



**STAFF SUMMARY REPORT TO THE BOARD OF TRUSTEES FOR
CHANGE OF CONTROL, STRUCTURE, OR ORGANIZATION
FOR TIFFIN UNIVERSITY**

May 22, 2013

Explanation

Involved Parties

Party One: **Tiffin University, Tiffin, OH**

Tiffin University (“Tiffin”) is a private, not-for profit Master’s degree-granting institution. Tiffin offers Associate’s degrees in such areas as Accounting, Business, General Studies, Law Enforcement, Healthcare and related fields; Bachelor of Arts degrees in such areas as Behavioral Sciences, Chemistry, English, History, and related fields; and the Bachelor’s of Business Administration in such areas as Accounting, Computer and Information Systems, Finance, Healthcare Management, and Sports and Recreation Management. It also offers a Master of Business Administration, Master of Education, Master of Humanities, and Master of Science in Criminal Justice. Tiffin’s reported enrollment in the 2013 Annual Update was: 2,766 full and 3,062 part-time undergraduate students; and 158 full and 1,034 part-time graduate students. Tiffin has a main campus in Tiffin and additional locations across Ohio; it also has additional locations in Romania and Taiwan. It has approval to offer up to 100% of its programs through distance learning.

It has been accredited since 1985. Its last reaffirmation in PEAQ was in 2009-10, and it is currently scheduled to be reaffirmed in 2019-20.

Party Two: **Altius Education, San Francisco, CO**

Altius Education (“AE”), formerly Ivy Bridge Education is a Delaware limited liability corporation that describes itself on its website as “combin(ing) the best aspects of a university and a technology company to improve the experience and outcomes of 21st century students. The company’s mission is to develop innovations in virtual learning systems, student services, and educational pathways in order to provide students with an effective and personalized university education.” It was founded by Paul Freedman in 2007 and is funded by Spark Capital, Maveron and Charles River Ventures. In addition to the joint venture of primary interest in this review, Altius Education has also developed a virtual learning platform that Altius Education notes in its website is able to help institutions move quickly into the on-line or virtual learning environment and into competency-based education.

Party Three: Altius University, Toledo, OH

Altius University, also known as Ivy Bridge College of Tiffin University, (“AU/Ivy Bridge”) is a joint venture registered in Delaware and a Delaware Limited Liability corporation formed by Tiffin and Altius Education. It functions as entirely on-line institution that offers Associate, Bachelor’s and Master’s degrees. This entity is the primary focus of this review.

Members of the Staff Conducting the Review

Dr. Robert Appleson, Vice President for Accreditation Relations (HLC Staff)

Ms. Karen Solinski, Vice President for Legal and Governmental Affairs (HLC Staff)

Scope of the Commission’s Review and Summary of Findings Related to the Criteria for Accreditation

In this review the Commission considered for approval under the Commission’s Change of Control, Structure or Organization the inclusion of the joint venture, AU/Ivy Bridge College, in the accreditation of Tiffin and the related formation by Tiffin of the Limited Liability Corporation. In addition, the Commission considered whether the joint venture could be approved to be included in the accreditation of the institution based on the Commission’s policy on Components of an Accredited Institution. Finally, the Commission also considered alternatively whether the arrangement with AU/Ivy Bridge or AE could be approved as a contractual relationship under the Commission’s Institutional Change policy. It is important to note that that the current operation of AU/Ivy Bridge as a joint venture reflects the results of a completed transaction; therefore this analysis will be able to consider results from the past four years of the joint venture’s operations in assessing whether the Commission’s requirements are met.

Commission Policy 3.3(c)2 lists the five factors that must be considered by the Board in determining whether to approve a Change of Control, Structure or Organization transaction, and the balance of this report addresses these factors. The report indicates that the joint venture does not meet several of these factors for reasons outlined in the report.

The third of these factors reads as follows: “substantial likelihood that the institution, including the revised governance and management structure of the institution, will continue to meet the Commission’s Eligibility Requirements and Criteria for Accreditation.” Within this third approval factor, and specifically within the Criteria for Accreditation, this report finds that the Change of Control, Structure or Organization does not meet Commission expectations for seven Core Components. The analysis of all approval factors proceeds in the next section of this report, but this section will highlight those areas where the Commission staff finds Core Components are not met. This report finds that, if the joint venture were to be included in the accredited institution, the Criteria would not met be in the areas of:

- integrity in operation (Core Component 2.A);
- board autonomy and decision-making in the best interest of the institution (Core Component 2.C);
- appropriateness of degree programs for higher education (Core Component 3.A);

- intellectual development and integration of learning and skills (Core Component 3.B);
- responsibility for quality of programs (Core Component 4.A);
- student success (Core Component 4.C);
- governance and administrative structures (Core Component 5.B); and
- systematic efforts for improvement (5.D).

While there are concerns about some other Core Components, only for the eight listed above do the findings clearly indicate that the Core Components are not met. Issues outside the Core Components are discussed later in this report.

Integrity of Operation (Core Component 2.A).

Tiffin has described its relationship to the Commission in different ways that provide conflicting information about the nature and purpose of the relationship with AU/Ivy Bridge and AE. In addition, its claim to control the academic programs offered by AU/Ivy Bridge is in conflict with the reality that these programs are controlled by AU/Ivy Bridge and AE. The licensing of these programs to AU/Ivy Bridge has proceeded well beyond the single online program declared in 2010 without Tiffin seeking necessary approvals from the Commission and from the Ohio Board of Regents. In addition, through this arrangement, Tiffin has improperly shared students' private information with AU/Ivy Bridge and AE because neither entity is a properly designated third-party servicer or listed as such on Tiffin's Electronic Application (E-App) to the U.S. Department of Education.

Tiffin has allowed another entity, AU/Ivy Bridge, to make use of Tiffin's accreditation and several of its academic programs in return for financial benefits including:

- payments for the programs;
- annual service fees (currently exceeding \$450,000);
- 50% of future proceeds from the expected profitability of AU/Ivy Bridge (with the other 50% going to AE); and
- 20% of profits from the sale of AU/Ivy Bridge after it becomes accredited.

The major part of this quid pro quo is noted in Tiffin's audit materials for 2010/2011, and was confirmed by members of the Tiffin Board.

Beyond the financing of the relationship, Tiffin does not provide and has not provided adequate oversight over AU/Ivy Bridge to justify representing the programs at AU/Ivy Bridge as Tiffin programs.

Board Autonomy (Core Component 2.C).

Tiffin's Board of Trustees generally exhibits autonomy in matters not involving AU/Ivy Bridge. However, the Tiffin Board has ceded authority to the AU/Ivy Bridge Board of Managers so as to compromise the autonomy of the Tiffin Board in important respects. Although Tiffin is represented on the Board of Managers, AE has a dominant position in relation to the Tiffin representation by dint of share ownership and in relation to composition of the Board of Managers.

The compromising of Tiffin Board autonomy is illustrated in its decision to license some Bachelor's and Master's level programs to AU/Ivy Bridge (and give up Tiffin's own ability to offer the programs for some years) for the purpose of allowing AU/Ivy Bridge to approach Western Association for Schools and Colleges, Accrediting Commission for Senior Colleges and Universities ("WASC Senior") for accreditation of AU/Ivy Bridge. In this case, the Tiffin Board placed the interests of AU/Ivy Bridge before those of Tiffin. In addition, the Tiffin Board has little or no governance impact on finances at AU/Ivy Bridge, though AU/Ivy Bridge serves about two fifths of the students that Tiffin counts in its enrollment and for which it draws down Title IV funds under its OPEID.

Appropriateness of Degree Programs for Higher Education (Core Component 3.A).

The initiation of AU/Ivy Bridge has not had a significant effect on the appropriateness of degree programs elsewhere in Tiffin. The Commission's previous review of the courses at the main campus was positive. However, the Fact-Finding Team's review of eleven courses at AU/Ivy Bridge found them lacking in content.

AU/Ivy Bridge functions more or less autonomously of the main campus in academic matters outside formal curricular change and faculty hiring and promotion. There is a lack of faculty oversight of degree programs at AU-Ivy Bridge and given the poor quality of at least some of the courses, these programs are not appropriate to higher education.

Intellectual Development and Integration of Learning and Skills (Core Component 3.B).

As in the above Core Component above, the Fact-Finding Team found no problem outside AU/Ivy Bridge. Some of the courses reviewed at AU/Ivy Bridge were general education courses, which shared the character of lack of content and lack of rigor expected in a collegiate course. The highly compressed nature of the online class schedule and the low level of preparation brought by many AU/Ivy Bridge students raise further concerns about the application of intellectual inquiry or integration of broad learning skills taking place in AU/Ivy Bridge courses.

Responsibility for the Quality of Programs (4.A).

Tiffin is not demonstrating responsibility for the quality of the academic programs offered by AU/Ivy Bridge.

Student Success (Core Component 4.C).

As indicated in the attached NFI analysis, the extremely poor retention rate for new students (25% Fall to Fall) at AU/Ivy Bridge, and the lack of meaningful effort on the part of Tiffin or AU/Ivy Bridge to improve this rate, demonstrates to the Fact-Finding Team that Tiffin does not currently meet this Core Component. In contrast to the 25% rate at AU/Ivy Bridge, the retention rate of newly seated students on the Tiffin main campus is relatively typical of non-selective 4-year institutions at a bit over 60%.

In the face of this situation, the Tiffin Board has not had discussions about student success at AU/Ivy Bridge, and the main campus faculty was reluctant to set any goal for improvement in the AU/Ivy Bridge retention rate. The last-minute projection of improvement by the AE CEO to 35% was markedly insufficient in the eyes of the Team. Tiffin lacks strategies for setting thresholds for student success at AU/Ivy Bridge or the mechanisms to achieve those strategies.

Governance and Administrative Structures (Core Component 5.B).

As with its findings regarding Board autonomy, the Commission staff finds that Tiffin's governance and administrative structures are adequate for those matters not involving AU/Ivy Bridge. However, with regard to AU/Ivy Bridge, as previously noted, the Tiffin Board has ceded much of its authority to the AU/Ivy Bridge Board of Managers and thus lacks a mechanism to exercise governance effectively over AU/Ivy Bridge. Despite the Tiffin Board's subcommittee charged to keep the Tiffin Board appropriately informed about AU/Ivy Bridge activities and despite Tiffin's representation on the AU/Ivy Bridge Board of Managers, vital matters have been missed. When the Fact-Finding Team asked the Tiffin Board about AU/Ivy Bridge's low graduation and retention rates, the Team found the Board not informed about the issue (though it was not entirely clear what the Board could do about it).

This state of affairs recurs with Tiffin administrators, who have no authority over functional areas at AU/Ivy Bridge and who were not reasonably informed about AU/Ivy Bridge, even though AU/Ivy Bridge claims to be following the same policies. When the Fact-Finding Team asked key administrators at Tiffin about certain problems that might arise in the equivalent functional area at AU/Ivy Bridge, many of them believed that they had no oversight of that area on the AU/Ivy Bridge side or were unsure. This view is clearly reinforced by the organizational chart in which AU/Ivy Bridge personnel ultimately report to the Campus Executive Officer not to any functional department or senior administrator at Tiffin. And the Campus Executive Officer while ostensibly reporting to the Tiffin president, is listed on the AE website as one of its employees. Tiffin's oversight of AU/Ivy Bridge is nominal at best and does not demonstrate the effective leadership required by this Core Component. In addition, Commission approval of programs licensed under a contractual arrangement requires proper oversight by the accredited institution, and the Fact-Finding Team did not find that this requirement to be fulfilled in this respect either.

Systematic Efforts for Improvement (Core Component 5.D).

As reflected in the discussion of Student Success, there has been inadequate effort to improve the retention rate at AU/Ivy Bridge. There were not even goals established. Likewise other aspects of the AU/Ivy Bridge operation (such as the lack of content in courses) appear either to have been ignored or written out of the responsibilities of Tiffin. The joint venture, as currently structured, cannot allow Tiffin to meet the Core Component associated with Systematic Efforts for Improvement.

The Transaction

Overview

In November 2007 AE, whose corporate name at that time was Ivy Bridge Education, and Tiffin formed a Delaware Limited Liability Corporation (“LLC”) known as Ivy Bridge College. The purpose of the corporation was stated in the Operating Agreement to be the offering of two-year on-line Associate’s degree programs. The LLC has a Board of Managers, rather than a Board of Directors or Board of Trustees, as is typical for LLCs. In the original arrangements, two of the managers were to be appointed by Ivy Bridge; one was to be appointed by Tiffin. AE was to receive 80% of the total units of the corporation of the LLC; Tiffin was to receive 20%. Later the name of the entity was formally changed to AU, but Tiffin continues to refer to it as Ivy Bridge College of Tiffin University. AU/Ivy Bridge College has not been reviewed for accreditation or accredited by any accrediting agency recognized by the U.S. Department of Education.

The following month, December 2007, Tiffin, AE and Ivy Bridge Education established and registered a joint venture under the laws of the State of Delaware. AE provided \$500,000 in cash at the closing and received Series A Preferred Units in Ivy Bridge College; AE also agreed to provide \$1.5 million as a line against which Ivy Bridge College could draw if needed for start-up and other expenses. Tiffin invested no cash monies in the joint venture either at the outset of its existence or at any later date. Tiffin provided its consent to use the Tiffin name in connection with Ivy Bridge College. In addition to owning 20% of the LLC, Tiffin was to receive an annual service fee linked to the enrollment in Ivy Bridge College and 50% of the operating surplus once Ivy Bridge College became profitable. In the pro forma included in the Joint Venture Agreement the parties estimated an enrollment growth in Ivy Bridge College from 200 to 900 students and growth in revenues from \$2 million to \$9 million between 2008-09 and 2013-14. Ivy Bridge College was to offer the Associate in General Studies using educational programs and courses initially provided by Tiffin. In conjunction with these agreements the parties also executed a licensing agreement and a program agreement whereby Ivy Bridge College could use the intellectual property of Tiffin, in particular its Associate of General Studies degree.

Under the Commission’s Change of Control, Structure or Organization policy (Policy 3.3), the sale or transfer by an accredited institution of institutional assets to create a joint venture requires the Commission’s approval. In addition, for an institution to add a new component, including a joint venture, to its accreditation requires the Commission’s approval under its policy on Characteristics of a Component That May Be Included in the Institution’s Affiliation (Policy 3.4). The purpose of this evaluation is to review the transfer of institutional assets to create the joint venture and to determine whether the accreditation of Tiffin can be extended to include the joint venture and the associated limited liability corporation. This review examined to a lesser degree the plan of the parties to spin-off AU/Ivy Bridge as a separately accredited entity. However, even setting aside the Change of Control, Structure or Organization and the addition of a new component in Tiffin’s accreditation, a licensing agreement to a non-accredited entity for the offering of 25% or more of a program requires Commission approval; such licensing took place here both with regard to AU/Ivy Bridge, a separate corporation never formally approved by the Commission to be included in Tiffin’s accreditation, and AE. Therefore this evaluation must also consider the consequence of such outsourcing.

The Commission also included its follow-up review of Non-Financial Indicators (“NFI”) of Tiffin in this Change of Control, Structure or Organization review. The NFI analysis is appended separately, but parts of the present document refer to it.

This review for Change of Control, Structure or Organization and related issues does not consider for approval the Oakland branch campus requested by Tiffin.

History Leading to the Transaction

The Joint Venture Master Agreement noted a number of factors that led to the joint venture. It noted, for example, that the parties determined that the business venture would combine the “authorizations and expertise” of Tiffin with the “capital resources and expertise” of AE for the purpose of offering an online Associate of Arts in General Studies. It further noted AE’s claim to have created a program, including “methodologies and courses for assisting students entering postsecondary education from high school to better prepare for success in college.” Finally, it indicates that the joint venture, AU/Ivy Bridge College, expected ultimately to become a separately accredited institution.

The President of Tiffin reported to the Fact-Finding Team that the concept of the joint venture was developed between Paul Freedman, the founder of AE, and a senior administrator at Tiffin. He noted that the primary attraction of the joint venture for Tiffin was its capacity to provide improved access to new populations of students for Tiffin, which aligns with Tiffin’s historical mission of assisting students. It should also be noted, however, that at the time of the creation of the joint venture the University had significant financial issues. The Commission’s evaluation team in 2010 noted that Tiffin had a history of long-term debt, declining enrollment, and an endowment that was very low for an institution of Tiffin’s size. The pro forma associated with the Joint Venture Master Agreement outlined projections of increased enrollment and additional revenues resulting from the arrangement. Since these students would be Tiffin’s students, Tiffin would be able to demonstrate increased enrollments fairly quickly. The President also acknowledged that he had hoped that Tiffin would gain in the short-term some portion of the operating revenues and in the long-term significant revenues from Tiffin’s 20% equity in AU/Ivy Bridge in the event that it becomes separately accredited and is then sold or has an Initial Public Offering. The Fact-Finding Team also asked Mr. Freedman, the President and founder of AE, about his intent in forming the joint venture. While he noted his interest in improving student access and retention, it was not clear what his motivation had been in going to the extent of forming a corporate entity that would ultimately seek its own accreditation as a for-profit college rather than, for example, providing services or technical assistance under a contract. Both Mr. Freedman and the Tiffin President have stated that the day to day functions of AU/Ivy Bridge were set up to preserve Tiffin’s control over the academic content, faculty, support services, etc. at AU/Ivy Bridge and that AE’s role was largely to provide expertise and capital.

At various times during the course of the relationship the parties executed revised versions of the underlying agreements. These revisions provided, among other things, for the parties to provide for additional educational programs to be offered through the joint venture including an Associate’s degree in Criminal Justice and in Business Administration, a Bachelor of Arts in Professional Studies and, a Master’s in Education with a concentration in Classroom

Teaching. The Fact-Finding Team asked about the decision to have AU/Ivy Bridge College offer upper-level degree programs despite its stated purpose of focusing on Associate's level education to create improved access and support for students who were interested in transitioning from an Associate's to a Bachelor's program. The President of Tiffin noted that the primary driver for this decision was to ensure that AU had appropriate degree programs to apply for accreditation with the Western Association of Colleges and Schools, Senior Commission. At one point, the President also characterized this licensing of programs to AU/Ivy Bridge as outsourcing.

AE has continued to contribute financially to the growth of AU/Ivy Bridge subsequent to the initiation of the joint venture. AE has contributed more than \$10 million to the development of AU/Ivy Bridge. Tiffin has contributed no monies. It has received some revenues from the joint venture. It has received an increasing service fee that totaled \$460,000 for the last fiscal year. There have no been no operating surpluses as yet because AU/Ivy Bridge has not yet become profitable; therefore, Tiffin has not yet received any revenue from this source. Tiffin has, however, licensed the Bachelor and Master of Business Administration in Elder Care Management as well as a Master of Education with a concentration in teaching to AU/Ivy Bridge. However, in contrast to most licensing agreements that may provide some initial upfront cash for the party licensing its property but that focus largely on the payment of royalties over time, Tiffin received a considerable upfront payment of approximately \$1,000,000 in cash, additional common units in AU/Ivy Bridge and a modification to the agreements to allow it to receive earn-out consideration when the number of successfully earned credit hours exceeded 4,000.

Tiffin has reported that shortly after the formation of the LLC and joint venture it notified the Commission office about the new entity. At the time of the reporting, the Commission had no policy that would have related to the establishment of a joint venture. In 2009-10, when Tiffin hosted its most recent comprehensive evaluation, the Commission had very recently adopted its Change of Control, Structure or Organization policy, which was further refined in June of 2010. That policy required the Commission's approval for the sale or transfer of an institution's assets, release of an interest in an institution, or other transactions. In addition, the Commission's policy on Components of an Accredited Institution adopted at the same time made clear that Commission approval is required to extend accreditation to a new corporate structure that an accredited college may form to provide academic programs or support services to students. Although the comprehensive evaluation team was aware of the joint venture and made generally favorable statements about it, the evaluation team largely considered it as an expansion of distance education. Commission records provide no evidence that Tiffin formally reported the legal arrangement and sought approval for it under these policies.

In addition to requirements for Change of Control in Commission policy, there are requirements for review and approval of outsourcing 25% or more of an academic program to a non-accredited entity. These requirements were established in June 2010 (after Tiffin's most recent comprehensive visit) and revised in November 2011. The requirements mirror federal regulations designed to control outsourcing that could divert Title IV federal financial aid to entities that have not been accredited by a U.S. Department of Education-recognized body. These regulations do not permit an accrediting agency to grandfather any institution that may have had a relationship in place prior to the inception of the policy. The Commission received no request

from Tiffin to review the licensing of any of its programs to AU/Ivy Bridge. Other than the original AU/Ivy Bridge Associate of Arts program, each of the programs in question was licensed to AU/Ivy Bridge after 2010.

In December of 2011, the Commission received a letter from the Tiffin President reporting the intent of AU/Ivy Bridge to seek accreditation from WASC Senior., and reporting a current student body at AU of more than 3,000 students. The Commission also received a whistleblower complaint that reported that the parties had executed a Memorandum of Understanding in which AU would begin to conduct certain activities under its own authority and without oversight by Tiffin in preparation for seeking accreditation with WASC Senior. The Commission contacted the institution's President for more information and requested and received the legal documents including the Joint Venture Master Agreement, Memorandum of Understanding, a subsequent revision of that document, and other related documents. In response President Manning made clear that Tiffin would have to initiate a Change of Control, Structure, or Organization review as soon as possible.

State/Federal Review of the Proposed Transaction

Tiffin asserted that no state or federal approval of this arrangement was required. However, there are questions about whether the institution has properly reported this arrangement to state or federal government.

At the state level, when the Ohio Board of Regents ("OBR") learned of the Change of Control visit according to normal sharing of information with such agencies, its Office of Academic Affairs indicated that the institution was to have alerted OBR of its intent. Furthermore, according to the Office of Academic Affairs, the growth in academic programs licensed to AU/Ivy Bridge probably required OBR approval.

As a matter of federal concern, AU/Ivy Bridge employees and AE employees confirmed to the Fact-Finding Team that they did have access to confidential student information in order to do their jobs properly. When the Fact-Finding Team asked on what legal basis confidential student information could be available to these employees, they replied that they were third-party servicers, as defined in federal regulations, and therefore such access to confidential student information was appropriate. In fact, the Electronic Application prepared by Tiffin for the U.S. Department of Education does not report AU or AE as a third-party service provider. If either entity is a third-party service provider, it has not been reported by Tiffin as such. In addition, the U.S. Department of Education has been in communication with Tiffin about its 2010 financial audit. That audit noted substantial irregularities in the administration of Title IV financial aid and has identified proposed penalties. Tiffin is in the process of an appeal.

Commission Review of the Transaction

The Commission reviewed the Change of Control documentation and determined that a Fact-Finding Visit was necessary to gain better understanding of the joint venture and the arrangements between the parties to the joint venture. Further analysis of these materials, along with the information gathered during the fact-finding visit, against the Commission's Approval

Factors follows.

Analysis of the Approval Factors

1. Extension of the mission, educational programs, student body, and faculty that were in place when the Commission last conducted an on-site evaluation of the affiliated institution:

• **Mission:** The mission of Tiffin is as follows: *offer quality, professionally-focused learning-centered undergraduate and graduate degree programs and life-long learning opportunities to prepare traditional college-age students and adult students for successful careers and for productive and satisfying lives; work with employers and specific professions to anticipate, design and deliver effective academic programs....*

Both Tiffin and AE have emphasized that the stated mission of the institution did not change with the initiation of the joint venture, AU/Ivy Bridge, nor has it changed subsequently. However, the effective mission of the institution has shifted with the inception of this relationship. A key focus of the institution and its activities is now on the relationship with AU/Ivy Bridge as demonstrated in the organizational chart, which has a substantial position on that chart occupied by the joint venture, and on a large, new population of open-access students in the Associate's program, as described further in subsequent sections.

• **Educational Programs.** The programs offered by AU/Ivy Bridge are programs that have been historically offered by Tiffin but have been transferred through a licensing agreement to AU/Ivy Bridge. The Fact-Finding Team asked institutional representatives about how an academic program moves from Tiffin's inventory to being delivered through AU/Ivy Bridge. Once all parties agree to the legal terms related to the new disposition of the program, the program is then listed in the inventory of AU/Ivy Bridge. At first the program may remain largely unchanged. However, AE begins to make various modifications to the courses. These modifications seem to be of a technical nature to improve the interface for on-line students, but they also reflect the expertise and methodologies identified in the Joint Venture Master Agreement that AE brought to the relationship, particularly the expertise and methodologies claimed by AE to assist two-year students in completing and transitioning to a four-year institution. Institutional representatives explained that the exercises and other aspects of courses change even while the overarching goals may remain the same. Therefore the educational programs provided by Tiffin are not consistent in experience with the educational programs provided by AU/Ivy Bridge even though they are all formally identified as Tiffin programs.

• **Student Body:** The following enrollment information was reported by Tiffin on May 8, 2012 and updated in the most recent Tiffin submission to the Commission prior to the Fact-Finding Visit:

	Fall 07	Fall 08	Fall 09	Fall 10	Fall 11	Fall 12
--	------------	------------	------------	------------	------------	------------

Total Headcount	2,349	2,705	3,422	4,940	6,816	6,920
Undergrad.	1,634	1,809	1,944	2,202	2,435	2,887
Graduate	715	864	1,053	1,125	1,167	1,192
Ivy Bridge	0	32	425	1,613	3,214	2,841

While Tiffin undergraduate and graduate programs have experienced respectable growth during the past five years, the enrollment increase of AU/Ivy Bridge has been marked, and the population of students in the AU/Ivy Bridge programs is different. During the Fact-Finding Visit the team asked about the composition of the AU/Ivy Bridge student population. While no formal demographic data were provided, several groups of institutional representatives mentioned that there were many first generation, particularly female, younger students, sometimes with small children, who were enrolled in AU/Ivy Bridge and who needed the flexibility AU/Ivy Bridge provides. In the Fact-Finding Visit Team’s conference call with AU/Ivy Bridge students, however, a preponderance of these students, while undoubtedly a small subset of the overall study body, seemed to be older students who related issues they had experienced at other colleges prior to attending AU/Ivy Bridge. While the student population of AU/Ivy Bridge no doubt includes representation from several demographic groups of students, these students are open-access students that one might find in an open-access institution that serves a broad range of communities. This population of students is different from the traditional age students on the main campus or the working adults at Tiffin’s additional locations in Ohio.

In addition, it was unclear how the AU/Ivy Bridge students were integrated into the overall student body of Tiffin. They seemed to be treated both for actual and reporting purposes as a distinct student population outside of the regular student populations, even identifying themselves in the Fact-Finding Team’s call as Ivy Bridge students rather than Tiffin students.

•**Faculty:** The following faculty information was reported in the October 2012 filing:

	Tiffin	AU/Ivy Bridge
Full-Time Faculty	70	11
Adjunct Faculty	18	--
Part-Time Adjunct Instructors	100-125	125-175

Despite the growing student population at AU/Ivy Bridge, noted on the preceding page, and the fact that AU/Ivy Bridge had almost as many students as the graduate and undergraduate enrollment combined of Tiffin, AU/Ivy Bridge had only 11 full-time faculty members at the time this information was submitted by Tiffin in the fall of 2012. The information demonstrates different hiring patterns at AU/Ivy Bridge than at Tiffin in the hiring of faculty members from a model with a body of full-time faculty to one with fewer faculty members for an enterprise that is growing quickly in volume. In addition, AU/Ivy Bridge relies more heavily on adjuncts than Tiffin does for its regular enrollment students, as demonstrated in this data.

The evidence available to the Fact-Finding Team indicates the effective mission, educational programs, student body and faculty at Tiffin have changed significantly with the initiation of AU/Ivy Bridge into Tiffin.

2. The ongoing continuation and maintenance of the institution historically affiliated with the Commission with regard to its mission, objectives, outreach, scope, structure and related factors:

The institution has experienced recent expansion in all these areas as a result of initiating the joint venture. The scope and outreach of Tiffin have increased as a result of the initiation of the joint venture. While Tiffin notes that it has historically served rural and other first generation college students in western Ohio and neighboring states, the AU/Ivy Bridge students are from across the U.S. They vary in age and in experience with higher education. Tiffin representatives report that many of the AU/Ivy Bridge students are at-risk students who have had challenges with higher education at other institutions, and the student conference call with the Fact-Finding Team confirms that description of students at AU/Ivy Bridge. AU/Ivy Bridge advertises nationally, which has also expanded the outreach of Tiffin as AU/Ivy Bridge brings in a group of students who respond to national advertising. This broad population of open-access students from across the U.S. now comprises roughly 41% of the total student body of Tiffin.

As noted above, the organizational structure of Tiffin has expanded to include the AU/Ivy Bridge operation and in many areas has been structured so as to facilitate interaction with AU/Ivy Bridge personnel, or at least interaction between limited individuals at Tiffin and AU/Ivy Bridge, as noted below. However, while the organizational structure of the institution has shifted to include the joint venture, Tiffin's central administration does not exercise responsibility for AU/Ivy Bridge in the same way as it does for its other units, as outlined in subsequent sections of this report.

The evidence available to the Fact-Finding Team indicates that the joint venture has brought about sudden expansion at the institution accredited by the Commission in all the ways noted in this factor, and the accredited institution is not providing appropriate oversight over, or other controlling, this expansion.

3. Substantial likelihood that the institution, including the revised governance and management structure of the institution, will continue to meet the Commission's Eligibility Requirements and Criteria for Accreditation:

The institution submitted documentation that speaks to the *Eligibility Requirements* and the *Criteria for Accreditation* and supporting *Core Components*. Tiffin's next reaffirmation of accreditation is scheduled for 2019-2020. Tiffin currently participates in the Commission's Standard Pathway. However, in accordance with Commission policy, Tiffin will be ineligible for either the Open or AQIP Pathways if the requested Change of Control is approved, thus placing Tiffin in the Standard Pathway for a period of no fewer than ten years.

[NOTE: The following evidence is outlined in relation to Tiffin, including AU/Ivy Bridge as a component of the institution. The Commission did not directly consider at this stage what the effect on Tiffin would be of AU/Ivy Bridge seeking separate

accreditation from WASC Senior.]

Assessment of Compliance with Eligibility Requirements after the Transaction

1. Hold an appropriate legal status to operate as an organization offering higher learning in one of the states or sovereign nations with the North Central region, and have the legal authority to award higher education degrees and any educational offerings wherever and however delivered.

Tiffin appears to be in good standing in the State of Ohio to operate programs of higher education, and it is eligible to participate in the student financial assistance programs authorized by Title IV of the Higher Education Act of 1965. As noted above, however, Tiffin has not kept the Ohio Board of Regents or the U.S. Department of Education appropriately notified about the role of the joint venture and the role of AE, the partner in the joint venture. However, there is no evidence to indicate that its standing with regard to these bodies has changed or will change as a result of the joint venture.

2. Publish and make available to students and the broader public a statement of mission approved by its governing Board defining clearly the nature and purpose of the higher learning provided by the organization and the students for whom it is intended.

The mission statement of Tiffin has been made widely known to institutional stakeholders through its website. AU/Ivy Bridge College has a separate web page that describes its operations. The mission of Tiffin is not expressly stated anywhere on that website although students can find the Tiffin mission statement if they go to Tiffin's website.

3. Have students enrolled in its degree programs before achieving candidacy or have graduated student from its degree programs before achieving accreditation.

Students are enrolled in degree programs at Tiffin and at AU/Ivy Bridge College.

4. Document governance and administrative structures that legally enable the organization to protect its educational and institutional integrity.

Governance

The Bylaws of Tiffin provide for a Board of Trustees of not less than five and not more than 24 Trustees. Currently the Board has twenty Board members including the President who is ex officio; it also has six Board members who are emeritus and are non-voting. Each Board member serves a three-year term and may serve more than one term. The Board is self-perpetuating. It has the authority to make financial decisions for Tiffin including approving budgets, reviewing the financial audit, and taking on indebtedness; it also has the authority to hire, terminate and review the President of Tiffin. The Board's structures and practices appear to be unchanged as a result of the joint venture. However, the Board has a new subcommittee called the "AU Committee of the TU Board of Trustees." This subcommittee facilitates the Board's knowledge of the AU/Ivy Bridge operation.

AU/Ivy Bridge is not directly governed by the Tiffin Board of Trustees. Instead it has a Board of Managers that is chosen by the Members of the LLC, AE and Tiffin. The Board of Managers currently has three representatives of AE and two representatives of Tiffin, including the President and the chair of the Board's AU Committee. The Board of Managers is entrusted according to the Operating Agreement with the power and discretion to manage and control the business, property and affairs of AU/Ivy Bridge. The Managers may allow for payments to themselves or other distributions, elect officers and perform other jobs as outlined in the Operating Agreement.

Administration

Tiffin has an administrative structure that includes a President and four Vice Presidents with areas of responsibility in Human Resources and Campus Services; Finance and Administration; Development and Public Affairs; and Academic Affairs. Admission and Financial Aid is headed by a Dean. These administrators reside in Tiffin, Ohio. Each Vice President has a number of offices that report to that individual. In Academic Affairs, for example, the Deans of the various schools of arts and sciences, business, music, etc. report to the Vice President. In addition, within the Tiffin administrative structure and reporting to Tiffin is a Campus Executive Officer who oversees AU/Ivy Bridge. On the organizational chart, the Campus Executive Officer reports directly to the President of Tiffin and has only an indirect reporting relationship to the Vice President of Academic Affairs and none to any other Vice President.

AU/Ivy Bridge is not administered through the existing administrative structure of Tiffin. AU/Ivy Bridge has its own administrators and employees. A Vice President of Enrollment Operations reports to the CEO of Altius Education. Reporting to the Vice President are Directors of Enrollment Management, Student Success Services, Human Resources and Channel Operations. Although the Campus Executive Officer of Toledo is employed by Tiffin, that individual has a large number of administrators who report to her, and they include both Tiffin and AU employees. These individuals include an Academic Dean, Associate Dean of Curriculum Learning Systems, Vice President of Student Engagement, Director of Compliance, etc. Some of these positions, for example, are not replicated anywhere within the Tiffin structure; in the rare cases where they are replicated, there is no stated reason why there are two separate positions. In addition, the Campus Executive Officer has faculty members and division chairs who report to her through the Academic Dean; neither the Academic Dean for AU/Ivy Bridge nor the faculty report to the Vice President for Academic Affairs for Tiffin.

The AE website lists as AE team members not only the officers of AE but also the Vice Presidents of Enrollment Operations and of Student Engagement who ostensibly work for AU/Ivy Bridge. It also lists the Campus Executive Officer as an individual who has joined the AE team even though Tiffin reported the Campus Executive Officer as a Tiffin employee who works for Tiffin.

The evidence indicates that Tiffin, with the inclusion of AU/Ivy Bridge, does not meet this Eligibility Requirement.

5. Document it has core values and strategic priorities that assure that its graduates will be capable of contributing to the communities in which they live and work.

Tiffin has identified in its written materials core values and strategic priorities. These materials outline Tiffin's interest in assuring its community that Tiffin students are prepared to embark on a career after college and to continue contributing to their communities. The AU/Ivy Bridge College website notes a similar focus on student success.

6. Demonstrate that it has engaged qualified academic personnel essential to assure effective curriculum, instruction, and academic programs.

Tiffin indicated that it has 70 full-time, 18 adjunct and 100 to 125 part-time adjunct instructors who teach one to two courses per semester. Tiffin faculty members hold Master's or Doctoral credentials in the discipline in which they teach and seem appropriately qualified for their roles. AU/Ivy Bridge has 11 full-time faculty members and 125-175 adjunct instructors. Tiffin's documentation reports that AU/Ivy Bridge requires that faculty members have a credential at least one level higher than the College offers. These faculty members generally seem to be engaged in the typical faculty tasks of instructing students and updating curriculum and academic programs when appropriate.

7. Demonstrate ownership of or responsibility for assuring access to the learning resources and support services necessary to facilitate the learning experience expected of enrolled students.

Tiffin offers access to its students to appropriate learning resources and student services. Tiffin students have access to library resources including sophisticated on-line databases to support the learning process and to a registrar, student financial services, advising and tutoring. AU/Ivy Bridge students have access to some of these services such as the on-line databases associated with the library. However, in other respects AU/Ivy Bridge students have access to very different resources. For example, AU/Ivy Bridge students do not use the Tiffin advisors but have their own support team that includes advisors, success coaches, tutors for certain students, and a different group of financial aid counselors.

8. Provide documentation of existing and future financial capacity.

Tiffin has had a history of financial challenges that the most recent comprehensive evaluation team outlined. Tiffin continues to have approximately \$28 million in long-term debt. However, Tiffin has demonstrated some progress since the comprehensive evaluation visit in other aspects of its financial situation. Its net tuition revenue has been steadily rising from \$23 million in 2009-10 to \$30 million in 2011-12 to \$36 million projected for 2016-17. In addition, it has also benefited from improved gift-giving, going from \$817,190 in 2009-10 to \$1.5 million projected for 2012-13. With the improved economy, the value of the endowment has also increased from \$4.9 million in 2009-10 to \$7 million in 2011-12. Tiffin notes that its growing prosperity is generally attributable to increasing revenues at a greater rate than expenditures and without reliance on the joint venture; while Tiffin has received some payments from the joint venture, these payments have been modest in size. Tiffin appears to have an improving financial situation that indicates it has sufficient financial capacity to sustain its operations.

The financial statements of the joint venture, AU/Ivy Bridge, show operating losses of \$10 million in 2011 and \$5 million in 2010. The financial statements note that AU/Ivy Bridge has funded its operating losses through additional sales of preferred and common units to the joint venture partners. Tiffin's October 2012 submission notes that AE has contributed more than \$10 million to AU/Ivy Bridge whereas Tiffin has contributed no monies. As Tiffin's 2011 financial statements note, Tiffin extends its accreditation, financial aid and academic resources to AU in return for a monthly service fee. The financial statements note, however, that the "ability of AU/Ivy Bridge to carry out its business plan is dependent on its ability to i) obtain sufficient capital and ii) generate sufficient revenues and cash flows through future sales of its services and through the successful persistence of students." Tiffin representatives indicated to the Fact-Finding team their expectation that AU/Ivy Bridge may break even this year, but the long-term financial capacity of this new operation remains unproven.

9. Provide students with electronic or print documents that outline educational requirements appropriate in terms of length, content, and required learning outcomes.

Tiffin's programs are outlined in its Academic Bulletin, which students can download from Tiffin's website. Tiffin has graduate and undergraduate programs that generally conform to expectations under Commission policy for total number of credit hours. Its programs are composed of courses that are generally two to four credit hours. These courses and programs appear to have appropriate required learning outcomes as stated in Tiffin documents. The Academic Bulletin does not provide any details about the programs at AU/Ivy Bridge, referring students instead to that website. The AU/Ivy Bridge website outlines the programs and courses offered by AU/Ivy Bridge. Like the courses in the Tiffin catalog, these courses are generally three credit hours in length. The course descriptions describe material generally covered in college courses. The courses AU/Ivy Bridge offers are listed in Tiffin's Academic Bulletin, in some cases under different names or course numbers or with a slightly different course description. In addition, the AU/Ivy Bridge website provides limited or no information about intended learning outcomes rather than merely career or transfer outcomes of the programs. While such learning outcomes exist and were provided to the Commission, it is not clear how students receive this information. The significance of this and related information under the Eligibility Requirements is to note the ongoing discrepancies between how Tiffin is operated and how AU/Ivy Bridge is operated.

10. Document that it presents itself to the public and prospective and enrolled students fairly and accurately with up-to-date information published electronically or in print about credit transfer, cost and refunds, financial aid, and the accreditation status of the organization and its programs.

Both Tiffin and AU/Ivy Bridge have up-to-date websites that include information about student life. Both websites appear to include some financial information or a mechanism for prospective students to get such financial information quickly. Both websites have accreditation information. However, the AU/Ivy Bridge website included information about program accreditation, when it did not appear to be the case from the specific information supplied that these program accreditations had been extended to the specific programs offered by AU/Ivy Bridge. Tiffin's Academic Bulletin outlines its policies on transfer and refunds. There appeared to be no

information on the AU/Ivy Bridge website that addressed the topics of transfer credits accepted from incoming students and refunds, nor was it clear that the information in the Academic Bulletin applied to AU/Ivy Bridge.

11. Document that it provides its students, administrators, faculty and staff with the policies and procedures informing them of their rights and responsibilities within the organization.

Tiffin has appropriate information on its website to comply with requirements about policies for students. AU/Ivy Bridge's website lacks basic student policy information, and it is not clear on that website where such basic information is available. There is a link from the AU/Ivy Bridge website to Tiffin, but that link takes a student to a page on the AU/Ivy Bridge website and not directly to Tiffin. On the Tiffin website it is not really clear what policies and procedures, student services, etc. apply to AU/Ivy Bridge. Some portions of Tiffin's Academic Bulletin may apply to AU/Ivy Bridge students, but it was not clear in that document which policies applied and which did not, and there is no direct link between the Tiffin Academic Bulletin and the AU/Ivy Bridge website.

12. Present evidence of ongoing planning that includes a realistic action plan for achieving accreditation with the Commission within the period time set by Commission policy.

Tiffin is currently accredited by the Higher Learning Commission. Therefore this requirement is not applicable.

The evidence available to the Fact-Finding Team indicates that the institution with the inclusion of the joint venture continues to meet the Eligibility Requirements with the exception of Eligibility Requirement #4. The joint venture is not governed by the existing governance and administrative structures of Tiffin. (See also Criterion Two and Five.) In addition, the analysis frequently notes differences in how Tiffin and AU/Ivy Bridge are managed with regard to student information, student support services and other important aspects of institutional operations identified in these Requirements. These differences are relevant in determining whether AU/Ivy Bridge is sufficiently under the control of Tiffin and a part of Tiffin such that its accreditation should be extended to the joint venture.

Assessment of Compliance with the Criteria for Accreditation after the Transaction

Criterion One. Mission

The institution's mission is clear and articulated publicly; it guides the institution's operations.

Core Components

- 1.A. The institution's mission is broadly understood within the institution and guides its operations
- 1.B. The mission is articulated publicly.

- 1.C. The institution understands the relationship between its mission and the diversity of society.
- 1.D. The institution's mission demonstrates commitment to the public good.

Tiffin's mission is articulated through its website and in its documents. As noted above and summarized here, that mission is to provide appropriate quality degree programs and to prepare students from a wide variety of backgrounds for careers and productive lives in a diverse society. The mission and vision statements outline a broad commitment to the public good through the preparation of individuals to meet their responsibilities as individuals and workers. The statements also acknowledge Tiffin's responsibilities as an institution to prepare individuals through higher education to provide leadership and service in their lives after college. The Fact-Finding Team spoke with various constituencies across the institution, and there was clear understanding of that mission and vision demonstrated by all parties at Tiffin itself.

Whether Tiffin's mission is reflected in its association with AU/Ivy Bridge is not as clear. As noted under Eligibility Requirement #2, the AU/Ivy Bridge website has no information about the Tiffin mission. Dean Kim Brooks is quoted on that website discussing the mission of Ivy Bridge College, not the mission of Tiffin, as if the mission of Ivy Bridge College were separate and distinct. The implicit references to mission on her web page at the Ivy Bridge College site note the importance of access, opportunity and support. While these values are somewhat similar to the values espoused in the Tiffin mission and vision statements, the emphasis in those statements is not on access in the same way that it is articulated in her statements or on the AU/Ivy Bridge website. Tiffin denied to the Fact-Finding Team that the mission of AU/Ivy Bridge, as explained on its website, was in any way different from that of Tiffin. This difference is significant in assessing whether Tiffin is grappling with effective changes in mission resulting from its association with AU/Ivy Bridge but also significant in assessing Tiffin's claim that it appropriately controls AU/Ivy Bridge and that AU/Ivy Bridge functions as an integrated component of the institution.

Finally, the joint venture seems now to be a major focus of Tiffin's operations. It occupies a large portion of the organizational chart of Tiffin. The number of Associate's and other students in AU/Ivy Bridge are as many as the number of students in Tiffin's regular undergraduate program. Interviews with Tiffin personnel noted a major focus in day-to-day operations on interaction with personnel at AU/Ivy Bridge. The initiation of this venture and its ongoing operation seems to demonstrate an extension or a shift in the effective mission of Tiffin as it now embraces an entity, AU/Ivy Bridge, that is focused on providing access, opportunity and support to a broad population of students across the country. Despite this new major focus in its life as an institution, Tiffin has yet to acknowledge any implications for its mission.

While it appears likely that Tiffin can continue to meet Criterion One, including all Core Components, this joint venture represents an expansion of the mission with which Tiffin has not fully grappled and which it continues to deny is taking place. Therefore this Criterion is met but with concerns.

Criterion Two. Integrity: Ethical and Responsible Conduct

The institution acts with integrity; its conduct is ethical and responsible.

Core Components

- 2.A. The institution operates with integrity in its financial, academic, personnel, and auxiliary functions; it establishes and follows fair and ethical policies and processes for its governing board.

With regard to its regular affairs on the main campus, Tiffin is behaving with the integrity anticipated by this Core Component. With regard to the AU/Ivy Bridge operation, Tiffin has generally been forthcoming with the Commission about the existence of the relationship. However, Tiffin has not been either candid or consistent in describing the details of this relationship. Tiffin has variously described in its documents its relationship with AE as a joint venture (Substantive Change Application: Branch Campus and Additional Locations); a partnership (Marion Letter March 9, 2012); or a service provider (Required Documents for Change of Control and Fact-Finding Visit interviews). It also described AU/Ivy Bridge as a funding vehicle (Marion Letter March 9, 2012). These various means of describing the relationship do not provide a clear, candid explanation to the Commission of the nature of the relationship or the goals of the parties and do not demonstrate the integrity expected by this Core Component.

Also, Tiffin has made other claims that indicate a lack of integrity. It continues to claim that it has academic control over programs that it licensed to AU/Ivy Bridge in exchange for considerable compensation. Having effectively sold these programs, Tiffin's claim that it continues to control these programs is at variance with the reality that Tiffin exercises little if any control over these programs, as discussed subsequently in greater detail, and with terms in the Program Agreement that indicate that the licensee may without limitation modify, transfer, or improve these programs. (See First Amendment to Intellectual Property License and Assignment.) Finally, the claim made by several Tiffin and AE employees that AE was a third-party servicer for Title IV federal financial aid and therefore could reasonably have access to private student information was not documented by its Electronic Application to the U.S. Department of Education in which AE was not listed as such. In lacking a consistent approach to communicating with the Commission about the joint venture and in putting forward claims that are at variance with business facts, the Fact-Finding Team concluded that Tiffin was not behaving with the integrity expected of an accredited institution.

In addition, while it appeared that Tiffin brought the joint venture to the attention of the Commission President and the comprehensive evaluation team in previous years, it did not properly apply for a Change of Control, Structure or Organization, or formally inquire about the need for such approval, once it became aware, or should have been aware, that the Change of Control, Structure or Organization policy was approved and operational.

Finally, it appears that Tiffin has allowed another entity, AU/Ivy Bridge, to make use of Tiffin's accreditation and several of its academic programs in return for which Tiffin has derived some current and future financial benefits. These benefits include: payment for the programs; annual services fees to Tiffin (currently exceeding \$450,000 a year); 50% of future proceeds from the joint venture once it achieves profitability; and 20% of the revenue from the sale of

AU/Ivy Bridge if it is sold or has an initial public offering. This quid pro quo is noted in the notes to the 2010 financial audit and was confirmed to the Fact-Finding Team by members of the Tiffin Board.

Tiffin has not demonstrated the integrity required by this Core Component. Therefore this Core Component is not met.

2.B. The institution presents itself clearly and completely to its students and to the public with regard to its programs, requirements, faculty and staff, costs to students, control, and accreditation relationships.

Tiffin has appropriate policies that govern the organization and its interactions with students. These policies are detailed in its Bylaws, handbooks, bulletin and on its website. There is no evidence that Tiffin has engaged in any wrongdoing identified by state, federal or other agencies.

As previously noted with regard to the Eligibility Requirement #11, it is not clear to what extent these policies apply to AU/Ivy Bridge governance and operations. Clearly, because AU/Ivy Bridge is governed by a Board of Managers, the Bylaws and related policies do not apply to AU/Ivy Bridge. In addition, the AU/Ivy Bridge website is unclear about what policies do apply, particularly with regard to students, and there is no established link to specific areas of the Tiffin website where such information may be found. This Core Component is met but with concerns.

2.C. The governing board of the institution is sufficiently autonomous to make decisions in the best interest of the institution and to assure its integrity.

As noted with regard to Eligibility Requirement #4, Tiffin has a self-perpetuating Board of twenty Trustees that operates under its own Bylaws. In general the Board appears to function autonomously. It appeared to have made the decision to approve Tiffin's participation in the joint venture free of undue influence. The Board appointed a subcommittee, "AU Committee of the TU Board of Trustees." However, it is not clear to what extent the Board is able to exercise meaningful oversight over the activities being done under the Tiffin name at AU/Ivy Bridge.

Under the terms of the Operating Agreement a Board of Managers governs AU/Ivy Bridge. The Board of Managers has three representatives of AE and two representatives of Tiffin, including the President and the chair of the Board's AU/Ivy Bridge Committee. The three representatives of AE consist of AE's President and founder and two individuals who also work for AE and report to the President. The Board of Managers is entrusted according to the Operating Agreement with broad powers and discretion to manage and control the business, property and affairs of AU/Ivy Bridge.

At several times during the Fact-Finding Visit, when the Fact-Finding Team asked about how certain high-level decisions were made at AU/Ivy Bridge, individuals in the meetings noted that such decisions were made by the Board of Managers. The Operating Agreement notes that in "all matters in which a vote, approval or consent of the Members is required, a vote, consent, or approval of the Members holding more than 50% of the Common Unit Percentage Interest shall be sufficient to authorize or approve such act." (Section 4.8, Voting Rights.) Since AE holds

80% of the Common Units, AE effectively makes all decisions for this Board of Managers, and, since two of the AE representatives on the Board report to the third individual, the President of AE, that individual effectively makes all decisions for the Board of Managers, even while ostensibly consulting with the two Tiffin representatives also on the Board. However, when the Fact-Finding Team met with the Board of Managers, that Board downplayed its role in decision-making. What is clear is that the joint venture, AU/Ivy Bridge, does not appear to be under the control of the Tiffin Board of Trustees, which is the entity the Commission holds accountable for the integrity of the institution's operations.

The compromising of Tiffin Board autonomy is illustrated in its decision to license some Bachelor's and Master's level programs to AU/Ivy Bridge (and give up Tiffin's own ability to offer the programs for some years) for the purpose of allowing AU/Ivy Bridge to approach WASC Senior for accreditation of AU/Ivy Bridge. In this case, the Tiffin Board placed the interests of AU/Ivy Bridge before those of Tiffin. In addition, the Tiffin Board has little or no governance impact on finances at AU/Ivy Bridge, though AU/Ivy Bridge serves about two fifths of the students that Tiffin counts in its enrollment and for which it draws down Title IV funds under its OPEID.

In addition, the Tiffin faculty does not exercise appropriate oversight over the academic programs of AU/Ivy Bridge, other than in formal curricular change. As previously noted, those programs were licensed to AU/Ivy Bridge with a very broad grant of authority. The President confirmed that the faculty was not consulted about the licensing of these programs. Tiffin has asserted that the faculty nevertheless maintains control of the quality of all the academic programs at AU/Ivy Bridge. The Fact-Finding Team met with both the Tiffin and AU/Ivy Bridge faculties. While the faculties affirmed an oversight of these programs, when asked for specific details related to program review and improvement, oversight of assessment of student learning, or other faculty responsibilities related to the curriculum and how these were exercised with regard to AU/Ivy Bridge programs, the faculty was not able to articulate detailed and clear processes by which Tiffin faculty exercised oversight or by even which AU/Ivy Bridge faculty exercised oversight. While it was clear that suggestions for curricular improvements were encouraged from faculty at AU/Ivy Bridge, processes for regular operational curricular oversight by the Tiffin and AU/Ivy Bridge faculty of the AU/Ivy Bridge academic programs had not been institutionalized and conducted on regular basis by defined faculty groups following identified procedures. The attached NFI analysis describes the abrogation by main campus Tiffin faculty of any meaningful role in judging or improving retention at AU/Ivy Bridge.

The pattern of evidence indicates that Tiffin, its Board and faculty do not adequately assure the integrity of AU/Ivy Bridge and its business, financial and academic operations and that the Tiffin Board does not consistently make autonomous decisions in the best interest of Tiffin when dealing with AU/Ivy Bridge, as required by this Core Component. Therefore, this Core Component is not met.

2.D. The institution is committed to freedom of expression and the pursuit of truth in teaching and learning.

2.E. The institution ensures that faculty, students, and staff acquire, discover, and apply knowledgeably.

Tiffin has appropriate policies and procedures related to academic freedom and use of

knowledge. However, as previously noted, it remains unclear to what extent these policies relate to AU/Ivy Bridge. These Core Components are met.

Tiffin does not meet either Core Component 2.A related to integrity or, with the inclusion of the joint venture in its structure, 2.C related to governance. Core Component 2.B is met but with concerns. Core Components 2.D and 2.E are met. Therefore this Criterion is not met.

Criterion Three. Teaching and Learning: Quality, Resources, and Support

The institution provides high quality education, wherever and however its offerings are delivered.

Core Components

3.A. The institution's degree programs are appropriate to higher education.

The initiation of AU/Ivy Bridge has not had a significant effect on the appropriateness of degree programs elsewhere in Tiffin. While the Fact-Finding Team did not attempt to inspect programs on the main campus, it sees no reason that the review made during the comprehensive review of 2010 should have changed appreciably. That review was reasonably positive. At the same time, the Fact-Finding Team's review of eleven courses at AU/Ivy Bridge found them lacking in content appropriate for a college course. As indicated previously, AU/Ivy Bridge functions more or less autonomously of the main campus in academic matters outside formal curricular change and faculty hiring and promotion, and it is unlikely that this state of affairs can change under the current structure. Given the poor quality of at least some of the courses at AU/Ivy Bridge and the lack of oversight by faculty of the AU/Ivy Bridge degree programs, these programs are not appropriate to higher education as required by this Core Component. Therefore this Core Component is not met.

3.B. The institution demonstrates that the exercise of intellectual inquiry and the acquisition, application, and integration of broad learning and skills are integral to its educational programs.

As in the above Core Component, the Fact-Finding Team sees no problem outside AU/Ivy Bridge. Some of the courses looked at AU/Ivy Bridge were general education courses (e.g., ENG 140 Fundamentals of College Writing and HST 211 Western Society to 1500), which shared the character of lack of content and lack of rigor expected in a collegiate course. The highly compressed nature of the online class schedule and the low level of preparation brought by many AU/Ivy Bridge students raise further concerns about the application of intellectual inquiry or integration of broad learning skills taking place in AU/Ivy Bridge courses. Therefore the AU/Ivy Bridge programs lack the exercise of intellectual inquiry and integration of learning skills required by this Core Component. This Core Component is not met.

3.C. The institution has the faculty and staff needed for effective, high-quality programs and student services.

The Fact-Finding Team found the faculty and staff to be qualified throughout Tiffin and AU/Ivy Bridge. On the main campus, however, faculty overloads in some areas do raise

concerns and need attention to ensure that faculty stay current in their fields, while carrying out their responsibilities in the classroom and in curricular oversight. At AU/Ivy Bridge, it is not clear that the overall number of personnel is adequate for effective and high-quality programs, especially given the type of student AU/Ivy Bridge admits. This Core Component is met but with concerns.

3.D. The institution provides support for student learning and effective teaching.

The Fact-Finding Team found there to be support for student learning and teaching for seated classes. Lack of content of the online courses at AU/Ivy Bridge leaves doubt about adequate support for teaching in this mode of delivery, though there is certainly some support for online teaching. The current students at AU/Ivy Bridge interviewed by the Team gave good marks to their coaches and reasonable marks to their tutors, though there may not be enough of them for student learning. This Core Component is met but with concerns.

3.E. The institution fulfills the claims it makes for an enriched educational environment.

The Fact-Finding Team was not aware of any notable claims for an enriched educational environment.

Tiffin does not meet either Core Component 3.A or 3.B related to the quality and rigor of the courses at AU/Ivy Bridge. Tiffin meets Core Components 3.C, and 3.D but with concerns also related to the quality of the operations at AU/Ivy Bridge. Core Component 3.E is met. Therefore this Criterion is not met.

Criterion Four. Teaching and Learning: Evaluation and Improvement

The institution demonstrates responsibility for the quality of its educational programs, learning environments, and support services, and it evaluates their effectiveness for student learning through processes designed to promote continuous improvement.

Core Components

4.A. The institution demonstrates responsibility for the quality of its educational programs.

The Fact-Finding Team found reasonable responsibility being taken for quality on the main campus. As indicated previously, however, there does not seem to be substantial operational oversight of AU/Ivy Bridge from Tiffin, and the main campus faculty has not exercised responsibility in reviewing academic operations of the joint venture. Tiffin is not demonstrating responsibility for the quality of the AU/Ivy Bridge operation as required by this Core Component. This Core Component is not met.

4.B. The institution demonstrates a commitment to educational achievement and improvement through ongoing assessment of student learning.

The Fact-Finding Team was aware of the assessment effort on the main campus and finds it acceptable. There did not appear to be any attempt to compare learning outcomes at AU/Ivy Bridge with those on the main campus, though, with AU/Ivy Bridge in existence only since 2010, data would presumably be limited at this point. Nevertheless, it did not appear that reasonable assessment of student learning was taking place at AU/Ivy Bridge or that there was

any commitment at AU/Ivy Bridge to improving educational achievement through a developed and rigorous process of assessing student learning. This pattern of evidence leaves the Commission Staff with serious concerns over whether this Core Component is met. However, because AU/Ivy Bridge is a relatively new operation that will need some additional time to develop mature assessment approaches, this report concludes that the Core Component is met but with concerns.

- 4.C. The institution demonstrates a commitment to educational improvement through ongoing attention to retention, persistence, and completion rates in its degree and certificate programs.

As indicated in the attached NFI analysis, the extremely poor retention rate for new students (25%) at AU/Ivy Bridge, and the lack of any effort on the part of Tiffin or AU/Ivy Bridge to improve this rate, demonstrates to the Fact-Finding Team that Tiffin does not currently meet this Core Component. The Tiffin Board has not had discussions about student success at AU/Ivy Bridge, and the main campus faculty was reluctant to set any goal for improvement in the AU/Ivy Bridge retention rate. The last-minute projection of improvement by the AE CEO to 35% was markedly insufficient in the eyes of the Team. This projection was not backed up by strategies other than asking for transcripts and keeping close tabs on area codes where phony potential students had called from in the past. When all is said and done, the attitude of AU/Ivy Bridge is best summed up by its Campus Executive Officer in blaming the low rate on the low quality of the students. Tiffin lacks strategies for setting thresholds for student success at AU/Ivy Bridge or the mechanisms to achieve those strategies, as required by this Core Component. This Core Component is not met.

Tiffin does not meet either Core Component 4.A or 4.C. related to its failure to demonstrate responsibility for the quality, or lack thereof, of the programs at AU/Ivy Bridge or any commitment to educational achievement or improvement at AU/Ivy Bridge through attention to persistence and retention. At best, Core Component 4.B is met with concerns. This Criterion is not met.

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.

Tiffin's financial resources are generally strong. Tiffin has significant long-term debt of approximately \$28 million. However, while Tiffin has struggled with this debt in the past, as previously noted with regard to Eligibility Requirement #8, it now has positive indicators of improving financial health. These include: rising net tuition revenue; improved gift-giving; and positive cash flow. With the improved economy, the value of the endowment has also increased from \$4.9 million in 2009-10 to \$7 million in 2011-12. Tiffin seems to be managing its debt and generally improving its financial situation for the future.

Tiffin's physical and human resources also appear strong. Tiffin has an attractive campus that is relatively new with limited deferred maintenance. It has sufficient faculty members with appropriate credentials and knowledgeable and experienced senior administrators and staff. While AU/Ivy Bridge has its own senior administrators, Tiffin administrators, as noted in the interviews with the Fact-Finding Team, have been asked to take on additional responsibilities to ensure that Tiffin is properly exercising its oversight responsibilities of AU/Ivy Bridge. In addition, were Tiffin administrators to be exercising the degree of oversight they should be exercising over a significant part of the institution, the workload should be even greater. There do not appear to be sufficient Tiffin personnel to provide the oversight for AU/Ivy Bridge that should be taking place.

AU/Ivy Bridge is differently situated than Tiffin with regard to financial resources. As previously noted, this entity is a start-up operation that is relying on significant infusions of capital from AE. AU/Ivy Bridge has yet to prove that it has stable finances and enrollment. On the financial side, AU/Ivy Bridge may generate sufficient revenues this year to pay its regular bills on its own for the first time. On the enrollment side, enrollment appears to have accelerated dramatically between fall of 2010 and fall of 2011 from approximately 1,600 to 3,200 students only to drop off between fall of 2011 and fall of 2012 to 2,800 students. As previously noted, retention is a significant challenge for AU/Ivy Bridge, further exacerbating enrollment issues.

AE is funded by investors that include Maveron, Spark Capital and Charles River Ventures. In November 2010, for example, AE received \$18.6 million in venture funding. AE's 2011 Financial Statements refer to AU/Ivy Bridge as a majority-owned subsidiary of AE. Because AE is largely operating on venture funding, understanding the investment horizon of the investors is important in understanding their business objectives. When asked by the Fact-Finding Team about the business objectives of the investors, the President of AE did not adequately explain those objectives or the investors' investment horizon.

AU/Ivy Bridge has limited physical and human resources. It has office space in Toledo, which houses most of the operations that support AU/Ivy Bridge. It has a faculty with only 11 full-time faculty members for approximately 3,000 students; the full-time faculty is augmented by a large group of adjunct instructors. AU/Ivy Bridge has a support staff of mentors, tutors, financial aid professionals and others who support students in the College, but this staff is not adequate in number. As previously noted, 19 success coaches and 10 tutors is not a sufficient number of individuals to support a body of approximately 3,000 students, many of whom are at-risk open-access students who rely heavily on this assistance as the students reported in the conference call with the Fact-Finding Team.

Tiffin provides no cash or other resources of its own to support AU/Ivy Bridge even though Tiffin claims AU/Ivy Bridge to be a part of Tiffin. It has provided some intellectual property and some academic expertise, but its primary contribution to this relationship appears to be its accreditation so that AU/Ivy Bridge students are able to qualify for Title IV federal financial aid. Tiffin is essentially reliant on the good will and contractual obligations of AE and its investors to ensure that AU/Ivy Bridge has sufficient resources even though Tiffin claims responsibility for, and oversight of, AU/Ivy Bridge. Yet, as noted above, in many areas AU/Ivy Bridge's resources

are thin. The lack of control of Tiffin over AU/Ivy Bridge's financial and other resources and the insufficiency of Tiffin personnel to provide appropriate administrative oversight leaves substantial concerns with this Core Component. This Core Component is met but with concerns.

5.B. The institution's governance and administrative structures promote effective leadership and support collaborative processes that enable the institution to fulfill its mission.

The Tiffin Board of Trustees appears to provide reasonable oversight of Tiffin. The administrative structure at Tiffin appears to perform effectively to exercise its oversight of the institution.

However, the Tiffin Board does not exercise appropriate oversight of AU/Ivy Bridge or have mechanisms through which to do so. The Tiffin Board has no mechanism to exercise governance effectively over AU/Ivy Bridge. While it does have a subcommittee to ensure that it is appropriately informed about AU/Ivy Bridge activities, the Board has two representatives on the AU/Ivy Bridge Board of Managers; AE has the controlling votes on that Board of Managers not only in terms of the number of votes it controls but also by virtue of the fact that it controls more than 50% of the common units in the LLC. When the Fact-Finding Team asked the Tiffin Board about a serious issue at AU/Ivy Bridge, its low graduation and retention rates, not only was the Board not informed about the issue, it was not entirely clear what the Board could do about it.

In addition, Tiffin administrators have no authority over functional areas at AU/Ivy Bridge. When the Fact-Finding Team asked key administrators at Tiffin about certain problems that might arise in the equivalent functional area at AU/Ivy Bridge, many of them believed that they had no oversight of that area on the AU/Ivy Bridge side or were unsure. This view is clearly reinforced by the organizational chart in which AU/Ivy Bridge personnel ultimately report to the Campus Executive Officer not to any functional department or senior administrator at Tiffin. And the Campus Executive Officer while ostensibly reporting to the Tiffin president, is listed on the AE website as one of its employees. It was also clear from her interview with the Fact-Finding Team that, while she was interviewed by the Tiffin president prior to her employment, she was handpicked by the President of AE for this role. Tiffin's oversight of AU/Ivy Bridge is nominal at best and does not demonstrate the effective leadership required by this Core Component. In addition, Commission approval of programs licensed under a contractual arrangement requires proper oversight by the accredited institution, and the Fact-Finding Team did not find that this requirement to be fulfilled in this respect either. This Core Component is not met.

5.C. The institution engages in systematic and integrated planning.

Tiffin, AU/Ivy Bridge and AE appear to have engaged in a reasonable planning process related to the joint venture. The business plan is thorough and makes reasonable projections for future revenue and growth at AU/Ivy Bridge. It is unclear, however, that AU/Ivy Bridge has its strategic plan or that Tiffin's strategic plan encompasses AU/Ivy Bridge. In the materials presented to the team it appears that AU/Ivy Bridge will engage in a formal academic planning process either later this year or even after independent accreditation is achieved. This Core Component is met but with concerns.

5.D. The institution works systematically to improve its performance.

As reflected in the discussion on Core Component 4.C related to student success, there has been inadequate effort to improve the poor retention rate at AU/Ivy Bridge. Likewise other aspects of the AU/Ivy Bridge operation (such as the lack of content in courses) appear either to have been ignored or written out of the responsibilities of Tiffin. The Fact-Finding Team does not believe the joint venture, as currently structured, can allow Tiffin to meet this Core Component, even if the main campus had made dramatic strides in several areas, including finance. This Core Component is not met.

Tiffin does not meet either Core Component 5.B related to Tiffin's governance and administration of AU/Ivy Bridge or 5.D related to Tiffin's work to improve the performance of AU/Ivy Bridge. Core Component 5.A related to the resources of AU/Ivy Bridge and Tiffin's control over those resources is at best met with concerns, and Core Component 5.C is met but with concerns about the strategic and academic planning related to AU/Ivy Bridge. This Criterion is not met.

4. Sufficiency of financial support for the transaction.

There appear to be adequate financial resources to support the joint venture in the short term. AE has significant venture funding that it appears to have invested consistently in AU/Ivy Bridge since its inception. AE has invested slightly more than \$10 million in AU/Ivy Bridge as of early 2013. There is no indication that AE has stepped back or will step back from its commitment to fund the joint venture until it can turn a profit and become accredited by another recognized accrediting agency as a separate institution. (As noted above, however, the joint venture's financial wherewithal on a long-term day to day basis is unproven and outside the control of the accredited institution.)

5. Previous experience in higher education, qualifications, and resources of the new owners, Board members or other individuals who play a key role in the institution or related entities subsequent to the transaction.

Tiffin has a capable and experienced senior administrative staff with experience in higher education. AE, on the other hand, is a new business. It was founded in 2007, and initiated this joint venture shortly after it was founded. While some of its key employees have some higher education experience, most of its key employees do not. AE itself has no experience managing an accredited institution. While conversations with its President indicated his interest in finding solutions to address higher education problems such as access, for example, it was unclear why he thought that this interest was best served by managing or operating a college or part of a college. While Tiffin claims to provide oversight over AU/Ivy Bridge, it appears that from a functional perspective such oversight is nominal. Moreover, AU/Ivy Bridge is not organized to allow Tiffin administrators to provide oversight of AU/Ivy Bridge in functional areas. Finally, the structure and voting provisions outlined in the Joint Venture and related agreements clearly place control over the joint venture with AE. Therefore the experience of Tiffin in higher education is of little or no value in demonstrating the appropriate expertise expected in this factor.

Characteristics of A Component That May be Included in an Accredited Institution

A component must demonstrate certain characteristics, as defined by Commission policy, in order for that component to be included in the institution's accreditation.

The component may be included in the institution's affiliation only if it has all of the following characteristics:

1. the home campus or system office has oversight over the finances, administration, and hiring, firing and retention of personnel at the component;
2. an administrator for the component reports to the CEO of the affiliated institution or the system;
3. the home campus or system office provides meaningful oversight over the academic programs at the component;
4. degree-granting authority of the home campus or system office encompasses, where possible, the degree or program activity of the component;
5. public information about the institution, the component, and any corporate parent or structure is consistent with the characterization of the entity as a component of the affiliated entity.

As noted at several points in the report, the proposed component lacks these characteristics. Tiffin has limited oversight of the finances, administration, and personnel at AU/Ivy Bridge. While the Campus Executive Officer of AU/Ivy Bridge nominally reports to the Tiffin President, she is clearly part of the AE team and is reported on AE's website as part of that team. The Tiffin administration does not oversee the functional or operational areas of AU/Ivy Bridge. While Tiffin's degree-granting authority covers the level of the degrees at AU/Ivy Bridge, it is not clear that the Ohio Board of Regents has appropriately reviewed and authorized the activities of AU/Ivy Bridge as part of Tiffin. Finally, as noted several times in this analysis, public information does not indicate that AU/Ivy Bridge is a component of Tiffin much like any other department or campus at Tiffin. It is not clear from public information whether Tiffin's regular academic policies and procedures, tuition and refund structure, and other processes extend to AU/Ivy Bridge. Clearly the student services and academic programs are different than what students would find on the main campus or at other Tiffin facilities.

Conclusion

This report identifies serious issues related to the proposal to include the joint venture within the accredited institution. Tiffin has not demonstrated that the institution's mission, student body, faculty and educational programs are appropriately extended through the joint venture; in fact, it appears that the AU/Ivy Bridge student body, faculty and educational programs are not at all like those structures on the Tiffin campus. Moreover, Tiffin's historic mission, objectives, outreach, scope, structure and related factors are not being continued and maintained in the same way through the joint venture, and Tiffin has failed to acknowledge, or plan for, changes in those areas.

The evidence further indicates that, with the inclusion of the joint venture, Tiffin would not remain in compliance with Criterion Two, Core Components 2.A and 2.C; Criterion Three, Core Components 3.A and 3.B; Criterion Four, Core Components 4.A and 4.C; and Criterion

Five, Core Components 5.B, and 5.D. Other Core Components are met but many with concerns. This significant non-compliance indicates large-scale issues with the quality of the AU/Ivy Bridge academic operations and resources and with Tiffin's oversight of them.

Tiffin has also failed to demonstrate that the investors who effectively operate the joint venture have significant experience or expertise in running an accredited institution or a component thereof. While Tiffin has experienced and capable Board members and administrators, those individuals have nominal authority over AU/Ivy Bridge academics and operations.

Therefore Tiffin has not demonstrated that the transaction meets the factors for approval of Change of Control, Structure or Organization. Tiffin has also not demonstrated that AU/Ivy Bridge meets the requirements for a component that seeks to be included in the accreditation of an accredited institution.

As noted in various places in the report, the Commission also alternatively considered whether the arrangement could be approved as a contractual relationship with AU/Ivy Bridge or AE. It cannot. The lack of oversight by Tiffin of the arrangement and the quality issues related to the academic content and formatting provided by AE would not meet the Commission's requirements for approval of a contractual relationship under its policies on institutional change.

Finally staff members note their concern with the apparent sale of accreditation to another entity. Tiffin has invested no cash in the creation of the joint venture and licensed programs to AE that it claimed to the Fact-Finding Team had little value. The only asset it has provided is its accreditation as noted by its auditor in the Notes of the 2010 audit. This Change of Control, Structure, or Organization evaluation has confirmed that Tiffin has provided its accreditation to another entity in exchange for various fees.

Attachments: Fact-finding Visit Report, NFI Report