

APPROVED
MARCH 14, 2017

Item #V-6
March 14, 2017

**NEW OPERATING AND/OR DEGREE-GRANTING AUTHORITY
FOR INDEPENDENT INSTITUTION –
ELIJAH GLENN WARD FAMILY FOUNDATION**

Submitted for: Action.

Summary: New independent institutions, institutions planning to operate at a new location, including a location outside the higher education region of original operating authority, and out-of-state institutions planning to operate in Illinois for the first time are required to obtain authorization to operate. These institutions also are required to obtain authorization for each new degree program.

Action Requested: That the Illinois Board of Higher Education deny operating authority to the following institution:

Elijah Glenn Ward Family Foundation

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION

**NEW OPERATING AND/OR DEGREE-GRANTING AUTHORITY
FOR INDEPENDENT INSTITUTION –
ELIJAH GLENN WARD FAMILY FOUNDATION**

The Illinois Board of Higher Education (IBHE) has responsibility for administration of The Private College Act (110 ILCS 1005) and The Academic Degree Act (110 ILCS 1010). Under these statutes, new independent institutions, institutions planning to operate at a new location, including a location outside the higher education region of original operating authority, and out-of-state institutions planning to operate in Illinois for the first time are required to obtain authorization to operate. These institutions also are required to obtain authorization for each new degree program.

Applications for new operating and degree-granting authority submitted by independent Illinois institutions and out-of-state institutions are reviewed by the staff. Recommendations are developed by applying criteria for operating and/or degree-granting authority, which are defined in the rules adopted for administration of the statutes and Board policies on assessment of student learning and specialized accreditation requirements for student licensure. These criteria encompass educational objectives, institution and degree titles, curricula, facilities, faculty and administrator qualifications, student policies, publications, records, compliance with pertinent laws, and fiscal stability. Staff recommendations are based on analyses of application materials, responses to questions, and site visits. Out-of-region sites are defined as sites located within an IBHE approval region other than the region within which an institution's original operating authority was granted. There are ten IBHE approval regions; each is coterminous with one or more community college districts. Approval to operate within a new approval region entitles an institution to operate throughout the region, and not solely at the site at which the institution initially applied.

This item includes a recommendation to deny operating authority to one institution.

Elijah Glenn Ward Family Foundation, Inc.

- Elijah Glenn Ward Family Foundation, Inc., requests authorization to operate in the Chicago Region.

Staff recommends adoption of the following resolution:

*The Illinois Board of Higher Education hereby denies Elijah Glenn Ward Family Foundation, Inc.
Authorization to operate in the Chicago Region.*

Elijah Glenn Ward Family Foundation, Inc.
1407 East 60th Street
Chicago, IL 60637
President: Dr. Daniel W. Geiter

Staff Recommendation and Rationale

1030.30(b)(8) provides that the Executive Director of the Board will submit the staff recommendation to the Board for action at a regular meeting. The Chief Executive Officer of the applicant institution or a designee will be invited to attend the meeting and comment on the recommendation. In the event the staff recommendation is negative, the applicant shall be given an opportunity to respond in writing. This response shall be transmitted to the Board at the same time as the staff recommendation.

The staff of the Illinois Board of Higher Education have reviewed the application submitted by the Elijah Glenn Ward Family Foundation, Inc., and cannot recommend approval of this proposal. Following is a discussion of specific Administrative Code and approval criteria the institution has not met with this submission. Criteria for staff analysis of applications for operating and degree-granting authority are set forth in the Code to implement the “Private College Act” (110 ILCS 1005/I et seq.) and the “Academic Degree Act” (110 ILCS 1010/I et seq.).

Background and History

Staff Conclusion: Staff recommend denial. No evidence that the Elijah Glenn Ward Family Foundation, Inc., has the capacity to deliver its educational plans. Proposal does not meet the criteria for operating and degree-granting authority as set forth in the Administrative Code to implement the “Private College Act” (110 ILCS 1005/I et seq.) and the “Academic Degree Act” (110 ILCS 1010/I et seq.).

The Elijah Glenn Ward Family Foundation, Inc., (Ward Foundation or the institution) is a not-for-profit organization that plans to operate a private, independent, not-for-profit, postsecondary institution named Ward College. The institution plans to offer developmental education coursework, associate’s in liberal arts degree programs, and career and workforce development training primarily to students that reside in the South Side of Chicago. The proposal also notes that the target population will be adults from low-income and minority communities in Chicago.

Staff review of the Ward Foundation’s application for operating authority began in September 2015. Staff had repeated conversations with the institution regarding several areas of concerns that needed to be addressed for the application to meet the requirement as set forth in the Administrative Code to implement the “Private College Act” (110 ILCS 1005/I et seq.) and the “Academic Degree Act” (110 ILCS 1010/I et seq.). The applicant has submitted three applications for authority to operate. The first two were returned because they were incomplete; the third resulted in this recommendation. Staff returned the first application, submitted September 2015, because the institution failed to submit a required audited financial statement and had not secured a facility for operation as required by Illinois Administrative Code. After detailed discussion with the institution that the application was incomplete, staff returned the application due to institution’s failure to submit required documentation. In May 2016, the institution submitted another application with minor revisions. However, with the required audited financial statement still missing, the application was considered incomplete and could not be recommended to the Board

for approval and was also returned. This current proposal is the third and was submitted in October 2016.

Fiscal Resources

Criterion 1030.30(a)(9) provides that the institution should be financially stable and capable of assuring the revenues needed for meeting stated objectives and fulfilling commitments to students.

Staff Conclusion: Staff recommend denial. No evidence of financial stability. Total current assets of \$6,061 (\$141 in cash and \$5,920 in prepared insurance) is not sufficient to operate a school.

The Ward Foundation submitted an audited financial statement which shows total current assets for year ended December 2015 was \$6,061 (\$141 in cash and \$5,920 in prepared insurance). The available cash balance of \$141 for operation is not capable of meeting any new institution's financial obligations. Staff considered that the institution may not be capable of meeting operational expenses such as hiring staff and faculty, payment for contracts, equipment, and instructional materials.

The Ward Foundation registered with an online fundraising website "GoFundMe" and has an unmet goal of raising \$210,000. According to the GoFundMe online record, out of the set \$210,000 goal, only \$5,452 (2.6%) had been raised as of January 27, 2017, from the date the fundraising campaign opened in June 2016. A recent check on this fundraising campaign by staff shows that the "campaign is complete and no longer active" (GoFundMe: www.gofundme.com/helpwardcollege). Staff also found that another GoFundMe fundraising account to establish the school was opened on February 17, 2016, and had raised \$2,420 out of the stated \$5,000 goal as of February 13, 2017 (GoFundMe: www.gofundme.com/ykp7tur9).

The institution submitted budget plans to IBHE that show operating expenditures will exceed total revenue in the first three years of operation. The estimated total operating expenditures is \$3,280,998 in the first year, rising to \$7,023,034 by the fifth year of operation. The institution also projected total headcount enrollment of 510 students in the first year, rising to 2,300 student by the fifth year, which was used to calculate projected tuition revenue for each year. These projected enrollments do not seem reasonable as the institution has not demonstrated that it has the capacity to manage such large student body size. Moreover, these estimates contradict other parts of the application that show different projected enrollment numbers.

The audited financial statement includes from the preparer Note Five, which states that the Foundation's "ability to meet its current obligations as they become due is dependent upon obtaining additional support and revenue through various sources, including fundraising events, individual and corporate contributions, or grants." According to the auditor, since the continued operation of the organization's plans is dependent on the ability of the organization to secure these funds, "there can be no assurance that the Organization will be successful in accomplishing its objectives." The preparer of the audited statement concluded that the "uncertainty relating to their ability to acquire additional cash funds has raised substantial doubt about its ability to continue as a going concern." In response to the question posed by staff regarding this concern, the Ward Foundation stated that, "each program added to Ward College after operating authority is granted will be paid for through tuition, fees, grants, and tuition reimbursement from both governmental and nongovernmental sources. The goal is to build operations over the initial 18-month period

while working toward trade and regional accreditation.” Ward Foundation’s response regarding concern about its financial position is not sufficient for staff to determine that it has the financial capacity to operate a school.

Institutional Accreditation

1030.30(a)(14) provides that any institution applying for Certificate of Approval or authorization to operate in the State of Illinois must specify its accreditation status.

Staff Conclusion: Staff recommend denial. Institution has unrealistic timeline and expectation for accreditation. No evidence that the institution has the capacity to meet regional accreditation standards of the Higher Learning Commission.

The Ward Foundation submitted plans to seek regional accreditation from the Higher Learning Commission (HLC). The institution submitted documentation titled “Timeline for Seeking Accreditation,” that outlines the costs and timeline for completing each step of the accreditation schedule. According to this document, the cost of completing the initial Pre-Application to Determine Eligibility process may exceed \$20,000. HLC notes on its website that the organization “evaluates such things as governance and administration, financial stability, admissions and student services, institutional resources, student learning, institutional effectiveness, and relationships with internal and external constituencies.” Institutions seeking HLC’s accreditation must meet the Criterion for Accreditation and Core Components which includes the following:

Criterion Five. Resources, Planning, and Institutional Effectiveness:

“The institution’s resources, structures, and processes are sufficient to fulfill its mission, improve the quality of its educational offerings, and respond to future challenges and opportunities. The institution plans for the future.”

Core Components

5.A. The institution’s resource base supports its current educational programs and its plans for maintaining and strengthening their quality in the future.

1. The institution has the fiscal and human resources and physical and technological infrastructure sufficient to support its operations wherever and however programs are delivered.

2. The institution’s resource allocation process ensures that its educational purposes are not adversely affected by elective resource allocations to other areas or disbursement of revenue to a superordinate entity.

3. The goals incorporated into mission statements or elaborations of mission statements are realistic in light of the institution’s organization, resources, and opportunities.

4. The institution’s staff in all areas are appropriately qualified and trained.

5. The institution has a well-developed process in place for budgeting and for monitoring expense.

The Ward Foundation will be required to provide documentation to prove they have sufficient financial resources to support institutional plans. As noted above, the institution submitted an audited financial statement as part of this application, which shows total current assets for year ended December 2015, was \$6,061 (\$141 in cash and \$5,920 in prepared insurance). Staff conclude that the institution does not have the financial resources to meet HLC's accreditation requirement. Furthermore, for an established and functioning institution of higher education, 18 months is not a realistic timeline for attaining HLC accreditation. For the most well-positioned start-up institution with sufficient resources to support a successful launch, the IBHE's five-year deadline for obtaining accreditation is extremely difficult to meet.

Academic Program and Curriculum

1030.30(a)(2)(B) provides that institutions must show the capacity to develop, deliver, and support academic programs.

Staff Conclusion: Staff recommend denial. No evidence that the institution has the capacity to develop and support a postsecondary degree level program.

The Ward Foundation proposes to offer an associate degree in Liberal Arts. The program will require a completion of 68 credit hours, including general education courses, which the institution suggests will meet the Illinois Articulation Initiative (IAI) criteria for transfer to other postsecondary institutions in Illinois. The proposal also notes that the institution plans to participate in IAI to ease transfer of courses for their students. According to IAI Policies and Procedures, "participating institutions must hold accreditation from an accrediting authority recognized by the U.S. Department of Education or the Council on Higher Education Accreditation." The Ward Foundation has not provided a reasonable plan to secure institutional accreditation.

With a limited budget as evidenced by the Ward Foundation financial statement, it is not clear that the institution has the capacity to implement a postsecondary degree program. The proposal notes that students will be assessed a flat tuition rate of \$100.00 per credit hour. Considering this tuition model, and the lack of evidence for external support, it is not clear that the tuition revenue that will be generated will be sufficient to support offering coursework alone, much less even one fully-developed degree program.

In addition, the proposal did not demonstrate Ward Foundation has adequate plans to recruit students. The proposal notes plans to "implement the memorandum of understanding between the City Colleges of Chicago (CCC) and the Ward Family Foundation regarding academic collaboration for the sake of dual enrollment/articulation of Ward College students at CCC." Also, the proposal provides that the institution has established partnerships with City Colleges of Chicago and DePaul University to enable the institution to offer programs "through Title IV funding, specifically Pell Grants and the Federal Student Work-Study Program, as well as through the U.S. Department of Veterans Affairs GI-Bill program." Staff requested written evidence of this and the institution responded that "as per lawyers for both institutions, the City Colleges of Chicago and DePaul University cannot enter an MOU or any other agreement unless or until Ward College is granted operating authority. Ward College does not intend to use Title IV funding for students in the first 18 months of operations." The list of eligibility requirements for participation in Federal Student Aid (FSA) programs of Title IV of the Higher Education Act, as amended, is extensive and includes institutional accreditation. An institution that does not itself meet all requirements cannot offer its students funding through FSA programs based on agreements with FSA-eligible institutions.

Facilities (space, equipment, instructional materials)

Criterion 1030.60(a)(5) provides that the institution shall have adequate and suitable space, equipment and instructional materials to provide education of suitable quality.

Staff Conclusion: Staff recommend denial. Partnership agreements for library use and educational program plans not submitted.

The Elijah Glenn Ward Family Foundation, Inc., entered a license agreement with the Chicago Theological Seminary (CTS). This agreement allows the institution to operate an administrative center in the garden level of the CTS building located at 1407 East 60th Street in Chicago. The agreement also allows the use of the facility for conferences and for educational programs on the upper levels of CTS property, but as stated in the licensing agreement, it will be “on a per-usage basis on terms to be negotiated between Licensor and Licensee.” The Ward Foundation has not provided additional documentation to IBHE to clarify what the terms are, hence, staff cannot attest that space for the institution’s proposed operations is adequate nor whether the institution could manage the associated costs. Per the licensing agreement, the Ward Foundation is required to pay a monthly licensing fee of \$6,096, which is due on the first of each month; however, given the financial position of the Ward Foundation, as evidenced in the audited financial statement, it is not clear how the licensing obligation will be sustained. No other documentation was provided to show how the institution plans to meet this obligation. In addition, the document specifies that “the intent of the agreement is to provide use of library to Ward College students, however the specific nature of that agreement and cost for those services is still in negotiations.” The institution has not submitted additional documentation to clarify the terms of the agreement for the use of library space at this location, forcing staff to be unable to determine that students, faculty, and staff would be at least minimally academically supported.

Faculty and Staff

Criterion 1030.60(a)(6) The education, experience and other qualifications of directors, administrators, supervisors and instructors shall ensure that the students will receive education consistent with the objectives of the program.

Staff Conclusion: Staff recommend denial. No evidence of capacity to hire qualified faculty and staff to support the program. No faculty has been hired.

The proposal notes that the institution will hire nine adjunct professors to teach in the first year of operation. However, no faculty members have been hired, hence staff cannot determine the capacity of the institution to provide students with faculty that possess the educational training and credentials that meet standards established by Code.

Staff Conclusion

The staff concludes that the Elijah Glenn Ward Family Foundation, Inc., does not meet the criteria in Sections 1030.30 and 1030.60 of the Administrative Code to implement The Private College Act (110 ILCS 1005) and The Academic Degree Act (110 ILCS 1010) and the Illinois Board of Higher Education policies pertaining to assessment and accreditation for licensure.