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# Argosy University Closure Student Relief Report

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## **About the Minnesota Office of Higher Education**

The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to postsecondary education. The agency also serves as the state's clearinghouse for data, research and analysis on postsecondary enrollment, financial aid, finance and trends.

The Minnesota State Grant Program is the largest financial aid program administered by the Office of Higher Education, awarding up to \$207 million in need-based grants to Minnesota residents attending accredited institutions in Minnesota. The agency oversees tuition reciprocity programs, a student loan program, Minnesota's 529 College Savings Plan, licensing and early college awareness programs for youth.

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## Introduction

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The 2019 Minnesota Legislature enacted laws ([Minnesota Session Laws - 2019, Regular Session, Chapter 34](#)) to provide limited authority to the Office of Higher Education (OHE) for resolving issues as they relate to grants, scholarships, and SELF Loans for students affected by the March 8<sup>th</sup> closure of Argosy University-Twin Cities. Argosy University-Twin Cities, which closed middle of the spring 2019 term, failed to reimburse student-specific state financial aid and loan funds.

The authority allowed OHE to discharge fall 2018 and spring 2019 loan disbursements that were not administered properly, in addition to paying students directly for other state financial aid, including Minnesota State Grant, Minnesota Indian Scholarship Program, Minnesota GI Bill, and Postsecondary Childcare Assistance Grants. For the Minnesota State Grant, the amount paid directly to students represented the balance of excess financial aid after tuition and fees were paid to the school.

OHE is required to submit a report by November 30<sup>th</sup>, 2019 to the chairs of the higher education committees of the Minnesota Legislature. The report must include an explanation of (1) the current state of the Argosy University-Twin Cities closure matter, including any unresolved problems; (2) all teach outs, articulation agreements, and transfer options available for students affected by the Argosy University-Twin Cities closure; (3) any payments made to eligible students under this section; (4) any SELF loan disbursement reversals completed under this section; (5) any other action the Office of Higher Education has taken with regard to Argosy University-Twin Cities; and (6) suggested legislative action to prevent future school closures and provide additional assistance to students affected by school closures. Actions to make payments and reverse SELF loan disbursements took place by October 31<sup>st</sup>, 2019.

## Financial Relief

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Argosy University-Twin Cities stopped issuing stipends approximately December 11, 2018. Prior to the receivership and during the receivership, Argosy University-Twin Cities applied financial aid funds to the student's account with the school, but never issued any funds in excess of tuition and fees to the student. The Argosy University-Twin Cities bill (Laws of Minnesota 2019, Regular Session, Chapter 34) authorized OHE to pay students the state spring financial aid refunds that Argosy University-Twin Cities did not issue to students. In addition, the Argosy University-Twin Cities bill authorized OHE to discharge fall 2018 and spring 2019 SELF loan disbursements that were not administered properly.

OHE discharged \$164,683 in SELF Loan disbursements for 40 students. All accrued interest and payments were refunded to students. While most of the students completed the necessary discharge paperwork in June 2019, the last discharge was completed on August 28, 2019. OHE made state financial aid payments to 100 students for the spring 2019 payments that the students were supposed to receive at Argosy University-Twin Cities.

OHE paid \$97,319 in Minnesota State Grant, Postsecondary Child Care Assistance Grant, GI Bill, and Minnesota Indian Scholarship aid. These payments were processed on June 18, 2019. Four students opted to pick up their checks from OHE and the remaining checks were mailed to students. OHE has been unable to successfully deliver checks to two students due to lack of current contact information.

Argosy University-Twin Cities owes OHE \$186,946 for improperly administered state financial aid funds. Of those funds, \$107,513 was sent to Argosy University-Twin Cities after the court appointed a receiver to oversee the operations of Argosy University-Twin Cities. The \$107,513 can be attributed to the receiver as being improperly administered and OHE maintains that the \$107,513 is a liability of the court receivership in Ohio.

While OHE has been actively pursuing those funds, the court has not yet ruled on the matter. Once the court has ruled, OHE will file a bond claim for any unpaid funds.

## Background

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Argosy University-Twin Cities announced its closure on March 7, 2019 and closed on March 8, 2019. At the time of the closure, there were 1022 students enrolled at Argosy University-Twin Cities in 30 unique programs (see Appendix A).

On January 17, 2019, Argosy University-Twin Cities, through its parent company, Dream Center Educational Holdings, entered into receivership. Receivership is when a court appointed official has the custodial responsibility of a business entity. It is similar to bankruptcy, but without the same legal consequences to schools participating in federal financial aid.

One of the roles of the receiver, Dottore Companies, for Argosy University-Twin Cities, is to manage assets, income, and bills. This included overseeing student financial aid and refunds to students, providing an accounting of the previously misappropriated student financial aid funds, ensuring the schools continued to operate (until sold or funding was exhausted), and completing an orderly wind-down of the schools once closure was announced.

An orderly wind-down includes teaching out students near graduation, signing articulation agreements with schools with similar programs that meet the geographic needs of the students, transfer academic records to states, dispose of personally identifiable information on campuses, and dispose of school property from rented facilities.

While Argosy University-Twin Cities held a transfer fair for students on March 7 and March 8, the transfer fair school participants were unable to provide any details about potential transfer options. The Higher Learning Commission, the accreditor for Minnesota institutions that would be transfer partners, requires the closing school to formally announce its closure prior to the new institution advertising transfer opportunities. The timing of the transfer fairs and Argosy University-Twin Cities closure announcement did not provide sufficient time for Minnesota institutions to map transfer pathways and implement processes for students to transfer.

Further compounding the issues for students to transfer, Argosy University-Twin Cities closed mid-term. While the US Department of Education was working through a process of discharging/resetting all spring 2019 financial aid eligibility in order for students to enroll at an alternate institution, many schools were midway through their own terms and did not have new terms for students to enroll. The lack of mapped transfer pathways, signed articulation agreements, and a mid-term closure resulted in delays in student transfers.

While the receiver had the ultimate responsibility to ensure articulation agreements and transfer pathways for students, the receiver committed little to no resources to the unique health science programs offered at the Argosy University-Twin Cities campus. Therefore, OHE worked with Minnesota institutions to establish transfer pathways for students. OHE hosted a transfer fair on March 15, 2019 with 43 institutions. In addition, OHE maintained a website (<https://www.ohe.state.mn.us/mPg.cfm?pageID=2340>) that included names of institutions and programs that students could transfer to. In total, 39 institutions are listed on the OHE website with transfer pathways for Argosy students. OHE also maintains a record and website of Argosy University-Twin Cities curriculum to assist students in the transfer credit evaluation process (<https://www.ohe.state.mn.us/mPg.cfm?pageID=2346>).

These transfer pathways did not include all programs impacted by the Argosy University-Twin Cities closure. For example, there were limited transfer options for students in the Doctor of Psychology in Clinical Psychology, Associate of Applied Science in Histotechnology, Associate of Applied Science in Diagnostic Medical Sonography-Vascular and Echo, Doctor of Marriage and Family Therapy, Associate of Science in Dental Hygiene, Master of Public Health, and Associate of Applied Science in Veterinary Technology.

## Minnesota Schools Stepping Up

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Many of the degree areas and programs with limited transfer options were only offered by Argosy University-Twin Cities, and programs at other institutions were at capacity. In the last 8 months, several local Minnesota institutions have taken steps to assist the Argosy students enrolled in some of these programs. For example:

- On June 27, 2019, Augsburg University announced its plans to introduce a Doctor of Psychology in Clinical Psychology (PsyD). This program hired many of the Argosy University-Twin Cities faculty and began teaching out 22, first and second year Argosy University-Twin Cities PsyD students. When Argosy University-Twin Cities closed, it was the only PsyD program in Minnesota, which resulted in challenges for students to remain in Minnesota to complete their program. Due to accreditation limitations, all PsyD programs that can lead to licensure must be taught face-to-face on a physical campus and not online programs. Minnesota Public Radio reported that Argosy's closure would impact access to mental health services for the Twin Cities metro area. Argosy trained about 1/5 of the Twin Cities' licensed psychologists and the loss of a PsyD program would have impacted "the state's already widening demand for psychologists." Augsburg University's new program will assist in addressing that shortage.  
<https://www.mprnews.org/story/2019/04/08/argosy-minnesota-end-may-worsen-psychologist-shortage>

- At the time of the Argosy University-Twin Cities closure, 35 Dental Hygiene students only had 8 weeks left to complete their program. Century College provided an opportunity for these students to finish their education by completing their clinical training at Century College and graduating with a Century College credential. In order to do this, Century College had to receive approval from the Higher Learning Commission and the Commission on Dental Accreditation. On July 29, 2019, all 35 former Argosy University-Twin Cities Dental Hygiene students graduated from Century College.
- In fall 2019, Northwestern Health Sciences (NWHHS) started five new programs previously offered by Argosy University-Twin Cities. These programs included a Bachelors degree in Medical Technology, Associates degrees in Medical Laboratory Technology, Radiation Therapy, Medical Assisting, and Radiologic Technology. NWHHS was able to enroll approximately 100 former Argosy students.  
<https://www.nwhealth.edu/news/kstp-argosy-update/>
- Argosy University-Twin Cities operated one of the state's largest Histotechnology program, and the loss of this program has resulted in gaps in hiring demand. To compensate for this loss, North Hennepin Community College transferred its programmatic accreditation through the National Accrediting Agency for Clinical Laboratory Sciences (NAACLS) to St. Cloud State University. St Cloud State University is working toward creating a post-bachelor certificate program offered through a consortium model with medical providers. The program would allow students with a bachelor of science in a science discipline to be eligible for certification, and allow students with a two-year Medical Laboratory Technician degree to have an additional certification pathway. The consortium model will also provide greater geographic access to the program in the state. St. Cloud State applied for and received \$110,000 in consortium funds from the Minnesota State system to support the planning and implementation of this new program. The anticipated start date for the program is fall 2020.

In addition to institutions starting new programs, other schools have reported helping former Argosy University-Twin Cities students. This includes:

- Dunwoody College of Technology was able to assist three Argosy University students that were one term away from graduation. At the time of Argosy's closure, Dunwoody's Radiology Technology Program was at full capacity due to limited clinical sites for student clinical experiences. Dunwoody was able to work with the clinical sites of three Argosy University-Twin Cities students to transfer the Argosy University-Twin Cities clinical site, Hennepin County Medical Center, to Dunwoody. The three students officially graduated with their Radiology Technology credential on August 16, 2019 from Dunwoody College of Technology. Prior to resuming their clinical training, Dunwoody invested significant resources to test these students to ensure their competency level met Dunwoody's standards before sending them to work with patients and receiving a Dunwoody credential. All three students passed their registry examination on their first attempt. All three are employed in specialty positions beyond their general Radiologic Technology training.
- Saint Mary's University of Minnesota enrolled three students in their a Doctorate in Psychology program, 6 students in their Master of Arts in Marriage and Family Therapy program, 10 students in their Master of Arts in Counseling & Psychological Services, and one student in their Bachelor of Science in Healthcare and Human Services Management
- Bethel University enrolled one student in their Master of Arts in Counseling program, one student in their Marriage and Family Therapy program, and one student in their Bachelor of Arts in Human Services program.

- St. Catherine’s University enrolled 64 students in their Radiography, Sonography (Associate), Master of Public Health, Radiation Therapy, and Psychology programs. These transfers needed to be quickly mobilized for 25 students to support degree completion and graduation in spring 2019. Twenty-six students completed and graduated in summer 2019. Six of the University-Twin Cities students who entered St. Catherine’s in spring 2019 received their A.A.S. in Sonography on 5/25/19. Twelve of the Argosy students who entered St. Kate’s in spring 2019 received their A.A.S. in Sonography on 10/27/19. St. Kate’s also coordinated transfer policies, clinical placement, learning outcomes, internal processes, and program accreditation requirements with their faculty program directors, academic deans, Provost, University Curriculum and Policies committee, Registrar, Admission, Academic Advising, Financial Aid, and Enrollment Management staff, and the Higher Learning Commission to ensure compliance with University accreditation requirements.
- Dakota County Technical College expanded their veterinary technology program to include approximately 90 Argosy University-Twin Cities students.
- Rasmussen College enrolled 65 students impacted by the Argosy University-Twin Cities closure. This included 19 students in health science programs, 15 students in business programs, and 16 school of nursing students.
- Concordia University, Saint Paul has started Associate of Applied Science programs in Diagnostic Medical Sonography (General and Echo). Concordia anticipates starting the general sonography program in spring 2020 and the echo program in fall 2020. Concordia anticipates approximately 18 former Argosy University-Twin Cities students enrolling in their program.

## Not All Students Served

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There are some students that have been unable to resume their program and graduate due to limited transfer opportunities. These groups include first year dental hygiene students (approximately 37 students), some of the Histotechnology students, vascular sonography students, and echo sonography students. Reasons for the inability to transfer range from programs not being available for students in Minnesota or the existing programs being at capacity. Increasing capacity involves significant commitment of resources including hiring additional faculty, facility space, equipment, time, and accreditation approvals.

## Gaps in Current Law

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Several legislative gaps were identified during this process inhibiting efficient and effective responses to Argosy’s insolvency and ultimate closure. These legislative gaps include:

- The current \$250,000 surety cap is insufficient to cover the student losses under the statutory amounts that cover student losses (Minn. Stat. §136A.646).
- OHE can only take limited action if school can’t secure or maintain surety requirement (Minn. Stat. §136A.65 and 136A.705). Surety bond requirements are only triggered by US Department of Education financial responsibility measures. This is problematic as the measure they utilize is a minimum of two years behind as the measure is based on audited financials, there are delays in the processing of these audited financials to calculate the scores, and in the annual publication of the scores. The financial responsibility composite score



is based on three ratios: a primary reserve ratio, an equity ratio, and a net income ratio. The score is not supported by the National Association of College and University Business Officers as schools close due to financial viability with scores above 1.5 and stay open with  $\geq 1.0$ . (Minn. Stat. §136A.646). A score greater than or equal to 1.5 indicates the institution is considered financially responsible. Schools with scores of less than 1.5 but greater than or equal to 1.0 are considered financially responsible, but require additional oversight. A school with a score less than 1.0 is considered not financially responsible. However, a school with a score less than 1.0 may continue to participate in the Title IV programs under provisional certification. In addition, this lower score typically requires that the school be subject to cash monitoring requirements and post a letter of credit (equal to a minimum of 10 percent of the Title IV aid it received in the institution's most recent fiscal year).

- Risk analysis is not tied to the additional surety requirements and information required for registration (Minn. Stat. §136A.64, 136A.646, and 136A.675).
- There is no ability to restrict student aid to schools that misappropriate student funds or violate other state financial aid administration requirements (Minn. Stat. §136A.103).
- There is no ability to make financial aid payments to students when schools are not properly issuing refunds to students or are unable to properly administer state financial aid funds.
- OHE has limited statuses for registration. The current statuses include provisional for one year to allow for teach-outs, conditional to allow for accreditation, approved, or denied/revoked. This limits OHE's ability to strategically work with schools when closure is highly probable, but not guaranteed. (Minn. Stat. §136A.65)
- OHE has limited funding for OHE staff to provide student and institutional support for monitoring for school closures and responding to school closures. Licensing and registration is responsible for authorizing approximately 300 degree-granting and non-degree granting colleges operating in Minnesota. As part of this authorization process, OHE reviews and monitors the financial viability, academic quality, advertising used to recruit students, and investigates student complaints.
  - In addition, OHE is responsible for administering Minnesota's participation in the National State Authorization Reciprocity Agreement.
  - OHE has one auditor that reviews and monitors the financial viability of institutions.
  - In addition, OHE has two staff that are responsible for the consumer protections for licensure and registration above and one staff person responsible for issuing student transcripts.
- When a school closes abruptly, OHE staff respond to student inquiries about their financial aid, transfer options, transfer credits, eligibility for loan discharges, status of any legal proceedings against their institution, facilitate communication with accreditors and transfer pathway institutions, seize student records, work with landlords to secure personally identifiable information left on campus, and coordinate transfer pathways at new institutions. Current agency funding levels limit the ability of the division to appropriately respond to these student needs when a school closes while also appropriately monitoring schools.

In October 2019, OHE began working with registered institutions to consider possible statute language that addresses these legislative gaps. It is important that any legislative updates include changes to risk analysis, information required for registration, additional surety, state financial aid administration, and additional funding for OHE operations.

# APPENDIX A

Addiction Studies - Certificate
Business Administration - Associate
Business Administration - Bachelor
Business Administration - DBA
Business Administration - MBA
Clinical Psychology - Doctorate
Clinical Psychology - Master
Criminal Justice - Bachelors
Dental Hygiene - Associate
Diagnostic Medical Sonography - Associate
Forensic Psychology - Master
Histotechnology - Associate
Human Resource Management - Master
Human Services - Masters
Industrial Organizational Psychology - Master
Information Technology - Associate
Information Technology - Bachelor
Liberal Arts - Bachelor
Marriage & Family Therapy - DR
Marriage & Family Therapy - Master
Medical Assisting - Associate
Medical Laboratory Technology - Associate
Medical Technology - Bachelor
Organizational Leadership - EDD
Psychology - Associate
Psychology - Bachelor
Public Health - Master
Radiation Therapy - Associate
Radiologic Technology - Associate
Veterinary - Associate

