



August 11, 2010

ID Code 00010655

Mr. Emil Fadel
Director
Drake College of Business
125 Broad Street
Elizabeth, NJ 07201

Dear Mr. Fadel:

DRAKE COLLEGE OF BUSINESS, NEWARK, NEW JERSEY

ID CODE 00024332

The Council has considered your institution's application for final inclusion of the branch campus located at 800 Broad Street, Newark, New Jersey 07108, ID Code 00024332, within the scope of your institution's current grant of accreditation. As a result of its review, the Council found the following based on the *Accreditation Criteria*:

- The Council is aware of the adverse information opened by ACICS on April 21, 2010 that could impact Drake College of Business. On the basis of information available, the Council is unable to determine if the institution has rectified the situation (Section 2-3-700).

Therefore, the Council acted to extend the interim inclusion of the branch campus within the scope of your institution's current grant of accreditation through December 31, 2010 and to defer further action until its December 2010 meeting pending the following:

- Further investigation of the adverse information opened by ACICS on April 21, 2010. A special visit, consistent with Section 2-3-900 of the *Accreditation Criteria*, must be conducted no later than **September 1, 2010**. The institution will be required to pay the special visit fee of \$3,000. Also, the institution will be required to pay the expenses of the evaluation team, which will potentially include a representative of the State of New Jersey. In addition to addressing the institution's overall compliance with the *Accreditation Criteria*, the scope of the special visit will encompass the institution's submissions to the Council relative to the adverse information and all of the areas and items identified by the evaluation team who conducted the institution's branch inclusion visit during the Winter 2010 travel cycle.

Additional information regarding the special visit will be forthcoming. Refusal to respond or cooperate with this request may result in the denial of your institution's application.

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ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS

DCB-US-SEN-00004161

Med-Com Career Training / Drake College
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Mr. Emil Fadel
August 11, 2010
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Please contact ^{Redacted by HELP Committee} ^{Redacted by HELP Committee} at ^{Redacted by HELP Committee} if you have any questions.

Sincerely,
Redacted by HELP Committee

Executive Director and CEO

c: ^{Mr. Indranil Mukherjee, Newark branch campus}
Redacted by HELP Committee

DCB-US-SEN-00004162



August 19, 2010

ID Code 00010655

Mr. Emil Fadel
Director
Drake College of Business
125 Broad Street
Elizabeth, NJ 07201

Dear Mr. Fadel:

DRAKE COLLEGE OF BUSINESS, NEWARK, NEW JERSEY

ID CODE 00024332

An on-site evaluation of your institution has been scheduled for **August 30 – 31, 2010**.

As expressed in the Council's letter dated August 11, 2010, in addition to addressing the institution's overall compliance with the *Accreditation Criteria*, the scope of the special visit will encompass the institution's submissions to the Council relative to the adverse information and all of the areas and items identified by the evaluation team who conducted the institution's branch inclusion visit during the Winter 2010 travel cycle.

Details of the visit, including a list of materials that must be available for our review, will be sent under separate cover. We will need a private work area for our use during the visit. Additional materials may be requested while our team is on site.

Thank you for your cooperation. If you have any questions, please call me at

Redacted by HELP Committee

Redacted by HELP Committee

Manager, Institutional Quality Assurance
Campus Development

c: Mr. Indranil Mukherjee, Newark branch campus
Redacted by HELP Committee

DCB-US-SEN-00004163

DRAKE COLLEGE OF BUSINESS

**800 Broad Street
Newark, NJ 07102**

ACICS ID Code 00024332 (Branch)

**FACT Visit
August 30-31, 2010**

Evaluation Team

Redacted by HELP Committee

**National Director of Compliance
Career Education Corporation
Tampa, Florida**

Redacted by HELP Committee

**Director, External Affairs
ACICS
Washington, District of Columbia**

Redacted by HELP Committee

**Manager, Institutional Quality Assurance
ACICS
Washington, District of Columbia**

Observer

Redacted by HELP Committee
Division of One-Stop Coordination and Support
New Jersey Department of Labor and Workforce Development
Trenton, New Jersey
August 30, 2010 only

INTERVIEWS WITH REPRESENTATIVES FROM DRAKE COLLEGE OF BUSINESS

On Monday, August 30, 2010 the ACICS team met with the following individuals in the order in which they are listed below:

1. Mr. Ziad Fadel, President/CEO
2. ^{Redacted by HELP Committee}, Director, Admissions, Career and Student Services
3. ^{Redacted by HELP Committee} Financial Aid Administrator
4. ^{Redacted by HELP Committee}, Compliance Director
5. ^{Redacted by HELP Committee} Student Records Manager
6. ██████████ Admissions Representative
7. ██████████ Admissions Representative
8. Mr. Indrandil Mukherjee, VP Operations, School Director

Each interview, synopsis below, was structured as follow-up to the information presented in writing in response to the adverse information opened by ACICS on May 6, 2010.

1. **Mr. Ziad Fadel – President/CEO.** According to Mr. Fadel, the Newark branch opened in September 2008 and an “expense reimbursement” program to assist students with transportation and living expenses was implemented shortly thereafter.

In terms of recruitment, he explained that for all students, the enrollment process begins with referral to Financial Aid office for preliminary screening, which includes a criminal background check (New Jersey Department of Corrections), drug test, and inquiry regarding student loan default history. These screenings are performed to ensure that students who are enrolled are eligible for placement in externships or jobs where criminal record and drug abuse history are disqualifying factors. Mr. Fadel indicated that students who fail the aforementioned screens are discouraged from completing enrollment in the Medical Office Assistant (MOA) and Dental Assistant (DA) programs at the Newark branch; however, these individuals are not denied access to programs if they insist on proceeding to complete an enrollment agreement. In reality, very few if any students who are disqualified by the criminal background or drug screening results proceed to matriculate into program. (No numbers were offered regarding how many matriculate who have failed screens, and what their completion, placement or drop-out rates are.)

According to Mr. Fadel, the twenty students whose names were provided in the original response to the adverse information as one-time residents of homeless shelters, were based on the address of their residence at time of enrollment. (To ascertain this information Drake conducted an internal review of enrollment records). Of the twenty, thirteen remain “active.” Four stopped attending (two are on leave of absence); three have graduated (one is working with career services awaiting placement, one is placed in field, and one was offered placement in field but turned down offer).

Mr. Fadel indicated that some of the basis for Drake’s recruitment from the homeless population was based on invitation and consent of shelter managers; others have come through referrals from

other former students. Mr. Fadel indicated that to the best of his knowledge, the admission representatives arranged a time/date for presentation to homeless clients, and sometimes shelter managers attended the briefings and sometimes they were not necessarily present. Mr. Fadel indicated he had no personal knowledge of practice of recruiting at homeless shelters when the allegation first arose; he offered that the admissions director responsible (Mr. Jody Berryhill) is no longer in that position or actively employed by Drake. He stated that only two admissions representatives – [REDACTED] and [REDACTED], both of whom are currently employed by Drake – actively recruited at shelters. Mr. Fadel also indicated that Drake requires admissions representatives to attend workshops on appropriate practices.

When Drake became aware of controversial nature of homeless shelter enrollment, it temporarily suspended the practice and had admissions representatives sign an acknowledgement that the practice (outreach to homeless shelters) was prohibited. Subsequently, this practice was permanently banned by Drake's administration.

Mr. Fadel described the Line of Credit program at Drake, which was initiated in May 2010. He outlined the conditions upon which the Line of Credit disbursements are made, including attendance practice (which involves "bar code" scanning two times a day); grade point average; and no delinquency on payments due from students to the Financial Aid Office for tuition and fees.

There was some uncertainty about who administers the Line of Credit program and ensures that the information is fully and completely disclosed to students through their student ledger cards. Some of the uncertainty may relate to the lack of posting Line of Credit transactions to master ledger card, and integration of "Diamond D" software platform into Drake enterprise operations. He indicated that putting the Line of Credit on students' main ledger cards makes for difficult accounting problems.

Mr. Fadel explained the genesis of the Line of Credit/stipend/reimbursement program. He said Drake does a small amount of advertising in the *Star Ledger*, on local cable television, and via postcards/collateral materials. What would be used by other schools for a more conventional advertising/marketing effort is directed by Drake into its Line of Credit program; Mr. Fadel acknowledged there is not a budgeted amount for the program; no spreadsheet (pro-forma or actual) indicating how many Line of Credit awards will be made or forgiven among the current cohort.

Mr. Fadel strongly indicated he believes the primary benefit of Line of Credit awards based on attendance and satisfactory academic progress is improved retention and placement performance. No statistics were offered; he indicated Drake would be re-evaluating the effectiveness of the Line of Credit program in this regard sometime in the future (date uncertain) as part of its Institutional Effectiveness Plan review.

Mr. Fadel also explained the \$500 post-graduation cash award for students who obtain placement in field without Drake's assistance. Conditions include no prior Drake history with the employers, and verification through paystub of current employment. (No detailed discussion of how the first

condition is met or failed, how that is determined, or who determines it. The team requested and Drake produced a list of students who have been awarded the incentive for last three years.)

2. ^{Redacted by HELP Committee} – **Admissions, Student and Career Services.** (He has been in this role since February 2010). Mr. ^{Redacted by} confirmed the homeless shelter cohort which Drake submitted with its May 6, 2010 response to the Council consisted of 20 students who entered over the last 12 to 18 months. He reiterated the scenario by which prospective students are screened for drug, criminal record, and student loan default during the initial step conducted by Financial Aid. He also confirmed daily and monthly meetings with eight admissions representatives to discuss policy, practices, and “do’s and don’ts.” Mr. ^{Redacted by H} confirmed that new admissions representatives are trained according to a standard training curriculum. He also confirmed the process used by admission representatives making outreach to homeless shelters or other human services providers: 1. Make contact with shelter manager and secure agreement to come on premises; 2. Meet at shelter and make presentation; 3. In-person contacts occur following outreach meeting; student comes to the Drake campus for Financial Aid screening; meet with admissions representative; detailed Financial Aid meeting/packaging meeting w/Financial Aid representaitive; lastly, the prospective student is sent back to Admissions to complete an enrollment agreement.

Mr. ^{Redacted by HE} indicated that as part of admissions process, the prospective student undergoes extensive “personal assessment” of his or her expectations. He said the admissions philosophy is that “everyone deserves a chance.” He indicated that the Line of Credit disclosure occurs if student inquires but is not necessarily offered as inducement early in admissions interview. He maintained that there is no mention of availability of the Line of Credit in marketing materials. (Mr. ^{Redacted by H} indicated the information regarding the Line of Credit is fully disclosed in catalog addendum.)

Subsequent to the homeless shelter prohibition, Mr. ^{Redacted by F} said Drake continues to outreach to high schools, externship sites, and community organizations serving the Hispanic population. He indicated the dynamic is one that produces a great number of referrals, rather than “leads” from advertising, etc. and suggested that this approach may be verified by Drake’s marketing director, ^{Redacted by HELP Committee}, who is situated at the Elizabeth (main) campus.

Mr. ^{Redacted by HE} also described process for signing-up a student for the Line of Credit, requiring the student signature on a form (agreement) and a discussion with a Financial Aid representative. According to Mr. ^{Redacted by}, the availability of \$500 for placement without Drake Career services assistance is shared verbally during the Financial Aid process.

3. Redacted by HELP Committee

8. A two-page document titled "Admissions Don'ts and Do's"
9. Contact information for the three graduates who were recruited from homeless shelters
10. Copies of a memo dated July 27, 2010 signed and dated by each admissions representative*
11. A roster of all students who received "line of credit" at last check-cutting

* On July 27, 2010 a memorandum was issued to "ALL ADMISSIONS STAFF/Newark and Elizabeth Campuses" from Mr. Ziad Fadel, President. The institution ceased "recruiting from such shelters on at least a temporary basis on May 4, 2010." The final paragraph reads "Please be advised that we have now decided to prohibit recruiting at homeless shelters on a permanent basis. Failure to comply with this policy may be grounds for termination of employment. We will, however, continue to accept qualified applicants who live at a homeless shelter who are referred to Drake."

Student Population

There were 777 total active students as of August 30 and 31, 2010.

File Review

Selecting from the aforementioned "rosters," the team reviewed 19 student files (academic/financial and externship/placement), which included current student files, graduate files, and files of students who had withdrawn. The biggest problem with the student files was that the student ledger cards failed to include any of the debits or credits for the "line of credit" transactions (**Section 3-1-432**). For example, there may have been anywhere from two to twelve "line of credit" check disbursements, in the form of checks written to the students every two weeks by ADP. Subsequently, the student may have received anywhere from \$700.00 to \$5,250.00 in "line of credit" check disbursements. Furthermore, in each of the ADP disbursement checks written to the student within the "line of credit" program, the checks were written to the student and the school address was used as the student's address for each student on the ADP check disbursement. Since the institution did not include the "line of credit" check disbursements on the student ledger, the institution was not able to accurately keep track of the student's cumulative liability based on Line of Credit disbursements. For example, one student (Redacted by HELP Committee) had check disbursements for the "line of credit" totaling \$4,200.00. However, the ADP check stubs stated that the student had totaled \$3,150.00 in "line of credit" disbursements. Another student (Redacted by HELP Committee) had check disbursements for the "line of credit" totaling \$3,500.00. However, the ADP check stubs stated that the student had totaled \$3,850.00 in "line of credit" disbursements. There clearly was a lack of consistency in the monitoring of the "line of credit" disbursements, as the institution simply did not include these transactions on the student ledger card.

The institution did not provide adequate documentation in the graduate's file to evidence the \$500.00 placement fee. When the administration was asked for this information, they were able to provide copies of the ADP checks to the graduates, but still lacked adequate documentation or any administrative sign-off to evidence that the graduate had found his/her own employment.

The student files reviewed by the team did contain an Application for Admission, an Enrollment Agreement, evidence of a high school diploma, GED, a signed attestation allowed at the sole discretion of the school President, or a letter from a high school claiming that a high school diploma had been earned

there by the student. Tuition was charged on a consistent basis by program by start date. The team was provided with a student ledger card and an academic transcript for each of the student files reviewed. The institution is still working on its academic transcript to better integrate it with the IT software databases. The student ledger card fails to include any of the "line of credit" disbursements or any of the Drake internal student loan disbursements. The \$500.00 placement fee earned by a graduate is also not included on the student ledger card.

Catalog

At the time of the visit the institution is using the Drake College of Business catalog, Volume XX, effective November 2008, along with several addenda, including May 19, 2010 and February 15, 2010.

A review of the above-listed files revealed that the institution is following its published admissions policy. However, the published admissions policy states that "At the sole discretion of the school Director, the institution may accept, in certain cases, an attestation of graduation from a US or Foreign high school in lieu of an action High School diploma or GED equivalency"; however, the institution does not describe circumstances surrounding the actual use of this discretion.

The Line of Credit is disclosed on page one the addendum dated May 19, 2010 as follows (verbatim):

DRAKE COLLEGE OF BUSINESS INSTITUTIONAL LINE OF CREDIT

Drake College of Business offers all students the opportunity to apply for an Institutional Line of Credit Loan Plan. This Line of Credit is designed to assist students in meeting their cost of attendance to complete a program of study at Drake College of Business.

The student is eligible to receive bi-weekly advances beginning in the 4th week after the student's start date until graduation or withdrawal from school. A maximum of 14 advances for the Medical Office Technology (MOT) and Microsoft User Specialist (MOUS) Programs and 17 advances for the Dental Assisting Program will be awarded, provided the student meets the eligibility criteria as described below.

The student is eligible for either a \$350 or \$400 bi-weekly loan advance based on meeting all of the following applicable criteria:

Criteria

\$350 bi-weekly advance:

- The student must attend classes 8 out of 10 available days in each review period. There are no exceptions to this rule. Any excused absences such as for illness, vacation, leaves of absence and court appearance dates will count toward the days of absenteeism.
- The student must attain a grade of "C" in each subject at the end of each module. Any student with a grade below "C" in ANY subject will lose eligibility to receive further loan advances until he or she meets the minimum grade criteria in each subject.
- The student must be up to date on any payment plan arrangements with the school.

\$400 bi weekly advance

- The student must attend classes 9 out of 10 available days in each period. There are no exceptions to this rule. Any excused absences such as for illness, vacation, leaves of absence and court appearance dates will count toward the days of absenteeism.
- The student must attain a grade of “B” in each subject at the end of each module. Any student with a “C” grade in any subject will be eligible for the \$350 bi-weekly advance. Any student with a grade below “C” in ANY subject will lose eligibility to receive further loan advances until he or she meets the minimum grade criteria in each subject at the end of the subsequent module.
- The student must be up to date on any payment plan arrangements with the school.

Maximum amounts available for each program are as follows:

		<i>Program Length</i>
<i>Medical Office Technology</i>	<i>\$5,600</i>	<i>31 weeks</i>
<i>Microsoft User Specialist</i>	<i>\$5,600</i>	<i>30 weeks</i>
<i>Dental Assisting</i>	<i>\$6,800</i>	<i>36 weeks</i>

Note for both amounts

A student suspended from school will be ineligible for any loan advances during the suspension period.

Repayment

Waiver

- All loan advances in the line of credit program shall be forgiven if the student successfully graduates on time. Timely graduation is defined as graduation within 15 days of the standard program length as listed above.

OR

- The student graduates from his or her program with a CGPA of 3.0 or higher.

If neither condition for the waiver is met,

The terms for repayment are:

- 0% finance charge.
- Repayment starts one year after the student’s last day of attendance which is defined as the student’s graduation/completion date or date of withdrawal as determined by the school.
- The repayment period is 20 years.

Default

If the student is not eligible for the repayment waiver and fails to make a monthly payment, the student is considered to be in default. If the student is in default for a period of three consecutive months, the school will refer the matter to a collection agency and reserves the right to take further legal action as necessary and appropriate.

Important Information

To complete this Line of Credit, a Truth in Lending Document will need to be signed by the student. This document explains all the conditions mentioned in this catalog. Please review the Truth in Lending Document carefully and ask the Financial Aid Office for any clarification or assistance.

Redacted by HELP Committee

The Institutional Effectiveness Plan (IEP)

The team reviewed the institution's current IEP, which is dated June 2010. This document was revised for submission to the Council for its August 2010 meeting. There is no mention of the Line of Credit. However, in conversations with executive management, this Line of Credit is construed as a retention-

bolstering tactic and/or means of enhancing students' satisfactory academic progress. With respect to retention, the current IEP reads as follows:

"We believe the following will help maintain and increase our retention rate:

- academic tutoring
- increased student services support
- continued strong monitoring of attendance, which includes contacting and encouraging students who are absent
- closely monitor academic performance and improved reporting through Diamond D software,
- continued review of student surveys
- focus on active learning teaching."

Review of student records indicates that in practice the Line of Credit is widely used. The team requested a roster of all disbursements for the period August 9, 2010 to August 20, 2010, with checks distributed to students on August 27, 2010; the list that was provided indicated over half (around 330) received checks.

Although Drake College of Business in Newark has issued an official, written directive to admissions and other administrative personnel to cease all outreach activities at homeless shelters/rescue missions for purposes of recruiting students, the college will continue to consider for admission students from those human services agencies who initiate contact with Drake through referrals or other means. That is, the "do not recruit at homeless shelters" directive should not be interpreted as a self-imposed prohibition against enrolling students who may list homeless shelters as their place of residence upon seeking admission to DCB. Furthermore, Drake officials indicated that the institution will continue to reach out to other human services providers (churches, the YMCA, community agencies serving the Hispanic population) for purposes of recruiting students. In summary, it is reasonable to assume that DCB will continue to admit students who are referred or recruited from human services providers irrespective of the "do not recruit" directive. This raises some fundamental issues about the alignment of DCB business practices and its Institutional Effectiveness Plan (IEP):

1. Does the institution have a specific target or objective that defines the percentage of its enrollment to be derived from human services providers? If so, what is the target and how did the institution arrive at it?
2. Given the special considerations of students derived from the human services population related to (non-educational) employment qualifications, what capacity has the institution developed to deal with the percentage of human services clients who are unable to pass drug screens, criminal background checks and loan default screens?
3. To what degree, as part of its IEP-specified outreach to this population, is DCB prepared to provide on-going living expense disbursements (be they Line of Credit payments, reimbursements or other payments)? Is there an annual budgeted amount (maximum) for this practice, and what is the on-going funding source for this account?
4. To what degree, as part of its education programming and student assessment, is DCB prepared to incent students financially in order to ensure attendance, satisfactory academic progress and placement in a job field related to the educational program? How was the amount of financial incentive decided, and how is its effectiveness being measured?

In addition to students recruited from homeless shelters (about 20 between 2009-2010), about half of the enrollment at the institution (or about 330 of 730 total students) participate in taking draw-downs from the Line of Credit program on a recurring basis. Given the high number of students who participate (most of whom are recruited from places other than homeless shelters) and the degree of their reliance on the twice monthly stipend, a number of issues merit review:

1. The sufficiency of accounting systems, tracking protocols and disclosures that support the voluntary Line of Credit program, such that students are fully aware of the size and terms of their financial obligation if they fail to graduate, fail to complete their education program within a certain timeframe, or otherwise fail to meet the threshold by which thousands of dollars in Line of Credit pay-outs are forgiven as debts.
2. The degree to which Line of Credit obligations impose additional post-graduation financial burdens on students who have federally subsidized student loan and institutional student loan debt. Are students made fully aware of those obligations and how?
3. How does the liberal application of Line of Credit payments for academic progress and attendance fundamentally change the composition of the student body?
4. How does the liberal application of Line of Credit payments for academic progress and attendance impact compliance performance standards, such as retention rates, completion rates and placement rates? Are financial incentives an appropriate substitute for quality education practices, student advising services and sufficient career services resources?