Independent Student Commitment Review – 2019

March 24, 2020

INTRODUCTION

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.[1] Adtalem's stated purpose was to design voluntary commitments that provided transparency in student services, student outcomes, and financial obligations beyond any regulatory requirements. The commitment implementation required significant technological investments as well as time and resources of staff at Adtalem headquarters and individual schools.

As part of the Student Commitments, Adtalem pledged to have a third party review its compliance with the Commitments and to update and improve its practices as needed. In 2017, Adtalem retained Berkeley Research Group ("BRG") as the independent third party. BRG then conducted an exhaustive review of Adtalem and its relevant academic institutions' activities relating to the commitments. BRG publicly published its findings in November 2017.[2] In 2018, Adtalem updated and revised the Student Commitments, 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. BRG again conducted a review and published updated findings in December 2018.[3]

No changes were made to the Student Commitments in 2019 and BRG was once again retained to review Adtalem's compliance with the commitments. This report details BRG's findings relating to the 2019 review of the voluntary Student Commitments. The 2019 review included the examination of financial, academic, and compliance information systems used by Adtalem administration and its individual schools, inspection of over 700 documents, and interviews with key staff. A description of BRG's review methodology and detailed information relating to its findings are set forth below.

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[1] http://www.businesswire.com/news/home/20161031005846/en/DeVry-Education-Group-Expands-Student-Commitments
[2] http://investors.adtalem.com/File/Index?KeyFile=390887353
[3] https://www.adtalem.com/content/dam/atge/www_adtalem_com/documents/newsroom/18.12.20%20Adtalem%20Commitments%20Report.pdf

BACKGROUND

Adtalem transferred ownership of DeVry University and Carrington College during Adtalem's 2018 fiscal year, therefore they are not part of the 2019 review.[4] The entities subject to the Student Commitments at the time of BRG's 2019 review (the "Institutions") are as follows[5]:

- Chamberlain University ("CU")
- American University of the Caribbean ("AUC")
- Ross University School of Medicine ("RUSM")
- Ross University School of Veterinary Medicine ("RUSVM")

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
- Improved Student Satisfaction
- Successful Student Outcomes and Accountability

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[4] 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. 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.

[5] Adtalem provides various services to the Institutions at a corporate level, such as recording admissions conversations and compiling data for consumer disclosures. Adtalem was therefore responsible for the Institutions' compliance with certain commitments.

ASSESSMENT METHODOLOGY

BRG commenced work in June 2019. 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 and 2019 Commitment Reviews. BRG requested and reviewed relevant materials related to any identified procedural changes.

BRG's work was conducted based on 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, BRG does 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

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

As part of the 2019 review, BRG analyzed over 700 documents relating to the Student Commitments. These documents included academic catalogs, student handbooks, enrollment agreements, orientation documentation, select student ledgers and other related financial documentation, admissions files, compliance reports, third party contracts and agreements, statistical calculators and information, internal policy documents, marketing materials, emails, internal training files, video presentations, student surveys and complaints, organizational charts, 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 2019 review.

FINDINGS

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

CONCLUSION

Adtalem's introduction of and continued compliance with the voluntary Student Commitments has required substantial effort of organizational time and resources. Adtalem's documentation has been reviewed annually since 2017 and updated as needed. Some of BRG's key findings relating to Adtalem's compliance with the Student Commitments in this 2019 review are as follows:

- Adtalem institutions provide individualized academic and financial information to students prior to enrolling, and students are granted access to the online platform Manage My Loans ("MML"). In addition to providing students with current information on academic program progression and outstanding loan balances, MML offers robust repayment and budget modeling. Federal loan information is automatically available in the tool and students can enter any additional private or institutional loans that they hold to see estimated loan repayment obligations. MML allows students to input living expenses, such as transportation, healthcare, education, entertainment, savings, and child care costs, along with income information to effectively build a financial roadmap. Adtalem does not remove access to the MML tool upon cessation of enrollment, so students and alumni can continue to use MML even after graduation.

- All of Adtalem's Institutions have implemented programs that identify students that are at-risk for completing their program of studies and proactively engages with them to provide additional guidance and assistance.

- BRG reviewed Adtalem's Know Before You Go ("KBYG") fact sheets and confirmed that all metrics were reported accurately. The KBYG fact sheets provide program performance metrics, such as total program costs, debt and default rates, completion and graduation rates, and earnings and licensure data.

- Adtalem records and evaluates inbound and outbound calls made by admissions departments at all of its Title IV eligible institutions to ensure responsible student recruitment and compliance. Calls can be evaluated for compliance by two means. The first method uses a speech analytics tool that automatically screens calls and flags them for further manual review. The second method is an entirely manual review of a statistical sampling of calls. Adtalem has expanded their process to now also include capturing, reviewing, and evaluating videos of in-person interviews pursuant to the same standards previously used for the admissions phone calls.

- For the third consecutive year, BRG's analysis confirmed Adtalem's Institutions derived no more than 85% of revenue from federal funds.

APPENDIX A: SUMMARY OF FINDINGS

Description	Findings
Informed Student Choice	
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.	All institutions complied with this commitment.
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.	All applicable institutions complied with this commitment.

Description	Findings
Responsible Recruitment and Enrollment	
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.	All institutions complied with this commitment.
We provide prospective students with clear information regarding any required transitional studies courses, including costs, availability and time for completion.	All institutions complied with this commitment.
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.	All applicable institutions complied with this commitment.
We commit to transparency in our use of revenues for marketing, recruitment, instruction and academic support, student services and scholarships.	All institutions complied with this commitment. Adtalem published a disclosure titled "Transparency Voluntary Student Commitment" on December 20, 2019. The publication includes the revenue information referenced in this commitment and therefore it currently complies with this commitment.
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.	All applicable institutions complied with this commitment.

Description	Findings
Responsible Participation in the Federal Loan Process	

Description	Findings
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.	BRG's review of this Commitment relies upon an external audit completed by third party PricewaterhouseCooper ("PwC") on December 18, 2019. PwC's audit of Adtalem's financial statements with regard to the Higher Education Act of 1965's 90/10 rule resulted in the provision of metrics that BRG used as a foundation to check Adtalem's adherence to the 85/15 Commitment. According to the financial data relied upon by PwC, the following institutions derived the following percentages of revenue from federal funds (including Military/VA funding), all below 85%: <table><tr><th>Institution</th><th>Percentage of Revenue from Federal Funding Sources</th></tr><tr><td>AUC</td><td>74.72%</td></tr><tr><td>CU</td><td>64.96%</td></tr><tr><td>RUSM</td><td>83.33%</td></tr><tr><td>RUSVM</td><td>82.98%</td></tr></table> All institutions complied with this commitment.[6]
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.	All institutions complied with this commitment.[7]
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.	All institutions complied with this commitment.[8]

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[6] BRG's work was conducted based upon agreed-upon procedures and reliance upon PwC's work product. BRG's work does not constitute an independent 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.

[7] 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.

[8] 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
Financial Literacy and Academic Transparency	
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.	All institutions complied with this commitment.
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.	All institutions complied with this commitment.
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.	All institutions complied with this commitment.

Description	Findings
Improving Student Satisfaction	
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.	All institutions complied with this commitment.
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.	All institutions complied with this commitment.
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.	All institutions complied with this commitment.

Description	Findings
Successful Student Outcomes and Accountability	
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.	Adtalem complied with this commitment.[9]
Quality of academics is a component of our compensation package for institutional leaders.	All institutions complied with this commitment. The 2018 institutional leaders include Heidi Chumley (AUC), Karen Cox (CU), 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.
We identify and proactively engage with students who may be at risk for program completion.	All institutions complied with this commitment.
Annually, we will have a third party review our Student Commitments, and will update and improve our practices and student protections as needed.	All institutions complied with this commitment.

[9] The Academic Council is led by Dr. Heidi Chumley, Executive Dean of AUC. Additional FY 2019 members include: Catherine Anderson (Adtalem - SVP Strategy and Innovation), Christen Bollig (Adtalem - VP Regulatory Affairs), Angeline Brown (Becker - Sr. Dir Product Management), Maíra Habimorad (Adtalem Brasil - Director of Academic Development), Julian Morris (Adtalem - VP Enterprise Innovation), Robert Owen Gilbert (RUSVM - Associate Dean Academic Affairs), Steven Oxman (ACAMS - Dr. Product Management), Pradeep Pandey (EduPristine - Sr. Product Manager), Rajesh Puri (EduPristine - CEO), Mark Quirk (AUC - Sr. Assoc Dean Medical Ed), Gannady Raskin (RUSM - Executive Director, Medical Education Readiness Program), Carla Sanderson (CU - Provost), Christine Scott (Adtalem - Sr. Dir Product Development), and Stanley White (RUSM - Assoc Dean, Accred & Svcs, ROS Medical Executive Dean).