



**Charter College - Revised
Authorization Type: Renewal**

Summary

Charter College has been authorized since 1985 and currently offers certificate, associate, and baccalaureate degree programs, in addition to one master’s degree, primarily online. One on-ground and three blended delivery programs are offered at the Anchorage and Wasilla campuses. The College is owned and operated by Prospect Education, LLC, of Reno, Nevada. For purposes of accreditation, Charter College Anchorage is considered the main campus, with branch campuses in Washington and California. The institution is nationally accredited by the Accrediting Council for Independent Colleges and Schools (ACICS).

Chief Administrator	Michael Dawson, CEO, Prospect Education	Larry Capps, President, Charter College Alaska	
Address	2221 E Northern Lights Blvd Anchorage AK 99508	FY13 Tuition Revenues	\$16,360,388
Year Founded	1985	FY13 Enrollment	1,793
Authorized Since	1985	FY13 Complaints (formal)	1
Surety Amount / Type	\$100,000 / Bond	FY13 Completion Rate	55%
Fees Paid:		FY13 Placement Rate	75%
Authorization	\$ 2,500		
Program Amendments	\$ 500		

New and Discontinued Programs

This renewal includes a recommendation for approval of four new online programs and one existing blended program to be offered at a new location.

Program amendments for the addition of a Certificate in Computer Technician, AAS in Computer Networking Systems, and BS in Computer Information Systems were submitted timely. The new programs utilize pre-packaged content, including simulation programs that allow students to configure hardware, install drivers, manage operating system settings, and configure network devices, created by and purchased from an established information technology certification company that specializes in online computer labs for academia. The curriculum content was reviewed by Charter College’s program advisory committee comprised of industry professionals. In December, ACPE staff learned these three programs will replace the Certificate in Network Security, AAS in Network Security, and BS in Computer Science. Upon learning of the intended change, ACPE staff brought Alaska’s relevant regulatory requirements to the attention of College officials. These requirements, relative to the cessation of a program, include providing one academic year’s written notice to students enrolled in a degree program, providing a copy of the

written notice to the Commission, and ceasing to enroll students who cannot complete the program prior to it being discontinued. Charter staff reported that all current students will complete the programs in accordance with the terms of their original enrollment agreements.

The fourth program amendment is the addition of an online certificate in Marketing Through Digital and Social Media. The College identified that there was not currently training available in Alaska in this field and, with the input from local marketing professionals, developed a new program. The program has already been approved by ACICS for the Washington and California campuses.

The fifth program amendment is to offer the already-approved Heating, Ventilation, Air Conditioning and Refrigeration (HVAC) certificate at the Wasilla location. In order to do so, a significant investment in equipment and a facility remodel will be required. Due to the migration to online education, the College has underutilized classroom space that it plans to convert into the HVAC lab.

New Programs

Program or degree name	Program length	Tuition/Fee Cost
Computer Technician Certificate Online	63 quarter credit hrs.	\$21,735
AAS in Computer Networking Systems Online	99 quarter credit hrs.	\$37,125
BS in Computer Information Systems Online	180 quarter credit hrs.	\$72,000
Marketing Through Digital and Social Media Online	72 quarter credit hrs.	\$25,500

Current Programs

Program or degree name	Program length	Tuition/Fee Cost
Certificate in Network Security Online**	63 quarter credit hrs.	\$21,735
Hospitality Certificate Online	69.5 quarter credit hrs.	\$23,769
Industrial Maintenance Technician Certificate*	72 quarter credit hrs.	\$25,500
Certificate in Medical Office Administrative Assistant Online	69 quarter credit hrs.	\$23,115
Certificate in Office Administration Online	70.5 quarter credit hrs.	\$23,760
Certificate in Medical Assistant	69 quarter credit hrs.	\$23,115
Certificate in HVAC	72 quarter credit hrs.	\$24,480
Certificate in Paralegal Studies Online	69 quarter credit hrs.	\$23,805
Certificate in Welding	72 quarter credit hrs.	\$26,712
Certificate in Business Administration Online	63 quarter credit hrs.	\$21,735
AAS Allied Health Online	90 quarter credit hrs. (54 are transfer credits)	\$13,500 (for 36 hrs.)
AAS Applied Technology Online	90 quarter credit hrs. (54 are transfer credits)	\$13,500 (for 36 hrs.)
AAS Business Administration Online	90 quarter credit hrs. (54 are transfer credits)	\$13,500 (for 36 hrs.)
AAS in Network Security Online**	90 quarter credit hrs. (54 are transfer credits)	\$13,500 (for 36 hrs.)
AAS Health Information Technology Online	108 quarter credit hrs.	\$41,364
AAS in Paralegal Studies Online	96 quarter credit hrs.	\$41,376
AAS in Nursing	121 quarter credit hrs.	\$58,806
AAS in Criminal Justice Online	99 quarter credit hrs.	\$41,382

BS in Accounting Online	180 quarter credit hrs. (90 are transfer credits)	\$41,400 (for 90 hrs.)
BS in Business Administration Online	180 quarter credit hrs. (90 are transfer credits)	\$41,400 (for 90 hrs.)
BS in Computer Science Online**	180 quarter credit hrs. (90 are transfer credits)	\$41,400 (for 90 hrs.)
BS in Criminal Justice Online	180 quarter credit hrs. (90 are transfer credits)	\$41,400 (for 90 hrs.)
BS in Healthcare Administration Online	193.75 quarter credit hrs. (90 are transfer credits)	\$39,405 (for 103.75 hrs.)
BS in Nursing Online*	187.5 quarter credit hrs. (90 are transfer credits)	\$35,500 (for 97.5 hrs.)
Master of Business Administration Online	56 quarter credit hrs.	\$38,920

*Approved, but not currently being offered

** To be discontinued

Site Visits

Compliant site visits were conducted on October 21 and 22, 2014, at the Anchorage and Wasilla campuses, respectively.

Recent Accreditation Action

In 2013, Charter College submitted an application for new grant of accreditation to its national accrediting body. In August 2013 and subsequent to site visits from their evaluation team, ACICS informed Charter College that action on its application for accreditation was deferred and instead, the current grant of accreditation would be continued through December 31, 2013, to provide the College with time to address areas of non-compliance. ACICS provided a list of issues to be addressed or responded to by October 31, 2013, to which Charter responded timely. However, in a December 27, 2013 letter, ACICS requested additional information; gave the College 90 days to provide a response; and advised that the current grant of accreditation was again extended until April 30, 2014. In consideration of ACICS' postponement of a new grant of accreditation, in October 2013 the Commission extended the institution current authorization a quarter and subsequently approved a one-year renewal of authorization in January 2014.

On May 7, 2014, after evaluating Charter's responses, the new grant of accreditation was awarded through December 31, 2016. Charter's previous grant of accreditation was for four years.

Nursing Program Status Update

Charter College's AAS in Nursing was approved at the April 2012 Commission meeting, contingent upon completion of the required lab facilities and ACICS approval. The Alaska Board of Nursing, which granted Charter's program provisional approval in January 2012, has a lengthy and complex process for the evaluation of nursing education programs. To receive full approval from the Board, a nursing program must have an 80% pass rate for first-time test takers of the National Council Licensure Examination (NCLEX) exam for a full year and the program must obtain a specialty nursing accreditation.

Charter is currently in the process of applying for candidate status with the Accrediting Commission for Education in Nursing (ACEN) to meet the specialty accreditation requirement. They submitted

a Candidacy presentation, which was reviewed and found to require program modifications in order to meet the ACEN Accreditation Standards. In their October 14, 2014 letter, ACEN identified the areas requiring correction. Charter College has submitted the program revisions, redesigned around the ACEN recommendation, to the Alaska Board of Nursing; Commission staff has been provided with a preview of the changes. The Board will consider the proposed changes at its January 28-30, 2015 meeting; staff anticipates Charter College will be submitting the programmatic changes for ACPE's consideration soon thereafter.

The Board of Nursing indicates it has been contacted by several Charter College students with questions and concerns about the program's specialty accreditation and approval status. Staff advised Board of Nursing staff to refer students with complaints to ACPE. To date, staff has not received any complaints regarding the deferral of candidacy status. Charter administrators have confirmed that the delay in achieving the specialized accreditation will not impact nursing program graduates, who will be fully eligible to sit for the Alaska nurse licensing exam.

State Authorization Reciprocity Agreement (SARA) Participation

In October, Charter College was approved as a participating institution in SARA. This approval permits the College to market and deliver online programs in other SARA member states, which currently number seventeen. SARA participation requires the College to meet the policies and standards requirements established by the National Council for SARA.

To date the College has connected its online programs to on-ground support at a physical campus, offering totally online programs to students in states without having a physical presence is a new delivery model. As Alaska's state SARA agency, ACPE is responsible for annual institutional approval for SARA participation, including investigating complaints from any students enrolled in Alaska-approved online programs and residing in SARA member states. Commission staff will be performing additional due diligence in reviewing the College's online programs, to verify compliance with SARA requirements. Charter plans to begin marketing efforts in SARA member states in January 2015.

Evaluation

Minimum Standards Component - AS 14.48.060	Staff Evaluation/Comments
1. Program and courses meet stated objectives	Yes, institution is accredited by the ACICS
2. Adequacy of space, equipment, and resources	Noted during site visit and approved by accreditor
3. Appropriateness of staff/faculty credentials	Verified
4. Catalog/brochure compliance	Technical assistance provided and required changes made
5. Credential compliance	Diploma awarded
6. Adequacy of records	Verified
7. Compliance with applicable laws	Fire inspections received; no observations of non-compliance with other applicable laws
8. Financial soundness	Audited financials do not fully document compliance as defined in regulation
9. Advertising and sales	Advertising noted as compliant
10. Administrators are of good reputation	Background check—no adverse findings

11. Student housing, if any	N/A
12. Refund policy compliance	Reviewed and documented
13. Costs and charges compliance	Reviewed and documented

Financials and Federal Student Aid HCM1 Status

Staff review of the audited financial statements of Prospect Education, LLC, identified that they do not fully document institutional financial soundness as required by 20 AAC 17.060(i). Prospect Education also owns and operates Clarita Career College, LLC, which has three campuses in the greater Los Angeles area that are branded as Charter College. That corporation component experienced operating losses in 2013, affecting overall net income for the parent company. Additionally, the latest audited financial statements do not fully meet U.S. Department of Education (USDOE) financial soundness requirements. One of the standards is the Financial Responsibility Composite Score, a ratio calculation that reflects the overall relative financial health on a scale of - 1.0 to 3.0. Schools with scores of less than 1.5 but greater than or equal to 1.0 are considered financially responsible, but require additional oversight. The College's score is 1.3. In December 2014, Prospect Education President and CEO Michael Dawson advised ACPE the College had been placed on Heightened Cash Monitoring (HCM1) as a result of the current Financial Responsibility Composite Score. Under this cash monitoring payment method a school must make disbursements to eligible students and parents before it may request or receive funds for those disbursements from the USDOE. Previously, the College was on HCM1 from March 2013 until February 2014 after an USDOE audit in 2012 raised non-financial concerns that were later resolved. Mr. Dawson further advised that HCM1 will not alter their daily operations or current practices, and he expects the College's 2014 Composite Score will meet or exceed the 1.5 threshold.

ACPE staff requested and received unaudited, mid-year, internally-prepared financials showing improvement in net income and in the Financial Responsibility Composite Score. Charter College LLC, which is comprised of the Anchorage campus and eight branch campuses, increased enrollment by 25% over the prior year. Commission staff's review of the financial statements does not give rise to concern about Charter College's financial health or ongoing ability to meet obligations.

Recommendations for Commission Action

Charter continues to undergo substantial change, in terms of the programs offered, the delivery mode, and the potential for rapid growth in enrollment. All degree programs, with the exception of the A.A.S. in Nursing, are being delivered as online programs with both local and remote faculty and academic support. Frequent changes are substantive and dynamic, with new programs still being piloted, existing program structures and pricing being adjusted to meet market conditions, and new markets being targeted in SARA member states.

Based on the extent and ongoing nature of the institutional changes, staff recommends a one-year renewal of authorization through, January 31, 2016.

Staff also recommends approval of the four new programs, contingent upon the approval of ACICS, and approval of the HVAC certificate program at the Wasilla campus, contingent upon a compliant site visit.