

**TOPIC: DEGREE AUTHORIZATION ACT: INSTITUTE OF LOGISTICAL MANAGEMENT - REQUEST FOR PROVISIONAL AUTHORIZATION**

**PREPARED BY: HEATHER DELANGE, ACADEMIC POLICY OFFICER**

**I. SUMMARY**

This item recommends provisional authorization for Institute of Logistical Management (ILM) to operate as an authorized private, degree-granting institution in Colorado pursuant to the Degree Authorization Act. ILM, based in New Jersey, proposes to establish an office in Colorado. ILM currently runs online certificate programs out of its New Jersey office and intends to run an online Master of Business Administration (MBA) degree out of its Colorado office once Commission and accrediting agency approvals are obtained.

**II. BACKGROUND**

The Colorado Commission on Higher Education has statutory responsibility for administration of Title 23, Article 2 of the Colorado Revised Statutes, commonly referred to as the Degree Authorization Act, which outlines the terms by which certain types of institutions<sup>1</sup> may offer degrees or degree credits. Persons or organizations that violate the provisions of the statute are subject to legal penalties.

All private colleges and universities, out-of-state public colleges and universities, and seminaries and bible colleges are required to register with the Colorado Department of Higher Education and meet criteria in CCHE Policy Section I Part J, Degree Authorization Act, in order to have authorization to offer degrees within Colorado. Authorization by CCHE must be received by the institution prior to: offering any program of instruction, academic credits, or degrees; opening a place of business; soliciting students or enrollees; or offering educational support services.

**II. STAFF ANALYSIS**

The Institute of Logistical Management (ILM) is applying for provisional authorization to open an office in Colorado. ILM is a private, for-profit postsecondary institution that is currently based in New Jersey. The institution is accredited by the Distance Education & Training Council (DETC), a U.S. Department of Education recognized accrediting agency.

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<sup>1</sup> Includes (1) properly accredited private colleges and universities; (2) out-of-state, public institutions; (3) postsecondary seminaries and bible colleges; and (4) private occupational schools authorized by the Division of Private Occupational Schools.

As required by the Degree Authorization Act, ILM submitted the initial documentation concerning its organization, programs, and finances along with an application fee of \$3,000 which is required of institutions that are already accredited. Department staff empanelled an evaluation team to review ILM's application. Staff provided the team with statutory references, DAA rules and regulations, ILM's application materials and supporting documents and charged the team with assessing whether ILM has the potential to get the new Colorado office accredited by DETC.

The Degree Authorization Act requires private colleges and universities to file evidence of surety in the amount of \$5,000 in the first year of operation in Colorado. The amount will continue to be \$5,000 until such time that the maximum prepaid, unearned tuition and fees exceeds this amount. ILM shall recalculate the amount of the surety annually to ensure that it has the financial ability to provide students with indemnification and alternative enrollment, in the event of an unexpected closure, as required by Colorado law. ILM is currently seeking surety and staff's recommendation is that obtaining surety be a condition of the Commission's approval of provisional authorization.

Staff requested and received completion rates for ILM. ILM focuses more on course completion rates, rather than certificate completion rates, because students often benefit by taking only one course (often required by an employer) and if students do not go on to complete any other courses in a certificate track, there is no mechanism in place to suggest that the student did or did not intend to take more courses in the certificate track when they first signed up for an individual course. Furthermore, the institution does not oblige any student beyond the course for which they are registered. The course completion rates for the past three years are: 92% (2010), 96% (2011), and 100% (2012). For comparison purposes, the mean standards for course completion set by DETC are 79%, 79%, and 92% respectively. Thus, ILM exceeds DETC's course completion rate requirement. ILM also provided certificate completion rates and these are attached as Addendum A.

The proposed Colorado office will administer a Master of Business Administration with a concentration in Logistics, which will be offered online. After all approvals have been received, ILM plans to move its headquarters to Colorado, though staff currently in New Jersey will remain there in order to administer the institution's existing certificate programs.

Under the Degree Authorization Act, an institution that has received provisional authorization by the CCHE will not be eligible for full authorization until the institution's accrediting agency conducts an on-site accreditation visit resulting in the accreditation of the site. The DETC has provided official acknowledgement of ILM's intent to open an administrative office in Colorado and reiterates the fact that ILM must first obtain necessary authorization from the Commission and then must seek and receive DETC approval for the new office and proposed Master of Business Administration degree. Under the same policies, the new site may not become operational until DETC approval is formally issued.

Addendum B is the first evaluation report provided by the evaluation team. Current procedure allows the institution to respond to the team's concerns, correct any inaccurate statements, and address institutional recommendations, the binding items in the consultants' report. During the review process, the evaluation team members noted changes they believe are necessary to bring the institution into compliance with the Degree Authorization Act. Addendum C contains ILM's response to the first report. Addendum D includes evaluators' comments from the institution's response to the report. Addendum E is a formal acknowledgement of any additional action by the institution to ensure compliance with Commission policy and statute.

Finally, it should be noted that Department staff requested ILM change two items on its website: one regarding seemingly contradictory information about how long students can take to complete a class and another regarding needed clarification that ILM courses may not transfer to other institutions. ILM made these requested changes to its website the same day Department staff requested them.

#### **IV. STAFF RECOMMENDATION**

**Staff recommends that the Commission approve provisional authorization for the Institute of Logistical Management, on the condition that the institution obtains the required surety.**

#### **STATUTORY AUTHORITY**

C.R.S. §23-2-103.3

C.R.S. §23-2-103.8 (5)

#### **ATTACHMENTS**

Addendum A – Certificate Completion Rates

Addendum B – Evaluators' report

Addendum C – Institution's response to report

Addendum D – Evaluators' response to institution response

Addendum E – Institution's written acknowledgement of conditions