

## **Independent Student Commitment Review – 2021**

February 11, 2022

### **INTRODUCTION**

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In 2016 Adtalem Global Education (“Adtalem”) announced the adoption of new policy standards relating to student and institutional welfare in the form of twenty individual promises to their students (together, the “Student Commitments”).<sup>1</sup> The Student Commitments were voluntarily enacted as part of a pledge to provide robust and transparent information to the public as well as empower students facing educational and career decisions. As part of that pledge Adtalem promised to retain an independent third party to ensure accountability. Berkeley Research Group (BRG) was selected as the independent third party and tasked with measuring and publicly reporting on Adtalem’s compliance with each of the commitments. BRG conducted the first review in 2017 and has supervised each yearly review since that time.

This report represents the results of the fifth annual Independent Student Commitment Review of Adtalem’s compliance with the Student Commitments. As in all years past, the 2021 review included examination of financial, academic, and compliance information systems used by Adtalem administration as well as its individual schools, inspection of more than a hundred documents, and interviews with key staff. Documentation relating to each commitment was reviewed and scrutinized to confirm procedures and practices conformed with policies implemented to fulfill the Student Commitments. Due to the ongoing Covid-19 pandemic, meetings and interviews that may have previously occurred in person were conducted virtually to maintain social distancing protocols. A description of the review’s methodology and detailed information relating to its findings are set forth below.

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

## BACKGROUND

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The entities subject to the Student Commitments at the time of the 2021 review (the “Institutions”) are as follows:<sup>2</sup>

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

The voluntary Student Commitments are grouped into six 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

As part of the Student Commitments, Adtalem pledged to update and improve its practices as needed. In 2018, Adtalem updated and revised some of the Student Commitments and a minor revision was made to the language of one commitment in 2020.<sup>3</sup> No changes were made to the Student Commitments in 2021.

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<sup>2</sup> 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. DeVry University and Carrington College were previously subject to the Student Commitments and part of the annual review process. Adtalem transferred ownership of DeVry University and Carrington College in 2018, therefore those institutions are no longer included as part of the reviews. Additionally, Adtalem acquired Walden University in August 2021, too late to be included in the 2021 review.

<sup>3</sup> 2018 updates included a commitment to provide borrowing advisory notices to all students rather than only those hitting a designated borrowing threshold, the inclusion of recruitment expenditures as part of the revenue transparency commitment, and the establishment of an Academic Council. The 2020 update brought the Academic Council commitment language in line with its leader’s new title.

## ASSESSMENT METHODOLOGY

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The review team commenced work in August 2021 and examined relevant documentation, conducted interviews of key employees, accessed 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. The review team 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, the review team conducted interviews with over 40 knowledgeable individuals across all the Institutions. Because of this extensive examination and testing of systems in 2017, the review team relied upon the affirmations of personnel at Adtalem and the Institutions with respect to whether processes remained the same for the subsequent Commitment Reviews. The review team requested relevant materials related to any identified procedural changes and performed new interviews when necessary.

In the interest of efficiency, the review team relied upon PwC's FY2021 audit opinions and attestation reports of Adtalem's Title IV participating institutions' compliance with Title IV requirements. The related audit and attestation procedures included testing of Adtalem's Supplemental Consolidating Statement of Income and Balance Sheet Information ("Supplemental Consolidating Statements") for the year ended June 30, 2021 (with corresponding footnotes) as confirmation that financial data used in several commitments was accurately reported. This differs from the methodology employed in 2017-2019 for the review of the 85/15 and Revenue Transparency Commitments where independent testing was conducted in advance of the issuance of PwC's related audit opinions and attestation reports<sup>4</sup> Similarly, the 2020 and 2021 reviews examined and confirmed the metrics reported by Adtalem for the Know Before You Go, 85/15, and Revenue Transparency Commitments before their publication, whereas in prior years accuracy of the published metrics was confirmed after publication by Adtalem. This approach has been used since 2018 for the Know Before You Go and 85/15 Commitments. This process was implemented for the Revenue Transparency Commitment in 2020 and used again for this year's review.

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<sup>4</sup> Reliance upon PwC's audit opinions and attestation reports allowed the review team to forego using a sampling methodology established in past Commitment reviews. This sampling methodology was meant to validate the financial information Adtalem relied upon for their financial Commitments, which is now validated by PwC's related audit and attestation procedures and results. Relative to Adtalem's 85/15 Student Commitment, BRG may reasonably rely on PwC's 90/10 testing for individual transaction treatment and general calculation methodology assurance.

The review team’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. The review team’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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Relevant Adtalem computer systems/databases were assessed in connection with this 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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The review team analyzed more than a hundred documents relating to the Student Commitments. These documents included academic catalogs, student handbooks, enrollment agreements, orientation documentation 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 the review team during the 2021 review.

## **FINDINGS**

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The detailed findings relating to each Student Commitment are set forth in Appendix A.

## CONCLUSION

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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. The review team's key observations relating to Adtalem's compliance with the Student Commitments in this 2021 review are as follows:

- The Institutions derived no more than 85% of revenue from federal funds for the fifth consecutive year.
- Adtalem updated all the Know Before You Go ("KBYG") fact sheets for each program offered by its institutions. The publicly available KBYG fact sheets provide key program performance metrics, such as total program costs, debt and default rates, completion rates, earnings data, and licensure data. All KBYG fact sheets were reviewed, and all metrics contained therein were found to have been reported accurately.
- All Institutions send current students annual Borrowing Advisory Notice letters that include information on loan amounts, percentage of program completion, and potential implications of incurring student loan debt.
- The Institutions continue to provide students with access to the online platform Manage My Loans ("MML"). MML details students' academic program progression and current loan balances and includes repayment and budget modeling tools. Adtalem does not remove access to the MML tool upon cessation of enrollment, so students and alumni can continue to use MML and its budgeting tools even after graduation.
- Compensation packages for leaders from each Institution include goals relating to quality of academics such as licensing exam pass rates.
- All undergraduate students are provided an orientation process to assist students in navigating their educational experience. In person on-campus and virtual orientation events are provided and recordings of the virtual orientation are also available. The orientation details relevant on-line learning platforms amongst other topics such as student support services.

## 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.<sup>5</sup></p>	<p>All applicable institutions complied with this commitment. The one-page disclosures (Know Before You Go fact sheets) for AUC, RUSM, and RUSVM programs were made publicly available on January 4, 2022. Fact sheets for CU programs were made public on January 18, 2022.</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>5</sup> This Commitment is referred to as the “Know Before You Go” Commitment in this report.

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 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.<sup>6</sup></p>	<p>All institutions complied with this commitment. Adtalem published these metrics to their website on December 16, 2021.</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. As of January 1, 2020, no Adtalem Title IV eligible institution is utilizing lead aggregators.</p>

<sup>6</sup> This Commitment is referred to as the “Revenue Transparency” Commitment in this report.

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.<sup>7</sup></p>	<p>All institutions complied with this commitment.<sup>8</sup> The review of this Commitment relies upon a third party's audit and attestations conducted by PricewaterhouseCooper ("PwC") which were completed on November 23, 2021. PwC's audit of Adtalem's Supplemental Consolidating statements with regard to the Higher Education Act of 1965's 90/10 rule resulted in the provision of metrics that were used as a foundation to check Adtalem's adherence to the 85/15 Commitment.</p> <p>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%:</p> <table border="1" data-bbox="858 524 1780 678"> <thead> <tr> <th>Institution</th> <th>Percentage of Revenue from Federal Funding Sources</th> </tr> </thead> <tbody> <tr> <td>AUC</td> <td>80.06%</td> </tr> <tr> <td>CU</td> <td>68.44%</td> </tr> <tr> <td>RUSM</td> <td>84.68%</td> </tr> <tr> <td>RUSVM</td> <td>82.08%</td> </tr> </tbody> </table> <p>Adtalem published these metrics to their website on December 16, 2021.</p>	Institution	Percentage of Revenue from Federal Funding Sources	AUC	80.06%	CU	68.44%	RUSM	84.68%	RUSVM	82.08%
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<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. No new academic programs were offered during the 2021 review period.</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>9</sup></p>										

<sup>7</sup> This Commitment is referred to as the "85/15" Commitment in this report.

<sup>8</sup> The review team's work was conducted based upon agreed-upon procedures and reliance upon PwC's audit opinions and attestation reports. The review 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.

<sup>9</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.</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 our commitment to quality academics, Adtalem will maintain an Academic Council, led by the academic leader of one of our institutions. The council will report to the Adtalem Board of Director's Academic Quality Committee Chair, and will 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 share their respective Academic Quality Scorecards with each other and with the Adtalem Board of Directors Academic Quality Committee.</p>	<p>Adtalem complied with this commitment.<sup>10</sup> The commitment language was updated in 2020.</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 2021 institutional leaders include Heidi Chumley (AUC), Karen Cox (CU), Jim Record (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>10</sup> The Academic Council is led by Dr. Heidi Chumley, Provost of AUC (Dr. Chumley stepped down from her role with AUC in September 2021 to become Dean of RUSM). Additional FY 2021 members include: David Nichols (Adtalem - VP Regulatory Affairs), Angeline Brown (Becker - Sr. Dir Product Management), Jeff Kelly (OnCourse Learning - Dir, Product Mgmt), Robert Owen Gilbert (Ross Vet - Associate Dean Academic Affairs), Steven Oxman (ACAMS – Sr. Dr. Product Management), Gannady Raskin (Ross Med – Executive Director Medical Education Readiness Program), Carla Sanderson (Chamberlain - Provost), Kashif Ahmad (RUSM – Associate Dean, Academic Learning Environment), David Dufresne (Adtalem – Director IT), Laura Fillmore (Chamberlain – Senior Director, Center for Transformational Education and Learning Innovation), Melissa Robbins (Adtalem – VP, Strategic Initiatives), Kathy Strang (Walden – Dean, Product Strategy Innovation and Design), Sue Subocz (Walden – CAO/Provost), and Julie Taylor (AUC – Sr Assoc Dean).