRAMS**

The Team of Examiners reviewed a listing of all degree programs offered by MIUAD and its branch campuses, including AiCharlotte and AiRaleigh-Durham. The Team also analyzed data documenting student retention and graduation rates by degree program at MIUAD for fiscal years 2013, 2014, and 2015. Four- and six-year graduation rates for MIUAD baccalaureate programs were included.

## **FINANCE AND ORGANIZATION**

Data provided in the application indicates that enrollment at MIUAD has trended downward over the past five years. EDMC experienced deteriorating financial results from operations during fiscal 2016 due primarily to declining student enrollment. Results during fiscal 2017 may continue to decline primarily due to declining student enrollment and may further be impacted by the gainful employment regulation promulgated by the U.S. Department of Education.

The Team of Examiners notes that, as of June 30, 2015, EDMC (the parent company of MIUAD) did not meet the required composite score standard on a consolidated basis due to the amount of indebtedness incurred and goodwill it recorded. Therefore, EDMC is required by the U.S. Department of Education to post a letter of credit and is subject to provisional certification and additional financial and cash monitoring of its disbursements of Title IV funds.

In November 2015, EDMC announced a settlement with the Attorneys General from 39 states and the District of Columbia to resolve a multistate investigation. Under the terms of the consent judgment, EDMC's post-secondary institutions (including MIUAD) will, among other things, provide additional disclosures to prospective students during the recruiting process and implement additional internal controls over admissions and financial services personnel and marketing lead vendors. EDMC has agreed to pay the costs for implementing the Consent Judgment for all of EDMC's post-secondary institutions (including MIUAD).

The proposed merger is a component of planned actions by EDMC and its constituent institutions to address the above-noted declining financial conditions. MIUAD provided four key business points on which it based its decision to pursue the merger. Team of Examiners finds that culmination of the proposed merger will be financially beneficial to Miami International University, The Art Institute of Charlotte, and The Art Institute of Raleigh-Durham.

Miami International University of Art & Design has a unique multi-tiered governance system which is comprised of the MIUAD Board of Trustees, the Art Institutes International Coordinating Board, and the EDMC Board of Directors. The three boards work together to fulfill all the governing board responsibilities listed in licensure Standard 10.B.(3). The MIUAD Board of Trustees has primary responsibility for the academic, faculty, and business affairs of the institution. Copies of the bylaws of each of these three boards were provided to the Team of Examiners.

## RECOMMENDATION

After the site visit, the Team of Examiners submitted its *Report to the President of The University of North Carolina from the Team of Examiners to Review Miami International University of Art & Design's Application for Licensure to Designate the Art Institute of Charlotte and the Art Institute of Raleigh-Durham as Branch Campuses*. The report included 9 recommendations and one suggestion addressing the proposed ownership change. The recommendations addressed issues of organization and governance, finances, student records archiving, tuition guaranty bonds, and public disclosure notices.

After receiving the Team of Examiners' report, MIUAD responded to the recommendations and suggestion.

Upon review of the Team of Examiners' report, and Miami International University of Art and Design's response to the recommendations and suggestions of that report, the UNC General Administration staff finds that recommendations have been satisfactorily **addressed**, recommends that MIUAD be licensed to designate the Art Institute of Charlotte and the Art Institute of Raleigh-Durham as branch campuses.

An appropriate review of the Art Institute of Charlotte and the Art Institute of Raleigh-Durham will be performed by UNC GA after their designation as branch campuses of MIUAD, to ascertain their continued compliance with the Rules and Standards, including the recommendations contained in the Team of Examiners' report.

## Northcentral University -- Scottsdale, Arizona

### BACKGROUND INFORMATION

Northcentral University is an online graduate university that provides access to a regionally accredited higher education degree for professionals worldwide. Its pedagogy incorporates one-to-one student mentoring.

Northcentral University is owned by Northcentral University, Inc. which 100% is owned by Innova Management Group, Inc., both Arizona corporations. The University has been in operation since its founding in Arizona in 1996. It was approved to operate by the Arizona State Board for Private Postsecondary Education in 1998 and has maintained its authorization to offer academic degrees.

### THE APPLICATION AND SITE VISIT

Northcentral University is proposing that the following degree programs be licensed for delivery in North Carolina:

- Master of Education (PK-12 Principal Leadership Specialization)
- Master of Arts in Marriage and Family Therapy

In accordance with the *Rules and Standards: Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina*, a Team of Examiners was appointed to review the application, visit the institution, and evaluate compliance with the licensure standards.

The Team of Examiners conducted a site visit to the campus of Northcentral University in Scottsdale, Arizona on May 5, 2015. The Team evaluated the facilities and resources of the institution during its site visit and also reviewed the following reports and documents before and during the visit: the Northcentral University licensure/compliance application and the accompanying exhibits; curricula for the proposed programs; course syllabi; faculty credentials; library and electronic resources; budget data; annual financial reports; and the *Northcentral University January 2015 Catalog*.

During the visit, the Team of Examiners met with numerous faculty, administrators, staff and students of Northcentral University.

## **RECOMMENDATIONS**

After the site visit, the Team of Examiners submitted its *Report to the President of The University of North Carolina from the Team of Examiners to Review Northcentral University's Proposed Online Programs to be offered in North Carolina: Master of Education (PK-12 Principal Leadership Specialization) Master of Arts in Marriage and Family Therapy Doctor of Philosophy in Marriage and Family Therapy*. The report included 26 recommendations and 4 suggestions addressing the proposed degree programs. The recommendations covered issues of financial stability, regulatory compliance, policies for business practices, faculty qualifications, student support services, clinical placement sites, and professional licensure requirements.

Upon review of the Team of Examiners' report, and Northcentral University's response to the recommendations and suggestions of that report, the UNC General Administration staff finds that recommendations have been satisfactorily addressed, and recommends that Northcentral University be licensed to offer the degree programs requested.

An appropriate review will be performed within two calendar years of the initiation of the licensed degree programs, by UNC GA, to ascertain the institution's compliance with the Rules and Standards, including the recommendations contained in the report.

## **Western Governors University – Salt Lake City, Utah**

### **BACKGROUND INFORMATION**

Western Governors University (WGU) was incorporated as a private, nonprofit online university in 1997. The university was founded and supported by 19 U.S. governors. WGU grew out of a 1995 bipartisan meeting of the Western Governors Association, with the agreement that it would make "maximum use of distance learning technologies, would be collaborative among the western member states, and would use competencies rather than seat time as the measure of its outcomes." The five themes critical to its design are: responsiveness to employment and societal needs, focus on competency-based education, expanding access, cost-effectiveness, and development of a technology infrastructure. The university describes itself as a teaching and non-research-based university.

All WGU programs follow the competency-based educational (CBE) model. In CBE programs, the academic credit that students receive for their course work is based on the demonstration of skills learned (outcomes or competencies), rather than on the amount of time spent in the classroom (typically measured by the credit hour). In its license application, WGU defines a competency unit (CU) as “the equivalent of one semester hour of learning in the traditional university.” The university describes its competency-based program design process as “based on national and state educational and professional standards . . . [from which] competency statements and corresponding learning objectives are created.” As part of this process, a working group creates expected course outcomes and a plan for assessing competency at the “appropriate cognitive level based on the content and the position of the course” in the standard path of courses identified for the program.

One characteristic of the WGU online pedagogy is its “learning communities,” which are designed to focus on development of competency, small group learning sessions that support cooperative learning, and academic help. This is supposed to be achieved through a term-by-term virtual space aligned to assessments within the student’s individual degree plan in which the student demonstrates competence. WGU also noted the deliberate incorporation of self-instructional learning resources from third-party providers, selected and customized “to align with WGU competencies.”

The university began accepting students in 1999 and currently serves almost 64,000 students with an average age of 37. Students classified as being from underserved populations comprise 71% of the student enrollment. About; 73% of WGU students receive financial aid.

Western Governors University is chartered and approved by the State of Utah and has provided the Team of Examiners with its Utah Certificate of Postsecondary State Authorization, as well as a copy of the Certificate of Authority to Transact Business or to Conduct Affairs in North Carolina (dated 23 September 2014).

#### THE APPLICATION AND SITE VISIT

Western Governors University is proposing to offer 61 academic programs online in North Carolina.

- **BACHELOR OF SCIENCE, BUSINESS MANAGEMENT**
- **BACHELOR OF SCIENCE, BUSINESS (3): Healthcare Management, Human Resource Management, and Information Technology Management**
- **BACHELOR OF SCIENCE, MARKETING MANAGEMENT**
- **BACHELOR OF SCIENCE, ACCOUNTING**
- **MASTER OF SCIENCE, ACCOUNTING**
- **MASTER OF SCIENCE, MANAGEMENT AND LEADERSHIP**
- **MASTER OF BUSINESS ADMINISTRATION (3): MBA, Information Technology Management, Healthcare Management**
- **BACHELOR OF SCIENCE, INFORMATION TECHNOLOGY (3): Information Technology, Network Administration, and Security**
- **BACHELOR OF SCIENCE, SOFTWARE DEVELOPMENT**
- **BACHELOR OF SCIENCE, HEALTH INFORMATICS**
- **MASTER OF SCIENCE, CYBERSECURITY AND INFORMATION ASSURANCE**
- **MASTER OF SCIENCE, INFORMATION TECHNOLOGY MANAGEMENT**
- **BACHELOR OF SCIENCE, NURSING (RN TO BSN)**

- **MASTER OF SCIENCE, NURSING (BSN TO MSN) (2):** Nursing Education, and Nursing Leadership and Management
- **MASTER OF SCIENCE, NURSING (RN TO MSN) (2):** Nursing Education, and Nursing Leadership and Management
- **BACHELOR OF ARTS, INTERDISCIPLINARY STUDIES (K-8)**
- **BACHELOR OF ARTS, SPECIAL EDUCATION (K-12)**
- **BACHELOR OF ARTS, MATHEMATICS (2):** Mathematics (5-9) and Mathematics (5-12)
- **BACHELOR OF ARTS, SCIENCE (5):** Science (5-9), Biological Science (5-12), Chemistry (5-12), Geosciences (5-12), and Physics (5-12)
- **POST-BACCALAUREATE TEACHER PREPARATION (6):** ELEMENTARY EDUCATION (K-8), MATHEMATICS (5-9) and (5-12), SCIENCE (5-9) and (5-12), and SOCIAL SCIENCE (5-12)
- **MASTER OF ARTS IN TEACHING (7):** Elementary Education (K-8), Mathematics (5-9) and (5-12), Science (5-9) and (5-12), Social Science (5-12), and English (5-12)
- **MASTER OF ARTS, MATHEMATICS EDUCATION (3):** K-6, 5-9, and 5-12
- **MASTER OF ARTS, SCIENCE EDUCATION (5):** Science Education (5-9), Biological Sciences (5-12), Chemistry (5-12), Geosciences (5-12), and Physics (5-12)
- **MASTER OF SCIENCE, SPECIAL EDUCATION (K-12)**
- **ENDORSEMENT PREPARATION PROGRAM, ENGLISH LANGUAGE LEARNING**
- **MASTER OF ARTS, ENGLISH LANGUAGE LEARNING (PREK-12)**
- **ENDORSEMENT PREPARATION PROGRAM, EDUCATIONAL LEADERSHIP**
- **MASTER OF SCIENCE, EDUCATIONAL LEADERSHIP**
- **MASTER OF SCIENCE, CURRICULUM AND INSTRUCTION**
- **MASTER OF EDUCATION (2):** Instructional Design, and Learning and Technology

In accordance with the *Rules and Standards: Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina*, a Team of Examiners was appointed to review the application, visit the institution, and evaluate compliance with the licensure standards.

The Team of Examiners conducted a site visit at Western Governors University in Salt Lake City, Utah on March 30, 2016. The Team evaluated the facilities and resources of the university during its site visit, and reports and documents before and during the visit, including the following: the Western Governors University licensure/compliance application and the accompanying exhibits, course syllabi, faculty credentials, budget data, annual financial reports, the WGU *University Catalog*, Volume MMXVI, No. 2 (April 2016), and the WGU *Employee Handbook* (06-01-12).

During the visit, the Team of Examiners met with representatives of the WGU senior administration, faculty, staff and students.

## RECOMMENDATIONS

The 153-page team report included 123 recommendations and 39 suggestions addressing the proposed 61 programs. The recommendations covered issues of faculty qualifications, faculty approval of the curriculum, program differentiation, and program content, opportunities for collaboration, and student to mentor/faculty ratios.

Upon review of the Team of Examiners' report, and Western Governors University's response to the recommendations and suggestions of that report, the UNC General Administration staff finds that recommendations for the programs below have been satisfactorily addressed, and recommends that Western Governors University be licensed to offer the following degree programs:

- BACHELOR OF SCIENCE, BUSINESS MANAGEMENT
- BACHELOR OF SCIENCE, BUSINESS (3): Healthcare Management, Human Resource Management, and Information Technology Management
- BACHELOR OF SCIENCE, MARKETING MANAGEMENT
- BACHELOR OF SCIENCE, ACCOUNTING
- MASTER OF SCIENCE, ACCOUNTING
- MASTER OF SCIENCE, MANAGEMENT AND LEADERSHIP
- MASTER OF BUSINESS ADMINISTRATION (3): MBA, Information Technology Management, Healthcare Management
- BACHELOR OF SCIENCE, INFORMATION TECHNOLOGY (3): Information Technology, Network Administration, and Security
- BACHELOR OF SCIENCE, SOFTWARE DEVELOPMENT
- BACHELOR OF SCIENCE, HEALTH INFORMATICS
- MASTER OF SCIENCE, CYBERSECURITY AND INFORMATION ASSURANCE
- MASTER OF SCIENCE, INFORMATION TECHNOLOGY MANAGEMENT
- BACHELOR OF SCIENCE, NURSING (RN TO BSN)
- MASTER OF SCIENCE, NURSING (BSN TO MSN) (2): Nursing Education, and Nursing Leadership and Management
- MASTER OF SCIENCE, NURSING (RN TO MSN) (2): Nursing Education, and Nursing Leadership and Management

We recommend that the additional programs proposed in Teacher Education continue to be vetted for compliance and recommendations to the president submitted at a later date.

An appropriate review will be performed within two calendar years of the initiation of the licensed degree programs, by UNC GA, to ascertain the institution's compliance with the Rules and Standards, including the recommendations contained in the report.