

2019 Independent Student Commitment Review

September 16, 2020

INTRODUCTION

In 2016, DeVry Education Group (“DEG”) adopted twenty-one voluntary student commitments (together, the “Student Commitments”) in designated areas including recruitment and enrollment, student outcomes, and informed student choice.¹ The stated purpose of the Student Commitments was to design voluntary commitments that provided transparency in student services, student outcomes, and financial obligations beyond any regulatory requirements. The commitment implementation required significant technological investments as well as the time and resources of staff at DEG headquarters and individual campuses.

As part of the Student Commitments, DEG pledged to retain a third party review its compliance with the Commitments and to update and improve its practices as needed. DEG retained Berkeley Research Group (“BRG”) as the independent third party in 2017. BRG then conducted an in-depth review of DEG and its relevant institutions’ activities relating to the commitments. BRG publicly published its first findings in November 2017.² In 2018, the Student Commitments were updated and revised pursuant to the final Commitment, which pledged “to update and improve our practices and student protections as needed.”

In 2017 DEG rebranded as Adtalem Global Education and in 2018 Adtalem signed an agreement to transfer ownership of DeVry University (“DeVry”) to Cogswell Education LLC. The ownership transfer became final in December 2018. BRG conducted another Student Commitment compliance review in 2018 and published an updated report in December 2018.³ The scope of that report included DeVry University due to the timing of the ownership transfer. DeVry University, as a now separate entity from Adtalem, hired BRG to continue reviewing its compliance with the Student Commitments for FY 2019.

¹<http://www.businesswire.com/news/home/20161031005846/en/DeVry-Education-Group-Expands-Student-Commitments>

² <http://investors.adtalem.com/File/Index?KeyFile=390887353>

³ https://www.adtalem.com/content/dam/atge/www_adtalem_com/documents/newsroom/18.12.20%20Adtalem%20Commitments%20Report.pdf

2019 STUDENT COMMITMENT REVIEW BACKGROUND

This report details BRG's 2019 review of DeVry's voluntary Student Commitments. Prior to the start of BRG's work, DeVry updated individual Student Commitments that referenced practices and organizational structures that were specific to Adtalem's other institutions, or which mentioned Adtalem by name, in order to ensure that DeVry's Student Commitments accurately reflected the processes and systems in place after the change in ownership. BRG notes that no Student Commitments were removed as part of the update process. DeVry's revisions to the Commitments maintained its pledges in the existing six key areas of student interest:

- Informed Student Choice
- Responsible Recruitment and Enrollment
- Responsible Participation in the Federal Loan Process
- Financial Literacy and Academic Transparency
- Improved Student Satisfaction
- Successful Student Outcomes and Accountability

The updated Student Commitments were published in May 2019 and are available for students to review on the University's website along with a brief history of the Commitments and BRG's 2018 report detailing DeVry's compliance when it was still part of Adtalem.⁴ A description of BRG's review methodology and detailed information relating to its findings are set forth below.

ASSESSMENT METHODOLOGY

BRG commenced work on the 2019 Student Commitment Review in August 2019. BRG reviewed relevant documentation, conducted interviews of key employees, examined websites, and analyzed relevant computer systems/databases used by DeVry associated with student services such as admissions, financial and academic counseling, marketing and complaint

⁴ <https://newsroom.devry.edu/student-commitments/>

resolution. BRG then determined what additional testing and information was required, if any, to assess compliance with respect to the Student Commitments.

As part of the previous Commitment Reviews, BRG conducted interviews with dozens of knowledgeable individuals. Because of this previous extensive examination and testing of systems, BRG relied upon the affirmations of personnel at DeVry with respect to whether processes remained the same for the 2019 Commitment Reviews. BRG requested and reviewed relevant materials related to any identified procedural changes.

BRG's work was conducted based on agreed-upon procedures and does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with the standards established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, BRG does not express an opinion or any other form of assurance on the financial statements or on the operating effectiveness of internal controls of the entities referenced in this report. BRG's particularized findings with respect to each of the Student Commitments is included in Appendix A at the end of this report.

SYSTEMS REVIEWED

BRG examined relevant computer systems/databases in connection with its review. These information systems provide, among other things, data relating to student financial aid, academic completion, and program preparedness. BRG reviewed both student facing interfaces as well as systems used exclusively by DeVry administrators, campuses employees, or third-party staff, including systems that record admissions conversations.

DOCUMENTS REVIEWED

As part of the 2019 review, BRG analyzed hundreds of documents relating to the Student Commitments. These documents included academic catalogs, audited financial statements and other related financial documentation, admissions files, student handbooks, enrollment agreements, orientation documentation, compliance reports, internal policy documents, marketing materials, emails, internal training files, presentations, student surveys and complaints, organizational charts, borrowing advisory notices, letter templates, as well as other relevant materials. The purpose of the document review was

to obtain information relating to the Institutions' compliance with the Commitments and to validate statements and representations made to BRG during the 2019 review.

FINDINGS

BRG's individualized findings relating to each Student Commitment are set forth in Appendix A.

CONCLUSION

DeVry's documentation has been reviewed annually since 2017 and updated as needed. DeVry's continued compliance with the voluntary Student Commitments has required substantial effort, organizational time and resources. Some of BRG's key findings relating to DeVry's compliance with the Student Commitments in this 2019 review are as follows:

- DeVry kept all 20 Student Commitments previously implemented by Adtalem before the change in DeVry's ownership. Eight of the commitments were updated to accurately reflect DeVry's new administration of the Commitments.
- For the fourth consecutive year, BRG's analysis confirmed DeVry derived no more than 85% of revenue from federal funds.
- DeVry continues to provide students with access to the online platform Manage My Loans ("MML"). The tool provides students with current information on their academic program progression, outstanding loan balances, and robust repayment and budget modeling tools. Student's Federal loan information is automatically populated in the tool and students can enter any additional private or institutional loans they hold in order to see estimated loan repayment obligations. MML also allows students to input other living expenses along with income information to effectively build a financial roadmap. DeVry does not remove access to the MML tool upon cessation of enrollment, so students and alumni can continue to use MML even after graduation.
- BRG reviewed DeVry's Know Before You Go ("KBYG") fact sheets and confirmed that all metrics were reported accurately. The KBYG fact sheets provide program performance metrics, such as total program costs, debt and default rates, completion and graduation rates, and earnings and licensure data.

APPENDIX A: SUMMARY OF FINDINGS

Description	Findings
Informed Student Choice	
<p>A one-page disclosure that includes information about program or institutional performance metrics, such as total program costs, debt and default rates, completion and graduation rates and earnings and licensure data.</p>	<p>DeVry complied with this commitment.</p>
<p>An orientation process for all undergraduate students, which provides an overview of information to assist a student in the successful navigation of their college experience. This will include, for example, a review of student support services, our on-line learning platforms, academic policies and key points of contact within the institution.</p>	<p>DeVry complied with this commitment.</p>

Description	Findings
Responsible Recruitment and Enrollment	
<p>We provide individualized financial and academic information prior to students making a financial commitment. Financial and academic advisors are available to personally respond to any questions prospective students may have.</p>	<p>DeVry complied with this commitment.</p>
<p>We provide prospective students with clear information regarding any required transitional studies courses, including costs, availability and time for completion.</p>	<p>DeVry complied with this commitment.</p>
<p>Admissions conversations are recorded and evaluated to validate compliance and clear student communications. Admissions professionals' performance is monitored and assessed to ensure responsible student recruitment and compliance with DeVry University's standards.</p>	<p>DeVry complied with this commitment.</p>
<p>We commit to transparency in our use of revenues for marketing, recruitment, instruction and academic support, student services and scholarships.</p>	<p>DeVry complied with this commitment. BRG relied upon DeVry's January 1, 2019 through June 30, 2019 Audited Financial Statements to review DeVry's revenue usage and found DeVry's Commitment reporting to be accurate.⁵</p>

⁵ BRG's work was conducted based upon agreed-upon procedures and reliance upon DeVry's annual financial statements as prepared by their outside auditor, Almich & Associates ("Almich"), namely DeVry's June 30, 2019 Audited Financial Statements and Independent Auditor's Report. BRG's work does not constitute an independent audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with the standards established by the American Institute of Certified Public

Description	Findings
<p>We have best practices in place to assure responsible marketing practices if we use third-party lead generators (where utilized), including monitoring of all activities by an independent firm, and clear remediation and contract termination procedures.</p>	<p>DeVry complied with this commitment.⁶</p>
<p>Responsible Participation in the Federal Loan Process</p>	
<p>DeVry University will lower limits on federal funding, deriving no more than 85% of revenue from federal funds, including military and Veterans Administration financial assistance programs.</p>	<p>DeVry complied with this commitment. BRG relied upon DeVry's January 1, 2019 through June 30, 2019 Audited Financial Statements to compare DeVry's federally mandated adherence to the 90/10 rule to their internal 85/15 Commitment.⁷ BRG confirms that DeVry derived less than 85% of its revenue from federal funding.</p>
<p>Before implementing new academic programs, we review the program's pricing and career outcomes to ensure alignment with the student's ability to repay debt upon successful completion of the program.</p>	<p>DeVry complied with this commitment.</p>

Accountants ("AICPA"). Accordingly, we do not express an opinion or any other form of assurance on the financial statements or on the operating effectiveness of internal controls of the entities referenced in this report.

⁶ DeVry University has not utilized third party lead generators (aggregators) since early 2017 and through the review period.

⁷ BRG's work was conducted based upon agreed-upon procedures and reliance upon DeVry's annual financial statements as prepared by their outside auditor, Almich & Associates, namely DeVry's June 30, 2019 Audited Financial Statements and Independent Auditor's Report. According to Almich, their review of the 90/10 covers the "12 months ended June 30, 2019." BRG's work does not constitute an independent audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with the standards established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we do not express an opinion or any other form of assurance on the financial statements or on the operating effectiveness of internal controls of the entities referenced in this report.

Description	Findings
<p>We are committed to providing students with a variety of ways to manage tuition costs. Availability of these options vary by program of study, and may include, for example, transfer of credit policies that enable block transfer, academically responsible and individualized credit evaluation processes, work study and institutional scholarship assistance considerate of program of study, eligibility and need.</p>	<p>DeVry complied with this commitment.</p>
Financial Literacy and Academic Transparency	
<p>We will provide students with access to Manage My Loans, a dynamic online tool that gives students ongoing visibility into overall program progression, outstanding loan balance (including estimated repayment obligations), financial position as compared to academic progress and credits required to graduate.</p>	<p>DeVry complied with this commitment.</p>
<p>We offer students, proactively and upon request, academic and financial advising. This may include information on the student's progress toward degree completion, incurred costs, student loan financing, overall financial position and academic progress.</p>	<p>DeVry complied with this commitment.</p>

Description	Findings
<p>We will provide students with an annual Borrowing Advisory Notice. The notice will provide information on loan amounts and percentage of program completed, and disclosure indicating the potential implications of incurring student loan debt on future education loan and financing options.</p>	<p>DeVry complied with this commitment.</p>
Improving Student Satisfaction	
<p>To ensure we are meeting the expectations of our students and graduates, we use an independent third-party tool to conduct student surveys, and we actively respond to results and feedback.</p>	<p>DeVry complied with this commitment.</p>
<p>We prohibit the practice of mandatory arbitration for student disputes, and our enrollment agreements do not prohibit students from participating in or seeking class action remedies.</p>	<p>DeVry complied with this commitment.</p>

Description	Findings
<p>We maintain clear and transparent institutional student complaint resolution policies, readily available to students via each institution's website and academic catalog or student handbook. We also provide students with an escalation pathway and contact information to state oversight bodies with jurisdiction over student consumer complaints.</p>	<p>DeVry complied with this commitment.</p>
Successful Student Outcomes and Accountability	
<p>To further demonstrate its commitment to academic quality, DeVry University will maintain a Persistence & Retention Committee, led by the Chief Academic Officer. The committee will report its findings to the Chair of the Academic Quality and Student Success Committee of DeVry University's Board of Trustees, and will monitor student outcomes and report to the President and CEO on quality trends and steps taken to improve academic programs and student learning. This action-oriented and results driven committee will enable DeVry University to adopt academic best practices.</p>	<p>DeVry complied with this commitment.</p>

Description	Findings
<p>Student outcomes is a component of our compensation package for institutional leaders.</p>	<p>DeVry complied with this commitment. Student persistence rates are part of the institution leaders' annual assessment and are taken into consideration when determining their compensation.⁸</p>
<p>We identify and proactively engage with students who may be at risk for program completion.</p>	<p>DeVry complied with this commitment.</p>
<p>Annually, we will have a third party review our Student Commitments, and will update and improve our practices and student protections as needed.</p>	<p>DeVry complied with this commitment.⁹</p>

⁸ DeVry defines persistence as the rate at which students continue with their education at DVU. Institution leaders include the President & CEO, Chief Financial Officer, Chief Marketing Officer, Provost and Chief Academic Officer, Vice President, Strategic Enrollment, Vice President, DeVryWORKS (B2B Partnerships), General Counsel, Secretary and Vice President Legal & Regulatory Affairs, Vice President Information Technology, Vice President, Human Resources & University Relations, and the Group Presidents of Central, Northeast, West, and Southeast Regions.

⁹ As previously noted, DeVry published the updated Student Commitments in May 2019. BRG reviewed the individual commitments between August 2019 and August 2020.