



RICHLAND COUNTY COUNCIL

ADMINISTRATION AND FINANCE COMMITTEE

| | | | | |
|-------------|----------------|---------------------|-----------------|-----------------|
| Greg Pearce | Norman Jackson | Damon Jeter (Chair) | Joyce Dickerson | Paul Livingston |
| District 6 | District 11 | District 3 | District 2 | District 4 |

**JULY 31, 2012
5:00 PM**

2020 Hampton Street

CALL TO ORDER

APPROVAL OF MINUTES

1. Regular Session: June 26, 2012 [PAGES 4-6]

ADOPTION OF AGENDA

ITEMS FOR ACTION

2. Changes to Employee Handbook [PAGES 8-16]
3. Verizon Wireless Request to Add Antennas to Leased Space [PAGES 17-23]

4. Sheriff Department Grant Position Pick-Up Request [**PAGES 25-30**]
5. Sheriff Department Request for Salary Fringe Funds [**PAGES 31-33**]
6. Airport Improvement Grant [**PAGES 35-37**]
7. Additional Personnel for Blythewood Magistrate [**PAGES 39-40**]
8. Agreement with Phoenix University [**PAGES 42-108**]
9. Approval of funds for CDBG and HOME Administrative Shortfall [**PAGES 110-114**]
10. Approval of FY 12-13 Budgets with the FY 12-16 Consolidated Plan for Community Development Funds [**PAGES 116-118**]
11. Amendment to Approve Richland County Recreation Commission's Project List [**PAGES 120-123**]
12. Franchise Fee [**PAGES 125-126**]
13. General Obligation Bonds for the Richland County Recreation District [**PAGES 128-136**]
14. Kingville Historical Society Funding Request [**PAGES 138-141**]
15. Lower Richland PSTA/Diamond Day Festival Funding Request [**PAGES 143-145**]
16. Regional Sustainability Plan [**PAGES 147-154**]

ADJOURNMENT



Richland County Council Request of Action

Subject

Regular Session: June 26, 2012 [PAGES 4-6]

Reviews

MINUTES OF



**RICHLAND COUNTY COUNCIL
ADMINISTRATION AND FINANCE COMMITTEE
TUESDAY, JUNE 26, 2012
6:00 P.M.**

In accordance with the Freedom of Information Act, a copy of the agenda was sent to radio and TV stations, newspapers, persons requesting notification, and was posted on the bulletin board located in the lobby of the County Administration Building.

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MEMBERS PRESENT

- Chair: Damon Jeter
- Member: Joyce Dickerson
- Member: Norman Jackson
- Member: Paul Livingston
- Member: Greg Pearce

ALSO PRESENT: Kelvin E. Washington, Sr., Bill Malinowski, Valerie Hutchinson, Seth Rose, Tony McDonald, Sparty Hammett, Randy Cherry, Amelia Linder, Brad Farrar, Daniel Driggers, Stephany Snowden, Tracy Hegler, Dwight Hanna, Ronaldo Myers, Carl Gosline, Kathy Rawls, Sandra Haynes, Monique Walters, Michelle Onley

CALL TO ORDER

The meeting started at approximately 6:05 p.m.

APPROVAL OF MINUTES

May 22, 2012 (Regular Session) – Ms. Dickerson moved, seconded by Mr. Livingston, to approve the minutes as distributed. The vote in favor was unanimous.

ADOPTION OF AGENDA

Mr. Jackson moved, seconded by Ms. Dickerson, to adopt the agenda as published. The vote in favor was unanimous.

ITEMS FOR ACTION

Changes to Employee Handbook – Mr. Livingston moved, seconded by Mr. Pearce, to forward this item to Council with a recommendation to approve the proposed revisions to the Employee Handbook. The vote in favor was unanimous.

Comprehensive Sidewalk Improvement Program – Mr. Livingston moved, seconded by Ms. Dickerson, to forward this item to Council with a recommendation that Council adopt the staff recommended set of policies for a sidewalk improvement project ranking system. A discussion took place.

The vote in favor was unanimous.

Coroner request for approval to renew contract with Knight Systems – Ms. Dickerson moved, seconded by Mr. Pearce, to forward this item to Council with a recommendation that Council approve the request to renew the contract with Knight Systems, Inc. and to encumber the funds requested to allow removal services and payment for these services to continue without interruption. A discussion took place.

The vote in favor was unanimous.

Coroner request for approval to renew contract with Professional Pathology Services – Mr. Pearce moved, seconded by Ms. Dickerson, to forward this item to Council with a recommendation that Council approve the request to renew the contract with Professional Pathology Services, PC, and to encumber initial funds of \$270,000 for autopsy and exam services by Professional Pathology Services, PC. A discussion took place.

The vote in favor was unanimous.

Detention Center Medical Services Contract-Correct Care Solutions – Mr. Livingston moved, seconded by Mr. Jackson, to forward this item to Council with a recommendation that Council approve the request to negotiate and award the contract with Correct Care Solutions. A discussion took place.

The vote in favor was unanimous.

Emergency Medicine Fellowship Grant Program Update – Mr. Jackson moved, seconded by Mr. Pearce, to forward this item to Council with a recommendation to approve the change in the Fellowship Grant and change the grant position from part-time to full-time. The vote in favor was unanimous.

Funding for State Mandated Services – Mr. Livingston moved, seconded by Ms. Dickerson, to forward this item to Council with a recommendation to discuss the proposed funding strategy to address unfunded mandates during the FY13-14 budget process. The vote in favor was unanimous.

IGA Extension with City of Columbia re: Animal Shelter Operations – Mr. Livingston moved, seconded by Mr. Pearce, to forward this item to Council with a recommendation to

approve the intergovernmental agreement extension as presented. The vote in favor was unanimous.

National Aviation Week Proclamation – Mr. Jackson moved, seconded by Mr. Livingston, to forward this item to Council with a recommendation to approve and issue the proclamation. The vote in favor was unanimous.

Solicitor Salary Rollover Request to Provide Employer contributions for Assistant Solicitor Restructuring and Reclassification Plan – Mr. Jackson moved, seconded by Mr. Pearce, to forward this item to Council with a recommendation to approve the appropriation of additional funds to the Solicitor's 2012-2013 budget for employer contributions. A discussion took place.

The vote in favor was unanimous.

ADJOURNMENT

The meeting adjourned at approximately 6:45 p.m.

Submitted by,
Damon Jeter, Chair

The minutes were transcribed by Michelle M. Onley

Richland County Council Request of Action

Subject

Changes to Employee Handbook [PAGES 8-16]

Reviews

RichlandCounty Council Request of Action

Subject: Changes to Employee Handbook - Promotion Probation

A. Purpose

To change the Employee Handbook policy on Promotion Probation consistent with the current County Guidelines, former policy from the Code of Ordinances, the current practice, and the historical practice of the County.

B. Background / Discussion

Origin of Issue:

Human Resources Department

Lead Department:

Human Resources Department

What are the Key Issues (Precipitation of Project):

This change will provide each respective Department Head the flexibility to designate whether a promoted employee will serve a 90 days probationary period. In accordance with the Guidelines, the employee must be informed if they are being placed on promotion probation (see Guideline attachment). The proposed change will be consistent with the County's Guidelines (see below) and the historical practice of the County.

3.11. Department Heads may require promoted employees to serve a promotional probationary period on his/her new job of not more than three (3) months at his/her former salary. The Department Head must inform the employee and HRD in writing if the employee will have to serve a new probationary period. Upon completion of the probationary period, a Performance Appraisal must be completed. If the performance appraisal rating is "Fully Proficient" or above at the end of the probationary period, the employee will receive a promotional pay increase at that time.

Inconsistencies in Handbook that Need to be Fixed August 2009

Current Language for Promotion Probation:

Handbook Language: A newly promoted employee is considered to be on probation in their new position for three months.

Proposed Language for Promotion Probation:

Department Heads may require promoted employees to serve a promotional probationary period on his/her new job of not more than three (3) months at his/her former salary.

This item was a part of another ROA that went through Council Committee and to Council but at the direction of County Council was sent back to Committee. Mr. Malinowski expressed the point the County's policy should be consistent one way or the other, that no promoted employee serves a probation period or all employees promoted serve a probation period.

Item# 2

Date Ready for Implementation:

Upon Council approval

Multiple Year Project:

No

Estimated Work Hours for Completion:

5 hours of communication development and handbook changes.

Process to Date:

Process Plan for Future Action:

Develop Communication plan to employees.

Reference:

C. Financial Impact

- 1. Revision of Employee Handbook
- 2. Communication to Employees

D. Alternatives

- 1. Approve the proposed revision to Employee Handbook.
- 2. Do not approve the proposed revision to Employee Handbook and make applicable revisions to the County's Guidelines.

E. Recommendation

Human Resources prepared this action with the support of the Finance Department.

F. Reviews

(Please ***SIGN*** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers

Date: 7/24/12

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation:

Human Resources

Reviewed by: Dwight Hanna

Date:

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation: HRD's recommendation objective is to achieve consistency with the Employee Handbook and County Guidelines, used by

supervisors. In addition, the proposal is consistent with the historical practice of the County carried over from the Code of Ordinances.

Legal

Reviewed by: Elizabeth McLean

Date: 7/25/12

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation: Policy decision left to Council's discretion.

Administration

Reviewed by: Tony McDonald

Date: 7/26/12

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation: Recommend approval of the amendment to the Employee Handbook as proposed by the Human Resources Director. This amendment will continue to allow department directors the **discretion** to place employees in a three month probationary status following promotions as opposed to **requiring** that the employees serve the probationary period. The decision, then, will rest with department directors and will be dependent upon the past performance of the employees being promoted.

| RICHLAND COUNTY HUMAN RESOURCES GUIDELINES | |
|---|--|
| TITLE: Personnel Actions | Number: 3.05 |
| EFFECTIVE DATE: 8/1/2009 | Page: 1 of 6 |
| REVISION DATE: 8/1/2009 | REVISION #: |
| PREPARED BY: Human Resources Department | AUTHORIZED BY: Council & Administration |

PURPOSE:

To define the different types of personnel actions within the County.

DEFINITIONS:

- A. Demotion – The voluntary or involuntary movement of an employee from one position to a position with reduced level of duties and responsibilities and/or a lower pay range. Demotions usually result in the reduction of an employee’s pay.
- B. Position – A group of currently assigned duties and responsibilities requiring the full-time employment of one person. A position may be occupied or vacant.
- C. Promotion – The movement of an employee from one position to a different position with increased duties and responsibilities and/or a higher pay range. Promotions generally result in an increase in an employee’s pay.
- D. Reclassification – The reassignment of an existing job from one classification to another based on a significant change of job content such as duty, kind of work, level of difficulty, required skill and education, and accountability for work being performed. Reclassification may result in an increased, decreased or maintained pay range for the job.
- E. Transfer – The transfer or reassignment of an employee to a position with the same level of duties and responsibilities and pay range as the position which the employee previously held. Transfers usually result in no change in pay.
- F. New Hire – PAF must be submitted to Human Resources two weeks prior orientation date to allow time for review, pre-employment screenings, and approval.
- G. Termination –All employees are employed at the will of the County. If an employee fails to perform to the standards of the classification of the position, or if the employee is found to be in violation of any one of a number of County violations, she/he may be terminated. Employees who work for elected officials serve at the pleasure of such elected official.
- H. Retirement -
- I. Re-hire – The rehiring of a person who has previously been employed with the County.

PROCEDURE:

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| RICHLAND COUNTY HUMAN RESOURCES GUIDELINES | |
|---|--|
| TITLE: Personnel Actions | Number: 3.05 |
| EFFECTIVE DATE: 8/1/2009 | Page: 2 of 6 |
| REVISION DATE: 8/1/2009 | REVISION #: |
| PREPARED BY: Human Resources Department | AUTHORIZED BY: Council & Administration |

1. Pay adjustments approved after the first working day of a pay period shall normally become effective at the beginning of the next pay period.

2. New Hires
 - 2.1. New employees will ordinarily be appointed at the minimum pay rate that has been established for the position in which s/he is employed.

 - 2.2. The County may exercise the flexibility of recruiting qualified candidates anywhere within the existing salary range after consideration of factors listed below. Department Heads may make a written request to hire a new employee above the minimum of the pay grade. The County may exercise the flexibility of recruiting suitable candidates anywhere within the existing pay range, after review and approval by HRD and approval from the County Administrator. The written request must include specific justification and document that the Department Head has done an analysis on each similar position in the department. A hiring rate that is market competitive for the position may be approved if any or all of the following conditions are documented in the request and adequate funding is available in the department's budget:
 - 2.2.1. The scarcity of well-qualified individuals makes it difficult to hire a well-qualified candidate at a lesser pay rate.

 - 2.2.2. The best-qualified candidates are already earning above the entry point or midpoint.

 - 2.2.3. The level of relevant experience, education and accomplishments of a candidate is equal to or exceeds that of current employees in the same position.

 - 2.3. As a general rule, the County will consider a two and one-half (2.5) percent increase above the minimum of the pay grade for each year of education or experience which exceeds the minimum requirements for the position.

 - 2.4. Employees are not authorized to work and Department Heads may not permit new employees to begin work until receiving notification of approval of the pay rate by the County Administrator.

 - 2.5. HRD may establish experience-rating guidelines for certain positions where experience levels clearly determine competitive wage levels. HRD will define those guidelines in the Compensation and Classification Plan. Hiring rates for these experience-oriented positions will be in accordance with the established guidelines.

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2.6. HRD may approve hiring rates that are less than the minimum rate for the position, if the best available candidate does not meet the minimum qualifications for the position. An employee's rate of pay will be advanced to the minimum as soon as possible after the employee has attained the minimum qualifications.

3. Promotions

3.1. Generally, only employees who have successfully completed their new hire probationary period are considered for promotion.

3.2. Promotional increases in pay are granted as of the first full pay period after the notification to HRD and the effective date the employee is required to perform the duties and responsibilities of the new job and should be planned to coincide with the start of a pay period.

3.3. Department Heads and Supervisors should anticipate vacancies and encourage employees to assume greater responsibility. When it mutually benefits the County and the employee, efforts will be made to promote or transfer qualified employees from within the County system. If a suitable candidate for a position is found within the County, then the County Administrator has the authority to promote such person without the necessity of outside public advertising.

3.4. A promotion is not normally justified until an opening occurs

3.5. Promotions normally occur as a result of competitive selection and/or examination. Recommendation should be made by the Department Head and must have approval of the County Administrator.

3.6. Promotional opportunities due to a job vacancy should be publicized to County employees including pertinent information about the job and job qualifications.

3.7. A County employee who is requested to interview for a promotion by a Department Head and/or Supervisor will be given time off from his/her job duties (with pay) for this purpose.

3.8. If a suitable employee is selected for a new job in a different department s/he should ordinarily be released by the home department to the hiring department within two (2) weeks of the date of his/her selection and written notification to the home Department Head. Upon mutual agreement of both affected Department Heads, the period may exceed 2 weeks. Disputes over the timing of an employee's release to another department should be referred to HRD.

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3.9. An employee who applies for a new position and is not selected will be notified of the decision by letter from HRD and may also be contacted by the hiring department.

3.10. Promotional increases are based upon the pay rate of the employee's current job with respect to the pay grade of the new job and generally are the greater of five percent (5%) to fifteen percent (15%) or the minimum of the new pay grade, provided that the increase cannot exceed the maximum of the new pay grade.

3.11. Department Heads may require promoted employees to serve a promotional probationary period on his/her new job of not more than three (3) months at his/her former salary. The Department Head must inform the employee and HRD in writing if the employee will have to serve a new probationary period. Upon completion of the probationary period, a Performance Appraisal must be completed. If the performance appraisal rating is "Fully Proficient" or above at the end of the probationary period, the employee will receive a promotional pay increase at that time.

3.12. If the Department Head concludes at any time during the promotion probation period that the newly promoted employee is not well suited for his new position, the employee may be removed from that position. If there is a vacancy in his former position which is to be filled, he may be returned to it. If there is no such vacancy, he may be considered for the filling of other vacancies for which he is qualified. If no other position is found for him, the employee may be terminated. This action does not prohibit an employee from applying for future vacancies with the County.

4. Demotions

4.1. Employees who fail to meet the job performance requirements of their position, or otherwise fail to perform their duties, may be demoted to a position with a lower level of responsibility and pay grade.

4.2. Employees may also request a voluntary demotion.

4.3. If a Department Head concludes that an employee's job performance in his/her present position is below "Fully Proficient", the Department Head may recommend in writing to HRD and to the County Administrator that the employee be demoted. The Department Head should include the employee's most recent performance appraisal and any relevant job performance documentation.

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- 4.4. If the County Administrator concludes that an employee's job performance in his/her present position is less than "Fully Proficient", the employee may be demoted.
- 4.5. Employees may appeal a demotion in accordance with the County grievance process.
- 4.6. A demoted employee generally receives a reduction in pay. Pay generally is reduced to the same level in the new grade as in the former grade or to a rate that is commensurate with similarly situated employees in the same position, not to exceed the maximum of the new grade.
- 4.7. Employees must be provided seven (7) days written notice prior to the effective date of any reduction in pay due to a demotion or otherwise.
- 4.8. A pay reduction shall normally become effective the first full pay period after the date the employee is required to perform the duties and responsibilities of the new position and should be planned to coincide with the start of a pay period, provided the employee has been give proper written notice.
- 4.9. Employees demoted to a lower level position shall serve a six (6) month probationary period after which time a Performance Appraisal must be completed by the Department Head and submitted to HRD.
- 4.10. The employee is not eligible for a pay increase for successfully completing demotion probationary periods.
5. Transfers
 - 5.1. In order to meet organizational objectives, the County may find it necessary or advisable to reassign or transfer employees. An employee may also request a transfer to another job or department with the same pay grade. These transfers are considered lateral moves, and there should be no change in the employee's pay.
 - 5.2. Transfers that are considered temporary in nature (less than six (6) months) are defined as reassignments. Employees may receive an increase in pay due to a reassignment (see Compensation Plan) if the employee is performing two jobs and/or maintaining additional responsibilities.
6. Reclassifications – See Reclassification Procedure.
7. Administrative Adjustments

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- 7.1. In order to correct an administrative oversight and when it is deemed to be in the best interest of the County the Director of Human Resources or the County Administrator may approve a corrective adjustment to an employee's rate of pay.

RESPONSIBILITIES:

1. Employee

- 1.1. Sign Wage Notification Form regarding pay decrease, if applicable.

2. Supervisor / Department Head

- 2.1. Complete PAF for any change in status or pay and forward the form to HRD at least ten (10) work days prior to effective date.
- 2.2. Complete the Performance Appraisal at the end of the probationary period and send to HRD with PAF indicating that probation has been or has not been successfully completed.
- 2.3. Not permit any new employee to perform any County work prior to receiving proper authorization from HRD.
- 2.4. Provide written notice, or ensure it is provided, to employees about pay decreases in compliance with the law.

3. Human Resources Department

- 3.1. Provide or verify written notice to employees (using a Wage Notification Form) about pay decreases, at least seven (7) days before the effective date.

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Richland County Council Request of Action

Subject

Verizon Wireless Request to Add Antennas to Leased Space **[PAGES 17-23]**

Reviews

Richland County Council Request of Action

Subject: Verizon Wireless Request to Add Antennas to Leased Space

A. Purpose

County Council is requested to approve a contract amendment between Richland County and Verizon Wireless to allow equipment upgrades within the Verizon leased space on the Judicial Center roof.

B. Background / Discussion

The County initially approved the lease of 400 sq. ft. of space to Verizon Wireless in the 4th floor mechanical room within the Judicial Center for equipment to support three groups of rooftop antennas on June 16, 2000, for the annual sum of \$9,000. Based on the requirements of the 2000 agreement Verizon must submit a written request to perform improvements to the equipment located at this site. Their method for complying with this requirement is to submit via amendment.

In June 2004 Verizon submitted amendment #1 requesting to add operational and support equipment within their existing leased space. During this process the annual lease was increased to \$15,000 with a 3% increase implemented annually on July 1st that began July 1, 2005. A dedicated electrical supply was also created and meter installed to monitor the power consumption of the Verizon equipment allowing for accurate reimbursement to the County for actual electricity consumed by Verizon in addition to the annual lease.

Verizon has now submitted amendment #2 requesting to allow the addition of three antennas to the Judicial Center rooftop to be located on *existing antenna mounts*. The space and capacity is available on the existing antenna mounts due to the technology improvements allowing for a reduction of approximately 50% of the existing antennas from the existing antenna mounts during the 2004 improvements. There will be no physical changes made to the facility or existing Verizon equipment beyond adding three antennas to existing mounts maintained by Verizon.

Facilities and Grounds Division personnel reviewed the drawings and technical information provided for the hardware in amendment #2 and determined there are no concerns with placing the antennas on the existing mounts. We also asked IT to review the technical specifications of the new antennas to be sure there would be no concerns that the frequencies or operating perimeters would affect the county's equipment. IT noted they found no interference concerns, therefore they noted no concerns with allowing the antenna additions.

Verizon will conduct all work necessary and estimates that it will take less than one day to install the new antennas.

C. Financial Impact

There will be no financial impact to the County for approving Verizon's request

Administration

Reviewed by: Tony McDonald

Date: 7/25

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation: Recommend approval of the proposed amendment to the Verizon lease agreement.

**SECOND AMENDMENT TO BUILDING AND ROOFTOP
LEASE AGREEMENT**

THIS SECOND AMENDMENT TO BUILDING AND ROOFTOP LEASE AGREEMENT (the "Amendment") is entered into this ____ day of _____, 2012, ("Effective Date") by and between **Richland County**, a body politic ("Lessor") and **Cellco Partnership d/b/a Verizon Wireless** ("Lessee"). Lessor and Lessee are at times collectively referred to hereinafter as the "Parties" or individually as the "Party."

RECITALS:

WHEREAS, Lessor and Columbia Cellular Telephone Company, Lessee's predecessor in interest, entered into that certain Building and Rooftop Lease Agreement dated June 29, 2000, as amended by that certain First Amendment to Building and Rooftop Lease Agreement dated June 25, 2004 (as amended, the "Agreement"), pursuant to which Lessee leases from Lessor 400 square feet on the fourth floor and certain space on the building rooftop located at 1701 Main Street, Columbia, Richland County, South Carolina 29201 ("the Property"); and

WHEREAS, the Parties desire to amend the Agreement to, among other things, allow Lessee to modify Lessee's rooftop equipment.

NOW THEREFORE, in consideration of the premises and the mutual undertakings herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Lessor hereby permits Lessee to install three (3) additional Antel BXA-70040-SCF-2 antennas on the existing rooftop antenna mounts. The final configuration of Lessee's permitted rooftop mounted equipment is listed on **Exhibit A** attached hereto.
2. There is no rent increase associated with this Amendment.
3. Any capitalized term used, but not defined, in this Amendment is deemed to have the meaning ascribed to that term in the Agreement. In the event of any conflict between the terms and provisions of the Agreement and those of this Amendment, the terms and provisions of this Amendment shall control. Except as specifically modified by this Amendment, all of the terms and conditions of the Agreement shall remain in full force and effect.

Lessee Site Name/No: Assembly Street/20673

4. Lessor and Lessee each hereby warrant to the other that the person (or persons) executing this Amendment on behalf of the warranting Party has the full right, power and authority to enter into and execute this Amendment on that Party's behalf and that no consent from any other person or entity is necessary as a condition precedent to the legal effect of this Amendment.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Amendment effective as of the day and year first above written.

LESSOR:

Richland County

By: _____

Name: _____

Title: _____

Date: _____

LESSEE:

Cellco Partnership

d/b/a Verizon Wireless

By: _____

Hans F. Leutenegger

Area Vice President Network

Date: _____

Lessee Site Name/No: Assembly Street/20673

EXHIBIT A

Final Configuration of Lessee's Rooftop Mounted Equipment

Number of Antennas: Six (6) Antel BXA-70040-SCF-2 antennas
Six (6) panel antennas (in reserve)

Coax Number/Size: Twelve (12) 1-5/8"

8520594.1

3

Item# 3

Richland County Council Request of Action

Subject

Sheriff Department Grant Position Pick-Up Request [PAGES 25-30]

Reviews

1. Richland County Council Request of Action

Subject: Approve for a Sheriff's Department Grant Position Pick-up Request

A. Purpose

County Council is being requested to transfer one FTE position from grant funds to the Sheriff's Department budget:

- Detention Case Manager (Grant 8658)

B. Background / Discussion

The Richland County Sheriff's Department received the Alternatives to Detention grant from the South Carolina Department of Public Safety in October 2009 and has received continuation funding for the following two years, which is the maximum allowable funding period under this program.

The purpose of this project was to reduce the number of juveniles securely detained in the Richland County Juvenile Detention Center. This project has been successful in keeping 213 juveniles from being securely detained. These juveniles, charged with non-violent offenses only, remain at home and receive needed services as part of a streamlined process led by the Detention Case Manager. It is important to note that keeping these juveniles out of the detention center has saved Richland County approximately \$25,560 as it costs \$60 a day to house a juvenile and the average length of stay is 48 hours. This program has also led to an enhanced relationship between the Department of Juvenile Justice, the Fifth Circuit Solicitor's Office and the Family Court judges.

This project was the subject of an article written in *The State* detailing the success of the program and the impact it has had on the Richland County juvenile justice system. A copy is attached.

C. Financial Impact

The County is requested to fund \$44,500 needed to fund the Detention Case Manager position for the remainder of FY13 (October 2012 through June 30, 2013). Estimated salary and fringe benefits for FY14 would be \$58,175.

| Grant Program | Grant Amount | Match |
|--|----------------|-----------|
| Detention Case Manager position (Salary & Fringe October 2012-June 2013) | \$44,500 | \$0 |
| <hr/> Total Grant Budget Request | <hr/> \$44,500 | <hr/> \$0 |

D. Alternatives

1. Approve the request to fund the position from the Alternatives to Detention grant (8658) to Sheriff's Department funds.

Item# 4

2. Do not approve and the Department may be forced to eliminate this mission-critical position.

E. Recommendation

It is recommended that Council approve the request to transfer the grant positions to the Sheriff's Department Budget.

Recommended by: Deputy Chief Steve Birnie Dept: Sheriff's Department Date: 7/5/12

F. Reviews

(Please ***SIGN*** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers Date: 7/17/12
 Recommend Council approval Recommend Council denial
✓ Council Discretion (please explain if checked)
Comments regarding recommendation:

This is a funding request for Council discretion. No funding source is identified therefore approval would require the identification of funding source and a budge amendment.

Detention Center

Reviewed by: Ronaldo Myers Date: 07/18/2012
✓ Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation:

Human Resources

Reviewed by: Dwight Hanna Date:
 Recommend Council approval Recommend Council denial
☑ Council Discretion (please explain if checked)
Comments regarding recommendation:

Human Resources has no background knowledge of this item until receiving this ROA.

Grants

Reviewed by: Sara Salley Date: 7/18/12
 Recommend Council approval Recommend Council denial
☑ Council Discretion (please explain if checked)
Comments regarding recommendation:

Funding this position is up to Council's discretion. The department renewed this grant as many times as they were allowed by the granting agency (3 years). The grant funding for this position will end on 9/30/12.

LegalReviewed by: Elizabeth McLean

Date: 7/19/12

 Recommend Council approval Recommend Council denial Council Discretion (please explain if checked)

Comments regarding recommendation:

Policy decision left to Council's discretion.

AdministrationReviewed by: Sparty Hammett

Date: 7/25/12

 Recommend Council approval Recommend Council denial Council Discretion (please explain if checked)

Comments regarding recommendation: This is a Council policy decision. As indicated by the Finance Director, no funding source is identified therefore approval would require the identification of a funding source and a budget amendment.



[Back](#)

Monday, Dec 12, 2011

Posted on Sat, Dec. 10, 2011

Keeping troubled kids out of jail

Richland sheriff's investigator goes above and beyond to keep troubled juveniles out of jail

By NOELLE PHILLIPS
nophilips@thestate.com

Richland County sheriff's investigator Cassie Radford once chased down a 16-year-old marijuana user when he hit a door and stormed out of a counseling session.

"I didn't like the way he hit the door," Radford said. "I wanted to know what was going on in his head. I wasn't going to let him go out like that. By God, I was going to save him."

The boy, now a senior at A.C. Flora High School, remembers the day he turned around to find the deputy running behind him. She not only asked what was wrong but actually listened to what he had to say.

"Everything she said was meaningful," said the youth, whose identity is not being revealed because he is a juvenile. "I can accept real."

Thanks to Radford's effort, the teenager will graduate Monday from juvenile drug court, an intervention program aimed at keeping teens out of jail by treating their addictions. He also is on schedule to graduate from high school in the spring and head to college or the military.

Radford, a six-year Sheriff's Department veteran, is working under a federal grant designed to find ways to keep juvenile offenders from being put behind bars. The grant, in its third year, ends Sept. 30. But Richland County prosecutors and judges hope Sheriff Leon Lott finds a way to keep Radford in her position.

Kendall Corley, the juvenile prosecutor in the 5th Circuit Solicitor's Office, said Radford's one-on-one insight into children's lives is invaluable when it comes to deciding an appropriate punishment.

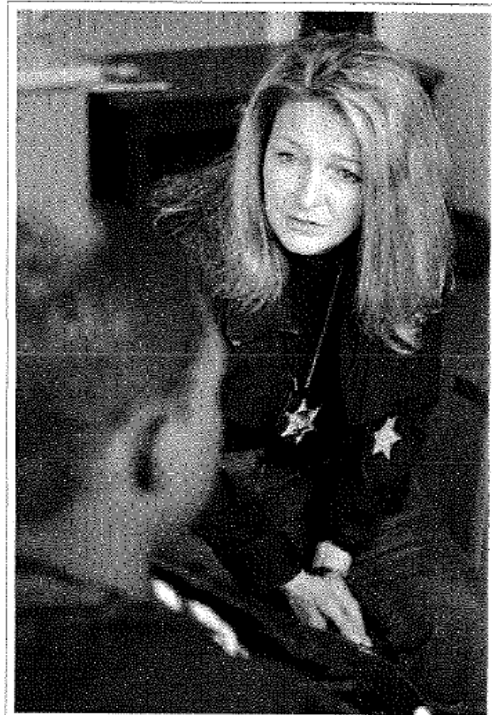
"What Cassie is good at is getting to the kids on the front end," Corley said. "She knows the services they need more than I would by looking at a file."

Been there

Radford's colleagues are amazed that a 38-year-old woman from the rural Pee Dee connects with the teens she encounters.

It's because Radford's teenage years were hard, too.

When she was 15, her father, Highway Patrol Trooper 1st Class George Radford, was killed in the line of duty



- Kim Kim Foster-Tobin /kkfoster@thestate.com

while transporting a man to jail for driving with a suspended license.

Trooper Radford was shot twice and beaten. The suspect, Warren Manning, was tried five times but eventually was acquitted of the murder charge.

It was tough to take.

Radford's first career was as a kindergarten teacher. She left the work force after having a child. But when it was time to go back to work she wanted to be a cop. She asked her stepmother what she thought of the idea.

"She said, 'I don't know what took you so long,'" Radford said.

Radford was a deputy with the Marion County Sheriff's Department when she met Lott in May 2005.

Richland County Sheriff's Deputy Keith Cannon had been killed in a car wreck while on duty. His mother lived in Marion County, and Lott reached out to the sheriff there to help break the news of his death. The Marion County sheriff asked Radford to accompany Lott and him to the Cannon family home.

There, Radford heard children coming into the room to see why the sheriffs were there. She immediately went to them, figuring she had been in their shoes. Lott was impressed with what he saw and offered her a job – with the Marion County sheriff's blessing.

As a juvenile crime investigator, Radford said she doesn't allow teens to use a troubled home as an excuse for bad behavior.

"I wasn't born with a silver spoon, and what I have is what I've made of myself," Radford said. "I was told as a teen that I was white trash and I would be on the streets. Well, I am white. But I'm not trash. I'm on the streets, but I'm making a difference."

Lott said he recognized the compassion she has for young people the night she helped break the bad news to a fallen officer's family.

"That's what gives her that little bit extra of what she's got," Lott said. "She's an example of how you can succeed and not let it destroy you."

Whatever it takes

In her work with juveniles, success means helping teens straighten up and avoid jail.

"We need to direct them out of the system as best we can and keep them from getting a master's degree on how to be a criminal when they go to (the Department of Juvenile Justice)," Lott said. "That's not a criticism of DJJ. It's just the situation, with the lack of resources. ... We all know we lose most of them once they reach that point in the system."

Financial savings are another benefit, said Traci Dove, the Sheriff's Department's grant coordinator. It costs the county \$60 a day to house juveniles at the county's Alvin S. Glenn Detention Center, she said.

This year, the department was awarded \$82,863 through the federal grant, which pays for Radford's salary, cellphone, supplies and an outside evaluation of her work.

When a deputy encounters a juvenile, he contacts Radford, who makes recommendations on how to charge the child and what other possible punishments and resources are available.

While Radford has a lot of leeway to make decisions about the juveniles, the grant's rules require any child charged with a violent crime to be incarcerated. And some nonviolent offenders do not qualify for a diversion program because they are charged with felonies or have prior records.

In the program's second year, Radford dealt with 103 juvenile cases, with 97 qualifying to participate in the grant program. Of the 97, 90 percent of them were black males, and 88 percent were from 14 to 16 years old.

On a recent Thursday afternoon, Radford met with one of her teens and his father at A.C. Flora.

The boy, 15, was with a group of other teens earlier this year who were caught with marijuana, pipes and K2, a now-illegal synthetic drug, in a field behind a school. The police chased the boys and caught them hiding in the dugouts at Satchel Ford Elementary School. Radford was called to the scene.

She was familiar with the 15-year-old because Deputy David Adams, Flora's school resource officer, had

introduced her to him and his parents. The boy had been headed in the wrong direction for some time, and the parents were desperate for help. She thought he was a candidate for her program.

She chose not to cite him with drug charges.

"There's no need to stack charges when we're working to fix the issue," she said.

Sometimes, fellow deputies object to Radford's decisions to drop potential charges against teens.

"They want to lock them up, but deep down inside I don't think locking them up is best option for the kids," she said.

Radford has Lott's support in those decisions. "It's part of the education of our deputies to look at the big picture," Lott said.

In the case of the 15-year-old, he was taken to juvenile court on a truancy charge and sent to an evaluation center for 30 days. Now, Radford is working to get the teen enrolled in a drug court diversion program.

The boy said he was skeptical of Radford at first.

"It's tough to figure out that people who you think are your enemies are really your friends," the boy said.

He realized Radford was an advocate who could keep him from ending up at DJJ. Now, he listens to her, the boy's father said.

Since Radford has been involved with the boy, he has quit smoking pot and drinking alcohol, his father said. The family has caught him skipping school, but Radford has been there to talk tough to him when it happens.

"Luckily, Radford caught him," the father said, "because he was right on the cusp of drinking every day and using drugs every day. If we had gone another six weeks, we'd have had someone in our family who was doped up pretty much all day."

The 15-year-old's story isn't finished. He must face his punishment and stay out of trouble. But the one guarantee is that Radford will be watching.

"When my kids don't make it, I take it personally," she said. "Not every story is a success story, but God knows I try."

Reach Phillips at (803) 771-8307.

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Richland County Council Request of Action

Subject

Sheriff Department Request for Salary Fringe Funds **[PAGES 31-33]**

Reviews

Richland County Council Request of Action

Subject: Richland County Sheriff's Department Request for Salary Fringe Funds

A. Purpose

The Richland County Sheriff's Department is requesting Richland County Council approval for the fringe costs associated with the \$1.7 million department salary increase approved in the FY13 budget effective July 1, 2012.

B. Background / Discussion

Richland County Council approved an increase in salary for the Sheriff's Department in the amount of \$1,700,000 effective July 1, 2012. Fringe benefits are calculated at a rate of 17%. The Sheriff's Department is requesting funding in the amount of \$289,000 to cover the projected cost associated with fringe benefits.

C. Financial Impact

The fiscal impact to the County General Fund is projected at \$289,000.

D. Alternatives

1. Approve the request to fund the fringe benefits at the stated amount to allow the Sheriff's Department to fully utilize the \$1,700,000 to fund the increased salary portion for law enforcement staff and continue to place the department in a position to recruit and retain staff.
2. Do not approve: RCSD will require a downward adjustment to the salary increase portion approved by County Council.

E. Recommendation

It is recommended that Council approve the request for the associated fringe to allow the department to continue to work toward competitive market salaries.

| | | |
|----------------------------------|---|----------------------|
| Recommended by: | Department: | Date: |
| <i>Deputy Chief Steve Birnie</i> | <i>Richland County Sheriff's Department</i> | <i>June 21, 2012</i> |

F. Reviews

(Please **SIGN** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

FinanceReviewed by: Daniel Driggers

Date: 6/29/12

 Recommend Council approval Recommend Council denial

✓ Council discretion

Comments regarding recommendation:

During the FY13 budget discussions, Council approved an increase of \$1.7m to be used for the Sheriff restructuring and reclassification plan. However the department's recommendation did not consider the increase cost due to the employer portion of FICA and retirement contribution which is estimated to be approximately \$289,000. The request is to cover this additional cost.

Approval of the request would require a budget amendment and a funding source would need to be identified. Since the personnel increases would be considered recurring costs if fund balance is utilized and it is considered a one-time revenue source, Council would need to identify a recurring funding source for future years during the FY14 budget.

Human ResourcesReviewed by: Dwight Hanna

Date:

 Recommend Council approval Recommend Council denial

✓ Council discretion

Comments regarding recommendation:

LegalReviewed by: Elizabeth McLean

Date: 7/10/12

 Recommend Council approval Recommend Council denial

Comments regarding recommendation: Policy decision left to Council's discretion.

AdministrationReviewed by: Sparty Hammett

Date: 7/25/12

✓ Recommend Council approval

 Recommend Council denial

Comments regarding recommendation: As indicated by the Finance Director, Council approval of the request would require a budget amendment and identification of a funding source. Since the personnel increases would be recurring costs, funding for future years would need to be addressed during the FY14 budget process.

Richland County Council Request of Action

Subject

Airport Improvement Grant [**PAGES 35-37**]

Reviews

Richland County Council Request of Action

Subject: Airport Improvement Program (AIP) Grant

A. Purpose

To seek approval from Richland County Council to authorize the County Administrator to accept an annual Federal Aviation Administration (FAA) Airport Improvement Program (AIP) Grant for the Jim Hamilton – LB Owens Airport (CUB).

B. Background / Discussion

Each summer, as the Federal Fiscal Year comes to an end, the Federal Aviation Administration (FAA) issues their annual Airport Improvement Program (AIP) grants for airport development projects. This year, there are somewhat unusual circumstances which will affect the final amount and coordination of the grant and its acceptance. These are:

- An ongoing transition of airport consultant from the LPA Group to WK Dickson;
- A late completion of the two necessary property appraisals prior to a 5.71 acre land purchase which will be funded by this grant;
- The lack of participation by the SC Aeronautics Commission in property acquisition projects, with is one of our project elements; and
- A change in the funding level required by the local airport sponsor from 2.5% to 5.0% with the passage of the current FAA Reauthorization bill which occurred subsequent to submission of County Department budget requests.

The FAA AIP Grant will probably be offered in early August, during the County Council's legislative break. A delay in acceptance of the grant until September will likely jeopardize the FAA staff's willingness to offer the grant.

C. Financial Impact

The exact, final project cost is not yet known, but it is estimated to be approximately \$504,000. With the new funding distribution requirement (90% FAA, 5% SCAC, and 5% RC) and the property acquisition project element, the local funding requirement is estimated to be approximately \$34,000. This exceeds the amount included in the FY-13 airport budget. However, the shortfall can be made up with capital funds available for carry over from the FY-12 airport budget or other capital funds in the FY-13 airport budget.

No additional funds will need to be appropriated in order to meet the local grant matching fund requirements.

D. Alternatives

The alternatives available to County Council follow:

1. Approve the request to authorize the County Administrator to accept the pending FAA AIP Grant.
2. Do not approve the request to authorize the County Administrator to accept the pending FAA AIP Grant.

E. Recommendation

It is recommended that Council approve the request to authorize the County Administrator to accept the pending FAA AIP Grant.

| | | |
|----------------------------------|-------------|---------------|
| Recommended by: | Department: | Date: |
| Christopher S. Eversmann, PE, CM | Airport | July 17, 2012 |

F. Reviews

(Please **SIGN** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

| | |
|-------------------------------------|---|
| Reviewed by: <u>Daniel Driggers</u> | Date: 7/24/12 |
| ✓ Recommend Council approval | <input type="checkbox"/> Recommend Council denial |
| Comments regarding recommendation: | |

Request is to amend the grant approval based on an additional \$10,000 match requirement. Recommendation is approval but would require the identification of a funding source. Based on section c and discussions with the Airport Manager about options to cover the shortfall it appears that:

- (option one) to carry-forward FY12 funds would be inconsistent with the County carry-forward policy
- (option two) to redirect FY13 capital dollars would be appropriate and is within the Airport Manager budget authority but would reduce the funds appropriated for facility improvements
- (option three) not listed in section c would be to increase to subsidy from the general operating fund

Procurement

| | |
|--|---|
| Reviewed by: Christy Swofford | Date: |
| <input checked="" type="checkbox"/> Recommend Council approval | <input type="checkbox"/> Recommend Council denial |
| Comments regarding recommendation: | |

Grants

| | |
|---------------------------------|---------------|
| Reviewed by: <u>Sara Salley</u> | Date: 7/26/12 |
|---------------------------------|---------------|

✓ Recommend Council approval

Recommend Council denial

Comments regarding recommendation:

Legal

Reviewed by: Elizabeth McLean

Date: 7/26/12

Recommend Council approval

Recommend Council denial

Comments regarding recommendation: Policy decision left to Council's discretion.

Administration

Reviewed by: Tony McDonald

Date: 7/26/12

✓ Recommend Council approval

Recommend Council denial

Comments regarding recommendation: Recommend approval, with the additional funding to be provided under the Finance Director's "option two" above, i.e., to redirect FY13 capital funds.

Richland County Council Request of Action

Subject

Additional Personnel for Blythewood Magistrate [**PAGES 39-40**]

Reviews

Richland County Council Request of Action

Subject: Request for Budget Amendment for FY '12-'13 Budget-Additional personnel-One Summary Court Law Clerk and associated non-capital-Blythewood Magistrate

A. Purpose

Council is requested to approve a budget amendment to add an additional \$34,004.00 to the Blythewood Magistrate's budget to cover personnel costs and associated non-capital.

B. Background / Discussion

The 2010 Census information and the 2009-2010 SC State Treasurer's Accommodations and Revenue Distribution information created changes in the maximum number of magistrates in Richland County with an increase of 2.25. Additionally, Magistrate jury lines were redrawn effective June 7, 2012, creating a new Blythewood jury area. For FY 12-13, County Council approved creation and support for the new Blythewood Magistrate office to include one full time Magistrate and one Deputy Summary Court Law Clerk (office manager). In order to properly staff the Blythewood Magistrate district office during all operational hours and to properly process all incoming cases and serve all citizens, it is necessary to staff the office with two full-time employees.

C. Financial Impact

The projected cost for the Blythewood Magistrate includes the following:

- Summary Court Law Clerk – full year salary and benefits of \$30,444.00
- Non-capital- \$3560.00—Breakdown: one computer (\$1060.00), one printer (\$400.00), one desk (1500.00), one secretarial chair (\$200.00), one Cisco phone (\$400.00)

Grand total: 34,004.00

D. Alternatives

Approve the request for budget amendment to provide funds to enable the Blythewood Magistrate to offer complete and adequate service to the citizens and other customers of Richland County.

Do not approve. If the request is not approved, the Blythewood Magistrate office may be unable to keep the office open in the event that the Magistrate is presiding over another Court or on leave and the Office Manager is on leave or at lunch. Additionally, each district magistrate is required to provide his/her own clerk when presiding over jury trials at the Central Court. If not approved, there will be no back up personnel to comply with necessary Supreme Court required work hours and lack of personnel may impede preparation of reports as required. Lack of staff may impede the flow of the Central Court jury trials.

E. Recommendation

It is recommended that Council approve the request for a budget amendment to the Blythewood Magistrate's '12-'13.

Recommended by: Donald J. Simons, Chief Magistrate Department: Blythewood Magistrate
Date: July 4, 2012

F. Reviews

(Please ***SIGN*** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers Date: 7/17/12
✓ Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation:

Approval would require identification of a funding source and a budget amendment.

Human Resources

Reviewed by: Dwight Hanna Date:
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation:

Procurement

Reviewed by: Rodolfo Callwood Date: 7/19/12
✓ Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation:

Legal

Reviewed by: Elizabeth McLean Date: 7/19/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation:

Administration

Reviewed by: Sparty Hammett Date: 7/19/12
✓ Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation: Recommend approval of the addition of a
Summary Court Law Clerk position and associated capital costs to staff the Blythewood
Magistrate's Office.

Richland County Council Request of Action

Subject

Agreement with Phoenix University **[PAGES 42-108]**

Reviews

Richland County Council Request of Action

Subject: University of Phoenix Alliance Memorandum of Understanding

A. Purpose

"University of Phoenix is requesting County Council consider entering into an Alliance Memorandum of Understanding".

B. Background / Discussion

- Administration requested HRD work with University of Phoenix to develop a proposal for the County to consider.
- A representative from University of Phoenix informed HRD he has talked with several Council Members and the former County Administrator and interest was expressed in the County considering an agreement with University of Phoenix.

See attached documentation. University of Phoenix is requesting a partnership alliance with Richland County whereby the County would market University of Phoenix to County employees and employees in return would receive a 4% discount on tuition.

Please reference the attached news articles relating to University of Phoenix:

- "University of Phoenix Owner Faces Federal Review"
- "For Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices"
- "For Profit College Misconduct Complaints Under Investigation"
- "University of Phoenix, ITT Tech: Scams that Leave you "Dumber and Poorer"
- "Private University Company Under Investigation for Deceiving Students"
- "For Profit Colleges Mislead Students, Report Finds"
- "More Lawsuits Target for Profit Colleges"
- "For Profit Colleges Under Fire Over Value, Accreditation"

HRD has provided these articles to a representative with the University of Phoenix.

HRD met with two representatives from the University of Phoenix to discuss these articles and other matters

HRD offered a representative from the University of Phoenix the opportunity to provide input for Council's consideration of the ROA, which he has done (see attached).

C. Financial Impact

No direct cost to the County.

Employee cost/savings: According to University of Phoenix, the average cost savings per employee per \$1200 course would be about \$50. Over the course of a four-year degree program (at a cost of around \$50,000, the savings would be \$2000).

Note: USC estimated average yearly tuition = \$10,000.00.

Midlands Technical College estimated average yearly tuition = \$2,000.

D. Alternatives

Item# 8

1. Approve the Alliance Memorandum of Understanding proposal
2. Do not approve the Alliance Memorandum of Understanding proposal
3. Modify or amend the Alliance Memorandum of Understanding proposal.

E. Recommendation

HRD Worked with the University of Phoenix to provide information needed for the University of Phoenix to develop the Alliance Memorandum of Understanding at the direction of Administration.

Recommended by: Department: Date:

F. Reviews

(Please **SIGN** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers Date: 7/23/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
 Comments regarding recommendation:

This is a policy decision for Council.

Human Resources

Reviewed by: Dwight Hanna Date:
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
 Comments regarding recommendation: This is a policy decision for County Council.

Legal

Reviewed by: Elizabeth McLean Date: 7/25/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
 Comments regarding recommendation: Policy decision left to Council’s discretion; however, I would suggest changes to the Agreement including adding indemnification language and amending the choice of law section to state that the MOU will be governed by the laws of South Carolina.

Administration

Reviewed by: Tony McDonald Date: 7/27/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
 Comments regarding recommendation: While there would be an apparent benefit to the County’s employees, i.e., 4 percent reduction in tuition, if the County pursues the agreement with Phoenix, I would caution that entering such an agreement could set a precedent for other educational institutions that may want similar agreements, which

could become unmanageable with respect to the County meeting its obligations under the agreement terms.

Alliance Memorandum of Understanding

This Alliance Memorandum of Understanding ("MOU") is between University of Phoenix, Inc. ("University") with its principal place of business at 4025 South Riverpoint Parkway, Phoenix, Arizona 85040 and Richland County Administration and its affiliates, ("Client") with its principal place of business located at 2020 Hampton Street, Columbia, South Carolina 29204.

Benefits Offered by University:

1. The University will provide a four percent (4%) tuition reduction to the Client's employees who meet the University's admission standards. This applies to any University program, including certificate programs, and single courses, including professional development courses. After the effective date of this MOU and after the date the student identifies as an employee of Client, reduced tuition will apply to the then current rates at the time the student enrolls in a course. All students are subject to the University's student policies.
2. The University will provide a link to a University website to assist employees with enrollment.
3. The University will provide information to be used, subject to Client's policies and discretion, to support the Client's internal promotion of continuing education.

Client Contributions:

1. Subject to the Client's policies and discretion, the Client will work with the University to communicate the benefits of this MOU and the many educational opportunities available at the University.

General Terms and Conditions:

1. This MOU becomes effective on the date both parties have signed the MOU. Either party may terminate this MOU upon thirty (30) days prior written notice. If the University believes that the MOU might violate any law or regulation, adversely affect its accreditation, or any license or exemption issued by a Federal or State educational board or commission, the University may terminate the MOU immediately upon written notice to the Client.
2. Students who are currently enrolled prior to the date of termination will continue to receive the tuition reduction as more fully described herein under the terms of this Agreement for the program or course of study that the student is currently enrolled in, provided the student does not take a break in attendance for more than one year. If an employee is out of attendance for more than one year, the employee will no longer be eligible for the reductions provided for herein.
3. The University may use Client's name verbally for reference purposes only. Subject to prior written approval, the Client grants University a limited, non-exclusive right to use Client's name and logo in writing solely for purposes of fulfilling University's obligation pursuant to this MOU and making the courses and course materials available to Client's employees.
4. Each party acknowledges that the relationship with the other is that of an independent contractor.
5. Each party agrees to abide by all applicable Federal and State Laws. This MOU shall be governed by and construed in accordance with the Laws of the State of Arizona. Jurisdiction for any claim, dispute, or lawsuit shall be Maricopa County, Arizona.
6. This MOU does not create any rights, title, or interest for any entity other than the University and the Client.
7. With the exception of either party's compliance with a request pursuant to public records laws and facilitation of receipt or provision of the services herein, both parties agree that they will not disclose the terms of this MOU to any unrelated third party's without the other party's prior written consent.

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RICHLAND COUNTY ADMINISTRATION

UNIVERSITY OF PHOENIX, INC.

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William Pepicello, Ph.D.
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President
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Univ. of Phoenix owner faces federal review

The Associated Press

Updated 6/27/2012 2:06 PM

Recommend 13

8

1



The U.S. Department of Education plans to review two years of paperwork filed by for-profit education company Apollo Group to ensure it complied with federal student financial aid rules at its University of Phoenix chain.

Apollo (APOL) disclosed in a filing with the U.S. Securities and Exchange Commission on Wednesday that Education Department found that the University of Phoenix had previously misreported the status codes for its verification of student-supplied information. The university has to verify information and report it to the department in order to participate in federal student financial aid programs.

Scott Olson, Getty Images
Military veterans at a job fair at the University of Phoenix on June 21, 2012, in Schaumburg, Ill.

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Breakout Healthcare Stock
GRST: Special report on cash flow positive healthcare investment.
www.investinhealthcare.com

Gemstone Jewelry
Gold, Silver & Platinum Fine Jewelry. Design Online - Free S/H
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New Policy in South Carolina
2012 - Drivers w/ no DLs are eligible for up to 65% off car insurance...
SnadGuideWeekly.com

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The U.S. Department of Education plans to review the school's reporting during the 2010-2011 award period, as well as 2011-2012 to date. The review will begin July 16.

"We are fully committed to complying with every regulation the Department of Education has," Apollo spokesman Alex Clark said Wednesday.

A representative for the U.S. Department of Education was not immediately available to discuss the matter.

The news comes amid a broader crackdown on for-profit colleges to ensure students of these career programs are able to find jobs and manage their debt after graduation. The schools must meet certain guidelines or risk losing access to federal student aid in the future.

The University of Phoenix is the country's largest for-profit education chain by number of students.

Shares of Apollo Group, which is based in Phoenix, lost a penny to \$35.80 in afternoon trading.

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Posted 6/27/2012 12:15 PM | Updated 6/27/2012 2:06 PM



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GAO

Testimony
Before the Committee on Health,
Education, Labor, and Pensions, U.S.
Senate

For Release on Delivery
Expected at 10:00 a.m. EDT
Wednesday, August 4, 2010

FOR-PROFIT COLLEGES

Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices

Statement of Gregory D. Kutz, Managing Director
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On November 30, 2010, GAO reissued this testimony to clarify and add more precise wording on pages 9 and 12 and to some of the examples cited in Table 1 on page 8 and Appendix I, pages 19-27.

GAO-10-948T

Item# 8



Highlights of GAO-10-948T, a testimony before the Committee on Health, Education, Labor, and Pensions, U.S. Senate

FOR-PROFIT COLLEGES

Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices

Why GAO Did This Study

Enrollment in for-profit colleges has grown from about 365,000 students to almost 1.8 million in the last several years. These colleges offer degrees and certifications in programs ranging from business administration to cosmetology. In 2009, students at for-profit colleges received more than \$4 billion in Pell Grants and more than \$20 billion in federal loans provided by the Department of Education (Education). GAO was asked to 1) conduct undercover testing to determine if for-profit colleges' representatives engaged in fraudulent, deceptive, or otherwise questionable marketing practices, and 2) compare the tuitions of the for-profit colleges tested with those of other colleges in the same geographic region.

To conduct this investigation, GAO investigators posing as prospective students applied for admissions at 15 for-profit colleges in 6 states and Washington, D.C.. The colleges were selected based on several factors, including those that the Department of Education reported received 89 percent or more of their revenue from federal student aid. GAO also entered information on four fictitious prospective students into education search Web sites to determine what type of follow-up contact resulted from an inquiry. GAO compared tuition for the 15 for-profit colleges tested with tuition for the same programs at other colleges located in the same geographic areas. Results of the undercover tests and tuition comparisons cannot be projected to all for-profit colleges.

View GAO-10-948T or key components. For more information, contact Gregory Kutz at (202) 512-6722 or kutzg@gao.gov.

What GAO Found

Undercover tests at 15 for-profit colleges found that 4 colleges encouraged fraudulent practices and that all 15 made deceptive or otherwise questionable statements to GAO's undercover applicants. Four undercover applicants were encouraged by college personnel to falsify their financial aid forms to qualify for federal aid—for example, one admissions representative told an applicant to fraudulently remove \$250,000 in savings. Other college representatives exaggerated undercover applicants' potential salary after graduation and failed to provide clear information about the college's program duration, costs, or graduation rate despite federal regulations requiring them to do so. For example, staff commonly told GAO's applicants they would attend classes for 12 months a year, but stated the annual cost of attendance for 9 months of classes, misleading applicants about the total cost of tuition. Admissions staff used other deceptive practices, such as pressuring applicants to sign a contract for enrollment before allowing them to speak to a financial advisor about program cost and financing options. However, in some instances, undercover applicants were provided accurate and helpful information by college personnel, such as not to borrow more money than necessary.

Fraudulent, Deceptive, and Otherwise Questionable Practices

| Degree/certificate, location | Sales and Marketing Practice |
|--|---|
| Certificate Program – California | Undercover applicant was encouraged by a college representative to change federal aid forms to falsely increase the number of dependents in the household in order to qualify for grants. |
| Associate's Degree – Florida | Undercover applicant was falsely told that the college was accredited by the same organization that accredits Harvard and the University of Florida. |
| Certificate Program – Washington, D.C. | Admissions representative said that barbers can earn up to \$150,000 to \$250,000 a year, an exceptional figure for the industry. The Bureau of Labor Statistics reports that 90 percent of barbers make less than \$43,000 a year. |
| Certificate Program – Florida | Admission representative told an undercover applicant that student loans were not like a car payment and that no one would "come after" the applicant if she did not pay back her loans. |

Source: GAO

In addition, GAO's four fictitious prospective students received numerous, repetitive calls from for-profit colleges attempting to recruit the students when they registered with Web sites designed to link for-profit colleges with prospective students. Once registered, GAO's prospective students began receiving calls within 5 minutes. One fictitious prospective student received more than 180 phone calls in a month. Calls were received at all hours of the day, as late as 11 p.m. To see video clips of undercover applications and to hear voicemail messages from for-profit college recruiters, see <http://www.gao.gov/products/GAO-10-948T>.

Programs at the for-profit colleges GAO tested cost substantially more for associate's degrees and certificates than comparable degrees and certificates at public colleges nearby. A student interested in a massage therapy certificate costing \$14,000 at a for-profit college was told that the program was a good value. However the same certificate from a local community college cost \$520. Costs at private nonprofit colleges were more comparable when similar degrees were offered.

United States Government Accountability Office

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to discuss our investigation into fraudulent, deceptive, or otherwise questionable sales and marketing practices in the for-profit college industry.¹ Across the nation, about 2,000 for-profit colleges eligible to receive federal student aid offer certifications and degrees in subjects such as business administration, medical billing, psychology, and cosmetology. Enrollment in such colleges has grown far faster than traditional higher-education institutions. The for-profit colleges range from small, privately owned colleges to colleges owned and operated by publicly traded corporations. Fourteen such corporations, worth more than \$26 billion as of July 2010,² have a total enrollment of 1.4 million students. With 443,000 students, one for-profit college is one of the largest higher-education systems in the country—enrolling only 20,000 students fewer than the State University of New York.

The Department of Education's Office of Federal Student Aid manages and administers billions of dollars in student financial assistance programs under Title IV of the Higher Education Act of 1965, as amended. These programs include, among others, the William D. Ford Federal Direct Loan Program (Direct Loans), the Federal Pell Grant Program, and campus-based aid programs.³ Grants do not have to be repaid by students, while loans must be repaid whether or not a student completes a degree program. Students may be eligible for "subsidized" loans or "unsubsidized" loans. For unsubsidized loans, interest begins to accrue on the loan as soon as the loan is taken out by the student (i.e. while attending classes).

¹For-profit colleges are institutions of post-secondary education that are privately-owned or owned by a publicly traded company and whose net earnings can benefit a shareholder or individual. In this report, we use the term "college" to refer to all of those institutions of post-secondary education that are eligible for funds under Title IV of the Higher Education Act of 1965, as amended. This term thus includes public and private nonprofit institutions, proprietary or for-profit institutions, and post-secondary vocational institutions.

²\$26 billion is the aggregate market capitalization of the 14 publicly traded corporations on July 14, 2010. In addition, there is a 15th company that operates for-profit colleges; however, the parent company is involved in other industries; therefore, we are unable to separate its market capitalization for only the for-profit college line of business, and its value is not included in this calculation.

³The Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Federal Perkins Loan programs are called campus-based programs and are administered directly by the financial aid office at each participating college. As of July 1, 2010 new federal student loans that are not part of the campus-based programs will come directly from the Department of Education under the Direct Loan program.

For subsidized loans, interest does not accrue while a student is in college. Colleges received \$105 billion in Title IV funding for the 2008-2009 school year—of which approximately 23 percent or \$24 billion went to for-profit colleges. Because of the billions of dollars in federal grants and loans utilized by students attending for-profit colleges, you asked us to (1) conduct undercover testing to determine if for-profit college representatives engaged in fraudulent, deceptive, or otherwise questionable marketing practices, and (2) compare the cost of attending for-profit colleges tested with the cost of attending nonprofit colleges in the same geographic region.

To determine whether for-profit college representatives engaged in fraudulent, deceptive, or otherwise questionable sales and marketing practices, we investigated a nonrepresentative selection of 15 for-profit colleges located in Arizona, California, Florida, Illinois, Pennsylvania, Texas, and Washington, D.C. We chose colleges based on several factors in order to test for-profit colleges offering a variety of educational services with varying corporate sizes and structures located across the country. Factors included whether a college received 89 percent or more of total revenue from federal student aid according to Department of Education (Education) data or was located in a state that was among the top 10 recipients of Title IV funding. We also chose a mix of privately held or publicly traded for-profit colleges. We reviewed Federal Trade Commission (FTC) statutes and regulations regarding unfair and deceptive marketing practices and Education statutes and regulations regarding what information postsecondary colleges are required to provide to students upon request and what constitutes substantial misrepresentation of services. During our undercover tests we attempted to identify whether colleges met these regulatory requirements, but we were not able to test all regulatory requirements in all tests.

Using fictitious identities, we posed as potential students to meet with the colleges' admissions and financial aid representatives and inquire about certificate programs, associate's degrees, and bachelor's degrees.⁴ We inquired about one degree type and one major—such as cosmetology, massage therapy, construction management, or elementary education—at each college. We tested each college twice—once posing as a prospective student with an income low enough to qualify for federal grants and

⁴A certificate program allows a student to earn a college level credential in a particular field without earning a degree.

subsidized student loans, and once as a prospective student with higher income and assets to qualify the student only for certain unsubsidized loans.⁵ Our undercover applicants were ineligible for other types of federal postsecondary education assistance programs such as benefits available under the Post-9/11 Veterans Educational Assistance Act of 2008 (commonly referred to as “the Post-9/11 G.I. Bill”). We used fabricated documentation, such as tax returns, created with publicly available hardware, software and materials, and the Free Application for Federal Student Aid (FAFSA)—the form used by virtually all 2- and 4-year colleges, universities, and career colleges for awarding federal student aid—during our in-person meetings. In addition, using additional bogus identities, investigators posing as four prospective students filled out forms on two Web sites that ask questions about students’ academic interests, match them to colleges with relevant programs, and provide the students’ information to colleges or the colleges’ outsourced calling center for follow-up about enrollment. Two students expressed interest in a culinary arts degree, and two other students expressed interest in a business administration degree. We filled out information on two Web sites with these fictitious prospective students’ contact information and educational interests in order to document the type and frequency of contact the fictitious prospective students would receive. We then monitored the phone calls and voicemails received.

To compare the cost of attending for-profit colleges with that of nonprofit colleges, we used Education information to select public and private nonprofit colleges located in the same geographic areas as the 15 for-profit colleges we visited. We compared tuition rates for the same type of degree or certificate between the for-profit and nonprofit colleges. For the 15 for-profit colleges we visited, we used information obtained from campus representatives to determine tuition at these programs. For the nonprofit colleges, we obtained information from their Web sites or, when not available publicly, from campus representatives. Not all nonprofit colleges offered similar degrees, specifically when comparing associate’s degrees and certificate programs. We cannot project the results of our undercover tests or cost comparisons to other for-profit colleges.

⁵Regardless of income and assets, all eligible students attending a Title IV college are eligible to receive unsubsidized federal loans. The maximum amount of the unsubsidized loan ranges from \$2,000 to \$12,000 per year, depending on the student’s grade level and on whether the student is considered “dependent” or “independent” from his or her parents or guardians.

We plan to refer cases of school officials encouraging fraud and engaging in deceptive practices to Education's Office of Inspector General, where appropriate. Our investigative work, conducted from May 2010 through July 2010, was performed in accordance with standards prescribed by the Council of the Inspectors General on Integrity and Efficiency.

Background

In recent years, the scale and scope of for-profit colleges have changed considerably. Traditionally focused on certificate and programs ranging from cosmetology to medical assistance and business administration, for-profit institutions have expanded their offerings to include bachelor's, master's, and doctoral level programs. Both the certificate and degree programs provide students with training for careers in a variety of fields. Proponents of for-profit colleges argue that they offer certain flexibilities that traditional universities cannot, such as, online courses, flexible meeting times, and year-round courses. Moreover, for-profit colleges often have open admissions policies to accept any student who applies.

Currently, according to Education about 2,000 for-profit colleges participate in Title IV programs and in the 2008–2009 school year, for-profit colleges received approximately \$24 billion in Title IV funds. Students can only receive Title IV funds when they attend colleges approved by Education to participate in the Title IV program.

Title IV Program Eligibility Criteria

The Higher Education Act of 1965, as amended, provides that a variety of institutions of higher education are eligible to participate in Title IV programs, including:

- Public institutions—Institutions operated and funded by state or local governments, which include state universities and community colleges.
- Private nonprofit institutions—Institutions owned and operated by nonprofit organizations whose net earnings do not benefit any shareholder or individual. These institutions are eligible for tax-deductible contributions in accordance with the Internal Revenue code (26 U.S.C. § 501(c)(3)).
- For-profit institutions—Institutions that are privately owned or owned by a publicly traded company and whose net earnings can benefit a shareholder or individual.

Colleges must meet certain requirements to receive Title IV funds. While full requirements differ depending on the type of college, most colleges are

required to: be authorized or licensed by the state in which it is located to provide higher education; provide at least one eligible program that provides an associate's degree or higher, or provides training to students for employment in a recognized occupation; and be accredited by an accrediting agency recognized by the Secretary of Education. Moreover, for-profit colleges must enter a "program participation agreement" with Education that requires the school to derive not less than 10 percent of revenues from sources other than Title IV funds and certain other federal programs (known as the "90/10 Rule"). Student eligibility for grants and subsidized student loans is based on student financial need. In addition, in order for a student to be eligible for Title IV funds, the college must ensure that the student meets the following requirements, among others: has a high school diploma, a General Education Development certification, or passes an ability-to-benefit test approved by Education, or completes a secondary school education in a home school setting recognized as such under state law; is working toward a degree or certificate in an eligible program; and is maintaining satisfactory academic progress once in college.⁶

Defaults on Student Loans

In August 2009, GAO reported that in the repayment period, students who attended for-profit colleges were more likely to default on federal student loans than were students from other colleges.⁷ When students do not make payments on their federal loans and the loans are in default, the federal government and taxpayers assume nearly all the risk and are left with the costs. For example, in the Direct Loan program, the federal government and taxpayers pick up 100 percent of the unpaid principal on defaulted loans. In addition, students who default are also at risk of facing a number of personal and financial burdens. For example, defaulted loans will appear on the student's credit record, which may make it more difficult to obtain an auto loan, mortgage, or credit card. Students will also be ineligible for assistance under most federal loan programs and may not receive any additional Title IV federal student aid until the loan is repaid in full. Furthermore, Education can refer defaulted student loan debts to the Department of Treasury to offset any federal or state income tax refunds

⁶GAO previously investigated certain schools' use of ability-to-benefit tests. For more information, see GAO, *PROPRIETARY SCHOOLS: Stronger Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid*, GAO-09-600 (Washington, D.C.: August 17, 2009).

⁷GAO-09-600.

due to the borrower to repay the defaulted loan. In addition, Education may require employers who employ individuals who have defaulted on a student loan to deduct 15 percent of the borrower's disposable pay toward repayment of the debt. Garnishment may continue until the entire balance of the outstanding loan is paid.

College Disclosure Requirements

In order to be an educational institution that is eligible to receive Title IV funds, Education statutes and regulations require that each institution make certain information readily available upon request to enrolled and prospective students.⁸ Institutions may satisfy their disclosure requirements by posting the information on their Internet Web sites. Information to be provided includes: tuition, fees, and other estimated costs; the institution's refund policy; the requirements and procedures for withdrawing from the institution; a summary of the requirements for the return of Title IV grant or loan assistance funds; the institution's accreditation information; and the institution's completion or graduation rate. If a college substantially misrepresents information to students, a fine of no more than \$25,000 may be imposed for each violation or misrepresentation and their Title IV eligibility status may be suspended or terminated.⁹ In addition, the FTC prohibits "unfair methods of competition" and "unfair or deceptive acts or practices" that affect interstate commerce.

⁸20 U.S.C. § 1092 and 34 C.F.R. §§ 668.41 -49.

⁹20 U.S.C. § 1094 (c) (3) and 34 C.F.R. §§ 668.71 - .75. Additionally, Education has recently proposed new regulations that would enhance its oversight of Title IV eligible institutions, including provisions related to misrepresentation and aggressive recruiting practices. See 75 Fed. Reg. 34,806 (June 18, 2010).

For-Profit Colleges Encouraged Fraud and Engaged in Deceptive and Otherwise Questionable Sales and Marketing Practices

Our covert testing at 15 for-profit colleges found that four colleges encouraged fraudulent practices, such as encouraging students to submit false information about their financial status. In addition all 15 colleges made some type of deceptive or otherwise questionable statement to undercover applicants, such as misrepresenting the applicant's likely salary after graduation and not providing clear information about the college's graduation rate. Other times our undercover applicants were provided accurate or helpful information by campus admissions and financial aid representatives. Selected video clips of our undercover tests can be seen at <http://www.gao.gov/products/GAO-10-948T>.

Fraudulent Practices Encouraged by For-Profit Colleges

Four of the 15 colleges we visited encouraged our undercover applicants to falsify their FAFSA in order to qualify for financial aid. A financial aid officer at a privately owned college in Texas told our undercover applicant not to report \$250,000 in savings, stating that it was not the government's business how much money the undercover applicant had in a bank account. However, Education requires students to report such assets, which along with income, are used to determine how much and what type of financial aid for which a student is eligible. The admissions representative at this same school encouraged the undercover applicant to change the FAFSA to falsely add dependents in order to qualify for grants. The admissions representative attempted to ease the undercover applicant's concerns about committing fraud by stating that information about the reported dependents, such as Social Security numbers, was not required. An admissions representative at another college told our undercover applicant that changing the FAFSA to indicate that he supported three dependents instead of being a single-person household might drop his income enough to qualify for a Pell Grant. In all four situations when college representatives encouraged our undercover applicants to commit fraud, the applicants indicated on their FAFSA, as well as to the for-profit college staff, that they had just come into an inheritance worth approximately \$250,000. This inheritance was sufficient to pay for the entire cost of the undercover applicant's tuition. However, in all four cases, campus representatives encouraged the undercover applicants to take out loans and assisted them in becoming eligible either for grants or subsidized loans. It was unclear what incentive these colleges had to encourage our undercover applicants to fraudulently fill out financial aid forms given the applicants' ability to pay for college. The following table provides more details on the four colleges involved in encouraging fraudulent activity.

Table 1: Fraudulent Actions Encouraged by For-Profit Colleges

| Location | Certification Sought and Course of Study | Type of College | Fraudulent Behavior Encouraged |
|----------|---|-----------------------------------|--|
| CA | Certificate - Computer Aided Drafting | Less than 2-year, privately owned | <ul style="list-style-type: none"> Undercover applicant was encouraged by a financial aid representative to change the FAFSA to falsely increase the number of dependents in the household in order to qualify for Pell Grants. The undercover applicant suggested to the representative that by the time the college would be required by Education to verify any information about the applicant, the applicant would have already graduated from the 7-month program. The representative acknowledged this was true. This undercover applicant indicated to the financial aid representative that he had \$250,000 in the bank, and was therefore capable of paying the program's \$15,000 cost. The fraud would have made the applicant eligible for grants and subsidized loans. |
| FL | Associate's Degree - Radiologic Technology | 2-year, privately owned | <ul style="list-style-type: none"> Admissions representative suggested to the undercover applicant that he not report \$250,000 in savings reported on the FAFSA. The representative told the applicant to come back once the fraudulent financial information changes had been processed. This change would not have made the applicant eligible for grants because his income would have been too high; but it would have made him eligible for loans subsidized by the government. However, this undercover applicant indicated that he had \$250,000 in savings—more than enough to pay for the program's \$39,000 costs. |
| PA | Certificate - Web Page Design | Less than 2-year, privately owned | <ul style="list-style-type: none"> Financial aid representative told the undercover applicant that he should have answered "zero" when asked about money he had in savings—the applicant had reported a \$250,000 inheritance. The financial aid representative told the undercover applicant that she would "correct" his FAFSA form by reducing the reported assets to zero. She later confirmed by email and voicemail that she had made the change. This change would not have made the applicant eligible for grants, but it would have made him eligible for loans subsidized by the government. However, this applicant indicated that he had about \$250,000 in savings—more than enough to pay for the program's \$21,000 costs. |
| TX | Bachelor's Degree - Construction Management | 4-year, privately owned | <ul style="list-style-type: none"> Admissions representative encouraged applicant to change the FAFSA to falsely add dependents in order to qualify for Pell Grants. Admissions representative assured the undercover applicant that he did not have to identify anything about the dependents, such as their Social Security numbers, nor did he have to prove to the college with a tax return that he had previously claimed them as dependents. Financial aid representative told the undercover applicant that he should not report the \$250,000 in cash he had in savings. This applicant indicated to the financial aid representative that he had \$250,000 in the bank, and was therefore capable of paying the program's \$68,000 cost. The fraud would have made the undercover applicant eligible for more than \$2,000 in grants per year. |

Source: GAO.

Deceptive or Questionable Statements

Admissions or financial aid representatives at all 15 for-profit colleges provided our undercover applicants with deceptive or otherwise questionable statements. These deceptive and questionable statements included information about the college's accreditation, graduation rates and its student's prospective employment and salary qualifications, duration and cost of the program, or financial aid. Representatives at schools also employed hard-sell sales and marketing techniques to encourage students to enroll.

Accreditation Information

Admissions representatives at four colleges either misidentified or failed to identify their colleges' accrediting organizations. While all the for-profit colleges we visited were accredited according to information available from Education, federal regulations state that institutions may not provide students with false, erroneous, or misleading statements concerning the particular type, specific source, or the nature and extent of its accreditation. Examples include:

- A representative at a college in Florida owned by a publicly traded company told an undercover applicant that the college was accredited by the same organization that accredits Harvard and the University of Florida when in fact it was not. The representative told the undercover applicant: "It's the top accrediting agency—Harvard, University of Florida—they all use that accrediting agency... All schools are the same; you never read the papers from the schools."
- A representative of a small beauty college in Washington, D.C. told an undercover applicant that the college was accredited by "an agency affiliated with the government," but did not specifically name the accrediting body. Federal and state government agencies do not accredit educational institutions.
- A representative of a college in California owned by a private corporation told an undercover applicant that this college was the only one to receive its accrediting organization's "School of Excellence" award. The accrediting organization's Web site listed 35 colleges as having received that award.

Graduation Rate, Employment and Expected Salaries

Representatives from 13 colleges gave our applicants deceptive or otherwise questionable information about graduation rates, guaranteed applicants jobs upon graduation, or exaggerated likely earnings. Federal statutes and regulations require that colleges disclose the graduation rate to applicants upon request, although this requirement can be satisfied by posting the information on their Web site. Thirteen colleges did not

provide applicants with accurate or complete information about graduation rates. Of these thirteen, four provided graduation rate information in some form on their Web site, although it required a considerable amount of searching to locate the information. Nine schools did not provide graduation rates either during our in person visit or on their Web sites. For example, when asked for the graduation rate, a representative at a college in Arizona owned by a publicly traded company said that last year 90 students graduated, but did not disclose the actual graduation rate. When our undercover applicant asked about graduation rates at a college in Pennsylvania owned by a publicly traded company, he was told that if all work was completed, then the applicant should successfully complete the program—again the representative failed to disclose the college's graduation rate when asked. However, because graduation rate information was available at both these colleges' Web sites, the colleges were in compliance with Education regulations.

In addition, according to federal regulations, a college may not misrepresent the employability of its graduates, including the college's ability to secure its graduates employment. However, representatives at two colleges told our undercover applicants that they were guaranteed or virtually guaranteed employment upon completion of the program. At five colleges, our undercover applicants were given potentially deceptive information about prospective salaries. Examples of deceptive or otherwise questionable information told to our undercover applicants included:

- A college owned by a publicly traded company told our applicant that, after completing an associate's degree in criminal justice, he could try to go work for the Federal Bureau of Investigation or the Central Intelligence Agency. While other careers within those agencies may be possible, positions as a FBI Special Agent or CIA Clandestine Officer, require a bachelor's degree at a minimum.
- A small beauty college told our applicant that barbers can earn \$150,000 to \$250,000 a year. While this may be true in exceptional circumstances, the Bureau of Labor Statistics (BLS) reports that 90 percent of barbers make less than \$43,000 a year.
- A college owned by a publicly traded company told our applicant that instead of obtaining a criminal justice associate's degree, she should consider a medical assisting certificate and that after only 9 months of college, she could earn up to \$68,000 a year. A salary this high would be

extremely unusual; 90 percent of all people working in this field make less than \$40,000 a year, according to the BLS.

Program Duration and Cost

Representatives from nine colleges gave our undercover applicants deceptive or otherwise questionable information about the duration or cost of their colleges' programs. According to federal regulations, a college may not substantially misrepresent the total cost of an academic program. Representatives at these colleges used two different methods to calculate program duration and cost of attendance. Colleges described the duration of the program as if students would attend classes for 12 months per year, but reported the annual cost of attendance for only 9 months of classes per year. This disguises the program's total cost. Examples include:

- A representative at one college said it would take 3.5–4 years to obtain a bachelor's degree by taking classes year round, but quoted the applicant an annual cost for attending classes for 9 months of the year. She did not explain that attending classes for only 9 months out of the year would require an additional year to complete the program. If the applicant did complete the degree in 4 years, the annual cost would be higher than quoted to reflect the extra class time required per year.
- At another college, the representative quoted our undercover applicant an annual cost of around \$12,000 per year and said it would take 2 years to graduate without breaks, but when asked about the total cost, the representative told our undercover applicant it would cost \$30,000 to complete the program—equivalent to more than two and a half years of the previously quoted amount. If the undercover applicant had not inquired about the total cost of the program, she would have been led to believe that the total cost to obtain the associate's degree would have been \$24,000.

Financial Aid

Eleven colleges denied undercover applicants access to their financial aid eligibility or provided questionable financial advice. According to federal statutes and regulations, colleges must make information on financial assistance programs available to all current and prospective students.

- Six colleges in four states told our undercover applicants that they could not speak with financial aid representatives or find out what grants and loans they were eligible to receive until they completed the college's enrollment forms agreeing to become a student and paid a small application fee to enroll.

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- A representative at one college in Florida owned by a publicly traded company advised our undercover applicant not to concern himself with loan repayment because his future salary—he was assured—would be sufficient to repay loans.
 - A representative at one college in Florida owned by a private company told our undercover applicant that student loans were not like car loans because “no one will come after you if you don’t pay.” In reality, students who cannot pay their loans face fees, may damage their credit, have difficulty taking out future loans, and in most cases, bankruptcy law prohibits a student borrower from discharging a student loan.
 - A representative at a college owned by a publicly traded corporation told our undercover applicant that she could take out the maximum amount of federal loans, even if she did not need all the money. She told the applicant she could put the extra money in a high-interest savings account. While subsidized loans do not accrue interest while a student is in college, unsubsidized loans do accrue interest. The representative did not disclose this distinction to the applicant when explaining that she could put the money in a savings account.

Other Sales and Marketing
Tactics

Six colleges engaged in other questionable sales and marketing tactics such as employing hard-sell sales and marketing techniques and requiring enrolled students to pay monthly installments to the college during their education.

- At one Florida college owned by a publicly traded company, a representative told our undercover applicant she needed to answer 18 questions correctly on a 50 question test to be accepted to the college. The test proctor sat with her in the room and coached her during the test.
- At two other colleges, our undercover applicants were allowed 20 minutes to complete a 12-minute test or took the test twice to get a higher score.
- At the same Florida college, multiple representatives used high pressure marketing techniques, becoming argumentative, and scolding our undercover applicants for refusing to enroll before speaking with financial aid.
- A representative at this Florida college encouraged our undercover applicant to sign an enrollment agreement while assuring her that the contract was not legally binding.

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- A representative at another college in Florida owned by a publicly traded company said that he personally had taken out over \$85,000 in loans to pay for his degree, but he told our undercover applicant that he probably would not pay it back because he had a “tomorrow’s never promised” philosophy.
 - Three colleges required undercover applicants to make \$20–\$150 monthly payments once enrolled, despite the fact that students are typically not required to repay loans until after the student finishes or drops out of the program. These colleges gave different reasons for why students were required to make these payments and were sometimes unclear exactly what these payments were for. At one college, the applicant would have been eligible for enough grants and loans to cover the annual cost of tuition, but was told that she needed to make progress payments toward the cost of the degree separate from the money she would receive from loans and grants. A representative from this college told the undercover applicant that the federal government’s “90/10 Rule” required the applicant to make these payments. However, the “90/10 Rule” does not place any requirements on students, only on the college.
 - At two colleges, our undercover applicants were told that if they recruited other students, they could earn rewards, such as an MP3 player or a gift card to a local store.¹⁰

Accurate and Helpful Information Provided

In some instances our undercover applicants were provided accurate or helpful information by campus admissions and financial aid representatives. In line with federal regulations, undercover applicants at several colleges were provided accurate information about the transferability of credits to other postsecondary institutions, for example:

¹⁰Depending on the value of the gift, such a transaction may be allowed under current law. Federal statute requires that a college’s program participation agreement with Education include a provision that the college will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities. However, Education’s regulations have identified 12 types of payment and compensation plans that do not violate this statutory prohibition, referred to as “safe harbors”. Under one of these exceptions, schools are allowed to provide “token gifts” valued under \$100 to a student provided the gift is not in the form of money and no more than one gift is provided annually to an individual. However, on June 18, 2010 the Department of Education issued a notice of proposed rulemaking that would, among other things, eliminate these 12 safe harbors and restore the full prohibition.

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- A representative at a college owned by a publicly traded company in Pennsylvania told our applicant that with regard to the transfer of credits, "different schools treat it differently; you have to roll the dice and hope it transfers."
 - A representative at a privately owned for-profit college in Washington, D.C. told our undercover applicant that the transfer of credits depends on the college the applicant wanted to transfer to.

Some financial aid counselors cautioned undercover applicants not to take out more loans than necessary or provided accurate information about what the applicant was required to report on his FAFSA, for example:

- One financial aid counselor at a privately owned college in Washington D.C. told an applicant that because the money had to be paid back, the applicant should be cautious about taking out more debt than necessary.
- A financial aid counselor at a college in Arizona owned by a publicly traded company had the undercover applicant call the FAFSA help line to have him ask whether he was required to report his \$250,000 inheritance. When the FAFSA help line representative told the undercover applicant that it had to be reported, the college financial aid representative did not encourage the applicant not to report the money.

In addition, some admissions or career placement staff gave undercover applicants reasonable information about prospective salaries and potential for employment, for example:

- Several undercover applicants were provided salary information obtained from the BLS or were encouraged to research salaries in their prospective fields using the BLS Web site.
- A career services representative at a privately owned for-profit college in Pennsylvania told an applicant that as an entry level graphic designer, he could expect to earn \$10-\$15 per hour. According to the BLS only 25 percent of graphic designers earn less than \$15 per hour in Pennsylvania.

Web Site Inquiries Result in Hundreds of Calls

Some Web sites that claim to match students with colleges are in reality lead generators used by many for-profit colleges to market to prospective students. Though such Web sites may be useful for students searching for schools in some cases, our undercover tests involving four fictitious

prospective students led to a flood of calls—about five a day. Four of our prospective students filled out forms on two Web sites, which ask questions about students' interests, match them to for-profit colleges with relevant programs, and provide the students' information to the appropriate college or the college's outsourced calling center for follow-up about enrollment. Two fictitious prospective students expressed interest in a culinary arts certificate, one on Web site A and one on Web site B. Two other prospective students expressed interest in a bachelor's in business administration degree, one on each Web site.

Within minutes of filling out forms, three prospective students received numerous phone calls from colleges. One fictitious prospective student received a phone call about enrollment within 5 minutes of registering and another 5 phone calls within the hour. Another prospective student received 2 phone calls separated only by seconds within the first 5 minutes of registering and another 3 phone calls within the hour. Within a month of using the Web sites, one student interested in business management received 182 phone calls and another student also interested in business management received 179 phone calls. The two students interested in culinary arts programs received fewer calls—one student received only a handful, while the other received 72. In total, the four students received 436 phone calls in the first 30 days after using the Web sites. Of these, only six calls—all from the same college—came from a public college.¹¹ The table below provides information about the calls these students received within the first 30 days of registering at the Web site.

¹¹Of the 436 calls, not all resulted in a voice message in which a representative identified the school he or she was calling from. For those callers who did not leave a message, GAO attempted to trace the destination of the caller. In some cases GAO was not able to identify who placed the call to the student.

Table 2: Telephone Calls Received as a Result of Web site Inquiries

| Student | Student's Location | Web Site Student Used | Degree | Number of Calls Received Within 24 Hours of Registering | Most Calls Received in One Day* | Total Number of Calls Received in a Month |
|---------|--------------------|-----------------------|-------------------------|---|---------------------------------|---|
| 1 | GA | A | Business Administration | 21 | 19 | 179 |
| 2 | CA | B | Business Administration | 24 | 18 | 182 |
| 3 | MD | A | Culinary Arts | 5 | 8 | 72 |
| 4 | NV | B | Culinary Arts | 2 | 1 | 3 |

Source: GAO

*This number is based on the number of calls received within the first month of registering but does not include the first 24 hours.

Tuition at For-Profit Colleges Is Sometimes Higher Than Tuition at Nearby Public and Private Nonprofit Colleges

During the course of our undercover applications, some college representatives told our applicants that their programs were a good value. For example, a representative of a privately owned for-profit college in California told our undercover applicant that the \$14,495 cost of tuition for a computer-aided drafting certificate was "really low." A representative at a for-profit college in Florida owned by a publicly traded company told our undercover applicant that the cost of their associate's degree in criminal justice was definitely "worth the investment". However, based on information we obtained from for-profit colleges we tested, and public and private nonprofit colleges in the same geographic region, we found that most certificate or associate's degree programs at the for-profit colleges we tested cost more than similar degrees at public or private nonprofit colleges. We found that bachelor's degrees obtained at the for-profit colleges we tested frequently cost more than similar degrees at public colleges in the area; however, bachelor's degrees obtained at private nonprofit colleges nearby are often more expensive than at the for-profit colleges.

We compared the cost of tuition at the 15 for-profit colleges we visited, with public and private non-profit colleges located in the same geographic area as the for-profit college. We found that tuition in 14 out of 15 cases, regardless of degree, was more expensive at the for-profit college than at the closest public colleges. For 6 of the 15 for-profit colleges tested, we could not find a private nonprofit college located within 250 miles that offered a similar degree. For 1 of the 15, representatives from the private nonprofit college were unwilling to disclose their tuition rates when we inquired. At eight of the private nonprofit colleges for which we were able to obtain tuition information on a comparable degree, four of the for-profit colleges were more expensive than the private nonprofit college. In the

other four cases, the private nonprofit college was more expensive than the for-profit college.

We found that tuition for certificates at for-profit colleges were often significantly more expensive than at a nearby public college. For example, our undercover applicant would have paid \$13,945 for a certificate in computer aided drafting program—a certification for a 7-month program obtained by those interested in computer-aided drafting, architecture, and engineering—at the for-profit college we visited. To obtain a certificate in computed-aided drafting at a nearby public college would have cost a student \$520. However, for two of the five colleges we visited with certificate programs, we could not locate a private nonprofit college within a 250 mile radius and another one of them would not disclose its tuition rate to us. We were able to determine that in Illinois, a student would spend \$11,995 on a medical assisting certificate at a for-profit college, \$9,307 on the same certificate at the closest private nonprofit college, and \$3,990 at the closest public college. We were also able to determine that in Pennsylvania, a student would spend \$21,250 on a certificate in Web page design at a for-profit college, \$4,750 on the same certificate at the closest private nonprofit college, and \$2,037 at the closest public college.

We also found that for the five associate's degrees we were interested in, tuition at a for-profit college was significantly more than tuition at the closest public college. On average, for the five colleges we visited, it cost between 6 and 13 times more to attend the for-profit college to obtain an associate's degree than a public college. For example, in Texas, our undercover applicant was interested in an associate's degree in respiratory therapy which would have cost \$38,995 in tuition at the for-profit college and \$2,952 at the closest public college. For three of the associate's degrees we were interested in, there was not a private nonprofit college located within 250 miles of the for-profit we visited. We found that in Florida the associate's degree in Criminal Justice that would have cost a student \$4,448 at a public college, would have cost the student \$26,936 at a for-profit college or \$27,600 at a private nonprofit college—roughly the same amount. In Texas, the associate's degree in Business Administration would have cost a student \$2,870 at a public college, \$32,665 at the for-profit college we visited, and \$28,830 at the closest private nonprofit college.

We found that with respect to the bachelor's degrees we were interested in, four out of five times, the degree was more expensive to obtain at the for-profit college than the public college. For example in Washington, D.C.,

the bachelor's degree in Management Information Systems would have cost \$53,400 at the for-profit college, and \$51,544 at the closest public college. The same bachelor's degree would have cost \$144,720 at the closest private nonprofit college. For one bachelor's degree, there was no private nonprofit college offering the degree within a 250 mile radius. Three of the four private nonprofit colleges were more expensive than their for-profit counterparts.

Table 3: Program Total Tuition Rates

| Degree | Location | For-Profit College Tuition | Public College Tuition | Private Nonprofit College Tuition |
|---|----------|----------------------------|------------------------|-----------------------------------|
| Certificate – Computer-aided drafting | CA | \$13,945 | \$520 | College would not disclose |
| Certificate – Massage Therapy | CA | \$14,487 | \$520 | No college within 250 miles |
| Certificate – Cosmetology | DC | \$11,500 | \$9,375 | No college within 250 miles |
| Certificate – Medical Assistant | IL | \$11,995 | \$3,990 | \$9,307 |
| Certificate – Web Page Design | PA | \$21,250 | \$2,037 | \$4,750 |
| Associate's – Paralegal | AZ | \$30,048 | \$4,544 | No college within 250 miles |
| Associate's – Radiation Therapy | FL | \$38,690 | \$5,621 | No college within 250 miles |
| Associate's – Criminal Justice | FL | \$26,936 | \$4,448 | \$27,600 |
| Associate's – Business Administration | TX | \$32,665 | \$2,870 | \$28,830 |
| Associate's – Respiratory Therapist | TX | \$38,995 | \$2,952 | No college within 250 miles |
| Bachelor's – Management Information Systems | DC | \$53,400 | \$51,544 | \$144,720 |
| Bachelor's – Elementary Education | AZ | \$46,200 | \$31,176 | \$28,160 |
| Bachelor's – Psychology | IL | \$61,200 | \$36,536 | \$66,960 |
| Bachelor's – Business Administration | PA | \$49,200 | \$49,292 | \$124,696 |
| Bachelor's – Construction Management | TX | \$65,338 | \$25,288 | No college within 250 miles |

Source: Information obtained from for-profit colleges admissions employees and nonprofit college web sites or employees.

Note: These costs do not include books or supplies, unless the college gave the undercover applicant a flat rate to attend the for-profit college, which was inclusive of books, in which case we were not able to separate the cost of books and supplies.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions that you or other members of the committee may have at this time.

Contacts and Acknowledgments

For additional information about this testimony, please contact Gregory D. Kutz at (202) 512-6722 or kutzg@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

Appendix I: Detailed Results of Undercover Tests

The following table provides details on each of the 15 for-profit colleges visited by undercover applicants. We visited each school twice, posing once as an applicant who was eligible to receive both grants and loans (Scenario 1), and once as an applicant with a salary and savings that would qualify the undercover applicant only for unsubsidized loans (Scenario 2).

| College information and degree sought | Students receiving Pell Grants* | Students receiving federal loans* | Graduation rate* | Encouragement of fraud, and engagement in deceptive, or otherwise questionable behavior |
|--|---------------------------------|-----------------------------------|------------------|---|
| 1 AZ - 4-year, owned by publicly traded company Bachelor's - Education | 27% | 39% | 15% | <p><u>Scenario 1</u></p> <ul style="list-style-type: none"> Admissions representative compares the college to the University of Arizona and Arizona State University. Admissions representative did not disclose the graduation rate after being directly asked. He provided information on how many students graduated. This information was available on the college's Web site; however, it required significant effort to find the college's graduation rate, and the college did not provide separate graduation rates for its multiple campuses nationwide. Admissions representative says that he does not know the job placement rate because a lot of students moved out of the area. Admissions representative encourages undercover applicant to continue on with a master's degree after finishing with the bachelor's. He stated that some countries pay teachers more than they do doctors and lawyers. <p><u>Scenario 2</u></p> <ul style="list-style-type: none"> Admissions representative said the bachelor's degree would take a maximum of 4 years to complete, but she provided a 1-year cost estimate equal to 1/5 of the required credit hours. According to the admissions representative the undercover applicant was qualified for \$9,500 in student loans, and the representative indicated that the applicant could take out the full amount even though the applicant indicated that he had \$250,000 in savings. Admissions representative told the undercover applicant that the graduation rate is 20 percent. Education reports that it is 15 percent. |

| College information and degree sought | Students receiving Pell Grants* | Students receiving federal loans* | Graduation rate* | Encouragement of fraud, and engagement in deceptive, or otherwise questionable behavior |
|--|---------------------------------|-----------------------------------|------------------|---|
| 2 AZ - 4-year, owned by publicly traded company Associate's Degree – Paralegal | 57% | 83% | Not reported | <p><u>Scenario 2</u></p> <ul style="list-style-type: none"> Upon request by applicant, the financial aid representative estimated federal aid eligibility without the undercover applicant's reported \$250,000 in savings to see if applicant qualified for more financial aid. The representative informed the applicant he was ineligible for any grants. Admissions representative misrepresented the length of the program by telling the undercover applicant that the 96 credit hour program would take 2 years to complete. However, she only provided the applicant a first year cost estimate for 36 credit hours. At this rate it would take more than 2.5 years to complete. |
| 3 CA – less than 2-year, privately owned Certificate – Computer Aided Drafting | 94% | 96% | 84% | <p><u>Scenario 1</u></p> <ul style="list-style-type: none"> College representative told the undercover applicant that if she failed to pass the college's required assessment test, she can continue to take different tests until she passes. The college representative did not tell the graduation rate when asked directly. The representative replied, "I think, pretty much, if you try and show up and, you know, you do the work, you're going to graduate. You're going to pass guaranteed." The college's Web site also did not provide the graduation rate. Undercover applicant was required to take a 12-minute admittance test but was given over 20 minutes because the test proctor was not monitoring the student. <p><u>Scenario 2</u></p> <ul style="list-style-type: none"> Undercover applicant was encouraged by a financial aid representative to change the FAFSA to falsely increase the number of dependents in the household in order to qualify for a Pell Grant. The financial aid representative was aware of the undercover applicant's inheritance and, addressing the applicant's expressed interest in loans, confirmed that he could take out the maximum in student loans. The career representative told the undercover applicant that getting a job is a "piece of cake" and then told the applicant that she has graduates making \$120,000 - \$130,000 a year. This is likely the exception; according to the BLS 90 percent of architectural and civil drafters make less than \$70,000 per year. She also stated that in the current economic environment, the applicant could expect a job with a likely starting salary of \$13-\$14 per hour or \$15 if the applicant was lucky. |

| College information and degree sought | Students receiving Pell Grants* | Students receiving federal loans* | Graduation rate* | Encouragement of fraud, and engagement in deceptive, or otherwise questionable behavior |
|---|---------------------------------|-----------------------------------|------------------|---|
| 4 CA - 2-year, owned by publicly traded company Certificate – Massage Therapy | 73% | 83% | 66% | <p><u>Scenario 1</u></p> <ul style="list-style-type: none"> The financial aid representative would not discuss the undercover applicant's eligibility for grants and loans and required the applicant to return on another day. <p><u>Scenario 2</u></p> <ul style="list-style-type: none"> While one school representative indicated to the undercover applicant that he could earn up to \$30 an hour as a massage therapist, another representative told the applicant that the school's massage instructors and directors can earn \$150-\$200 an hour. While this may be possible, according to the BLS, 90 percent of all massage therapists in California make less than \$34 per hour. |
| 5 DC - 4-year, privately owned Bachelor's Degree – Business Information Systems | 34% | 66% | 71% | <p><u>Scenario 1</u></p> <ul style="list-style-type: none"> Admissions representative explains to the undercover applicant that although community college might be a less expensive place to get a degree, community colleges make students spend money on classes that they do not need for their career. However, this school also requires students to take at least 36 credit hours of non-business general education courses. Admissions representative did not disclose the graduation rate after being directly asked. He told the undercover applicant that it is a "good" graduation rate. The college's Web site also did not provide the graduation rate. Admissions representative encouraged the undercover applicant to enroll by asking her to envision graduation day. He stated, "Let me ask you this, if you could walk across the stage in a black cap and gown. And walk with the rest of the graduating class and take a degree from the president's hand, how would that make you feel?" <p><u>Scenario 2</u></p> <ul style="list-style-type: none"> Admissions representative said the bachelor's degree would take 3.5 to 4 years to complete. He gave the applicant the cost per 12 hour semester, the amount per credit, the total number of credits required for graduation, and the number of credits for the first year. When asked if the figure he gave multiplied by four would be the cost of the program, the representative said yes, although the actual tuition would have amounted to some \$12,000 more. Admissions representative required the undercover applicant to apply to the college before he could talk to someone in financial aid. Admissions representative told the undercover applicant that almost all of the graduates get jobs. Flyer provided to undercover applicant stated that the average income for business management professionals in 2004 was \$77,000-\$118,000. When asked more directly about likely starting salaries, the admissions representative said that it was between \$40,000 and \$50,000. |

| College information and degree sought | Students receiving Pell Grants* | Students receiving federal loans* | Graduation rate* | Encouragement of fraud, and engagement in deceptive, or otherwise questionable behavior |
|--|---------------------------------|-----------------------------------|------------------|--|
| 6 DC – less than 2-year, Privately owned Certificate – Cosmetology, Barber | 74% | 74% | Not reported | <u>Scenario 1</u> <ul style="list-style-type: none"> • Admissions representative told the undercover applicant that the college was accredited by "an agency affiliated with the government," but did not specifically name the accrediting body. • Admissions representative suggested to the undercover applicant that all graduates get jobs. Specifically he told the applicant that if he had not found a job by the time he graduated from the school, the owner of the school would personally find the applicant a job himself. <u>Scenario 2</u> <ul style="list-style-type: none"> • Admissions representative told our undercover applicant that barbers can earn \$150,000 to \$250,000 a year, though that would be extremely unusual. The BLS reports that 90 percent of barbers make less than \$43,000 a year. In Washington, D.C., 90 percent of barbers make less than \$17,000 per year. He said, "The money you can make, the potential is astronomical." |

| College information and degree sought | Students receiving Pell Grants ^a | Students receiving federal loans ^a | Graduation rate ^a | Encouragement of fraud, and engagement in deceptive, or otherwise questionable behavior |
|--|---|---|------------------------------|--|
| 7 FL - 2-year, privately owned Associate's Degree – Radiologic Therapy | 86% | 92% | 78% | <p data-bbox="771 640 868 661"><u>Scenario 1</u></p> <ul data-bbox="771 661 1351 1081" style="list-style-type: none"> <li data-bbox="771 661 1351 829">• When asked by the undercover applicant for the graduation rate for two programs, the admissions representative did not answer directly. For example the representative stated that "I've seen it's an 80 to 90% graduation rate" for one of the programs but said for that information "I would have to talk to career services." She also said 16 or 17 students graduated from one of the programs, but couldn't say how many students had started the program. The college's Web site also did not provide the graduation rate. <li data-bbox="771 829 1351 1081">• Admissions representative told our prospective undercover applicant that student loans were not like car loans because student loans could be deferred in cases of economic hardship, saying "It's not like a car note where if you don't pay they're going to come after you. If you're in hardship and you're unable to find a job, you can defer it." The representative did not explain the circumstances under which students might qualify for deferment. Borrowers who do not qualify for deferment or forbearance and who cannot pay their loans face fees, may damage their credit or have difficulty taking out future loans. Moreover, in most cases, bankruptcy law prohibits a student borrower from discharging a student loan. <p data-bbox="771 1081 868 1102"><u>Scenario 2</u></p> <ul data-bbox="771 1102 1351 1291" style="list-style-type: none"> <li data-bbox="771 1102 1351 1186">• Admissions representative suggested to the undercover applicant that he not report \$250,000 in savings reported on the FAFSA. The representative told the applicant to come back once the fraudulent financial information changes had been processed. <li data-bbox="771 1186 1351 1291">• This change would not have made the undercover applicant eligible for grants because his income would have been too high, but it would have made him eligible for loans subsidized by the government. |

| College information and degree sought | Students receiving Pell Grants* | Students receiving federal loans* | Graduation rate* | Encouragement of fraud, and engagement in deceptive, or otherwise questionable behavior |
|---|---------------------------------|-----------------------------------|------------------|--|
| 8 FL - 2-year, owned by publicly traded company Associate's Degree – Criminal Justice | Not Reported | Not Reported | Not Reported | <p><u>Scenario 1</u></p> <ul style="list-style-type: none"> Admissions representative falsely stated that the college was accredited by the same agency that accredits Harvard and the University of Florida. A test proctor sat in the test taking room with the undercover applicant and coached her during the test. The undercover applicant was not allowed to speak to a financial aid representative until she enrolled in the college. Applicant had to sign agreement saying she would pay \$50 per month toward her education while enrolled in college. On paying back loans, the representative said, "You gotta look at it...I owe \$85,000 to the University of Florida. Will I pay it back? Probably not...I look at life as tomorrow's never promised....Education is an investment, you're going to get paid back ten-fold, no matter what." Admissions representative suggested undercover applicant switch from criminal justice to the medical assistant certificate, where she could make up to \$68,000 per year. While this may be possible, BLS reports 90% of medical assistants make less than \$40,000 per year. <p><u>Scenario 2</u></p> <ul style="list-style-type: none"> When the applicant asked about financial aid, the 2 representatives would not answer but debated with him about his commitment level for the next 30 minutes. The representative said that student loans would absolutely cover all costs in this 2-year program. The representative did not specify that federal student loans by themselves would not cover the entire cost of the program. While there are private loan programs available, they are normally based on an applicant passing a credit check, and typically carry higher interest rates than federal student loans. The representative said paying back loans should not be a concern because once he had his new job, repayment would not be an issue. The representatives used hard-sell marketing techniques; they became argumentative, called applicant afraid, and scolded applicant for not wanting to take out loans. |

| College information and degree sought | Students receiving Pell Grants ^a | Students receiving federal loans ^a | Graduation rate ^a | Encouragement of fraud, and engagement in deceptive, or otherwise questionable behavior |
|--|---|---|------------------------------|---|
| 9 IL - 2-year, privately owned Certificate – Medical Assistant | 83% | 80% | 70% | <u>Scenario 2</u> <ul style="list-style-type: none"> Admissions representative initially provided misleading information to the undercover applicant about the transferability of the credit. First she told the applicant that the credits will transfer. Later, she correctly told the applicant that it depends on the college and what classes have been taken. |
| 10 IL - 4-year, owned by publicly traded company Bachelor's Degree - Psychology | Not reported | Not reported | Not reported | <u>Scenario 1</u> <ul style="list-style-type: none"> Admissions representative said the bachelor's degree would take 3.5-4 years to complete, but only provided an annual cost estimate for 1/5 of the program. <u>Scenario 2</u> <ul style="list-style-type: none"> Admissions representative did not provide the graduation rate when directly asked. Instead she indicated that not everyone graduates. |
| 11 PA - 4-year, owned by publicly traded company Bachelor's Degree – Business Administration | 47% | 58% | 9% | <u>Scenario 1</u> <ul style="list-style-type: none"> Admissions representative told the undercover applicant that she could take out the maximum amount of federal loans, even if she did not need all the money. She told the applicant she could put the extra money in a high-interest savings account. While subsidized loans do not accrue interest while a student is in college, unsubsidized loans do accrue interest. The representative did not disclose this distinction to the applicant when explaining that she could put the money in a savings account. <u>Scenario 2</u> <ul style="list-style-type: none"> Admissions representative told the undercover applicant that the college is regionally accredited but does not state the name of the accrediting agency. The college's Web site did provide specific information about the college's accreditation, however. Admissions representative said financial aid may be able to use what they call "professional judgment" to determine that the undercover applicant does not need to report over \$250,000 in savings on the FAFSA. Admissions representative did not disclose the graduation rate after being directly asked. He instead explained that all students that do the work graduate. This information was available on the college's Web site; however, it required significant effort to find the college's graduation rate, and the college did not provide separate graduation rates for its multiple campuses nationwide. |

| College information and degree sought | Students receiving Pell Grants* | Students receiving federal loans* | Graduation rate* | Encouragement of fraud, and engagement in deceptive, or otherwise questionable behavior |
|--|---------------------------------|-----------------------------------|------------------|--|
| 12 PA – less than 2-year, privately owned Certificate – Web Page Design | 52% | 69% | 56% | <p><u>Scenario 1</u></p> <ul style="list-style-type: none"> Admissions representative told the undercover applicant that she has never seen a student decline to attend after speaking with financial aid. The admissions representative would not allow the applicant to speak with financial aid until she enroll in the college. If the undercover applicant was able to get a friend to enroll in the college she could get an MP3 player and a rolling backpack. As noted in the testimony, although this is not illegal, it is a marketing tactic. <p><u>Scenario 2</u></p> <ul style="list-style-type: none"> Financial aid representative told the undercover applicant that he should have answered “zero” when asked about money he had in savings—the applicant had reported a \$250,000 inheritance. The financial aid representative told the undercover applicant that she would change his FAFSA form by reducing the reported assets to zero. She later confirmed by e-mail and voicemail that she had made the change. This change would not have made the undercover applicant eligible for grants, but it would have made him eligible for loans subsidized by the government. |
| 13 TX - 4-year, privately owned Bachelor’s Degree – Construction Management; Visual Communications | 81% | 99% | 54% | <p><u>Scenario 1</u></p> <ul style="list-style-type: none"> Admissions representative said the program would cost between \$50,000 and \$75,000 instead of providing a specific number. It was not until the admissions representative later brought the student to financial aid that specific costs of attendance were provided. <p><u>Scenario 2</u></p> <ul style="list-style-type: none"> Admissions representative did not disclose the graduation rate after being directly asked. The college’s Web site also did not provide the graduation rate. Admissions representative encouraged undercover applicant to change the FAFSA to falsely add dependents in order to qualify for grants. This undercover applicant indicated to the financial aid representative that he had \$250,000 in the bank, and was therefore capable of paying the program’s \$68,000 cost. The fraud would have made the applicant eligible for \$2,000 in grants per year. |

| College information and degree sought | Students receiving Pell Grants ^a | Students receiving federal loans ^a | Graduation rate ^a | Encouragement of fraud, and engagement in deceptive, or otherwise questionable behavior |
|---|---|---|------------------------------|---|
| 14 TX - 2-year, owned by publicly traded company Associate's Degree – Business Administration | 89% | 92% | 34% | <u>Scenario 1</u> <ul style="list-style-type: none"> Admissions representative said the program takes 18 to 24 months to complete, but provided a cost estimate that suggests the program takes more than 2.5 years to complete. The college's Web site did not provide the graduation rate. <u>Scenario 2</u> <ul style="list-style-type: none"> Undercover applicant would be required to make a monthly payment to the college towards student loans while enrolled. Admissions representative guaranteed the undercover applicant that getting a degree would increase his salary. |
| 15 TX - 2-year, privately owned Associate's Degree – Respiratory Therapy | 100% | 100% | 70% | <u>Scenario 1</u> <ul style="list-style-type: none"> The undercover applicant was not allowed to speak to a financial aid representative until he enrolled in the college. <u>Scenario 2</u> <ul style="list-style-type: none"> Admissions representative misrepresented the length of time it would take to complete the degree. He said the degree would take 2 years to complete but provided a cost worksheet that spanned 3 years. The undercover applicant was told he was not allowed to speak to a financial aid representative until he enrolled in the college. After refusing to sign an enrollment agreement the applicant was allowed to speak to someone in financial aid. Admissions representative told undercover applicant that monthly loan repayment would be lower than it actually would. |

Source: GAO undercover visits and Department of Education.

^aThis information was obtained from the Department of Education National Center for Education Statistics.

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For-Profit College Misconduct Complaints Under Investigation

By Linda Doell
Posted 3:00PM 11/29/10

Posted under: college finance, Consumer Ally, Family Money

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Consumer complaints of alleged misrepresentation of financial aid and other misconduct has prompted an investigation of eight for-profit schools including University of Phoenix and Kaplan University by the Florida's attorney general's office.



It's the latest round of scrutiny for the for-profit education industry that has included a federal investigation and congressional report, and comes as the U.S. Department of Education is finalizing new rules on its federal student aid programs. No charges have been filed in the Florida cases, which are civil — not criminal — investigations. Florida is looking into allegations of misrepresentation of financial aid and unfair or deceptive practices in a variety of areas including recruitment, enrollment, accreditation, placement and graduation rates.

The state sent subpoenas — covering a wide range of info including graduation statistics and marketing literature — to the University of Phoenix, Kaplan University, Medvance Institute, Concorde Career Institute, Keiser University, Argosy University, Sanford-Brown College and Everest College. The attorney general's office said the schools objected at first, but are now negotiating with the state on the documentation they have to turn over to the investigation. So far both sides have agreed on a timetable and the schools have started providing data.

Kaplan spokeswoman Michelle Pore sent the following university statement to Consumer Ally on this issue:

"Kaplan and its employees are dedicated to the highest ethical standards and responsible practices. We work diligently to ensure that our students have a clear understanding of the requirements and cost of their education and have an admissions experience that is informative and helpful. We want our students to succeed and meet the academic requirements of our programs. That's why we created the Kaplan Commitment, which offers students a period of time to take classes for credit and decide whether they can juggle the rigors of a Kaplan education with their work and family life. If they decide they can't, they leave with no tuition paid or loans incurred."

Ryan Rauzon, spokesman for University of Phoenix's parent company Apollo Group, said in an email to Consumer Ally that the company is working on expanding student protections and enhancing programs to help students complete their degree work.

"We support efforts to enhance accountability within higher education and we strive to

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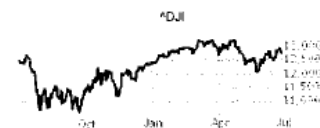
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play a leadership role in continuously improving and transparently reporting the outcomes and achievements of students served by our schools," he wrote. Rauzon pointed to a number of initiatives the University of Phoenix has put in place to ensure prospective students understand the financial end of their college education.

Part of the impetus for the Florida probe came from a U.S. Government Accountability Office report released in August detailing an undercover sting that used four fake students to check up on the colleges' admissions programs. Investigators allegedly found four of the 15 colleges encouraged fraud and that all the schools used questionable tactics or made allegedly deceptive statements to the undercover applicants.

While the schools weren't named, the report detailed instances at a Florida school where an applicant was coached during the entrance exam and school officials used high-pressure sales techniques -- scolding one applicant for refusing to enroll before speaking with financial aid. There were similar tales from schools in Pennsylvania, California, Illinois, Washington, D.C., Texas and Arizona.

The Florida investigation comes at a time when the U.S. Department of Education is putting into place new rules for federal student aid programs at for-profit, nonprofit and public colleges and universities. Those rules are slated to go into effect next summer and include protection for consumers and strengthens the Education Department's ability to take action against a school that uses deceptive advertising, marketing or sales tactics.

And how strong can those sales tactics be? Before being swayed by marketing, read up on some for-profit school stats.

According to the U.S. Department of Education, students at for-profit schools make up 11% of all higher education students, 26% of all student loans and 43% of all loan defaulters. With more than a quarter of for-profit school getting 80% of their revenues from federal student aid programs, the Obama administration coordinated 18 months of negotiations to devise the new rules.

Nor is the Florida investigation the only one out there. University of Phoenix's parent company, Apollo Group said in a filing with the U.S. Securities and Exchange Commission the federal Department of Education will review the university's administration of federal student financial aid programs starting Dec. 6, 2010. The probe will first look at the financial aid years 2009-10 and 2010 to the present.

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For-profit college target the poor and minorities, and students who enroll end up with debt that far outweighs that of their nonprofit and public school peers.

By Makaiya Brown /AlterNet / August 30, 2010

If you've spent any length of time in an urban community in the U.S., I'm sure you've seen the ads on public transportation or heard the television commercials from schools where you can train to be a medical assistant or a computer technician. But before you or someone you know signs up for a "promising career" at one of those for-profit colleges, take heed!

For-profit colleges have been around for years. The University of Phoenix, Sanford Brown, DeVry University, and ITT Technical Institute are just a few of the more popular ones. It appears that these schools target minorities, low income individuals and anyone dumb enough to believe their ads. The most memorable are the commercials from ITT Technical Institute: Because you can't get the jobs of tomorrow until you get the skills today. Start by calling ITT Technical Institute.

But I'm here to tell you these schools are not the answer to a promising career! I think schools like ITT are a money sucking scam! With record unemployment in the U.S. and African Americans making up a large percentage of the unemployed, I fear that more African Americans may be lured into the trap of dishonest for-profit schools only to find themselves with a degree or certificate that they cannot use and loads of debt that they cannot pay.

According to data provided by U.S. Department of Education, students who enroll in for-profit colleges end up with debt that far outweighs that of their nonprofit and public school peers. The data showed that last year 350,000 University of Phoenix students were responsible for repaying almost \$5 billion in outstanding loans, yet only 44 percent of them had the financial means to repay their loans. Don't get me wrong, students who attend public universities can graduate with large amounts of debt as well. However, all of my friends who've gone to 4-year accredited public or nonprofit universities

have gained skills and jobs that have allowed them to pay off their loans. I can't say the same for friends who've enrolled in schools like ITT Technical Institute or the University of Phoenix.

A federal investigation found that several for-profit colleges are involved in fraudulent acts and questionable marketing practices to attract students. The investigation unveiled that many of the colleges harass prospective students with repetitive recruiting phone calls after students request school information on websites. Several of the schools also encouraged students to falsify financial aid forms in order to get federal funds. By law up to 90 percent of the revenue of for-profit colleges can be derived from federal student aid. That's billions of federal dollars that is wasted in some cases by students who either don't finish the programs or default on the loans due to misguidance by representatives from these colleges.

Luckily the Obama Administration has been gearing up to tackle for-profit school regulation.

In order to qualify for federal aid, for-profit schools must prepare students for gainful employment. The DOE's proposed regulations would cut federal aid to these schools if students don't find gainful employment or if too many of their students default on their loans. The DOE plans to rule on the regulations by November of this year. In the meantime I urge prospective students to consider traditional 4-year universities and reputable community colleges rather than for-profit schools and certificate programs. Do your research and don't sign anything that you don't understand, otherwise you might end up dumb and broke.

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Private university company under investigation for deceiving students

US government probes Apollo Group, owner of BPP University College, over admissions and financial aid practices

Daniel Boffey, Policy editor
[guardian.co.uk](#), Saturday 16 April 2011 17:52 EDT



The private university owned by Apollo Group was given university status last year by David Willetts. Photograph: Martin Argles/The Guardian

The company running one of only two for-profit universities in Britain is under investigation for deceiving students following an undercover operation by the US government.

Universities minister David Willetts awarded BPP University College its university status last year as part of a government drive to increase the number of private companies in further education.

Last week the government also announced plans to double the tuition fee loans available to students attending private universities, in an effort to encourage more companies to enter the education market. But the government's policy has been plunged into controversy after it emerged that Apollo Group, the American owner of the new university, is under investigation by US authorities over its "recruiting, admissions and financial aid practices".

The US Higher Learning Commission (HLC) launched its inquiry after it found evidence that Apollo had deceived prospective students during enrolment. The investigation by the US Government Accountability Office found officials at the firm's US universities, which include the University of Phoenix, were offering applicants exaggerated accounts of the potential for their careers after graduation. Private universities in America and the UK are almost entirely reliant for their funding on tuition fees, often paid by students through government loans.

Apollo has been ordered to answer a series of questions over its practices by the end of this month. The development is just the latest scandal to beset the company, which had an appeal for a conviction for securities fraud turned down last month; the company was found to have withheld a critical report from the US Department for Education from its shareholders. It has already paid around £8m to the government and is due to reimburse its investors around £130m.

Apollo Group's chief executive, Charles Edelstein, earns a \$6m remuneration package, including bonuses and share options. The company's legal tangles will be an embarrassment for the British government, which is due to produce a white paper in which further encouragement for private universities is expected.

Willetts said earlier this year that one reason he wished to radically reduce state grants and deliver funding through loans was to level the playing field for private higher education providers. He said: "Currently, one of the main barriers to alternative providers is the teaching grant we pay to publicly funded higher education institutions [HEIs]. This enables HEIs to charge fees at a level that private providers could not match, and so gives publicly funded HEIs a significant advantage.

"Our funding reforms will remove this barrier, because all HEIs will – in future – receive most of their income from students via fees. This reform, of itself, opens up the system.

We will also allow alternative providers to access the generous system of student loans and grants, so their students will also be able to benefit from not having to pay upfront."

There are two private universities in England – Buckingham and BPP – with degree awarding powers. BPP, named after a UK company owned by Apollo, specialises in providing courses in law, banking and financial practice.

Concerns have already been raised that private universities will be in a position to "cherry pick" such lucrative degrees, for which high prices can be charged, while traditional universities continue to teach the full range of courses expected of them at a loss.

Shadow universities minister Gareth Thomas said he was concerned by the US developments and demanded Willetts slow down the pace of reform. "The government wouldn't need to be rushing to let more private providers into higher education if they hadn't got university finances into such a mess", he said.

Carl Lygo, chief executive of BPP, insisted his university was subject to a much higher degree of regulation than in America: "We are a degree awarding body which means we have a much tougher regulatory regime applied to us and a much different regime to that in the United States. I run the UK operation, BPP, which is entirely run by the UK team and has no direct control from the United States, and we are under the UK regulatory regime.

"At the time of the acquisition by Apollo, just less than two years ago, they undertook to accept that type of regulation would stay in place."

A spokesman for Apollo Group said: "We took the GAO's study very seriously and initiated an immediate internal investigation."

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August 3, 2010

For-Profit Colleges Mislead Students, Report Finds

By **TAMAR LEWIN**

Undercover investigators posing as students interested in enrolling at 15 for-profit colleges found that recruiters at four of the colleges encouraged prospective students to lie on their financial aid applications — and all 15 misled potential students about their programs' cost, quality and duration, or the average salary of graduates, according to a federal report.

The report and its accompanying video are to be released publicly Wednesday by the Government Accountability Office, the auditing arm of Congress, at an oversight hearing on for-profit colleges by the Senate Committee on Health, Education Labor and Pensions.

The report does not identify the colleges involved, but it includes both privately held and publicly traded institutions in Arizona, California, Florida, Illinois, Pennsylvania, Texas and Washington, D.C. According to the report, the colleges in question were chosen because they got nearly 90 percent of their revenues from federal aid, or they were in states that are among the top 10 recipients of Title IV money.

The fast-growing for-profit education industry, which received more than \$4 billion in federal grants and \$20 billion in Department of Education loans last year, has become a source of concern, with many lawmakers suggesting that too much taxpayer money is being used to generate profits for the colleges, instead of providing students with a useful high-quality education.

The report gave specific instances in which some colleges encouraged fraud. At one college in Texas, a recruiter encouraged the undercover investigator not to report \$250,000 in savings, saying it was "not the government's business." At a Pennsylvania college, the financial representative told an undercover applicant who had reported a \$250,000 inheritance that he should have answered "zero" when asked about money he had in savings — and then told him she would "correct" his form by reducing the reported assets to zero, a change she later confirmed by e-mail and voicemail.

http://www.nytimes.com/2010/08/04/education/04education.html?_r=1&pagewanted=print

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At a college in California, an undercover investigator was encouraged to list three nonexistent dependents on the financial aid application.

In addition to the colleges that encouraged fraud, all the colleges made some deceptive statements. At one certificate program in Washington, for example, the admissions representative told the undercover applicant that barbers could earn \$150,000 to \$250,000 a year, when the vast majority earn less than \$50,000 a year. And at an associate degree program in Florida, the report said, a prospective student was falsely told that the college was accredited by the same organization that accredits Harvard and the University of Florida.

According to the report, courses in massage therapy and computer-aided drafting that cost \$14,000 at a California for-profit college were presented as good values, when the same courses cost \$520 at a local community college.

Six colleges in four states told the undercover applicants that they could not speak with financial aid representatives or find out what grants and loans they were eligible for until they completed enrollment forms agreeing to become a student and paid a small application fee.

And one Florida college owned by a publicly traded company told an undercover applicant that she needed to take a 50-question test, and answer 18 questions correctly, to be admitted — and then had a representative sit with her and coach her through the test. A representative at that college encouraged the applicant to sign an enrollment contract, while assuring her it was not legally binding.

But in some instances, the report said, the applicants were given accurate and helpful information, about likely salaries and not taking out more loans than they needed



More lawsuits target for-profit colleges

Updated 9/27/2010 4:15 PM

By Mary Beth Marklein, USA TODAY

Disgruntled students, employees and shareholders have filed a flurry of lawsuits against for-profit colleges since a federal investigation last month found deceptive practices at 15 campuses.

The Government Accountability Office report was released Aug. 4, and class-action lawsuits have now been filed in California, Colorado, Arkansas and Utah by former students and employees, who argue in most cases that a school lied to them or misled them.

Some companies, including the University of Phoenix and Westwood College, closed campuses or launched internal investigations after the release of the report, which found that admissions officials in four cases encouraged applicants to commit fraud by lying on financial aid forms.

Shareholders have filed class-action lawsuits against at least five schools, noting the effect of the report on stock prices and citing securities fraud.

Lawsuits alleging deception at for-profit colleges are not new. Last year, the parent companies of the University of Phoenix and Westwood agreed to pay the federal government millions of dollars each to settle separate false-claims lawsuits. In both cases, the schools admitted no wrongdoing.

John McKernan, chairman of Education Management Corp., which operates about 95 schools in 31 states, including Argosy University, says lawsuits are part of the territory. "Statistically, the bigger you get, the more (complaints) you're going to have."

Tampa lawyer Jillian Estes, whose firm has represented students in several class-action suits against for-profits, including Westwood College, says she hopes the federal scrutiny will bolster students' cases.

"We've been trying to raise this flag for so long," she says. "It helps for judges to realize this isn't just some kids who are a little unhappy, but a nationwide systemic problem." Westwood in March sued Estes and her law firm for defamation.

A Texas agency has threatened to revoke or deny one company's licenses to operate three for-profit campuses there. One college received a similar warning in Wisconsin.

Still, tens of thousands of students say for-profit colleges are their best option. An unprecedented 91,000 public comments were submitted in response to a proposal that would deny federal student aid to for-profit colleges whose graduates don't earn enough to pay back student loans. The Education Department estimates one-third or more came from students worried that their college would close if the proposal is adopted.

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For-profit colleges under fire over value, accreditation

Updated 9/29/2010 11:56 AM

By Mary Beth Marklein, USA TODAY



By Jeffrey D. Allred, for USA TODAY

Chelsi Miller uses a stethoscope with her son Kaige, 5, at their apartment in Midvale, Utah. Miller was accepted to a pre-med program, but her credits from a for-profit school will not transfer.

For Chelsi Miller, the wake-up call came when University of Utah officials said her credits wouldn't transfer from her old school.

Utah's flagship public university accepted her to its pre-med program last fall but said her courses at Everest College, a national for-profit institution with a campus in Salt Lake City, wouldn't count toward her bachelor's degree. That left Miller with a 3.9 grade-point average for an associate's degree that she says did nothing to advance her education and career goals. And, she has more than \$30,000 in student-loan debt.

She says Everest misled her when it suggested her credits would transfer and misrepresented what it would cost her.

LAWSUITS: Students, employees, shareholders file against for-profit colleges

COLLEGE BLOG: Loan defaults highest among for-

profit college students

"I feel as if I had been sold a college experience from a used-car salesman," says Miller, 26, of Midvale, Utah, who last week filed a class-action lawsuit in state court with two other students accusing Corinthian Colleges, Everest's owner, of fraud.

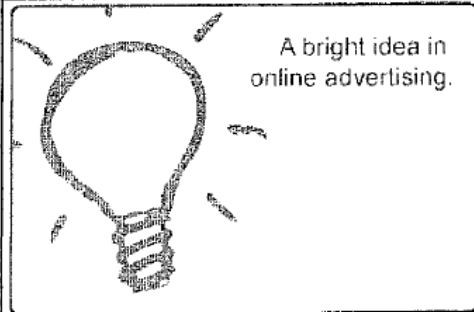
Miller's claim — which Corinthian disputes — is the latest in a string of actions raising questions about for-profit colleges, whose enrollments are soaring as many Americans beef up their education as a hedge in a tough job market.

In 2008, about 2,000 for-profit colleges eligible for federal student aid enrolled nearly 1.8 million students — an increase of 225% in 10 years. About 9% of all college students now attend for-profits; most attend schools owned by one of 15 large, publicly traded companies that each enroll tens of thousands of students. Last year, federal student loans and grants made up an average 77% of revenue at the five largest for-profits.

Advocates of for-profit colleges say their programs, which often operate online or in rented office space, serve a key role in educating students who juggle work and family demands. But the U.S. government has stepped up its scrutiny amid growing concern that for-profits are reeling in billions of dollars in federal aid by using aggressive — some say deceptive — practices to lure students to programs that might not yield a useful education.

The Education Department has proposed penalizing for-profits whose students graduate with more debt

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than they can afford, and Congress began a series of hearings this summer on whether federal aid to for-profit colleges — more than \$24 billion in 2008-09 — is being put to good use.

"It is our responsibility to ensure that for-profit colleges are putting the needs of students before the needs of shareholders," says Sen. Tom Harkin, D-Iowa, chairman of a Senate education committee whose hearing Thursday aims to explore the magnitude of the federal investment in for-profits. "We need to learn more about whether students are succeeding at these schools and whether the taxpayer investment is actually benefiting students."

A question of standards

As the topic heats up in Washington, more than 1,000 students are expected to converge on Capitol Hill today in support of for-profit colleges. But for others, including Miller, the problems with for-profits start with concern about accreditation, a coveted assurance of educational quality.

Accreditation, a sort of third-party seal of approval designed to protect consumers and taxpayers from diploma mills, is important to colleges because the Education Department relies on it to determine which schools may get federal student aid. It's important to students because it can help them transfer credits from one college to another and can signal that a candidate's academic training has met certain standards.

It's also confusing because there is more than one type of accreditation.

Miller says she was "a naive single mother from a small farm town" when she responded to an ad for Everest's surgical technology program. When she asked if her credits would transfer to the University of Utah, she says, an Everest admissions official "assured me that the college was going through an accreditation change and would have full accreditation by the time I graduated."

In fact, Everest College is accredited by the Accrediting Council for Independent Colleges and Schools, one of the more than 70 organizations recognized by the Education Department.

The problem: The organization is a national body.

Historically, for-profit colleges have been accredited mostly by national groups, which traditionally have focused on short-term college p

rograms in fields such as the culinary arts, medical billing or business administration.

In contrast, most non-profit, degree-granting public and private institutions are accredited by one of six regional bodies. (To complicate matters more, some professional associations accredit academic programs in fields such as pharmacy or nursing at both regionally and nationally accredited institutions.)

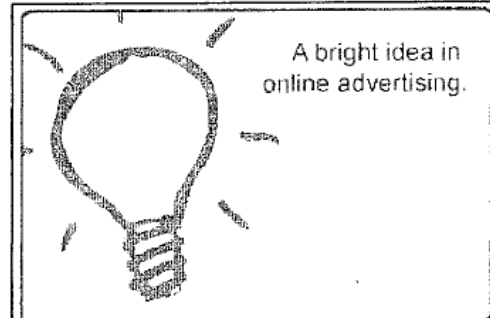
Those historic distinctions are blurring as more for-profits offer degree programs, which make them eligible for regional accreditation. Types of accreditation differ because institutional missions differ, but most specialists in higher ed accreditation agree that regional accreditation, which takes at least two years for a college to earn and must be renewed every 10 years, is considered the most rigorous and most prestigious.

Kevin Kinser, an education professor at the State University of New York at Albany who studies the for-profit higher education industry, estimates that close to half of all for-profit enrollments today are in schools that have been regionally accredited. The credential serves "a legitimizing function," he says.

Colleges "promote that about themselves, often in terms (such as), 'We have the same accreditation as the University of Chicago.'"

It's up to institutions to decide whether to accept or deny transfer credits, but many use accreditation status as a guideline. The University of Utah, for example, requires students who want to transfer from nationally accredited schools such as Everest

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to seek permission from its faculty to get credit for courses already taken at a different institution.

"Often those courses are found lacking in some way or another," says Suzanne Wayment, associate director of admissions at the University of Utah. For example, she says, an algebra textbook used by a nationally accredited school may be for an introductory course, while the university requires that students complete a higher-level course.

On the other hand, she says, the university tweaked its policy this summer, when it began allowing coursework from the regionally accredited University of Phoenix, the USA's largest for-profit college, to count as elective credits. Wayment says officials from the University of Phoenix — which enrolls about 476,000 students nationwide, either online or at one of more than 200 locations — recently requested a review because the original policy, in place since the 1980s, was outdated.

Manny Rivera, spokesman for the Apollo Group, which owns the University of Phoenix, says "it is the student's responsibility to confirm whether credits earned at University of Phoenix will be accepted by another institution."

But Harris Miller, president of the Association of Private Sector Colleges and Universities, which represents about 1,800 for-profit institutions, suggests that many more non-profit schools follow blanket policies that waste students' — and taxpayers' — time and money because students have to retake a course "over and over."

"Even when a school does become regionally accredited, other schools will often take a discriminatory attitude simply because they're for-profit," he says. "The stratification of the higher-ed system is incredibly elite."

Confused students

Recent lawsuits, and a probe by the Government Accountability Office, suggest that some nationally accredited colleges may be exploiting confusion about accreditation by omitting or glossing over relevant details.

The GAO report, for example, said a representative for the nationally accredited Kaplan College in Florida told an undercover government investigator who was pursuing an associate's degree in criminal justice that the college was accredited by "the top accrediting agency — Harvard, the University of

Florida, they all use that accrediting agency." But that was not true.

A class-action lawsuit filed in August against the for-profit Westwood College in California noted that the college's website said the school was a candidate for regional accreditation but failed "to disclose that it has been a candidate for two years and was passed over for accreditation during its first evaluation."

And Chelsi Miller's lawsuit argues that Corinthian is "aware of prospective students' ignorance of, or confusion about, this important distinction."

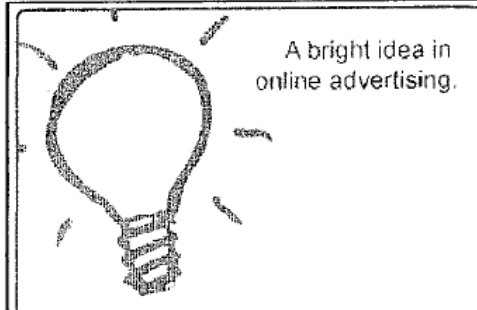
Kent Jenkins, vice president of public affairs communications at Corinthian Colleges, declined to comment on Miller's case. But, he said, "we are very straightforward and direct with our students and prospective students about what they can expect from their diploma or degree. We have detailed processes and procedures that require our admissions counselors to disclose whether credits are or are not likely to transfer to other institutions.

"We work very hard to treat our students honestly and fairly, and we don't tolerate deception, period."

In a development that has captured the interest of the Education Department, a growing number of for-profits have taken a shortcut to regional accreditation: buying an already accredited non-profit college. At least 11 non-profits have been converted to for-profits that way in recent years, Kinser says.

In 2004, for example, investors purchased Grand

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Canyon University, then a small, financially struggling Christian college in Phoenix that has been accredited since 1968 by the Higher Learning Commission of the North Central Association of Colleges and Schools, which accredits more than 1,000 institutions in 19 states. Today, Grand Canyon enrolls 40,000 students, most of them in its online program.

Regional accrediting associations, facing a policy development that didn't exist until for-profit colleges began to proliferate, have since tightened their reins or are re-examining rules regarding ownership changes. In February, the Higher Learning Commission told Chancellor University in Cleveland, which was acquired in 2008 by a for-profit company, that it would withdraw accreditation unless the school could show that it met certain criteria. In June, it denied re-accreditation for Dana College in Blair, Neb., which was in the process of being purchased by a for-profit company. The college has since closed.

"This is the type of thing we want to keep a close eye on," says James Kvaal, a deputy undersecretary of education.

But federal officials and lawmakers are not just watching for-profit colleges.

The Education Department's inspector general, who investigates compliance problems, threatened in December to strip the Higher Learning Commission's authority because it approved accreditation of the for-profit American InterContinental University despite an agreement among commission members that the school had an "egregious" policy of giving more credit for certain graduate and undergraduate courses than was "common practice in higher education."

This summer, lawmakers grilled officials of regional and national accreditors during hearings about whether colleges found to engage in questionable practices — such as encouraging students to lie on their financial aid forms or pressuring students to sign legally binding contracts — should be allowed to keep their accreditation. Sen. Michael Enzi, R-Wyo., ranking member of the Senate's education committee, has said he wants any investigation of problems in the for-profit higher education industry "to also include a review of all institutions of higher education."

Those developments worry many leaders of traditional college and universities, who comply

with a host of federal regulations but for decades have fought to keep federal regulators out of classroom matters. Accreditors say they're taking the government's concerns seriously.

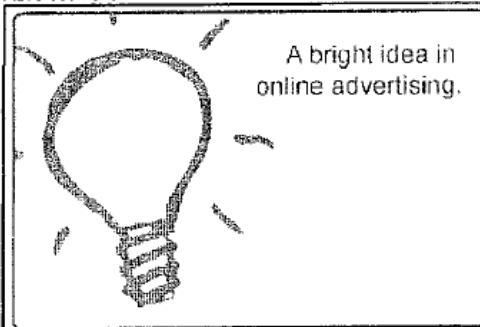
"The absence of credibility for accreditation means the absence of credibility for our colleges, universities and programs," says Judith Eaton, president of the Council for Higher Education Accreditation, a membership organization of degree-granting colleges that advocates for self-regulation of academic quality.

Harris Miller, head of the association of for-profit schools, says he would welcome wider federal oversight to ensure quality. He says his schools, and particularly their completion rates, would stack up favorably when compared with community college systems, the for-profit sector's main competitors.

But Chelsi Miller, who has put more schooling on hold until she can save more money, says something has to change so more students aren't duped.

"I received misleading guidance and answers that led me to sign my life away," she says. "I can't speak to other colleges, but as far as Everest goes, they really have taken advantage of people that cannot afford to be taken advantage of."

Advertisement



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Tuition Reimbursement / Pay Advance



| | |
|---|--|
| Employee's Section | |
| Employee Name: | Date of Request: |
| Social Security Number: | Phone Number: |
| Department Name: | Job Title: |
| Course # and Title: | Undergraduate or Graduate: |
| Course Begin Date: | Course End Date: |
| Enrollment Period: <input type="checkbox"/> Spring <input type="checkbox"/> Fall <input type="checkbox"/> Summer <input type="checkbox"/> Winter | Course Grade if Completed: |
| Describe how course is related to your job or career: | Attach additional sheets if necessary. |
| <p>Pending the recommendation of my department head, review by the Human Resources Director, and approval by the County Administrator, I am requesting approval to participate in the training program mentioned above. I understand that I may receive assistance in the form of advance pay for expenses, such as tuition and books, upon successful completion of the course. If however, the County or I terminate my employment with the County prior to one (1) year after the completion of this training, I understand that I must reimburse Richland County the entire cost of this training/development pay advance agreement and/or have all outstanding pay advance for training/development deducted from my paycheck(s). I am not requesting reimbursement or pay advance for a course paid for by another source (i.e., grants, scholarships, etc.)</p> <p>Employee's Signature: _____ Date: _____</p> | |

| | |
|---|---|
| Department Head's Recommendation: | |
| <input type="checkbox"/> Reimbursement: ___ Approved ___ Disapproved | <input type="checkbox"/> Advance: (Request Letter Attached) ___ Approved ___ Disapproved |
| <input type="checkbox"/> Course is Job or Career Related <input type="checkbox"/> Class Attendance will not interfere with department operations | <input type="checkbox"/> Budgetary Funds are Available |
| Reason: _____ | |
| Source of Funding (Budget Code): _____ | |
| Department Head Signature: _____ Date: _____ | |

| | |
|---|---|
| County Administrator's Approval: | |
| <input type="checkbox"/> Reimbursement: ___ Approved ___ Disapproved | <input type="checkbox"/> Advance: (Request Letter Attached) ___ Approved ___ Disapproved |
| Comments: _____ | |
| County Administrator Signature: _____ Date: _____ | |

| | |
|--|-------------|
| Finance Director Signature: _____ | Date: _____ |
| Human Resources Signature: _____ | Date: _____ |
| Courses to be Taxed <input type="checkbox"/> Yes <input type="checkbox"/> No | |

[http://richlandportal/HR/Forms/Tuition Reimbursement Request Form.doc](http://richlandportal/HR/Forms/Tuition%20Reimbursement%20Request%20Form.doc) 5/23/2011



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[Explore](#) > [University of Phoenix](#) > [New Mexico](#) >

University of Phoenix in New Mexico

The Founding of Phoenix

In 1976, Dr. John Sperling founded University of Phoenix and made a commitment to provide working adults with higher education options at convenient times.

Today, our students study at more than 200 locations, as well as through online programs available in countries around the world

About the Program

Earn a college degree from University of Phoenix without putting daily life on hold. While you're obtaining an associate, master's or doctoral degree, University of Phoenix can be a catalyst for getting your education while working — potentially quicker than you would expect.

With accommodating schedule and online class options, University of Phoenix provides education in courses of study including business and management, communications, criminal justice and security, education, general studies, nursing and health care, human services, psychology and technology. While widely available, not all programs are available in all locations or in both online and on-campus formats. Please check with a University Enrollment Advisor.

Financial aid info

University of Phoenix works with many financial aid sources and there is no charge for processing financial aid applications. Your enrollment representative will help guide you through the application process.

You may choose to pay as you go, rather than pay a whole semester or year at once. Additionally, University of Phoenix is eligible for a large number of company tuition reimbursement programs, check with your human resources department to find out more.

[Accreditation Statement](#)

Programs at University of Phoenix in New Mexico

Quick Degree Search, Get Started Below.



University of Phoenix®

I want to study:

Where? Online Campus Based

Highest Education:

I graduated High School in:

My zip code is:



University of Phoenix

University of Phoenix

Phoenix University has requested these documents be included in the ROA.

Prepared by: Phoenix University

Item# 8

Alliance Memorandum of Understanding

This Alliance Memorandum of Understanding ("MOU") is between University of Phoenix, Inc. ("University") with its principal place of business at 4025 South Riverpoint Parkway, Phoenix, Arizona 85040 and Richland County Administration and its affiliates, ("Client") with its principal place of business located at 2020 Hampton Street, Columbia, South Carolina 29204.

Benefits Offered by University:

1. The University will provide a four percent (4%) tuition reduction to the Client's employees who meet the University's admission standards. This applies to any University program, including certificate programs, and single courses, including professional development courses. After the effective date of this MOU and after the date the student identifies as an employee of Client, reduced tuition will apply to the then current rates at the time the student enrolls in a course. All students are subject to the University's student policies.
2. The University will provide a link to a University website to assist employees with enrollment.
3. The University will provide information to be used, subject to Client's policies and discretion, to support the Client's internal promotion of continuing education.

Client Contributions:

1. Subject to the Client's policies and discretion, the Client will work with the University to communicate the benefits of this MOU and the many educational opportunities available at the University.

General Terms and Conditions:

1. This MOU becomes effective on the date both parties have signed the MOU. Either party may terminate this MOU upon thirty (30) days prior written notice. If the University believes that the MOU might violate any law or regulation, adversely affect its accreditation, or any license or exemption issued by a Federal or State educational board or commission, the University may terminate the MOU immediately upon written notice to the Client.
2. Students who are currently enrolled prior to the date of termination will continue to receive the tuition reduction as more fully described herein under the terms of this Agreement for the program or course of study that the student is currently enrolled in, provided the student does not take a break in attendance for more than one year. If an employee is out of attendance for more than one year, the employee will no longer be eligible for the reductions provided for herein.
3. The University may use Client's name verbally for reference purposes only. Subject to prior written approval, the Client grants University a limited, non-exclusive right to use Client's name and logo in writing solely for purposes of fulfilling University's obligation pursuant to this MOU and making the courses and course materials available to Client's employees.
4. Each party acknowledges that the relationship with the other is that of an independent contractor.
5. Each party agrees to abide by all applicable Federal and State Laws. This MOU shall be governed by and construed in accordance with the Laws of the State of Arizona. Jurisdiction for any claim, dispute, or lawsuit shall be Maricopa County, Arizona.
6. This MOU does not create any rights, title, or interest for any entity other than the University and the Client.
7. With the exception of either party's compliance with a request pursuant to public records laws and facilitation of receipt or provision of the services herein, both parties agree that they will not disclose the terms of this MOU to any unrelated third party's without the other party's prior written consent.

RICHLAND COUNTY ADMINISTRATION

UNIVERSITY OF PHOENIX, INC.

Signature

Signature

Printed Name

William Pepicello, Ph.D.

Printed Name

Title

President

Title

Date

Date

v.1

Richland County Council Request of Action

Subject: Academic Partnership between Richland County and University of Phoenix proposed by Workforce Solutions Advisor, Aaron Bishop

A. Purpose

State what it is that Council is specifically being requested to do. For example:

"County Council is requested to approve an Academic Alliance with University of Phoenix in the amount of \$0.00. The purpose of this Academic Alliance is to provide a tuition discount to all employees of Richland County Administration who are current students and future students of the University of Phoenix. University of Phoenix also will create an articulation agreement to help provide College credit for employees of Richland County Administration.

B. Background / Discussion

Provide any relevant history of the situation. For example:

- The purpose of this Academic Alliance is to provide a tuition discount to all employees of Richland County Administration who are current students and future student of University of Phoenix. University of Phoenix also will create an articulation agreement to help provide College credit for employees of Richland County Administration
- There is NO exclusivity to this alliance
- Marketing material to help communicate this partnership will be generate with prior approval of Richland County Administration
- Through discovery and meaningful conversation this opportunity was supported by the County Administrator (Milton Pope) as a valuable partnership for the benefit of the employees of Richland County Administration
- Face to face meetings with County Council members, County Administrator and the Human Resource Department provided supportive conversation to provide a written proposal for recommendation and consideration at this time
- In face to face and electronic correspondence University of Phoenix personnel addressed any concerns that were not "directly" addressed to the aforementioned intuition. Documentation and resources were provided for the support of this alliance to Dwight Hanna of the Human Resource Department.
- Scrutiny has come because the federal government is considering changes to the way proprietary schools are regulated.
- We fully support the federal government's goal to make schools more accountable to students and to taxpayers. We're participating with the Department of Education and with Congress as they establish new rules that serve students best and we maintain strict compliance with current rules and regulations. We will follow any new rules the government ultimately decides to implement, and in fact we already comply with some of the proposed rules that will be coming. We've seen recent media reports that focus on incidents in which students - at University of Phoenix and elsewhere - haven't had the kind of experience we're committed to

delivering. We have strict policies and standards in place to protect students and to ensure their success, and when we fall short of those standards, we take immediate action to correct the situation. And we've taken a lot of recent steps to ensure student protection including: Providing a free Student Orientation program for students with fewer than 24 credits (who have less experience with college) so they can make sure they are ready for college before making any financial or enrollment commitments; and, an effective new plan which helps students become more financially literate and includes tools to help them make more informed and responsible borrowing decisions.

- However, we're disappointed that these media reports ignore the thousands of **success stories** from University of Phoenix students and alumni, the overwhelming majority of whom are successful in their career and proud to be a Phoenix.
- We hope the following information will help clarify important facts about the policy debate and our commitment to ensuring student protection and success.
- **The education students receive at University of Phoenix is valuable and helps them achieve their goals in life.** University of Phoenix faculty members hold successful positions in their professional fields. We are fully accredited and held to the same accreditation standards as the top public and private schools. The classes we offer challenge our students – just ask them. Most of our students already hold jobs when they come here, and their salaries tend to increase as they continue their course work and complete their degree.
- **Our degree programs are fully accredited and prepare students to thrive in today's job market.** For example, since 2004 we have graduated more than 25,000 teachers and 15,000 nurses. Our teaching program is accredited by the Teacher Education Accreditation Council (TEAC) and is recognized by the Council for Higher Education Accreditation and the U.S. Department of Education. Each state has its own state teacher credentialing examination and standards and graduates of our teaching program must pass the necessary state examinations and student teaching requirements in order to become credentialed to teach in their state of residence.
- **Our programs are held to the same rigorous accreditation standards as public four-year colleges and universities.** University of Phoenix is accredited by the Higher Learning Commission and is a member of the North Central Association, whose members also include Northwestern University, University of Notre Dame, University of Michigan, Ohio State University and University of Arizona, to name a few. In addition to our institutional accreditation, the University has been granted programmatic accreditation for several academic disciplines:

Nursing – The Commission on Collegiate Nursing Education

Counseling – Council for Accreditation of Counseling and Related Educational Programs

- **We are committed to enhancing financial literacy and reducing student debt.** University of Phoenix recently introduced a financial literacy program and a set of tools to help students better understand how much it costs to receive a college education, including a user-friendly financial aid calculator that helps students better manage debt levels. Since launching these tools, the number of students who take out the maximum loan amount has dropped by approximately 30 percent. Understanding the hard working student population we serve, we have always strived to maintain tuition costs in the mid range nationally. It does not serve our students or us when our students take on excessive debt loads. However, colleges and universities cannot legally prohibit students from taking out the maximum amount of loan dollars for which they are eligible.
- **Our enrollment advisors are motivated by one thing: the success of our students.** We support the federal government’s proposed regulations on incentive compensation and 18 months ago we began piloting an evaluation and compensation system for our enrollment advisors which removes the “recruitment factor” from the enrollment process. We are firmly committed to changing the way enrollment advisors are paid and evaluated. As we announced several months ago, beginning this fall, we are eliminating enrollment targets as a component of our enrollment advisor’s compensation and evaluation. We believe this will eliminate speculation about enrollment advisor’s motivations and ensure that their focus is squarely on the needs and interests of students.
- **We are committed to ensuring that prospective students receive factual, useful information about the University.** We have strong student protection policies in place, and we do not tolerate deceptive practices by any employee. We take swift and immediate action when we discover any violation of these policies, up to and including termination of employees involved.

Additionally, we have rolled out an extensive digital call-monitoring system that tracks and records tens of thousands of calls every day between enrollment advisors and potential students, to detect any evidence of false or misleading information.

- **We do not recruit residents of homeless or transitional housing facilities, under any circumstances.** Our policy is clear and unambiguous: we do not allow our employees to visit such facilities for the purposes of recruiting or attracting students. We do not tolerate such activity, and any employee who violates this policy faces disciplinary action up to and including termination.

Benson Rollins, the homeless individual interviewed by ABC, has made repeated attempts to discredit and entrap our employees. Although we have made clear to Mr. Rollins that he is not eligible for admission to the University because he does not have a high school diploma, he routinely makes contact with the University, sometimes using an alias. We informed ABC News of Mr. Rollin's lack of credibility, which was already well documented in an article by *Pro Publica*, which they chose to ignore

- **Our alumni hold highly responsible positions in business and government.** From CEOs, to entrepreneurs, to senior White House staffers, our alumni network includes thousands of accomplished professionals who say their University of Phoenix degrees contributed to their success.
- **We are committed to enhancing financial literacy and reducing student debt.** University of Phoenix recently introduced a financial literacy program and a set of tools to help students better understand the direct and indirect costs of their education, including a user-friendly financial aid calculator that helps students better manage debt levels. Since launching these tools, the number of students who take out the maximum loan amount has dropped by approximately 30 percent.
- **Our counselors and advisors are professional, well trained, and certified.** We hold our student advisors to the highest standards of ethics and professionalism. We monitor tens of thousands of calls with students a day to ensure a positive experience for potential students. Our strict standards of behavior and institutional policies are designed to protect students throughout their tenure with the University, and we do not tolerate any violation of these policies.

In addition, over the past 18 months we have been piloting on a large scale a new evaluation and compensation system for student advisors which has no consideration of enrollment figures. This system will be rolled out system wide beginning in the Fall. Eliminating the recruitment factor from the enrollment decisions that students make will place our staff's focus squarely on advisement. We're extremely proud of our counselors and advisors, all of whom are dedicated to helping and inspiring our students every day.

- University of Phoenix has established a free orientation program for all students with fewer than 24 credits – **now students can experience our University before they make any financial commitment.** This helps students fully understand the commitment it takes to attend classes and see if it's right for them.
- **America's higher education system must adapt to meet the needs of today's working learners.** We are concerned that the country will not meet the national education goals set forth by President Obama without a postsecondary system that

operates differently than it has in the past and which includes all types of schools – public, private, and proprietary.

- **More Americans than ever need a college degree and are seeking access to higher education.** Jobs today require higher education, yet out of 132 million people in the labor force, about 80 million don't have a bachelor's degree, and 50 million working adults have never even tried. These individuals are increasingly looking for ways to remain competitive and advance in their careers in today's global economy.
- **Over 70% of today's students are now categorized by the US Department of Education as "non-traditional" students.** Our colleges and universities must meet the needs of today's working learners who have families and professional obligations that make it extra challenging to pursue a college degree. University of Phoenix provides a balanced approach to higher education, helping students earn a college degree while meeting their responsibilities at work and home.
- **The traditional higher education system is critically important in the US, but cannot meet our needs alone.** This system, which is exclusive in design, was built to meet the needs of a different era when only a small portion of the nation's workforce needed a college degree. Today's globally competitive, knowledge-based economy requires America to have a more broadly educated society.
- **Accredited, degree-granting proprietary institutions play a critical role to the future of education.** These institutions provide access to students who previously have been left behind by or excluded from the traditional higher education system. Well managed proprietary institutions do not significantly burden the taxpayer and can meet this demand at a significantly lower cost to society.
- **University of Phoenix students report higher satisfaction rates than their peers across the nation in each of the 10 categories surveyed by the National Survey of Student Engagement.** Students gave us our highest ranking in improving their knowledge of "thinking critically and analytically." Internal measurements show student satisfaction rates ranging from 91-96%.
- **Our alumni hold senior level positions in business and government.** From CEOs, to entrepreneurs, to senior White House staffers, our alumni network includes thousands of accomplished professionals who say their University of Phoenix degrees contributed to their success.

Clearly answer the basic questions of: *who?*, *what?*, *when?*, *where?*, *why?*, and *how?*. Be specific. Include information that is relevant in making your recommendation. For example, if

it is a purchase, list the results of the bids. If you have specific concerns, explain them. Otherwise, Council may not completely understand the issue. Please note that while it is good to mention the fact that funds were approved in the budget, this does not mean that there is no need for you to explain your reasoning behind your request. Also, please do not rely on the Council's memory. Whether or not Council is familiar with the issue, the report is incomplete if all the relevant facts are not stated.

C. Financial Impact

Always provide an explanation of the financial impact, whether revenue, expenditure, or indirect cost. Always include a total cost, with sales tax or any other associated fees shown separately. In addition, please provide the budgeted amount and the designated account from which the item will be purchased. Any savings to the County should be noted.

There is no financial impact associated with this request. It is optional for employees to use their tuition assistance benefit.

When appropriate, use a table. For example:

If there is no financial impact, simply state *"There is no financial impact associated with this request."*

D. Alternatives

List the alternatives to the situation. There will always be at least two alternatives:

1. Approve the request to...
2. Do not approve

Sometimes there may be more than two alternatives. If so, please note them.

If not already addressed, you may briefly discuss additional impacts of each alternative. This is a good place to include your reasons for making a recommendation in favor of one alternative versus another.

E. Recommendation

State which alternative you recommend. Be sure to include your name, department, and date.

For example:

"It is recommended that Council approve the request to..."

Recommended by:

Department:

Date:

F. Reviews

(Please **SIGN** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers

Date:

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation:

Procurement

Reviewed by: Rodolfo Callwood

Date:

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation:

Grants

Reviewed by: Sara Salley

Date:

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation:

Legal

Reviewed by: Larry Smith

Date:

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation:

Administration

Reviewed by:

Date:

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation:

Statement of Purpose

"County Council is requested to approve an Academic Alliance with University of Phoenix in the amount of \$0.00. The purpose of this Academic Alliance is to provide a tuition discount to all employees of Richland County Administration who are current students and future students of the University of Phoenix. University of Phoenix also will create an articulation agreement to help provide College credit for employees of Richland County Administration.

Benefit of Purpose and Discussion

- The purpose of this Academic Alliance is to provide a tuition discount to all employees of Richland County Administration who are current students and future student of University of Phoenix. University of Phoenix also will create an articulation agreement to help provide College credit for employees of Richland County Administration
 - There is NO exclusivity to this alliance
 - Marketing material to help communicate this partnership will be generate with prior approval of Richland County Administration
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 - Face to face meetings with County Council members, County Administrator and the Human Resource Department provided supportive conversation to provide a written proposal for recommendation and consideration at this time
 - In face to face and electronic correspondence University of Phoenix personnel addressed any concerns that were not "directly" addressed to the aforementioned intuition. Documentation and resources were provided for the support of this alliance to Dwight Hanna of the Human Resource Department.
 - Scrutiny has come because the federal government is considering changes to the way proprietary schools are regulated.
 - Some question from Mr. Hanna that were addressed.
-
1. **What metrics does University of Phoenix use to measure success?** We measure success by graduates from our Associates, Bachelor's, Master's and Doctoral program.
 2. **Will you provide the County a copy of the metrics for the University of Phoenix ?** University of Phoenix is a division of the Apollo Group. We file quarterly financial

statements with Security Exchange Commission. Our financial statement can be found on www.sec.gov.

3. **In response to complaints and in the media brought how has University of Phoenix responded.** As a leader in the Education Industry the University of Phoenix met this concern head on. There are several initiatives we implemented (i.e. enrollment practices, quality controls, transparency). Student can enroll and take a free course with us. The course is called UNIV. July 16th we are up for a federal review to ensure that we are in compliance with regulations. Also we hosted a Military veteran job fair in partnership with our Academic alliance partners.

- We fully support the federal government's goal to make schools more accountable to students and to taxpayers. We're participating with the Department of Education and with Congress as they establish new rules that serve students best and we maintain strict compliance with current rules and regulations. We will follow any new rules the government ultimately decides to implement, and in fact we already comply with some of the proposed rules that will be coming. We've seen recent media reports that focus on incidents in which students – at University of Phoenix and elsewhere – haven't had the kind of experience we're committed to delivering. We have strict policies and standards in place to protect students and to ensure their success, and when we fall short of those standards, we take immediate action to correct the situation. And we've taken a lot of recent steps to ensure student protection including: Providing a free Student Orientation program for students with fewer than 24 credits (who have less experience with college) so they can make sure they are ready for college before making any financial or enrollment commitments; and, an effective new plan which helps students become more financially literate and includes tools to help them make more informed and responsible borrowing decisions.
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Teaching – Teacher Education Accreditation Council

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nation's workforce needed a college degree. Today's globally competitive, knowledge-based economy requires America to have a more broadly educated society.

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- **Our alumni hold senior level positions in business and government.** From CEOs, to entrepreneurs, to senior White House staffers, our alumni network includes thousands of accomplished professionals who say their University of Phoenix degrees contributed to their success.

Financial Impact

There is no financial impact associated with this request. It is optional for employees to use their tuition assistance benefit.

Other National and Local partners

- City of Columbia
- Palmetto Health
- Providence Hospital
- Time Warner Cable
- Allied Barton
- Aaron's Rental
- HHGregg
- Best Buy
- Kroger
- McLeod Health
- Kershaw Health
- Wells Fargo
- Bank of America

- **Frito Lay**
- **Burger King**
- **McDonalds**
- **Coca Cola**
- **Pepsi**
- **Domino's**
- **City of Augusta**
- **And many more...**

Richland County Council Request of Action

Subject

Approval of funds for CDBG and HOME Administrative Shortfall [**PAGES 110-114**]

Reviews

Richland County Council Request of Action

Subject: CDBG and HOME Administrative Shortfall

A. Purpose

The US Department of HUD has notified Richland County of its reductions in CDBG and HOME for FY 12-13. These federal reductions have equated to approximately 26% nationwide and will leave a programmatic and administrative deficit.

County Council is requested to approve a budget amendment/transfer from the fund budget within NIP Division account(s) to Richland County Community Development Department in the amount of \$53,665.00. These requested funds will be used for administrative costs only in order to operate the CDBG and HOME programs. While the funding allocations are reduced, the required levels of HUD compliance, monitoring and reporting remain the same. There is one current vacancy due to an employee's voluntary termination and it will not be filled in order to assist in this deficit.

B. Background / Discussion

The US Department of HUD has forwarded its reductions in CDBG and HOME for Richland County (see attached which includes the state of SC). Last year, fund budget dollars from the Planning Department's NIP Division were used to offset the administrative shortfall for CDBG. The HOME administrative deficit was absorbed. However, the upcoming year's additional budget cuts and the County's 4% increase further exacerbates this shortfall. This year's CDBG (by 7.2%) and HOME (by 18.77%) reductions added to last year's CDBG (16%) and HOME (12%) have resulted in \$417,647 less in programmatic and administrative funds from FY's 2010 to 2012. The CDBG grant was reduced by 7.2% or to \$1,174,058.00. The HOME allocation was reduced by approximately 19% to \$449,305.00. The administrative shortfall due to these reductions will equate to \$81,223 less in CDBG (20% cap) and \$7,742 less in HOME (10% cap) or \$88,965.00 total.

To assist in this need, there is one vacancy due to an employee's voluntary termination that will not be filled. While the work level remains the same, the funds to produce the work have diminished. CDBG salaries, fringe and benefits are currently calculated at 19% of the 20% cap. The other 1% is used to pay for office supplies and other operating costs. The operating year begins on October 2012 and the Consolidated/Annual Action Plan will be submitted on August 15th. CDBG Programmatic Funds remain in place for the NIP's Master Planning activities for the third year. However, a portion of Planning's NIP fund balance is needed to offset the administrative shortfall. Previous communications with Administration and Planning have taken place. Given these factors, we are now requesting Council action and approval for \$53,665.00

C. Financial Impact

The financial impact/need administratively is \$53,665 for both CDBG and HOME collectively. The overall grant funding reduction is \$417,647 from FY 2010 to 2012. This results in less direct and area benefit assistance for Richland citizens. These administrative funds would come from NIP's fund balance. If the funds are not transferred, there is no other current source that can offset the CD

Department's CDBG and HOME deficits. This would mean two (2) employee positions would have to be eliminated from the Community Development Department's 6 member staff.

D. Alternatives

1. Approve the request to transfer \$53,665 from NIP to the CD Department. The CD Department would then continue to operate under the FY 12-13 Action Plan and subsequent FY 12-16 Consolidated Plan.
2. Do not approve request to transfer \$53,665 from NIP to the CD Department. The CD Department would have to work in FY 12-13 with a minimum of 1 or more positions being eliminated from Richland County employment, while maintaining the same level of compliance, monitoring, and reporting to HUD.
3. Approve the request to transfer \$53,665 this fiscal year, but if future funding cuts take effect, positions will have to be either eliminated or funded with County funding sources after FY 13-14.

E. Recommendation

It is recommended that Council approve the request to transfer \$53,665 from NIP to the CD Department by using fund balance dollars. The CD Department would continue in FY 12-13 under the Annual Action Plan and new Consolidated Plan.

Recommended by:

Department:

Date:

Valeria Jackson

Community Development

7/16/12

F. Reviews

(Please ***SIGN*** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers

Date: 7/23/12

Recommend Council approval

Recommend Council denial

✓ Council Discretion (please explain if checked)

Comments regarding recommendation:

This is a policy decision for Council on the appropriation of a subsidy of the operating plan. I would recommend that Council consider this request and the next ROA- annual funding plan simultaneously and identify and long-term strategy to address the administrative shortfall due to a reduction in the funding.

Procurement

Reviewed by: Rodolfo Callwood

Date: 7/24/12

Recommend Council approval

Recommend Council denial

☑ Council Discretion (please explain if checked)

Comments regarding recommendation: Council policy decision doesn't appear to have an impact on the Procurement process.

Item# 9

GrantsReviewed by: Sara Salley

Date:

 Recommend Council approval Recommend Council denial Council Discretion (please explain if checked)

Comments regarding recommendation:

This is a policy decision for County Council. For the second year, funds from another department will need to help cover an administrative shortfall. A long-term plan is needed to address this situation as funds are likely not to increase from HUD in the near future. This decision should be made in concert with the ROA concerning the Action Plan.

LegalReviewed by: Elizabeth McLean

Date: 7/25/12

 Recommend Council approval Recommend Council denial Council Discretion (please explain if checked)

Comments regarding recommendation: Policy decision left to Council's discretion.

AdministrationReviewed by: Sparty Hammett

Date: 7/25/12

 Recommend Council approval Recommend Council denial Council Discretion (please explain if checked)

Comments regarding recommendation: One recently vacated position will not be filled to help offset the additional reduction in funding for FY12-13. Recommend Council approval of alternative #3 - Approve the request to transfer \$53,665 from NIP this fiscal year, but if future funding cuts take effect, positions will have to be either eliminated or funded with dedicated County funding sources beginning in FY 13-14.

Item# 9

Attachment number 1
Page 4 of 5

Estimated Combined Impacts of ACS data and FY12 Budget

| NAME | CDBG11 | CDBG12 | CDBG \$ Diff | CDBG % Diff | HOMEL1 | HOMEL2 | HOMEL \$ Diff | HOMEL % Diff |
|-------------------------|---------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------------|----------------|
| Warwick | \$864,318 | \$869,173 | \$4,855 | 0.56% | \$0 | \$0 | \$0 | 0.00% |
| Woonsocket | \$1,218,521 | \$1,140,541 | -\$77,980 | -6.40% | \$507,252 | \$316,216 | -\$191,036 | -37.66% |
| RI Total | \$15,630,053 | \$14,689,438 | -\$940,615 | -6.02% | \$5,454,632 | \$5,094,451 | -\$3,360,181 | -39.74% |
| Alken | \$195,224 | \$187,860 | -\$7,364 | -3.77% | \$0 | \$0 | \$0 | 0.00% |
| Anderson | \$651,716 | \$563,791 | -\$87,925 | -13.49% | \$0 | \$0 | \$0 | 0.00% |
| Charleston | \$965,178 | \$856,457 | -\$108,721 | -11.26% | \$795,553 | \$452,630 | -\$342,923 | -43.10% |
| Charleston County | \$1,852,925 | \$1,540,397 | -\$312,528 | -16.87% | \$929,441 | \$584,416 | -\$345,025 | -37.12% |
| CNSRT-Anderson County | \$0 | \$0 | \$0 | 0.00% | \$539,840 | \$411,456 | -\$128,384 | -23.78% |
| CNSRT-Beaufort County | \$0 | \$0 | \$0 | 0.00% | \$661,710 | \$452,318 | -\$209,392 | -31.64% |
| CNSRT-Georgetown County | \$0 | \$0 | \$0 | 0.00% | \$1,009,510 | \$816,286 | -\$193,224 | -19.14% |
| CNSRT-Greenwood County | \$0 | \$0 | \$0 | 0.00% | \$891,620 | \$613,375 | -\$278,245 | -31.21% |
| CNSRT-Orangeburg County | \$0 | \$0 | \$0 | 0.00% | \$1,052,649 | \$733,213 | -\$319,436 | -30.35% |
| CNSRT-Sumter County | \$0 | \$0 | \$0 | 0.00% | \$848,075 | \$570,803 | -\$277,272 | -32.69% |
| Columbia | \$1,127,925 | \$872,626 | -\$255,299 | -22.63% | \$784,052 | \$463,861 | -\$320,191 | -40.84% |
| Florence | \$305,076 | \$224,958 | -\$80,118 | -26.26% | \$0 | \$0 | \$0 | 0.00% |
| Greenville | \$926,536 | \$824,277 | -\$102,259 | -11.04% | \$361,922 | \$228,001 | -\$133,921 | -37.00% |
| Greenville County | \$2,206,922 | \$2,316,848 | \$109,926 | 4.98% | \$1,024,527 | \$808,321 | -\$216,206 | -21.10% |
| Horry County | \$1,403,019 | \$1,857,425 | \$454,406 | 32.39% | \$0 | \$0 | \$0 | 0.00% |
| Horry County | \$1,369,610 | \$1,352,807 | -\$16,803 | -1.23% | \$551,875 | \$440,547 | -\$111,328 | -20.17% |
| Lexington County | \$1,265,130 | \$1,174,058 | -\$91,072 | -7.20% | \$553,097 | \$449,305 | -\$103,792 | -18.77% |
| Richland County | \$434,711 | \$485,380 | \$50,669 | 11.66% | \$0 | \$0 | \$0 | 0.00% |
| South Carolina | \$20,112,730 | \$18,074,066 | -\$2,038,664 | -10.14% | \$6,919,662 | \$4,404,363 | -\$2,515,299 | -36.35% |
| Spartanburg | \$677,551 | \$621,416 | -\$56,135 | -8.28% | \$311,991 | \$155,889 | -\$156,102 | -50.03% |
| Spartanburg County | \$1,182,555 | \$1,158,762 | -\$23,793 | -2.01% | \$502,265 | \$364,495 | -\$137,770 | -27.43% |
| Summerville | \$203,416 | \$200,730 | -\$2,686 | -1.32% | \$0 | \$0 | \$0 | 0.00% |
| Sumter | \$337,753 | \$310,517 | -\$27,236 | -8.06% | \$0 | \$0 | \$0 | 0.00% |
| SC Total | \$38,217,977 | \$32,622,375 | -\$2,595,602 | -7.37% | \$17,737,789 | \$11,949,279 | -\$5,788,510 | -32.63% |
| Rapid City | \$451,688 | \$466,153 | \$14,465 | 3.20% | \$0 | \$0 | \$0 | 0.00% |
| Sioux Falls | \$768,056 | \$807,504 | \$39,448 | 5.14% | \$459,194 | \$370,035 | -\$89,159 | -19.42% |
| South Dakota | \$6,048,891 | \$5,279,809 | -\$769,082 | -12.71% | \$3,370,127 | \$3,000,000 | -\$370,127 | -10.98% |
| SD Total | \$7,268,635 | \$6,553,466 | -\$715,169 | -9.84% | \$3,829,321 | \$3,370,035 | -\$459,286 | -11.99% |
| Bristol | \$216,095 | \$156,530 | -\$59,565 | -27.56% | \$1,205,761 | \$855,096 | -\$350,665 | -29.08% |
| Chattanooga | \$1,593,534 | \$1,630,734 | \$37,200 | 2.33% | \$1,047,223 | \$731,717 | -\$315,506 | -30.13% |
| Clarksville | \$739,377 | \$775,525 | \$36,148 | 4.89% | \$410,645 | \$318,504 | -\$92,141 | -22.44% |

Richland County Council Request of Action

Subject

Approval of FY 12-13 Budgets with the FY 12-16 Consolidated Plan for Community Development Funds [**PAGES 116-118**]

Reviews

Richland County Council Request of Action

**Subject: Approval of FY 12-13 Budgets within the
FY 12-16 Consolidated Plan for Community Development Department Funds**

A. Purpose

The Community Development (CD) Department is requesting County Council to review and approve the itemized budgets for CDBG and HOME funds for FY 12-13. These budgets are not County General funds but Federal funds. The upcoming year's budget will be included in the proposed FY 12-16 Consolidated Plan due to the US Department of HUD by August 15, 2012. The Consolidated Plan is currently being drafted by both the Swiger Consulting Group and the CD Department. A total of 9 meetings (4 public meetings, 3 focus groups and 2 public hearings) were advertised and took place in June and July 2012. For purposes of appropriate Council endorsement and/or approval of the plan, this will require Council action. The completed FY 12-16 Consolidated Plan will be submitted for Council endorsement and/or approval in Fall 2012. At this time, we seek approval on the below FY 12-13 CDBG and HOME budgets.

B. Background / Discussion

- This is more of an internal mandate than HUD requirement, but Council action will strengthen the plan as well as provide public support.
- The CDBG and HOME budgets reflect FY 12-13 funds under the Annual Action Plan section. The Consolidated Plan is a five (5) year plan covering fiscal years 2012-2016. Each year, RCCD will present a new annual budget for pre-approval during July.
- This approval is requested because the Consolidated Plan is due August 15th and Council will be on break at that time. The CD Department will bring the full Consolidated Plan before the Council this Fall for full approval.

C. Financial Impact

Please see the estimated draft budgets below for both CDBG and HOME funds:

| CDBG For FY 12-13 | \$1,174,058.00 |
|--|-----------------------|
| New: Districts 10 and 11 Dirt Road Street Pavings | \$150,000 |
| New: Hopkins Area Medical Facility to service low income patients | \$400,000 |
| Ongoing: ER Program for owner-occupied only | \$59,247 |
| Ongoing: HMIS Match | \$30,000 |
| Ongoing: Columbia Housing Authority – Job Development/Training for Section 3 Residents | \$50,000 |
| Ongoing: MHA (Transitions) for operational costs | \$50,000 |
| Ongoing: Monticello Road Streetscape (Neighborhood Revitalization) | \$200,000 |
| Administration (not to exceed 20%) | \$234,811 |

| | |
|---|----------------------|
| HOME Budget FY 12-13 * | \$ 449,305.00 |
| CHDO Set Aside Programmatic and Operating Funds | \$ 67,400.00 |
| Housing Rehab Program (owner-occupied only) | \$ 196,975.00 |
| RCHAP (down payment assistance) | \$ 140,000.00 |
| Administration (not exceed 10%) | \$ 44,930.00 |

* The only financial impact to the County is the HOME match requirement. The amount of HOME is \$449,305 and after deducting some required items, the County will provide the 25% match, not to exceed \$112,326.00. County has provided the required match amount since the HOME program began in 2002.

D. Alternatives

List the alternatives to the situation. There will always be at least two alternatives:

1. Approve the FY 12-13 estimated budgets for CDBG and HOME to be found in the FY 12-13 Action Plan portion of the 5 year Consolidated Plan due by August 15, 2012. These funds are grant funds from the U.S. Department of HUD.
2. Do not approve the estimated FY 12-13 budgets for CDBG and HOME and the funds will not be entered by Finance. Subsequently, the funds could be rescinded or not spent timely, thereby creating additional areas of concern for the County. These funds are grant funds from the US Department of HUD.

E. Recommendation

It is recommended by the Community Development Department that Council approve the FY 12-13 estimated budgets for CDBG and HOME to be found in the FY 12-13 Action Plan portion of the 5 year Consolidated Plan due by August 15, 2012.

Recommended by: *Valeria Jackson* Department: *Community Development* Date: *July 17, 2012*

F. Reviews

(Please **SIGN** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers Date: 7/23/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation:

This is a policy decision for Council on the operating plan. I would recommend that Council consider this request and the next ROA- administrative shortfall simultaneously and identify and long-term strategy to address the administrative shortfall due to a reduction in the funding.

Procurement

Reviewed by: Rodolfo Callwood Date:
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation: Council policy decision on budget request to support HOME program.

Grants

Reviewed by: Sara Salley Date: 7/24/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation:
This is a policy decision for Council and should be reviewed in concert with the ROA concerning the administrative budget shortfall anticipated for FY13.

Legal

Reviewed by: Elizabeth McLean Date: 7/24/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation: Policy decision left to Council's discretion.

Administration

Reviewed by: Sparty Hammett Date: 7/24/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation: Recommend Council approval of the FY 12-13 estimated budgets for CDBG and HOME.

Richland County Council Request of Action

Subject

Amendment to Approve Richland County Recreation Commission's Project List **[PAGES 120-123]**

Reviews

Richland County Council Request of Action

Subject: Amendment to Approve Richland County Recreation Commission's Project List

A. Purpose

County Council is being requested to enact an ordinance approving an amendment to the project list approved for Richland County Recreation Commission's \$50,000,000 bond issues. The amendment would provide for the construction of four (4) lighted baseball fields with press box, canteen and restrooms in the Kelly Mill Road Park with additional athletic fields to include soccer, football and baseball fields.

B. Discussion

In 2008, County Council approved a number of recreation projects which were identified on Exhibit A to Ordinance No. 048-08HR. On the original project list, the Kelly Mill Property Development emphasized soccer fields. Since the time the original project list was approved, the needs in the Kelly Mill Road area have changed, and the Commission now believes that four (4) lighted baseball fields with press box, canteen and restrooms are a higher priority for that area than soccer fields. This change is due, in part, to the County's plan to construct a major destination recreation center on Hardscrabble Road which will have a major emphasis on soccer. Based on this change, the Kelly Mill Property Development portion of the project list would change as follows:

KELLY MILL PROPERTY DEVELOPMENT:

| <u>Project</u> | <u>Amount</u> |
|---|--------------------|
| Four (4) lighted baseball fields with press box, canteen, and restrooms | \$4,035,000 |
| Other athletic fields (football/soccer/baseball) | \$620,000 |
| One (1) playground system | \$70,000 |
| Two (2) picnic shelters | \$70,000 |
| Paved parking | \$920,000 |
| Two (2) commercial wells with VFD | \$96,000 |
| Irrigation for fields | \$55,000 |
| Walking trail of approximately half mile | <u>\$75,000</u> |
| TOTAL KELLY MILL PROPERTY DEVELOPMENT: | \$5,941,000 |

The ordinance related to this request are attached below for your convenience.

C. Financial Impact

None.

D. Alternatives

1. Approve the request to enact the ordinance.
2. Do not approve the request.

E. Recommendation

It is recommended that Council enact the ordinance to approve the request.
Richland County Recreation Commission, July 19, 2012

F. Reviews

(Please ***SIGN*** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers Date: 7/25/12
 Recommend Council approval Recommend Council denial
✓ Council Discretion (please explain if checked)
Comments regarding recommendation:

This is a policy decision for Council and recommendation based on request being a change in project list funding distribution but no financial impact.

Legal

Reviewed by: Elizabeth McLean Date: 7/25/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
Comments regarding recommendation: Policy decision left to Council's discretion.

Administration

Reviewed by: Tony McDonald Date: 7/26/12
 Recommend Council approval Recommend Council denial
✓ Council Discretion (please explain if checked)
Comments regarding recommendation: Administration defers to the expertise of the Recreation Commission in determining which facilities are better suited for the communities in which those facilities will be located. There is no financial impact associated with this request; all projects are being funded from the 2008 recreation bond.

STATE OF SOUTH CAROLINA
COUNTY COUNCIL FOR RICHLAND COUNTY
ORDINANCE NO. ____ -12HR

AMENDING EXHIBIT A TO ORDINANCE NO. 048-08HR AUTHORIZING THE RECREATION COMMISSION OF RICHLAND COUNTY ON BEHALF OF THE RECREATION DISTRICT OF RICHLAND COUNTY, SOUTH CAROLINA, TO ISSUE GENERAL OBLIGATION BONDS IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$50,000,000; AND OTHER MATTERS RELATING THERETO ENACTED BY THE COUNTY COUNCIL OF RICHLAND COUNTY, SOUTH CAROLINA ON SEPTEMBER 9, 2008

Pursuant to the authority by the Constitution of the State of South Carolina and the General Assembly of the State of South Carolina, BE IT ENACTED BY RICHLAND COUNTY COUNCIL:

SECTION 1. The County Council (the “County Council”) of Richland County, South Carolina (the “County”), hereby finds and determines:

(a) The County Council on September 9, 2008, enacted Ordinance No. 048-08HR authorizing the Recreation Commission of Richland County (the “Commission”), the governing body of The Recreation District of Richland County, South Carolina (the “District”) to issue general obligation bonds in the principal amount of not exceeding \$50,000,000.

(b) Attached to Ordinance No. 048-08HR and incorporated therein by reference is Exhibit A entitled “List of Recreation Commission of Richland County Projects to be funded from not to exceed \$50,000,000 of Bonds.”

(c) The Commission on behalf of the District has requested that County Council amend Exhibit A by amending the description of the Kelly Mill Development to read as follows:

KELLY MILL PROPERTY DEVELOPMENT:

| <u>Project</u> | <u>Amount</u> |
|---|--------------------|
| Four (4) lighted baseball fields with press box, canteen, and restrooms | \$4,035,000 |
| Other athletic fields (football/soccer/baseball) | \$620,000 |
| One (1) playground system | \$70,000 |
| Two (2) picnic shelters | \$70,000 |
| Paved parking | \$920,000 |
| Two (2) commercial wells with VFD | \$96,000 |
| Irrigation for fields | \$55,000 |
| Walking trail approximately half mile | <u>\$75,000</u> |
| TOTAL KELLY MILL PROPERTY DEVELOPMENT: | \$5,941,000 |

SECTION 2. County Council has determined that it would be in the best interests of the citizens of the County to amend Exhibit A as referenced above.

SECTION 3. Miscellaneous. All other provisions of Ordinance No. 048-08HR remain in full force and effect. This Ordinance shall take effect and be in full force from and after its adoption.

Enacted this ____ day of September, 2012.

RICHLAND COUNTY, SOUTH CAROLINA

By: _____
Kelvin Washington, Chairman
Richland County Council

(SEAL)

ATTEST THIS _____ DAY OF
_____, 2012:

Michelle Only
Interim Clerk of County Council

RICHLAND COUNTY ATTORNEY'S OFFICE

Approved As To LEGAL Form Only
No Opinion Rendered As To Content

Date of First Reading:
Date of Second Reading:
Publication of Notice of
Public Hearing:
Date of Public Hearing:
Date of Third Reading:

Richland County Council Request of Action

Subject

Franchise Fee [**PAGES 125-126**]

Reviews

Richland County Council Request for Action

Subject: To request an opinion from the South Carolina Attorney General regarding S.C. Code Ann. Section 6-1-120, "Confidentiality of county or municipal taxpayer information."

A. Purpose

To request per Mr. Malinowski's motion, below, an opinion from the South Carolina Attorney General regarding the provision of taxpayer information pursuant to S.C. Code Ann. Section 6-1-120, "Confidentiality of county or municipal taxpayer information."

B. Background / Discussion

During the Motion Period of the July 18, 2012, County Council meeting, Mr. Malinowski made the following motion:

The City believes it cannot provide the requested franchise fee revenue information by law. S.C. Code Ann. Section 6-1-120 sets forth a general prohibition at subsection (A) that, "Except in accordance with a proper judicial order or as otherwise provided by the Freedom of Information Act, it is unlawful for an officer or employee of a county or municipality, or the agent of such an officer or employee to divulge or make known in any manner the financial information, or other information indicative of units of goods or services sold, provided by a taxpayer included in a report, tax return, or application required to be filed by the taxpayer with that county or municipality pursuant to a county or municipal ordinance..."

However, section 6-1-120 provides:

(B) Nothing in this section prohibits the:

(3) sharing of data between public officials or employees in the performance of their duties.

The purpose of the County's request for data from the City is for a "sharing of data between public officials or employees in the performance of their duties." Subsection 6-1-120(B)(3) does not appear to be restricted to "public officials or employees" of the same sovereign.

Motion: Based on the above, it is requested that an SC Attorney General's opinion be obtained interpreting 6-1-120 and more specifically 6-1-120(B)(3).

C. Financial Impact

No known financial impact.

D. Alternatives

1. Request the opinion.
2. Do not request the opinion.

E. Recommendation

Council Discretion.

Recommended by: Bradley T. Farrar Department: Legal Date: 7/25/12

F. Reviews

(Please ***SIGN*** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers Date: 7/26/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
 Comments regarding recommendation:

It is Council discretion to seek additional opinions. Based on ROA the request has no financial impact

Legal

Reviewed by: Brad Farrar Date:
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
 Comments regarding recommendation: Self-explanatory.

Administration

Reviewed by: Tony McDonald Date: 7/26/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
 Comments regarding recommendation: Administration has no objection to the request.

Richland County Council Request of Action

Subject

General Obligation Bonds for the Richland County Recreation District [**PAGES 128-136**]

Reviews

Richland County Council Request of Action

Subject: General Obligation Bonds for the Richland County Recreation District

A. Purpose

County Council is being requested to enact an ordinance authorizing Richland County Recreation Commission (RCRC) to issue \$5,000,000 in general obligation bonds over the next five (5) years in the amount of approximately \$1,000,000, the proceeds of which will be used to fund capital expenses including capital maintenance, repair and replacement of facilities and equipment.

B. Discussion

During County Council's retreat in January, RCRC discussed its need for additional operating revenue to pay operating expenses associated with new parks coming on line and new initiatives particularly related to serving the teen population. Under Act 388, the annual millage increases available are limited. While County Council has approved the maximum millage increase available under Act 388, because of the limitations imposed by Act 388, the Commission is still in need of additional operating revenue. During discussions with bond counsel, the RCRC focused on the fact that its general fund budget includes a substantial amount for expenses which are capital in nature, including, for example, annual capital maintenance, repair and replacement of facilities, and equipment. With the approval of Richland County Council, the Recreation Commission could issue an annual general obligation bond to fund such capital expenses, thereby freeing up those amounts in its general fund to be used for true operating expenses. See the attached Memorandum from the Recreation Commission's bond counsel for a more complete discussion of this financing plan.

A memo from Ms. Heizer and the ordinance related to this request are attached below for your convenience.

C. Financial Impact

The direct financial impact of an approval of this request is that debt service millage for the RCRC would increase from the current level of three mills to four mills. This additional mill of taxes on an owner occupied residence valued at \$100,000 would equal \$4.00. On property assessed at 6%, one additional mill of taxes would equal \$6.00.

D. Alternatives

1. Approve the request to enact the ordinance,
2. Approval the request to enact the ordinance for a smaller amount.
3. Do not approve the request.

E. Recommendation

It is recommended that Council enact the ordinance to approve the request.
Richland County Recreation Commission, July 19, 2012

F. Reviews

(Please ***SIGN*** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers

Date: 7/27/12

Recommend Council approval

Recommend Council denial

✓ Council Discretion (please explain if checked)

Comments regarding recommendation:

Recommendation is based on this being a funding decision for Council. Approval as requested would require a tax increase on the debt service side as stated in section c above and provide for an automatic issuance of \$1m bond every year for five years without further approval.

Additional financial items for consideration based on proposed plan:

- Council approved a multi-year \$50m bonding plan for capital projects starting in 2008. It appears that approximately 75% of the available dollars have been issued. The current tax levy to cover the recreation debt service is 3.0 mills. The proposed plan would add 1.0 mill for an estimated total of 4.0 mills for the current year.
- Based on the FY13 supplemental budget request and discussions with the Recreation Commission, the bond funds would be used to pay for a portion of the capital expenses related to the property management budget currently paid from the operating funds. According to the supplemental request, this would allow for the addition of \$400k operating cost to cover new facilities. Based on the remaining capital program to be completed, it is recommended that the County request an evaluation of the total additional operating increase that will be required in future years with a proposed funding plan in order to minimize future shortfalls.
- Only one alternative was provided in the ROA however the County may want to consider requesting other funding alternatives that were evaluated during the process.
- The County should consider the precedent that may be set by implementing the requested funding strategy and future impacts from other agencies implementing a similar method.

Legal

Reviewed by: Elizabeth McLean

Date: 7/27/2012

Recommend Council approval

Recommend Council denial

Item# 13

Council Discretion (please explain if checked)

Comments regarding recommendation: Policy decision left to Council's discretion.

Administration

Reviewed by: Tony McDonald

Date: 7/27/12

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation: This request is the result of the Recreation Commission's efforts to identify alternative funding mechanisms for the added costs of operations for those facilities that are being constructed under the 2008 recreation bond.

I concur with the comments of the Finance Director and would reiterate that the approval of the request will increase the Recreation Commission's annual debt service from three to four mills.

MEMORANDUM

To: Richland County Council Members

Cc: Tony McDonald, Interim County Administrator
Daniel Driggers, Finance Director
Roxanne Anchetta, Asst. to the Interim County Administrator
Richland County Attorneys' Office
James Brown, Sr., Executive Director for Richland County Recreation
Commission
Kenya Bryant, Asst. Executive Director for Richland County Recreation
Commission

From: Francenia B. Heizer, Esquire

Date: July 17, 2012

Subject: Richland County Recreation Commission; Moving Capital Expenditures
from General Fund to Debt Service

fheizer@mcnair.net
T (803) 799-9800
F (803) 933-1463

The Richland County Recreation Commission (RCRC) has been exploring options for maximizing the availability of revenue within its general fund to pay operating expenses related to new parks and new initiatives particularly related to serving the teen population/ As a result of Act 388, increases in general fund millage are limited. However, increases in debt service millage are not limited by Act 388. RCRC currently pays from its general fund a substantial amount of expenses that are capital in nature, including annual capital maintenance, repair and replacement of facilities, and equipment. With the approval of Richland County Council, RCRC could issue a general obligation bond every fall, the proceeds of which would be used to fund the capital expenditures currently paid from the general fund. The movement of these expenses from the general fund would “free up” that amount of money in the general fund to be used for operating expenses.

Under this proposed financing plan, the Commission would issue a bond every fall prior to millage being set. The millage necessary to make the payment on the bond would be put on the tax rolls in October and the debt would be paid in full by March or April after property taxes are collected. The value of a debt service mill for RCRC is approximately \$1,000,000. If County Council was willing to approve allowing the Commission to have four mills of debt service every year instead of the current three mills of debt service, RCRC could fund approximately \$1,000,000 of capital expenses using this financing plan. RCRC would ask County Council to approve not to exceed \$5,000,000 in additional general obligation bonds to be issued in five series of approximately \$1,000,000 each year over the next five years. As the initial five year period is ending, RCRC could approach County Council for another authorization.

McNair Law Firm, P. A.
1221 Main Street
Suite 1800
Columbia, SC 29201

Mailing Address
Post Office Box 11390
Columbia, SC 29211

mcnair.net

Memorandum
Page 2
July 17, 2012

A number of political subdivisions including counties and school districts have adopted a financing plan of moving capital expenses from the general fund because of the millage limitations established by Act 388. State law clearly allows for the implementation of this financing plan with only the approval of County Council and the Commission. The key to this plan is the approval of one additional mill of taxes for debt service which would be levied each year.

Based on County Council's summer schedule, if County Council is willing to allow the Commission to pursue this financing, it would be best to get at least one reading of an ordinance accomplished prior to the end of July. The other two required readings and public hearing could be scheduled in September.

If you have any questions or would like additional information, please let me know.

FBH:laf

STATE OF SOUTH CAROLINA
COUNTY COUNCIL FOR RICHLAND COUNTY
ORDINANCE NO. ____-12HR

AUTHORIZING THE RECREATION COMMISSION OF RICHLAND COUNTY ON BEHALF OF THE RECREATION DISTRICT OF RICHLAND COUNTY, SOUTH CAROLINA, TO ISSUE GENERAL OBLIGATION BONDS IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$5,000,000 IN ONE OR MORE SERIES, IN ONE OR MORE YEARS, WITH APPROPRIATE SERIES DESIGNATIONS; AND OTHER MATTERS RELATING THERETO.

Pursuant to the authority by the Constitution of the State of South Carolina and the General Assembly of the State of South Carolina, BE IT ENACTED BY RICHLAND COUNTY COUNCIL:

SECTION 1. The County Council (the “County Council”) of Richland County, South Carolina (the “County”), hereby finds and determines:

(a) The District was established pursuant to Act No. 873 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1960, as amended (the “Act”).

(b) The corporate powers and responsibilities of the District are performed by the Commission and as such the Commission is the governing body of the District. The Act committed to the Commission the power to acquire, by gift, purchase or through the exercise of eminent domain, lands, or interest thereon whereon to establish physical education and recreation facilities.

(c) Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended, provides that special purpose districts shall have the power to issue bonded indebtedness only for a purpose which is a public purpose and a corporate purpose in an amount not exceeding eight percent (8%) of the assessed value of all taxable property therein upon such terms and conditions as the General Assembly shall prescribe by general law.

(d) The Council constitutes the “county board” of the County and the District constitutes a “special purpose district,” as such quoted terms are defined in the Code.

(e) Pursuant to Title 6, Chapter 11, Article 5, Code of Laws of South Carolina, 1976, as amended (the “Code”), the county boards of all counties of the State of South Carolina wherein special purpose districts exist are empowered to authorize the governing body of such special purpose district to issue bonds of the special purpose district whose proceeds shall be used in furtherance of any power of the special purpose district.

(f) Pursuant to the Code the County Council is empowered to authorize the Commission of the District to issue bonds of the District whose proceeds shall be used in furtherance of any power of the District.

(g) The assessed value of all taxable property of the District as of June 30, 2011, is \$1,010,034,191. Eight percent of such assessed value is \$80,802,735. The general obligation debt outstanding of the District for computation purposes under Article X, Section 14, of the Constitution of

the State of South Carolina, 1895, as amended, is \$35,375,000. Thus, the District may incur \$45,427,735 of general obligation debt within its applicable debt limitation.

(h) It is now in the best interest of the District for the Commission to provide for the issuance and sale of the Bonds of the District pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina in the principal amount of not exceeding \$5,000,000 (the "Bonds"), the proceeds of which will be used for capital expenses including capital maintenance, repair and replacement of facilities and equipment and costs of issuance of the Bonds.

(i) Prior to the enactment of this Ordinance, County Council shall hold a public hearing on the question of the issuance of the Bonds as required by Section 6-11-830, Code of Laws of South Carolina 1976 as amended.

SECTION 2. Pursuant to the aforementioned constitutional and statutory provisions, the Commission, on behalf of the District, is hereby authorized to issue the Bonds in an aggregate amount not to exceed \$5,000,000 in such amounts and at such times as the Commission shall determine; provided that this authorization is granted upon the condition that the Commission agrees that it will not issue Bonds in an amount that will require more than four mills of taxes to be levied and collected in any tax year for debt service on the existing debt of the District and the Bonds. The Bonds may be issued in one or more series, in one or more years, with appropriate series designations. The Bonds shall be dated, shall mature, shall be in such denomination, shall bear such interest, shall be subject to redemption, shall be executed and shall contain such other provisions as the Commission shall determine. Prior to the issuance of a series of Bonds, the Commission may issue bond anticipation notes in anticipation of the receipt of proceeds of such Bonds.

SECTION 3. No election shall be held as a condition to the issuance of the Bonds.

SECTION 4. For the payment of the principal and interest on the Bonds as they respectively mature, and for the creation of such sinking fund as may be necessary to provide for the prompt payment thereof, the full faith, credit, taxing power and resources of the District shall be irrevocably pledged, and there shall be levied annually by the Auditor of Richland County and collected by the Treasurer of Richland County, in the same manner as county taxes are levied and collected, a tax without limit on all taxable property of the District sufficient to pay the principal and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

SECTION 5. The Commission is authorized to do all things necessary or convenient in accordance with applicable law to effect the issuance of the Bonds at such times as it deems necessary and in the interest of the District.

SECTION 6. Following the enactment of this Ordinance, a Notice in substantially the form attached as Exhibit A shall be published in a newspaper of general circulation in the County for three successive weeks.

SECTION 7. Miscellaneous. All rules, regulations, resolutions and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Bonds are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force from and after its adoption.

Enacted this ____ day of September, 2012.

Item# 13

RICHLAND COUNTY, SOUTH CAROLINA

By: _____
Kelvin Washington, Chairman
Richland County Council

(SEAL)

ATTEST THIS ____ DAY OF
_____, 2012:

Michelle Onley
Interim Clerk of County Council

RICHLAND COUNTY ATTORNEY'S OFFICE

Approved As To LEGAL Form Only
No Opinion Rendered As To Content

Date of First Reading:
Date of Second Reading:
Publication of Notice of
Public Hearing:
Date of Public Hearing:
Date of Third Reading:

FORM OF
NOTICE PURSUANT TO
SECTION 6-11-870, CODE OF LAWS
OF SOUTH CAROLINA, 1976, AS AMENDED,
OF APPROVAL BY THE COUNTY COUNCIL
OF RICHLAND COUNTY, SOUTH CAROLINA
OF THE ISSUANCE OF
NOT EXCEEDING \$5,000,000 GENERAL OBLIGATION BONDS
IN ONE OR MORE SERIES, ON ONE OR MORE YEARS
OF THE RECREATION DISTRICT OF RICHLAND COUNTY, SOUTH CAROLINA

The County Council caused the required notice to be published in a newspaper of general circulation in Richland County and on _____, held a public hearing in Council Chambers, Richland County Administration Building, 2020 Hampton Street, Columbia, South Carolina 29201, on the question of the issuance of the Bonds. The hearing was conducted publicly and both proponents and opponents were given full opportunity to be heard.

The Bonds will be issued at such time as the Commission determines. For the payment of the principal and interest on the Bonds as they respectively mature and for the creation of such sinking fund as may be necessary to provide for the prompt payment thereof, the full faith, credit, taxing power and resources of the District shall be irrevocably pledged, and there shall be levied and collected annually upon all taxable property of the District a tax, without limitation as to rate or amount, sufficient for such purposes.

County Council determined that no election shall be ordered in the District upon the question of the issuance of the Bonds.

Any person affected by the action of the County Council may, by action de novo instituted in the Court of Common Pleas for Richland County, within twenty (20) days following the last publication of this notice, but not afterwards, challenge the action of the County Council.

Chairman, County Council of Richland County,
South Carolina

Richland County Council Request of Action

Subject

Kingville Historical Society Funding Request [**PAGES 138-141**]

Reviews

Richland County Council Request of Action

Subject: Kingville Historical Foundation Funding Request

A. Purpose

County Council is requested to approve a request to allocate \$20,000 to the Kingville Historical Foundation.

B. Background / Discussion

During the June 19, 2012 County Council meeting Chairman Kelvin Washington brought forward the following motion:

Kingville Historical \$20,000 Funding Request

This motion was forwarded to the July A&F Committee meeting. If approved, these funds will be allocated in addition to the \$20,000 in Hospitality Tax funds awarded to Kingville Historical Foundation through the FY13 budget process.

FY13 is the first year that Kingville Historical Foundation has been eligible to apply to H-Tax funds. They were previously funded under the SERCO.

At the January 10, 2012 meeting, County Council voted to make changes to the Hospitality Tax program. One of these changes included the following language:

1. Reduce Out of Cycle Funding Requests - Funding organizations that do not go through the grant process is not fair to the organizations that put in the time and effort to apply each cycle. Many organizations do not receive funding because there are not enough funds to go around in the Round 1 grant cycle.

- a) ~~No applications/requests will be reviewed between grant periods—Mrs. Kennedy will present a Friendly Amendment to the rule that was voted on in May 2011 stemming from the motion made by Mrs. Kennedy and Mr. Jeter regarding late and incomplete applications.~~
- b) County Council continue to be allotted discretionary H-Tax funds during the budget process that can be used during the year for special funding requests that come up outside of the grant process. In FY 12, this amount was \$25,000. Organizations receiving these funds must be eligible H-Tax organizations, submit a budget and submit a marketing plan that demonstrates how their program/project will draw tourists into the County. Organizations receiving these funds cannot be H-Tax grantees coming back to the table for additional funding in the same fiscal year.

C. Financial Impact

Allocating an additional \$20,000 to this organization will cause a financial impact and may require a budget amendment. A source of funding will need to be identified.

D. Alternatives

Item# 14

1. Approve the request to allocate an additional \$20,000 to the Kingville Historical Foundation.
2. Do not approve the request to allocate an additional \$20,000 to the Kingville Historical Foundation.

E. Recommendation

It is recommended that Council approve the request to fund Kingville Historical Foundation at \$20,000.

Recommended by: Kelvin Washington Department: County Council Date: June 21, 2012

F. Reviews

(Please ***SIGN*** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers

Date: 7/17/12

Recommend Council approval

Recommend Council denial

✓ Council Discretion (please explain if checked)

Comments regarding recommendation:

All funding appropriations are at the discretion of Council. The recommendation above is not based on the merits of the specific program but on observations of the program/fund:

Program – as stated in the background section

- The Hospitality Tax guidelines encourage the County to reduce the “out of cycle” funding request

- Since the request is “out of cycle” it would not go through the same competitive evaluation process conducted by the Hospitality Tax committee during the budget process

- The guidelines discourage organizations receiving an H-tax appropriation from coming back for additional funding in the same fiscal year.

Fund financial position – continued erosion of available fund balance

- Council approved additional agency funding for FY13 that required the use of \$1.3m of Hospitality Tax fund balance

- The estimated available Hospitality fund balance at 6/30/12 is approximately \$300k

Therefore the recommendation would be for the request to be considered during the FY14 budget development

Procurement

Reviewed by: Rodolfo Callwood

Date: 7/23/12

Recommend Council approval

Recommend Council denial

✓ Council Discretion (please explain if checked)

Item# 14

Comments regarding recommendation:

Grants

Reviewed by: Sara Salley

Date: 7/23/12

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation:

Seeing that the organization has received an H-Tax allocation for FY13, a different funding source would need to be identified for this additional request. Kingville applied for H-Tax funding and received a \$20,000 allocation through the FY13 budget process.

Legal

Reviewed by: Elizabeth McLean

Date: 7/23/12

Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation: Policy decision left to Council's discretion; however, this funding appears to be inconsistent with Council's stated H-Tax policy. Again, this is a policy decision, not a legal one.

Administration

Reviewed by: Tony McDonald

Date: 7/27/12

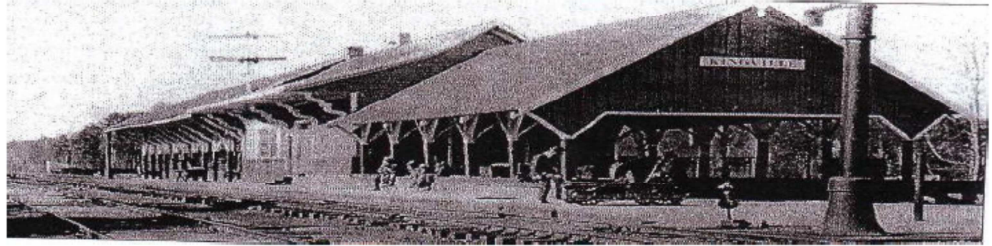
Recommend Council approval

Recommend Council denial

Council Discretion (please explain if checked)

Comments regarding recommendation: It is at the Council's discretion to provide, or not provide, additional funding to the Kingville Historical Foundation. I would reiterate, however, the points made above by reviewing staff members:

- This is an "out of cycle" funding request.
- The funding request appears to be inconsistent with the Hospitality Tax policy, which provides that agencies funded through H-Tax during the budget process will not be awarded additional H-Tax funds, outside of the budget process, during the same fiscal year. An alternative funding source, therefore, would need to be identified.



KINGVILLE HISTORICAL FOUNDATION

P O BOX 54

GADSDEN, SC 29052

TELEPHONE: (803)920-4983

www.kingvillehistoricalfoundation.org

E-mail: info@kingvillehistoricalfoundation.org

June 14, 2012

To: Richland County Council

Thank you for the opportunity to possibly be considered for additional financial support by the council. In three years since its founding, the Kingville Historical Foundation has played a major role in renewing the rich history of our community.

A priority need for the event which includes tours, historical landmarks indicating the previous businesses in our community, information pertaining to General William Sherman's army, settling in Kingville and upon leaving, they destroyed the town of Kingville on the way to Columbia, SC.

In our proposal, we requested \$55,000.00, but were granted \$20,000.00. We propose a three day event. To help offset this cost we are requesting an additional \$20,000.00, budget permitting, to support this event that makes a meaningful difference in our community. This funding will give us the jumpstart we need to educate and inform visitors from the Congaree National Park as well as the community.

We believe that this event is consistent with the interest of tourism and that you will find it in your budget to further support this event. If I can provide additional information to encourage consideration of this request, please contact me at the above phone number. I would also be happy to personally meet with the council to present this proposal.

Most sincerely,

George Wilson
Chairman

Item# 14

Richland County Council Request of Action

Subject

Lower Richland PSTA/Diamond Day Festival Funding Request [**PAGES 143-145**]

Reviews

Richland County Council Request of Action

Subject: Lower Richland PTSA/Diamond Day Festival Funding Request

A. Purpose

County Council is requested to approve a request to allocate \$10,150 in Hospitality Tax funds to the Lower Richland PTSA's Diamond Day Festival.

B. Background / Discussion

During the June 19, 2012 County Council meeting Councilman Norman Jackson brought forward the following motion:

During the budget there was a misunderstanding about Lower Richland PTSA. It is actually the Lower Richland Diamond Day Festival which is the largest event in Lower Richland funding by the County at Lower Richland High School. Diamond Day was always funded at a minimum \$15,000 and only received \$4,850. I move that Lower Richland Diamond Day Festival receive additional \$10,150 from the \$25,000 set aside for additional funding since Council decided to eliminate the second round of funding.

This motion was forwarded to the July A&F Committee meeting. If approved, these funds will be allocated in addition to the \$4,978 in Hospitality Tax funds awarded to the Lower Richland PTSA through the FY13 budget process.

Richland County previously funded the Diamond Day Festival with Hospitality Tax dollars in the following amounts:

- FY10 \$17,998
- FY11 \$10,000
- FY12 \$16,502
- FY13 \$ 4,978

At the January 10, 2012 meeting, County Council voted to make changes to the Hospitality Tax program. One of these changes included the following language:

1. Reduce Out of Cycle Funding Requests - Funding organizations that do not go through the grant process is not fair to the organizations that put in the time and effort to apply each cycle. Many organizations do not receive funding because there are not enough funds to go around in the Round 1 grant cycle.

- a) ~~No applications/requests will be reviewed between grant periods—Mrs. Kennedy will present a Friendly Amendment to the rule that was voted on in May 2011 stemming from the motion made by Mrs. Kennedy and Mr. Jeter regarding late and incomplete applications.~~
- b) County Council continue to be allotted discretionary H-Tax funds during the budget process that can be used during the year for special funding requests that come up outside of the grant process. In FY 12, this amount was \$25,000. Organizations receiving these funds must be eligible H-Tax organizations, submit a budget and submit a marketing plan that demonstrates how their program/project will draw tourists into the County. Organizations

receiving these funds cannot be H-Tax grantees coming back to the table for additional funding in the same fiscal year.

C. Financial Impact

Allocating an additional \$10,150 to this organization will cause a financial impact and may require a budget amendment.

D. Alternatives

1. Approve the request to allocate an additional \$10,150 in Hospitality funds to the Lower Richland PTSA’s Diamond Day Festival.
2. Do not approve the request to allocate an additional \$10,150 in Hospitality funds to the Lower Richland PTSA’s Diamond Day Festival.
3. Identify an alternate funding source for the additional \$10,150 to the Lower Richland PTSA’s Diamond Day Festival.

E. Recommendation

1. It is recommended that Council approve the request to fund an additional \$10,150 to the Lower Richland PTSA’s Diamond Day Festival.

Recommended by: Norman Jackson Department: County Council Date: June 21, 2012

F. Reviews

(Please ***SIGN*** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers Date: 7/10/12
 Recommend Council approval Recommend Council denial
✓ Council Discretion (please explain if checked)
Comments regarding recommendation:

Specific agency funding is an item for Council discretion. Approval of alternative one, using a portion of the \$25k council discretionary dollars would not require a budget amendment however this would be considered an “out of cycle” funding request. If Council approves alternative three, a funding source would need to be identified and depending on the source may require a budget amendment.

Procurement

Reviewed by: Rodolfo Callwood Date:
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)

Comments regarding recommendation: Discretionary funds allocation is not covered under the County Procurement Process.

Grants

Reviewed by: Sara Salley Date: July 11, 2012

- Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)

Comments regarding recommendation: The decision to fund this organization up to Council discretion. The organization received an H-Tax allocation for FY13 and according to rules passed by Council in January 2012 a different funding source would need to be identified for this additional request. Lower Richland PTSA applied for H-Tax funding and received a \$4,978 recommendation from the H-Tax Committee and this recommendation was passed through the FY13 budget process.

Legal

Reviewed by: Elizabeth McLean

Date: 7/11/12

- Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)

Comments regarding recommendation:

Policy decision left to Council's discretion.

Administration

Reviewed by: Tony McDonald

Date: 7/27/12

- Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)

Comments regarding recommendation: It is at the Council's discretion to provide, or not provide, additional funding for the Diamond Day Festival. I would reiterate, however, the points made above by reviewing staff members:

- This is an "out of cycle" funding request.
- The funding request appears to be inconsistent with the Hospitality Tax policy, which provides that agencies funded through H-Tax during the budget process will not be awarded additional H-Tax funds, outside of the budget process, during the same fiscal year. An alternative funding source, therefore, would need to be identified.

Richland County Council Request of Action

Subject

Regional Sustainability Plan [**PAGES 147-154**]

Reviews

Richland County Council Request of Action

Subject: Regional Sustainability Plan

A. Purpose

County Council is requested to approve the Regional Sustainability Plan.

B. Background / Discussion

In 2009, the Department of Energy awarded Lexington and Richland Counties and the City of Columbia in the Central Midlands of South Carolina with Energy Efficiency and Conservation Block Grant (EECBG) funds. There are needs to conserve energy and reduce greenhouse emissions, while achieving additional environmental, economic, and community benefits in the Midlands region including urban, suburban, and rural areas. Towards that end, Lexington and Richland Counties discussed using these funds from their EECBG allocations to create a Regional Sustainability Plan that would be used as a guide in tackling sustainability issues that affect the Central Midlands Region. The Counties brought the City of Columbia into the discussions, but the City opted out financially, choosing to spend their EECBG funds on other projects.

A partnership was formed between the two Counties who each allocated \$100,000 to launch a new sustainability effort that would provide an opportunity to establish a community consensus to identify and prioritize environmental issues that would develop a comprehensive, strategic sustainability plan for the Midlands Region. The Counties contracted with the Central Midlands Council of Governments to coordinate the project. This contract was approved by Richland County Council on October 5, 2010.

Because more could be accomplished through a concerted effort, the City of Columbia was asked to assist with this process, bringing with them valued experience in sustainability areas. The result was the Central Midlands Regional Sustainability Plan, South Carolina's first plan to focus on regional sustainability. This Plan will be a model for capacity building among local agencies and reflect partnerships across multiple stakeholder groups such as state and local government agencies, utilities, environmental groups, neighborhoods and community groups throughout our region to collectively work to ensure the creation, implementation, and maintenance of a Midlands Regional Sustainability Plan.

The COG and a Plan Steering Committee, comprised of representatives from each local government, worked to select the Cadmus Consulting Group, Inc who partnered with ADCO and Genesis to navigate the committee through the plan's development. All parties worked from June 2011 to June 2012 to come up with the final draft of the Regional Sustainability Plan.

This plan is a 160 page document that includes detailed statistical information and recommendations for tackling sustainability and environmental issues in the following areas:

- Energy Efficiency and Conservation
- Land Use and Transportation
- Water
- Solid waste and Recycling

- Purchasing
- Renewable Energy
- Economic Development and the Green Economy

An executive summary, attached, was also developed.

Once approved by each local government, the Steering Committee will expand, adding members from corporations, nonprofits, and the general public who will work to identify key goals for the region to work on each year, while each individual partner will focus on the plan internally, determining individual goals and projects. The Steering Committee will use the plan as a guide to educate the general public as well, seeing that success in tackling all sustainable issues lies with everyone who lives and works within the Central Midlands Region.

C. Financial Impact

There is no financial impact associated with the adoption of the plan itself. The plan was paid for using funds from the EECBG stimulus grant. Costs may be associated with implementing some of the recommendations in the plan. Any associated costs will be brought to Council’s attention.

D. Alternatives

1. Approve the Regional Sustainability Plan as presented.
2. Approve the Regional Sustainability Plan as amended.

E. Recommendation

It is recommended that Council approve the Regional Sustainability Plan as presented.

Recommended by: Anna Lange Department: Sustainability Coordinator Date: July 10, 2012

F. Reviews

(Please ***SIGN*** your name, ✓ the appropriate box, and support your recommendation before routing. Thank you!)

Finance

Reviewed by: Daniel Driggers Date: 7/16/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
 Comments regarding recommendation:

Procurement

Reviewed by: Rodolfo Callwood Date: 7/17/12
 Recommend Council approval Recommend Council denial
 Council Discretion (please explain if checked)
 Comments regarding recommendation:

LegalReviewed by: Elizabeth McLean

Date: 7/18/12

 Recommend Council approval Recommend Council denial Council Discretion (please explain if checked)

Comments regarding recommendation:

Policy decision left to Council's discretion.

AdministrationReviewed by: Roxanne AnchetaDate: July 18, 2012 Recommend Council approval Recommend Council denial Council Discretion (please explain if checked)

Comments regarding recommendation: It is recommended that Council approve the Sustainability Plan as presented.



Sustainable Energy Plan for the Central Midlands

Executive Summary:

In 2009, the Department of Energy awarded Lexington and Richland Counties and the City of Columbia in the Central Midlands of South Carolina with Energy Efficiency and Conservation Block Grant (EECBG) funds. Lexington and Richland Counties discussed using these funds from their EECBG allocations to create a Regional Sustainability Plan that would be used as a guide in tackling sustainability issues that affect the Central Midlands Region. The Counties brought the City of Columbia into the discussions, but the City opted out financially, choosing to spend their EECBG funds on other projects.

A partnership was formed between the two Counties each of whom allocated \$100,000 to launch a new sustainability effort for the entire Central Midlands Region. The Counties contracted with the Central Midlands Council of Governments to coordinate the project. Because more could be accomplished through a concerted effort, the City of Columbia was asked to assist with this process bringing with them valued experience in sustainability areas. The result was the Sustainable Energy Plan for the Central Midlands Region, South Carolina's first plan to focus on regional sustainability.

There were three motivators for the development of this

The Lexington County Administration Building was one of the County buildings retrofitted with EECBG Program funds.

The projects included the instillation of an Energy Management System (EMS), replaced two HVAC units, and replaced parking lot lighting with energy efficient lamp fixtures. A summary performed September 30, 2011 estimated that since the completion of the upgrades, the Administration Building may save approximately 38, 212 KWh for an annual estimated savings of \$13, 980.

The Richland County Administration Building was one of the buildings retrofitted with EECBG funds. Richland County switched T12s to T8 fluorescent bulbs, installed motion sensors throughout building, installed LED exit signs, upgraded garage lighting from 250W high pressure sodium lights to 2 lamp 56W florescent lights, installed efficient lighting in parking lot from 400W high pressure sodium lights to 100W induction lights. In the last 9 months the county has seen a savings of 532,500kWh resulting in \$38,000 in savings to date.

The City of Columbia changed the 175 watt metal halide fixtures in three of its smallest garages with high efficiency 64 watt 2-lamp fluorescent fixtures. In the 18 months since the last install, the lighting upgrades saved 600,945 kwh of electricity and \$40,000. This amounts to a monthly savings of 3,338 kwh and \$2,222.



Sustainable Energy Plan for the Central Midlands

plan: improving energy efficiency in the region, promoting energy independence, and protecting local air quality. First, energy efficiency is economic efficiency – getting the same amount of output from less energy input – with gains that permeate throughout the economy. Businesses are more profitable because their costs are lower, households have more money to spend on other priorities, and local governments can provide the same level of service without raising taxes to make up for projected budget shortfalls. Second, energy independence and security are additional motivators that resonate within the Central Midlands. Every dollar of fossil fuel consumption in the State necessarily includes a transfer of wealth out of the State to the owner of that resource stock, which may be an unfriendly foreign regime in the case of petroleum. Finally, local air quality is a motivator because it directly contributes to public health problems (e.g. cardiopulmonary problems like heart attacks, as well as respiratory conditions like asthma and bronchitis). According to EPA’s local air quality monitors and regulations, much of the area can experience dangerously high concentrations of ground-level ozone. A nonattainment designation for failure to meet ground level ozone standards could have an unfavorable ripple effect on the Region’s economy, with impacts on activities ranging from transportation planning to industrial recruitment and expansion. To address these motivating concerns the plan was broken into four areas: energy efficiency, decreasing demand through broader initiatives, alternative energy and green jobs.

- Energy Efficiency Recommendations Include:**
- Implement city/county sustainability policy supported by volunteer Green Teams to promote energy efficient behavior among employees.
 - Assess enforcement of the current energy building code.
 - Launch an energy efficiency educational initiative.
 - Conduct energy audits of county buildings.

The first area addressed in the plan provides local governments with specific policy recommendations and activities that could be implemented to



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improve energy efficiency. When looking for ways to conserve energy, the first place the local governments should look is in areas they have the greatest control, specifically their facilities and policies. South Carolina lacks a statewide energy efficiency resource standard, but even in the

Broader Initiative Recommendations Include:

- Facilitate the implementation of appropriate goals contained in COATS/COG plans.
- Pilot a new program economizing commute of government employees.
- Improve recycling rate by local governments, businesses, and residents.
- Evaluate "greenness" of land use with emphasis on public properties.

absence of a statewide standard, there are many actions available to the Central Midlands local governments to improve the energy efficiency of the built environment.

Regional policies such as actions on land use, transportation, procurement, waste management, and drinking/wastewater while still under local government control, require a level of regional cooperation to see

significant energy efficiency. The plan focuses on reducing the region's energy footprint through areas over which local government possesses considerable control and expertise but looks at the cooperative nature of these activities. Unlike conventional energy efficiency, which is usually initiated by state-level policymakers and executed by utilities, issues such as transportation and land use, as well as drinking/wastewater, municipal solid waste, green purchasing, etc., are the traditional purview of local governments. Though proactive action on these issues may only affect energy use indirectly, these actions can be quite powerful and may require considerable political will.

Renewable energy can improve local air quality and energy security by offsetting the use of conventional energy sources and diversifying the energy portfolio. In addition, alternative energy development positively

Renewable Energy Recommendations Include:

- Establish an Alternative Energy Task Force.
- Adopt favorable zoning and permitting requirements for alternative energy development.
- Launch alternative energy educational initiatives.
- Identify opportunities for Geothermal heat Pumps and industrial Combined Heat and Power.
- Support Reforms to State's Energy Policy.



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impacts the region’s economic development by generating green collar jobs and keeping spending on energy within the region. The Central Midlands is blessed with a reasonably good endowment of renewable resources. Yet renewable energy projects are relatively rare. State-level energy policy has succeeded in keeping electricity prices relatively low, which presents a major challenge for competing renewable generation with slightly higher unit costs at current scales. However, state-level policy has also erected (perhaps inadvertently) other barriers to the success of alternative energy throughout South Carolina. Nonetheless, the state has succeeded in attracting some renewable energy technology manufacturers. A growing commitment to developing technical expertise within the State’s higher education and other training institutions, relatively low property taxes, and a handful of tax incentives and other programs targeting alternative energy technologies have prompted some manufacturers of wind and solar energy system components to locate production facilities in the state. Yet, the State’s generally favorable business climate could be improved for the alternative energy industry. Although local governments have limited influence over state-level policies aimed at creating demand for renewable energy development, there are many things they can do to improve the environment for small-scale, customer-sited renewable energy installations in the region. The region’s local

- Green Job Recommendations Include:
- Develop a survey to better classify and enumerate the existing green and clean jobs to verify/quantify the number of jobs and identify what makes the region attractive for green business.
 - Jointly prepare a Targeted Marketing Study focused on manufacturing facilities for renewable and alternative energy generators.
 - Promote the technology/engineering design and planning industries for other alternative energy generation plants – advanced hydropower, biomass, solar, wind, geothermal, etc.

governments could take action like installing more demonstration projects and improving local permitting requirements. By designing, developing, and launching a thoughtful, collaborative, regional effort, the three governments can achieve significant economies of scale and broaden their reach beyond what would be attainable on their own.

A key consideration of this plan is its potential



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effect on the local economy. Economic development, particularly at the local level, is often measured in terms of new jobs – a measure of economic opportunities created for individuals. If local governments are successful in their efforts to reduce the energy footprints of Richland and Lexington Counties, then some green jobs will surely be created, but other economic activity might get curtailed. Likewise, the alternative to implementing a sustainable energy plan may also cause some jobs to be created and others to be lost. On balance, pursuing energy sustainability produces greater net benefits for a local economy than the alternative.