

## Independent Student Commitment Review

December 20, 2018

### INTRODUCTION

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In 2016, Adtalem Global Education (“Adtalem”) adopted twenty-one voluntary student commitments (together, the “Student Commitments”) in designated areas including recruitment and enrollment, student outcomes, and informed student choice.<sup>1</sup> Also, Adtalem notes it may refresh its Student Commitments from time to time as deemed appropriate.<sup>2</sup> Adtalem’s stated purpose was to design voluntary commitments that provided transparency in student services, student outcomes, and financial obligations beyond any state or federal regulatory requirements. The commitment implementation required significant technological investments as well as time and resources of staff at Adtalem headquarters and individual schools.

In the summer of 2017, Adtalem retained Berkeley Research Group (“BRG”) as an independent third party to review the rollout of the Student Commitments. BRG conducted an exhaustive review of Adtalem and its relevant academic institutions’ activities relating to the commitments. BRG publicly published its findings on November 1, 2017.<sup>3</sup>

Adtalem updated and revised the Student Commitments in 2018, maintaining commitments in the existing six key areas: informed student choice, responsible recruitment and enrollment, responsible participation in the federal loan process, financial literacy, and academic transparency, improving student satisfaction, and successful student outcomes and accountability. Updates include a commitment to provide borrowing advisory notices to all students rather than only those hitting a designated borrowing threshold, and the inclusion of recruitment expenditures as part of the revenue transparency commitment. Previously reported as a separate disclosure with industry benchmarks, this was updated in 2018 as the organization previously publishing the benchmarking data no longer does so.

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<sup>1</sup><http://www.businesswire.com/news/home/20161031005846/en/DeVry-Education-Group-Expands-Student-Commitments>

<sup>2</sup> <https://web.archive.org/web/20170617153519/http://viewpoints.adtalem.com/wp-content/uploads/2017/05/ATGE-Student-Commitments.pdf>

<sup>3</sup> <http://investors.adtalem.com/File/Index?KeyFile=390887353>

Adtalem published updated commitments on August 16, 2018.<sup>4</sup> Adtalem again retained BRG to review its compliance with the Student Commitments. The 2018 review included an inspection of hundreds of documents, interviews with key staff, and examination of financial, academic, and compliance information systems used by Adtalem administration and its individual schools. This report details BRG’s findings relating to the 2018 review of the voluntary Student Commitments. A description of BRG’s review methodology and detailed information relating to its findings are set forth below.

## **BACKGROUND**

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The entities subject to the Student Commitments at the time of BRG’s 2018 review (the “Institutions”) are as follows<sup>5</sup>:

- DeVry University (“DVU”)<sup>6</sup>
- Carrington College (“CC”)<sup>7</sup>
- Chamberlain University (“CU”)
- American University of the Caribbean (“AUC”)
- Ross University School of Veterinary Medicine (“RUSVM”)
- Ross University School of Medicine (“RUSM”)

The voluntary Student Commitments are grouped in six general areas of student interest:

- Informed Student Choice
- Responsible Recruitment and Enrollment
- Responsible Participation in the Federal Loan Process
- Financial Literacy and Academic Transparency

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<sup>4</sup> <https://www.adtalem.com/newsroom/articles/Adtalem-Global-Education-Refreshed-Student-Commitments.html>

<sup>5</sup> Adtalem provides various services to the Institutions at a corporate level, such as recording all admissions conversations and other marketing support. Adtalem therefore was responsible for the Institutions’ compliance with certain commitments.

<sup>6</sup> During the second quarter of its 2018 fiscal year Adtalem signed an agreement to transfer ownership of DeVry University to Cogswell Education LLC. Adtalem completed the transfer in December 2018.

<sup>7</sup> During the fourth quarter of its 2018 fiscal year, Adtalem signed an agreement to transfer ownership of Carrington College to San Joaquin Valley College, Inc. Adtalem completed the transfer in December 2018.

- Improved Student Satisfaction
- Successful Student Outcomes and Accountability

## **ASSESSMENT METHODOLOGY**

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BRG commenced work in July 2018. BRG reviewed relevant documentation, conducted interviews of key employees, reviewed the websites associated with the Institutions, and analyzed relevant computer systems/databases used by the Institutions associated with student services such as admissions, financial and academic counseling, marketing and complaint resolution. BRG then determined what additional testing and information was required, if any, to assess compliance with respect to the Student Commitments.

As part of the 2017 Commitment Review BRG conducted interviews with over 40 knowledgeable individuals across all of the Institutions. Because of this extensive examination and testing of systems in 2017, BRG relied upon the affirmations of personnel at Adtalem and the Institutions with respect to whether processes remained the same for the 2018 Commitment Review. BRG requested and reviewed materials related to any identified procedural changes.

BRG's work was conducted based upon agreed-upon procedures and does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with the standards established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we do not express an opinion or any other form of assurance on the financial statements or on the operating effectiveness of internal controls of the entities referenced in this report. BRG's particularized findings with respect to each of the Student Commitments is included in Appendix A at the end of this report.

## **SYSTEMS REVIEWED**

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BRG reviewed relevant computer systems/databases in connection with its review. These included both student facing interfaces as well as systems used exclusively by Adtalem or third party staff, including systems that record admissions conversations. These information systems provide, among other things, data relating to student financial aid, academic completion, and program preparedness.

## **DOCUMENTS REVIEWED**

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BRG analyzed over 700 documents relating to the Student Commitments during the course of its 2018 review. These documents included student surveys and complaints, select student ledgers and other related financial documentation, compliance reports, third party contracts and agreements, statistical calculators and information, academic catalogs, student handbooks, enrollment agreements, orientation documentation, internal policy documents, admissions files, marketing materials, emails, internal training files, video presentations, organizational charts, compensation information, borrowing advisory notices, letter templates, as well as other relevant materials. The purpose of the document review was to obtain information relating to the Institutions' compliance with the Commitments and to validate statements and representations made to BRG during the 2018 review.

## **FINDINGS**

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BRG's individualized findings relating to each Student Commitment are set forth in Appendix A.

## CONCLUSION

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The introduction of Adtalem’s voluntary Student Commitments required substantial effort of time and resources in order to implement and strengthen existing practices in 2017. Adtalem updated and revised the Student Commitments in 2018 to build upon those efforts. Some of BRG’s key findings relating to Adtalem’s compliance with the Student Commitments are as follows:

- BRG reviewed Adtalem’s overall revenue calculations for each school’s federal and non-federal funding and then performed targeted sampling of individual student transactions contributing to those revenue calculations. All of Adtalem’s Institutions have voluntarily limited Federal funding to an 85% threshold.
- BRG reviewed Adtalem’s Know Before You Go ("KBYG") fact sheets, which provide program performance metrics, such as total program costs, debt and default rates, completion and graduation rates, and earnings and licensure data. Adtalem accurately reported all metrics.
- Adtalem established an Academic Quality Council, led by Dr. Heidi Chumley, Executive Dean and Chief Academic Officer of AUC. According to the Council’s charter, its stated purpose is “to position ATGE as a global leader in providing high-quality student-centric educational programs.”
- Adtalem institutions offer academic and financial counseling, including access to Manage My Loans, a tool providing students with current information on academic program progression, outstanding loan balance, estimated loan repayment obligations, and a comparison of students’ financial position to their academic progress.

## APPENDIX A: SUMMARY OF FINDINGS

Description	Findings
<b>Informed Student Choice</b>	
<p>A one-page disclosure that includes information about program or institutional performance metrics, such as total program costs, debt and default rates, completion and graduation rates and earnings and licensure data.</p>	<p>All institutions complied with this commitment.<sup>8</sup></p>
<p>An orientation process for all undergraduate students, which provides an overview of information to assist a student in the successful navigation of their college experience. This will include, for example, a review of student support services, our on- line learning platforms, academic policies and key points of contact within the institution.</p>	<p>All applicable institutions complied with this commitment.</p>

<sup>8</sup> BRG reviewed all published KBYG fact sheets containing statistics for programs at AUC, RUSM, RUSVM, DVU, and CU. Four CU fact sheets contained loan default rates that were reported correctly, but were dated as 2013 statistics instead of 2014. CU updated these reports to correctly identify them as the more recent, 2014 statistics. Because there was no statistical error, BRG did not recommend that CU consider notifying students of this update.

As CC KBYG fact sheets were in the process of being updated at the time of the review, BRG reviewed them prior to publication. The updated CC fact sheets were published on November 2, 2018.

Description	Findings
<b>Responsible Recruitment and Enrollment</b>	
<p>We provide individualized financial and academic information prior to students making a financial commitment. Financial and academic advisors are available to personally respond to any questions prospective students may have.</p>	<p>All institutions complied with this commitment.</p>
<p>We provide prospective students with clear information regarding any required transitional studies courses, including costs, availability and time for completion.</p>	<p>All applicable institutions complied with this commitment.</p>
<p>Admissions conversations are recorded and evaluated to validate compliance and clear student communications. Admissions professionals' performance and compensation are monitored and assessed to ensure responsible student recruitment and compliance with Adtalem's standards.</p>	<p>All applicable institutions complied with this commitment.</p>
<p>We commit to transparency in our use of revenues for marketing, recruitment, instruction and academic support, student services and scholarships.</p>	<p>All institutions complied with this commitment. Adtalem published a disclosure titled "Transparency Voluntary Student Commitment" on November 16, 2018. The publication includes the revenue information referenced in this commitment and therefore it currently complies with this commitment.</p>
<p>We have best practices in place to assure responsible marketing practices all third- party lead generators (where utilized), including monitoring of all activities by an independent firm, and clear remediation and contract termination procedures.</p>	<p>All applicable institutions complied with this commitment.</p>

Description	Findings
<b>Responsible Participation in the Federal Loan Process</b>	
<p>Adtalem’s institutions will lower limits on federal funding, deriving no more than 85% of revenue from federal funds, including military and Veterans Administration financial assistance programs.</p>	<p>All applicable institutions complied with this commitment.</p>
<p>Before implementing new academic programs, we review the program’s pricing and career outcomes to ensure alignment with the student’s ability to repay debt upon successful completion of the program</p>	<p>All institutions complied with this commitment.<sup>9</sup></p>
<p>We are committed to providing students with a variety of ways to manage tuition costs. Availability of these options vary by institution and program of study, and may include, for example, transfer of credit policies that enable block transfer, academically responsible and individualized credit evaluation processes, work study and institutional scholarship assistance considerate of program of study, eligibility and need.</p>	<p>All institutions complied with this commitment.<sup>10</sup></p>

<sup>9</sup> Adtalem reviews academic programs prior to the institution's implementation. The institution only adopts programs if graduates' estimated annual loan payment does not exceed 20 percent of their expected discretionary income or 9 percent of their total estimated earnings.

<sup>10</sup> Tuition management resources and programs vary by academic institution and program of study. In certain cases, particularly in graduate professional programs, block transfer credit or work study programs are not available.

Description	Findings
<b>Financial Literacy and Academic Transparency</b>	
<p>We will provide students with access to Manage My Loans, a dynamic online tool that gives students ongoing visibility into overall program progression, outstanding loan balance (including estimated repayment obligations), financial position as compared to academic progress and credits required to graduate. Students who enter the Medical Education Readiness Program (MERP), a non-Title IV program that offers a 100% refund if students are unsuccessful in completion, will be provided with access to MyMERP, a student portal that provides information on the student’s tuition account balance as well as any private student funding they receive.</p>	<p>All institutions complied with this commitment.</p>
<p>We offer students, proactively and upon request, academic and financial counseling. This counseling may include information on the student’s progress toward his or her degree, incurred costs, student loan financing, overall financial position and academic progress.</p>	<p>All institutions complied with this commitment.</p>
<p>We will provide students with an annual Borrowing Advisory Notice. The notice will provide information on loan amounts and percentage of program completed, and disclosure indicating the potential implications of incurring student loan debt on future education loan and financing options.</p>	<p>All institutions complied with this commitment.</p>

Description	Findings
<b>Improving Student Satisfaction</b>	
<p>To ensure we are meeting the expectations of our students and graduates, we use an independent third-party tool to conduct student surveys, and we actively respond to results and feedback.</p>	<p>All institutions complied with this commitment.</p>
<p>We prohibit the practice of mandatory arbitration for student disputes, and our enrollment agreements do not prohibit students from participating in or seeking class action remedies.</p>	<p>All institutions complied with this commitment. In addition, CC, CU, and DVU academic catalogs state that for students who signed enrollment agreements prior to May 13, 2016 (the date when the clauses were removed), the schools forgo their right to invoke the previously included mandatory arbitration clause.</p>
<p>We maintain clear and transparent institutional student complaint resolution policies, readily available to students via each institution's website and academic catalog or student handbook. We also provide students with an escalation pathway and contact information to state oversight bodies with jurisdiction over student consumer complaints.</p>	<p>All institutions complied with this commitment.</p>

Description	Findings
<b>Successful Student Outcomes and Accountability</b>	
<p>To further demonstrate its commitment to quality academics, Adtalem will maintain an Academic Council, led by the executive Dean of one of our institutions. The council will report to the Adtalem Board of Director’s Academic Quality Committee Chair, and will monitor student outcomes and report to the CEO on quality trends and steps taken to improve academic programs and student learning. This action-oriented and results driven council will enable all institutions to adopt academic best practices.</p>	<p>Adtalem complied with this commitment. <sup>11</sup></p>
<p>Quality of academics is a component of our compensation package for institutional leaders.</p>	<p>All institutions complied with this commitment.</p> <p>The 2018 institutional leaders include Heidi Chumley (AUC), Donna Loraine (CC). Susan Groenwald (CU), James Bartholomew (DVU), Bill Owen (RUSM), and Sean Callanan (RUSVM). Academic quality goals may include metrics such as pass rates, retention, and/or specific initiatives designed to improve one or more of those metrics including implementation of learning management software systems designed to improve the academic experience.</p>
<p>We identify and proactively engage with students who may be at risk for program completion.</p>	<p>All institutions complied with this commitment.</p>
<p>Annually, we will have a third party review our Student Commitments, and will update and improve our practices and student protections as needed.</p>	<p>All institutions complied with this commitment.</p>

<sup>11</sup> The Academic Council is led by Dr. Heidi Chumley, Executive Dean and Chief Academic Officer of AUC. Additional FY 2018 members include: Danika Bowen (CC - VP Accreditation), Ramin Nadaf (Adtalem - VP Innovative & Education Services), Rob Gilbert (RUSVM - Associate Dean Academic Affairs), Carla Sanderson (CU – Provost and Chief Academic Officer), Christine Scott (Adtalem - Sr. Director Product Development), Mark Quirk (AUC - Sr. Associate Dean), Vijay Rajput (RUSM - Chair), Mauricio Garcia (Adtalem Brazil - Vice President), Christen Bollig (Adtalem - SVP Regulatory Affairs), Steve Oxman (Adtalem - Director Learning Sciences), Melissa Robbins (Adtalem - Sr. Director International Relations), Catherine Aderson (Adtalem - SVP Strategy and Innovation), Angeline Brown (Becker - Sr. Dir Product Management), Tyrone Donnon (RUSM - Assoc. Dean Center of Teaching and Learning), Julian Morris (Adtalem - VP Enterprise Innovation), Pradeep Pandey (EduPristine - Sr. Product Manager), Trigon Pasricha (EduPristine - Content Team Manager), and Rajesh Puri (EduPristine – CEO).