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Date: April 22, 2015

To: Members, Senate Committee on Workforce Development, Public Works,
& Military Affairs

From:  John Manske, Director of Government Relations

RE: Opposition to SB 119

Among the members of Cooperative Network are the Wisconsin Credit Union League and several individual credit unions. As a member-driven organization on public policy, we share The League's concerns about the proposals to combine the Department of Financial Institutions (DFI) with the Department of Safety and Professional Services (DSPS).

We are concerned about the many similarities between the proposed merger of these very dissimilar agencies and the findings of a Department of Administration (DOA) study issued early in 2014 that studied the appropriateness of combining Department of Agriculture, Trade and Consumer Protection (DATCP) and DSPS functions. Cooperative Network and virtually every other prominent agriculturally-oriented trade organization in the state strongly opposed such a merger, stating on record that "many of the functions at DSPS do not fit DATCP's core responsibilities" and "we fear consolidation could cause DATCP to drift from its agricultural advocacy and consumer protection mission."

The DOA's 2014 conclusions and recommendations were, "do not consolidate agencies." The reasons provided were as follows: "Due to limited overlap between agency customers, customer sentiment against a merger, potential administrative difficulties presented by the potential merger and limited potential for savings, the agencies should not be merged. A merger could risk losing the generally high performance ratings of both agencies, most notably the 65.8 percent of respondents that rated their DSPS interactions as "good" or "very good."

The 2014 DOA study did recommend moving the Veterinary Examining Board to DATCP, and that transfer makes good policy sense. In fact, the Wisconsin Veterinary Medical Association suggested that in Dec. 3, 2013, letter to DOA. In the case of merging DFI and DSPS, however, no private sector stakeholder requested the change.

Some agency reform and realignment included in Gov. Walker's biennial budget proposal makes sense from the public policy and public administration perspectives. As an example, the regulatory responsibility for inspecting restaurants, lodging establishments and certain recreational establishments would be transferred from the Department of Health Services to DATCP, effective July 1, 2016. There is a lot of similarity with inspection services already provided through DATCP at other business entities. The proposed DFI/DSPS consolidation, in contrast, would dilute DFI's important focus on the safety and soundness of Wisconsin's financial institutions.

Please consider the risk to DFI's track record of focused and effective regulation of Wisconsin's financial institutions if this proposed merger of DFI and DSPS is advanced.

Thank you for considering our comments.

Testimony of the Wisconsin Bankers Association
Michael Semmann, Executive Vice President/Chief Operations Officer, WBA

**Senate Committee on Workforce Development, Public Works, and
Military Affairs
Senate Bill 119**

April 22, 2015

Chairman Roth and Members of the Committee:

Thank you for the opportunity to testify in opposition to Senate Bill 119 related to creation of the Department of Financial Institutions and Professional Standards.

My name is Michael Semmann and I am executive vice president/chief operations officer for the Wisconsin Bankers Association (WBA). WBA represents approximately 275 commercial banks and savings institutions, their nearly 2,300 branch offices and more than 30,000 employees.

WBA appreciates Governor Scott Walker's and Senator Roth's sincere and thoughtful approach for creating government efficiencies on behalf of taxpayers; however, WBA seeks to support an independent Department of Financial Institutions at this time. The fact that the banking industry plays a critical role influencing Wisconsin's economy should have great bearing on this legislation. WBA looks forward to an expanded discussion in the coming months on how we can use our expertise to assist the Governor, the Legislature and the agency in its current or future form as we move forward in developing efficiencies for our state.

Prior to addressing the specific bill, it is important to first understand the value of Wisconsin's banking industry and examine the relationship between the banking industry and its various regulatory authorities. Looking at the set of data and facts will help illustrate why this bill represents a foundational change for Wisconsin's banks.

The Value of Wisconsin's Financial Services Industry and Wisconsin's Banks

The Financial Services industry and Wisconsin's banks are a critical part of Wisconsin's economy making up approximately seven percent of the state's gross domestic product. Representation of this sector at the agency level and directly at the cabinet level is critical.

The most recent Wisconsin bank data (4th Quarter 2014) shows the total deposits at \$81.4 Billion, total loans at \$69.4 Billion and total assets at \$102.6 Billion. Wisconsin outpaces its peers with a strong core capital ratio of 11.16%, loan to deposit ratio of 85.27% and noncurrent loan ratio of 1.42%. The 250 banks headquartered in Wisconsin, employ 22,318 people and providing \$1.65 Billion in payroll and benefits. Wisconsin is a strong community banking state with 180 banks having less than \$250 million in assets.

While the total number of institutions may have decreased over the years, the number of locations and consumer access has increased significantly. This proves the value of Wisconsin's

banks is clear to the consumers, businesses and communities who enjoy the advantage of our strong financial institutions.

The Dual Banking System

The dual banking system is a cornerstone of why the state enjoys such a diverse banking industry which benefits all consumers and businesses. Strong regulation of the financial services sector is good public policy and a healthy dual banking system is a key piece to that oversight. A healthy dual banking system doesn't exist without a strong DFI.

The "dual banking system" refers to the parallel state and federal banking systems that co-exist in the United States and dates back to 1863, when Congress passed the National Bank Act, which provided for a system of banks to be chartered by the federal government. Under the dual banking system, national banks are chartered and regulated under federal law and standards, and supervised by a federal agency. State banks are chartered and regulated under state laws and standards, which includes supervision by a state supervisor.

In Wisconsin, nearly 75% of the banks in the state choose to be chartered at the state level. They do so because of the viability of the state charter. Additionally, many banks believe it is generally easier for Wisconsin bankers to establish a face-to-face working relationship with their local regulator rather than with a federal regulator in Washington D. C. We believe that open lines of communication between agency representatives and regulated entities are vital to the success of the banking industry.

Just as market competition provides customers a choice among banks, the nature of the dual-banking system allows bankers a choice between regulators. To insure viability of the dual-banking system, Wisconsin has general parity provisions in state law. These provisions insure that Wisconsin state-chartered banks are at least equal in powers, rights and privileges to their federal counterparts, and may be a better match up in some areas. DFI has an understanding of the financial industry and is dedicated to improving regulatory quality while meeting individual institutional needs.

State-chartered banks are also subject to the regulation and supervision of the state regulatory agency of the state in which they were chartered. State regulation of state-chartered banks applies, in addition to federal regulation. For example, a Wisconsin state bank that is not a member of the Federal Reserve System would be regulated by both the Wisconsin Department of Financial Institutions and the FDIC. Likewise, a Wisconsin state bank that is a member of the Federal Reserve System would be jointly regulated by the Wisconsin Division of Financial Institutions and the Federal Reserve.

- *The Board of Governors of the Federal Reserve oversees state-chartered banks and trust companies that belong to the Federal Reserve System.*
- *The Federal Deposit Insurance Corporation regulates state-chartered banks that do not belong to the Federal Reserve System.*

- *The Office of the Comptroller of the Currency regulates banks that have the word "National" in their names or the letters "N.A." after their names, including federal savings and loans and federal savings banks.*

Relationship between Bank and Regulator

A bank's primary regulator is with the bank from cradle to grave; it can regulate the bank pretty much on its own terms within the bounds of the law, and it has the power to clamp down on a bank's activities or even put it out of business. The financial crisis of the past has led the banks and their regulators into new waters that has created a cavalcade of changes, both structural and regulatory, has brought uncertainty and in some instances, disparity into the banking industry. This bill amplifies this rate of change within the state for banks that have DFI as its primary regulator.

The regulatory structure and nature of the banking industry requires a form of government regulation which subjects all banks and transactions conducted by banks to requirements, restrictions and guidelines. This regulatory structure creates transparency between banking institutions and the individuals and corporations with whom they conduct business.

Given the interconnectedness of the banking industry and the reliance that local and state economies hold on banks, it is important for regulatory agencies to maintain control over the standardized practices of these institutions.

DFI's identified mission is dedicated to protecting Wisconsin citizens through financial regulation and education. It is committed to ensuring the safety and soundness of Wisconsin financial institutions, protecting the investing public, and enhancing the viability and accessibility of the state's business record-keeping system. We believe the current banking regulatory agency structure works because it incorporates several important elements.

The current regulatory system in Wisconsin allows for an **understanding of how Wisconsin's banks operate**. The complexity of bank operations means that even small changes in regulations or how a bank operates under those regulations can have positive or negative consequences for businesses and consumers. It allows the state to use **knowledgeable examiners at its disposal**. When examiners have a strong, consistent understanding of how to interpret and implement regulations, they provide confidence to bankers and consumers while promoting the safety and soundness of the entire financial system. It also **advocates for Wisconsin in Washington**. Our state needs a regulator who will be working and advocating for Wisconsin in Washington. That includes understanding and explaining how federal regulations will have a practical impact on Main Street businesses in Wisconsin.

In 2013, the WBA Board of Directors adopted several principles related to legislative advocacy including support for a tiered regulatory system that is linked to the risk and complexity of financial institutions. Many banks believe that a merged agency as proposed, at least in appearance, starts the process toward a one-size-fits-all approach to regulation which is not a concept WBA supports.

This principles adopted by the Board could also be interpreted to support a balanced financial system where all the players in it operate on a level playing ground. WBA believes this particular

notion will be critical to continue to be advocated for as more and more nonbanks, tax subsidized competitors and payment providers seek to dramatically change the landscape on services traditionally offered by FDIC insured financial institutions. Not only do consumers have diverse choices among insured financial institutions, but they are now being presented with many options outside of our regulated industry that are not only detrimental to banks but also potentially harmful and risky to consumers. There may be a greater need for a strong state regulatory agency in the future.

Potential merger raises multiple questions

The proposed structure does not address the current obstacles the agency faces; including competition for staffing expertise and retirements at the banking division administrator position. In addition, we believe there are other areas that need attention which are directly related to the merger. These include:

A need for an increased capacity of the agency to challenge federal regulators/rules;

Addressing the perception by bankers as diminishing the importance and value of Wisconsin's banks;

Removing a direct connection to the Governor at the cabinet level;

The banking background of the new Secretary and how the Secretary will handle many diverse competing priorities, and

Insuring the resources of any banking regulator must be segregated and used for appropriate purposes.

According to national research promoted by DFI, the Department is run as one of the most efficient state financial services regulatory agencies in the nation. As such, we believe it is incumbent upon those who wish to change this structure to demonstrate that the agency, the state's economy and the state's banks would be better off with a new regulatory entity.

In the end, there exists an opportunity for greater legislative understanding about Wisconsin's banking industry, its operations and the value it brings to the state. At this time, an agency merger is not in the best interest of Wisconsin's financial services industry.

Thank you. I am happy to answer any questions.



TO: Members of the Committee on Workforce Development, Public Works, and Military Affairs

FROM: Wisconsin Counties Association
Wisconsin Realtors Association
Wisconsin Onsite Water Recycling Association
Wisconsin County Code Administrators
Wisconsin Builders Association
Plumbing, Heating & Cooling Contractors
Wisconsin Precast Concrete Association
Wisconsin Towns Association
Wisconsin Water Well Association
Wisconsin Liquid Waste Carriers Association

DATE: April 22, 2015

RE: Senate Bill 119– Transfer of Private Onsite Wastewater Treatment Systems POWTS Program from DSPTS to DNR & Elimination of the Wisconsin Fund Grant Program

On behalf of the Rural Health & Economic Development Coalition, we sincerely request the committee delete the following provisions from SB 119:

- Transferring all regulatory authority of the POWTS program from DSPTS to DNR
- Elimination of the POWTS Fund Grant Program (aka WI Fund)

Transferring regulatory authority over POWTS from DSPTS to DNR could have a devastating impact on rural economic development. Most rural communities do not have sewer and water and, thus, rely on septic systems to service economic development. In other words, economic development in rural areas depends as much on septic systems as it does other infrastructure like roads and broadband.

Currently, septic systems are regulated by the DSPTS like other building products, with primary emphasis given to engineering and public health and safety. Transferring this program from the DSPTS to the DNR will likely change the regulatory focus from public health and safety to environmental protection.

A similar debate occurred almost 20 years ago when some lawmakers wanted the DNR to regulate the former POWTS program (then referred to as "Comm 83") to further restrict economic development in rural areas. Fortunately, lawmakers ultimately rejected this idea because they understood the importance of rural economic development to our state's economy. **Hopefully, you feel the same way and will remove this provision from SB 119 and keep the POWTS program with DSPTS.**

The Wisconsin Fund is a program that has played a direct role in protecting Wisconsin's public health and safety and promoting rural economic development since 1978. For almost 38 years, the Wisconsin Fund has played a role in ensuring our state's surface water, ground water, bedrock and soils are protected from environmental harm associated with POWTS failures. As a result, Wisconsinites are able to reside, work and contribute to the economy in rural areas across Wisconsin towns and counties, while ensuring robust property values for the POWTS homeowners and their neighbors. Since 2000 alone, over 15,000 families have utilized this grant fund to ensure their homes, their neighbors, their environment and their rural economy and livelihood are protected.

If the Wisconsin Fund is eliminated the following unintended consequences would result in:

- Decrease in rural economic development
- Reduction in property values
- Increased environmental harm
- Contaminated drinking water
- Potential human health issues
- Fixed income & elderly forced out of homes identified with a failed POWTS
- 448 current family assistance applications totaling \$2 million for FY16 would be eliminated

Our coalition understands the difficult undertaking that is currently before committee members. Nevertheless, we believe Wisconsin Fund dollars should be maintained to assist the environment, rural economic development, health and welfare and families in need.

Please delete the provision that eliminates the POWTS Fund Grant Program in SB 119.



STATE OF WISCONSIN EDUCATIONAL APPROVAL BOARD

SENATE BILL 119

ELIMINATION OF THE EDUCATIONAL APPROVAL BOARD

TESTIMONY

by David C. Dies, Executive Secretary
Educational Approval Board

Senate Committee on Workforce Development, Public Works & Military Affairs

April 22, 2015

Good afternoon. Chairman Roth and members of the committee, my name is David Dies and I am the executive secretary for the state's Educational Approval Board (EAB). I appreciate the opportunity to be here today to testify on Senate Bill 119. In addition to my testimony, I have provided you with an in-depth position paper, a set of "talking points" and letters from institutions and other stakeholders expressing concern about the provision in SB 119 that will eliminate the EAB.

If you have never heard about the EAB before today, that is a good thing, because the agency is designed to prevent problems. But, when problems do arise, the agency is able to resolve them before a person feels a need to contact his or her legislator.

Based on his for-profit school career and knowledge, Chairman Madelung clearly articulated the critical need for firm, fair, and reasonable state regulation of the for-profit sector. Given that the EAB was not consulted about its potential demise, there is very little understanding by many policy makers about the EAB, what it does, and what the consequences are of its elimination. My testimony will focus on what will be lost if the EAB and its expertise are eliminated. Let me begin by describing the nature of EAB-approved institutions.

The EAB is a unique and highly-specialized state higher education agency responsible for protecting Wisconsin residents who choose to enroll in certificate, diploma, and degree-granting programs offered by private for-profit and out-of-state nonprofit postsecondary schools, colleges, and universities. Currently, the EAB has oversight of more than 250 institutions that serve roughly 60,000 students each year in 428 different types of programs.

It is important to understand that more than three-quarters of the students attending institutions approved by the EAB are considered non-traditional students, meaning they are usually working adults 25 years of age or older. Wisconsin residents attend these career-focused institutions to achieve their dream of a new career and better life.

Institutions that the EAB oversees are alternatives to more traditional postsecondary institutions, and include such entities as Globe University, ITT Technical Institute, University of Phoenix, DeVry University, Rasmussen College, Upper Iowa University and Western Governor's University. It also includes a wide range of career schools that do not offer degrees, such as massage therapy, truck driving, auto repair, dental assisting, veterinary technician, welding, taxidermy and pet grooming schools.

It should be pointed out the EAB's oversight does not include institutions that are part of the UW and technical college systems; nor does it include non-profit institutions that were incorporated in the state prior to 1992, such as Herzing University and institutions that are members of the Wisconsin Association of Independent Colleges and Universities such as Edgewood College located here in Madison, and a host of others around the state like Marquette University, Lakeland College, and Marian University¹.

Before I address the specifics about what will be lost by eliminating the EAB, let me dispel the misconceptions upon which EAB's elimination is based: EAB's regulation of the for-profit sector is burdensome and costly. During my 14 years with the agency, there has been no outcry from institutions about EAB's oversight. In fact, the large, multi-state institutions have regularly said the EAB is one of the most efficient, reasonable, fair, and transparent state regulatory agencies in the United States, particularly for institutions offering programs via distance learning. At the same time, small, non-accredited, Wisconsin-based schools appreciate how the knowledgeable EAB staff use the school approval process as a method to help them get a successful start in the private school business.

¹ Alverno College, Bellin College, Beloit College, Cardinal Stritch University, Carroll University, Carthage College, Columbia College of Nursing, Concordia University, Edgewood College, Lakeland College, Lawrence University, Marian University, Marquette University, Medical College of Wisconsin, Milwaukee Institute of Art & Design, Milwaukee School of Engineering, Mount Mary University, Northland College, Ripon College, St. Norbert College, Silver Lake College, Viterbo University, Wisconsin Lutheran College

In regards to costs, **the EAB operates at no cost to taxpayers.** The operating budget for FY 15 is \$606,500 and is funded by fees assessed for the work it performs. As part of last year's renewal process, the institutions overseen by the EAB reported earning \$351.6 million in tuition and fee revenue from Wisconsin residents. Thus, the "cost of doing business" in Wisconsin for institutions is less than \$1.70 for every \$1,000 of revenue they generate.

In fact, EAB's elimination will cost the state money. Under current law, the EAB must transfer 10 percent of its revenue to the state's general fund as GPR-earned. In FY 14, that amount was \$82,413. Based on current revenues, an estimated \$106,500 will be transferred to the general fund in FY 15. If this legislation is enacted, this annual contribution of GPR revenue will be lost. I would argue the premise that EAB's regulation is burdensome and costly simply is not based on fact.

Senate Bill 119 bill mirrors Governor Walker's proposed state budget; it too eliminates the EAB and virtually all state oversight of private postsecondary education and training. **If enacted, this legislation would make Wisconsin the only state in the nation without any meaningful oversight for private for-profit postsecondary educational institutions.** You only need to look at California and Illinois for case studies of the chaos that ensued when states eliminate regulatory agencies like the EAB. In both cases, state legislators had to recreate regulatory agencies.

Specifically, the bill repeals nearly all the statutes regulating for-profit and out-of-state nonprofit postsecondary education institutions, including the following:

- Inspection, examination, and approval of proprietary schools.
- Submission of reports, including information on enrollment, number of instructors and their qualifications, course offerings, number of graduates, and number of graduates successfully employed.
- Student protection funding that is used to cover losses in the event of a catastrophic school closure.

- Investigation and establishment of minimum standards for courses of instruction and school's facilities, equipment, instructional materials and instructional programs.
- Specific authority to establish rules, standards, and criteria to prevent fraud and misrepresentation in the sale and advertising of courses and courses of instruction.
- Minimum standards for refund of the unused portion of tuition, fees, and other charges if a student does not enter a program, withdraws, or is discontinued from the program.
- Requirement that institutions furnish to students information concerning their facilities, curricula, instructors, enrollment policies, tuition and other charges and fees, refund policies, and other policies.
- A list of schools authorized to use the terms "college," "university," "state," or "Wisconsin" in their name.
- Issuing permits to individuals soliciting the enrollment of individuals in a school.

Although a few administrative functions like the retention of records and handling of student complaints would be transferred to the Department of Financial Institutions and Professional Standards (DFIPS), as created by this bill, or the Department of Agriculture Trade and Consumer Protection (DATCP); the previously cited standards pertaining to quality educational programs and institutional operations, that spell-out the minimum expectations to run a good school, will simply disappear.

The reality of eliminating the EAB means the state would have no requirements pertaining to refund policies for students, the need for a written curriculum, program reviews, school catalogs, or the disclosure of costs and rules of the institution. Institutions would not be required to have any standards for admissions or entrance requirements, advanced standing, student progress, student records, academic probation, dismissal and readmittance, student conduct, leaves of absence, attendance, tardiness, cancellation and refunds, program curriculum, or employment services. Wisconsin's consumer protection for adults in for-profit schools would be gone. It would be a "buyer beware" free-for-all.

Under the bill, the newly created DFIPS would “authorize” institutions wishing to participate in the federal Title IV financial aid program if an institution can demonstrate it holds accreditation from an accrediting body recognized by the U.S. Secretary of Education. Clearly, if this authorization was intended to be anything more than a perfunctory process for institutions, the bill would not repeal the existing standards I just cited and eliminate the expertise of existing staff.

Under U.S. Department of Education (USDOE) provisions contained in 34 CFR 600.9(a), institutions that achieve state approval based on their accreditation status are not eligible to receive federal financial aid. Specifically, “[i]f the legal entity is established by a State as a business or a nonprofit charitable organization and not specifically as an educational institution, the State must have a separate procedure to approve or license the entity by name to operate programs beyond secondary education, including programs leading to a degree or certificate.” (*emphasis added*).

The federal regulation goes on to say that “[f]or an institution authorized under these circumstances, the State may not exempt the entity from the State’s approval or licensure requirements based on accreditation, years in operation, or other comparable exemption.” (*emphasis added*). In addition, to be compliant with the federal regulations on state authorization, institutions would have to provide for a complaint process consistent with 34 CFR 600.9(a)(1).

If Wisconsin’s authorization process is based solely on an institution being accredited and no other evaluative process, it raises serious doubts about the eligibility of students that attend these institutions to receive federal financial aid.

Regardless, institutions would not be required to obtain authorization under SB 119 before operating in Wisconsin as they are under current law. More importantly, none of the 100+ institutions that do not currently participate in the federal financial aid program will not be required to seek authorization under state law.

Here is the real problem for Wisconsin taxpayers. To the extent that institutions do not seek state authorization, students who pay tuition and fees will no longer be able to claim a tax deduction on their state income tax return.

Under the bill, the EAB staff of 6.5 FTE would be eliminated and the workload associated with the authorization functions would need to be absorbed by the new DFIPS. According to the Legislative Fiscal Bureau, DSPS currently has 0.85 FTE with responsibilities related to licensing 90 schools – 0.75 FTE, shared among four employees, provide administrative support to the Board of Nursing, while 0.10 FTE supervises barbering, cosmetology, and other schools. DSPS has indicated that the employees currently responsible for the licensure of schools would also fulfill the additional authorizing responsibilities under the changes proposed, and additional position authority would not be needed to meet the bill's requirements.

With all due respect to DSPS, its school oversight functions are extremely basic and narrow in scope. It lacks the capacity and expertise to deal with the complexity, size and diversity of the 252 institutions currently approved by the EAB. With just 0.85 FTE, DFIPS will not be able to conduct any type of meaningful evaluation of these institutions.

Currently, the EAB receives about 50 complaint inquiries a year, and opens even fewer formal investigations. The relatively small number is a reflection of the EAB's effectiveness in preventing problems. Since the EAB has knowledge of and a relationship with institution officials, the EAB can often work with the school and students to resolve problems before they become formal, written complaints. Without any oversight, the number of complaints likely would increase dramatically.

Under the bill, DATCP would assume the responsibility for handling student complaints concerning institutions authorized by DFIPS, which already receives approximately 150,000 complaints a year. However, DATCP's authority to investigate complaints would not be expanded beyond its current authority, which is limited to unfair marketing and trade practices. This means that student complaints about program offerings, such as its quality and rigor, the

treatment of students, processing of refunds, student dismissal, advanced standing etc. would no longer be addressed by any state agency.

While DATCP has broad authority to address student complaints, the reality is the only type of complaints that it will be able to address are very narrowly defined and will be limited to only the most extreme cases. Complaints pertaining to educational quality, program offerings, treatment of students, refunds, etc., which are by far the most common types of complaints the EAB currently receives, will no longer be addressed. Students would be forced to use the legal system, thereby increasing institutions' costs of doing business.

Although the role of investigating and resolving student complaints is important, the EAB plays an even more important role in managing catastrophic school closures that leave students unable to complete their education/training at the institution where they were enrolled. Under SB 119, there would be no mechanism to address such situations, leaving students with nothing but debt and no state agency to help them. To help the 198 students affected by the August 2014 closure of Anthem College in Brookfield, the EAB has used roughly \$400,000 from its student protection fund to arrange a teach-out, help students transfer to other institutions and reduce private student loans.

The EAB currently maintains funding in a student protection appropriation, which is intended to cover losses resulting from the catastrophic closure of schools. Currently, the cash balance of the appropriation is \$1,375,297 PR. Under the bill, this funding will be transferred to an appropriation for general operations associated with professional licensure at the new Department of Financial Institutions and Professional Standards. Subsequently, the secretary of the Department of Administration would determine how much of the funds would be transferred to the Department of Agriculture Trade and Consumer Protection related to consumer protection services it provides to DFIPS.

Currently, a number of other state agencies and boards rely on the EAB to approve schools that enroll Wisconsin residents, including the Department of Veterans Affairs (DVA), the Department of Transportation (DOT), the Board of Nursing, the Massage Therapy Board, and

others. By eliminating the EAB, these entities will no longer be able to rely on knowing an institution has been formally evaluated, reviewed and approved to operate. In some cases, this will result in a significant amount of additional work for these other entities. For example, the State Approving Agency within the DVA relies on the EAB's approval of an institution for nearly two-thirds of the review they must conduct so that a veteran can use GI Bill and other benefits at an institution.

Eliminating the EAB will also have a direct impact on the state's other higher education sectors, particularly in the area of online, degree-granting education because the EAB currently oversees out-of-state, private colleges and universities, which seek to enroll Wisconsin residents – some 90+ institutions and 26,000 Wisconsin residents.

By eliminating the current requirements, it will open the door for institutions to more aggressively compete both on-ground and online with the state's public and nonprofit institutions absent any checks and balances. Given the aggressive marketing and recruiting tactics employed by some institutions, enrollments at the state's public and nonprofit sector institutions could well decline.

In the absence of specific standards, there will be no "level playing field" for institutions. Wisconsin and the state will become a haven for sub-standard institutions, "diploma-mills", and questionable foreign institutions looking for a United States location, as past history shows, in states with little or no regulation.

In the interest of protecting Wisconsin residents, I urge the committee to remove the provision eliminating the EAB from SB 119. Clearly, it makes no sense to eliminate the EAB which costs taxpayers nothing, performs its functions efficiently, and effectively protects Wisconsin residents who attend private for-profit institutions. Thank you again for the opportunity to testify. I would be happy to answer any questions you may have.

EDUCATIONAL APPROVAL BOARD

2015-17 BIENNIAL BUDGET OPPOSING EAB ELIMINATION POSITION PAPER

SUMMARY

On February 3, 2015 the Governor submitted to the Legislature his proposed state budget for the 2015-17 biennium. The Joint Committee on Finance (JCF) introduced the budget on behalf of the Governor as Assembly Bill 21 and Senate Bill 21. Included in the budget is a recommendation to eliminate the Educational Approval Board (EAB) and virtually all state oversight of private postsecondary education and training.

HISTORY

The EAB came into existence after WWII when the Governor's Educational Advisory Committee (GEAC) regulated for-profit schools for veterans who attended using their GI Bill benefits. In 1957, the Legislature expanded GEAC's responsibility to protect all Wisconsin residents from fraud and misrepresentation by overseeing for-profit schools.

The GEAC began issuing permits to schools in 1961 and was renamed the Educational Approval Council (EAC) four years later. Following the Kellet Commission's governmental reorganization bill in 1967, the EAC was given its current name. Changes made in 1971 made it mandatory for "all proprietary schools" to be approved before operating in the state.

Through its six decades-long experience in working with for-profit schools, the EAB has found that helping for-profits become "good institutions with quality programs" provides the best consumer protection for both students and the institutions. Today, the EAB is a nationally recognized leader in sensible and innovative oversight of private postsecondary education.

BUDGET LANGUAGE

According to the summary documents, the Governor's budget proposal to eliminate the EAB is intended to "reduce the regulatory and fiscal burden on private for-profit education entities," which would be accomplished by eliminating all of EAB's school approval, review and investigatory standards and by transferring the EAB's two other core functions – authorizing institutions and resolving student complaints – to other agencies.

The Budget in Brief indicates that "[s]chools requiring state authorization for federal financial aid purposes will be able to receive authorization from the new Department of Financial Institutions and Professional Standards [(DFIPS)]; otherwise, schools may operate without the impediment of a lengthy approval process." It also says that "[s]tudent concerns and complaints will be handled by the Department of Agriculture, Trade and Consumer Protection [(DATCP)]," which will have "broad authority to address complaints against for-profit and nonprofit private institutions of higher education."

If the Governor's budget proposal is adopted, **Wisconsin will be the only state in the nation without any meaningful oversight for private postsecondary education institutions.** To understand what kind of chaos EAB's elimination could cause, one only needs to look at the state of California as a case study when its oversight agency was eliminated and the for-profit institutions operated with no oversight.

DISCUSSION

Unfortunately, the EAB was not consulted about the Governor's budget proposal. In the absence of any discussion with the subject matter experts who work on a daily basis with the for-profit institutions and the students they enroll, the proposal is based on misconceptions and fails to understand its adverse impact and unintended consequences.

From the summary documents, the intent of the Governor's budget proposal is to decrease the regulatory and fiscal burden for-profit postsecondary education institutions face. However, an examination of the EAB's standards and fees shows that neither is a significant burden for EAB-approved institutions.

Fiscal Burden

The EAB is funded entirely by program revenue (PR); therefore it operates at no cost to taxpayers. Its operating budget of \$605,000 in FY 15 is supported by assessing fees for the work it performs. While institutions subject to EAB oversight pay these fees, they amount to less than \$1.70 for every \$1,000 that an institution generates from the tuition and fees from Wisconsin residents. Last year, EAB-approved institutions charged Wisconsin residents \$351.6 million in tuition and fees. Two years ago, institutions charged \$437.0 million in tuition and fees.

The proposal fails to take into consideration that under current law, 10 percent of the revenue received by the EAB goes directly into the state's general fund. As a result, the Governor's budget proposal is a net loss for Wisconsin's budget and will actually increase the budget deficit by roughly \$70,000.

Regulatory Burden

The notion that becoming an EAB-approved institution or maintaining that approval creates a burden is also misplaced. Upon learning of the proposal in the Governor's budget, many institutions are dismayed and have expressed concern that with no "level playing field," the postsecondary education landscape in Wisconsin will become the "wild-west." The vast majority of for-profit institutions welcome the EAB's oversight role because it provides legitimacy for the sector and has all institutions play by consistent set of standards.

Because of the EAB's delegated authority, the time it takes to approve an institution seeking initial approval can be as little as 5 to 10 business days, depending on the completeness of the materials submitted by the institution. At the same time, the EAB provides expertise in helping and advising small business owners in how to be successful in creating and operating a school, and in designing a school catalog so business policy and procedures are fully disclosed thereby helping the school protect itself.

Furthermore, the EAB has designed its approval process in a manner that recognizes authorizations granted by other entities, such as states, the federal government and accrediting agencies. It does so to alleviate duplication of effort and costs for institutions. In fact, the EAB is frequently told by institutions that it is one of the most efficient and reasonable state regulatory agencies in the county.

When it comes to institutions having to annually renew their approval, the EAB employs an innovative, nationally recognized web-based application which offers institutions an extremely efficient process. The EAB has offered help and advice to other states as they have pursued developing online application processes.

Oversight

While the summary documents seem to indicate that functions of the EAB would be assumed by either DFIPS or DATCP, the bill itself repeals almost all of the regulatory functions that exist in statute. EAB functions for false academic credentials, prohibited terms, and student complaints would be transferred to DATCP.

At the same time, DFIPS would be responsible for “authorizing” institutions. Since the bill eliminates all other EAB regulatory functions, schools would no longer need to comply with any educational-type standards in order to be approved. For example, there would be no requirements related to a refund policy for students, a written curriculum and program review, and school catalog to disclose costs and rules of the institution.

Under the bill, DFIPS would “authorize” private schools to operate in Wisconsin. The bill language mentions institutions that participate in the federal Title IV financial aid programs would need “authorization” from the newly created DFIPS, but the ambiguous language implies non-degree granting institutions not receiving federal aid would not require any “authorization” to operate in Wisconsin.

While the bill states that DFIPS “shall promulgate the rules and establish standards necessary to administer this section,” neither DFI nor DSPS currently has the staff or expertise to draft rules for the private, for-profit postsecondary sectors. Since all EAB staff and expertise are eliminated in the proposal, DFIPS likely will have to incur taxpayer costs to hire staff for the transition and implementation of the new “authorization” responsibility for the private, for-profit sector.

IMPLICATIONS

Complaints

Currently, the EAB only receives about 50 complaints a year, and opens even fewer formal investigations, despite approving nearly 250 institutions that enroll roughly 60,000 students. The small number of complaints is a reflection of the EAB’s effectiveness in preventing problems from arising in the first place. Since EAB staff has knowledge of the institutions and a relationship with staff, the EAB can often work with the school and students to resolve problems before they become formal, written complaints. Without any oversight, the number of complaints likely would increase dramatically.

Under the bill, the statutory provisions pertaining to the use of false academic credentials and

prohibited terms would become the responsibility of the DATCP, which would also handle student complaints about formerly approved EAB schools. However, **DATCP's authority to investigate complaints would not be expanded beyond its current authority, which is limited to unfair marketing and trade practices.**

While the budget summary documents claim DATCP will have broad authority to address student complaints, the reality is the only type of complaints that DATCP will be able to address are very narrowly defined and will need to rise to an extremely high bar. Complaints pertaining to educational quality, program offerings, treatment of students, refunds, etc., which are by far the most common types of complaints the EAB currently receives, will no longer be addressed by any state agency. Students would be forced to use the legal system, thereby increasing EAB-approved institutions costs of doing business.

According to DATCP's website, the Bureau of Consumer Protection already receives approximately 150,000 complaints yearly. With the likely increase in EAB-related complaints, it is unlikely that DATCP's current staffing levels will be sufficient to handle the influx and there may be a need to hire additional staff.

Closed Schools and Change of Ownership

In the past decade, the EAB has dealt with the closure of five institutions, affecting hundreds of students. Unfortunately, such closures are more common in the for-profit sector than the other sectors of education, and often occur abruptly with little or no notice. In addition, purchases, mergers, and acquisitions of larger for-profit entities take place frequently. One of the EAB's functions is to make sure students are protected when schools close and when there are ownership changes.

For example, on August 22, 2014, Anthem College closed its Brookfield campus giving students, staff, and the EAB two days' notice. For months, the EAB had been working with local partners because the campus was marked for closure or sale. In the two days after learning the doors would be locked, the EAB acted quickly and decisively on behalf of the 180 students that had been enrolled at Anthem by setting up teach-outs at Milwaukee Career College (MCC) for the Surgical Technologist and Medical Assisting programs; by arranging to have the program equipment relocated to MCC; and by working with Herzing University to accept Massage Therapy transfer students.

The EAB continues to oversee the situation to this day and is covering the costs associated with the teach-out and transfer of students with monies from its Student Protection Fund¹. In addition, the EAB negotiated with the alternative lender (Tuition Options) that many students had taken out loans through Anthem College, to write-off the debt they owed due to the institution's closing. To date, the EAB has committed more than \$500,000 to help students harmed by Anthem's abrupt closure.

The changes proposed in the budget do not provide the state an ability to address school closures such as Anthem College. Under the proposed bill, nearly 180 students would have been abandoned with a significant debt burden and there would be no state agency or state-administered student protection fund to assist the students.

Implementation

While the Executive Budget document seems to suggest the elimination of the EAB would **take place no later than** January 1, 2016, the bill itself contains language that clearly indicates the changes to repeal the EAB's authority would **take effect on** January 1, 2016. Specifically, the bill contains a provision under Section 9452 specifying that the changes eliminating the EAB "take effect on January 1, 2016, or on the day after publication, whichever is later."

The inconsistency has been brought to the attention of the DOA budget office, which responded in an email that "[t]he transfer of functions and elimination in relation to the board will be effective on or before January 1, 2016, which aligns with the creation of the new entity, the Department of Financial Institutions and Professional Standards. As with the formation of the new agency, **it is unclear as to when the transfer of functions and elimination of the board will take place**, but the language gives flexibility between the passage of the bill and January 1, 2016 for such actions to occur." (emphasis added)

Since the EAB was not consulted about its proposed elimination, questions about its transfer of functions and records to the new agencies remain unanswered. For example, how will new rules for the DFIPS be devised, drafted and implemented so for-profit institutions can be "authorized" in Wisconsin?

EAB Operations

While the actual date of when the EAB effectively would be eliminated is unclear, what is known is that the EAB would continue operations for some period of time during the first six months of FY 16. However, a review of the Chapter 20 schedule contained in the actual bill provides no funding to support such operations.

How the EAB's work will get done after the budget is passed is also unclear. If the proposal eliminating the EAB is included in the final version of the budget, what work should be done during the transition? For example, should the renewal of approval process for 2016 that begins in mid-July for institutions move forward? While this would not seem to make sense given institutions would no longer need EAB approval in 2016, not doing so would mean revenues to support the EAB during the first six months operations would not be generated.

The fact that no funding is authorized in the Chapter 20 schedule for FY 16 under the EAB's general operating appropriation [see s.20.292 (2), *Wis. Stats.*] also has been brought to the attention of the DOA budget office, which has indicated "**there is likely to be a technical errata submitted** for FY16 to provide funding for the first six months."

Collateral Impact

Currently, a number of other state agencies and boards rely on the EAB to approve schools that enroll Wisconsin residents, including the Department of Veterans Affairs (DVA), the Department of Transportation (DOT), the Board of Nursing, the Massage Therapy Board, and others. By eliminating the EAB, these entities will no longer be able to rely on knowing an institution has been formally evaluated, reviewed and approved to operate. In some cases, this will result in a significant amount of additional work for these other entities. For

example, the State Approving Agency within the DVA relies heavily on the EAB's approval of an institution as part of their review to determine if a veteran can use GI Bill and other benefits at an institution.

Eliminating the EAB will also have a direct impact on the other higher education sectors in the state, particularly the technical colleges and the in-state nonprofit colleges and universities. Although the impact on UW System institutions likely would not be as great, it too would be impacted by the EAB's elimination, particularly in the area of online, degree-granting education because the EAB currently oversees out-of-state, private colleges and universities, which seek to enroll Wisconsin residents – some 90+ institutions and 26,000 Wisconsin residents.

By eliminating the current rules by which for-profit institutions must comply, it will open the door for them to more aggressively compete both on-ground and online with the state's public and nonprofit institutions absent any checks and balances. Given the aggressive marketing and recruiting tactics employed by some for-profit institutions, enrollments at public and nonprofit sector institutions could well decline.

Should the EAB ultimately be eliminated, Wisconsin will be the only state in the nation without some type of meaningful oversight of for-profit institutions. As a result, the state will become a haven for sub-standard institutions, degree mills, and dubious foreign institutions looking for a United States location as past history shows in states with little or no regulation.



State of Wisconsin
Department of Financial Institutions

Scott Walker, Governor

Ray Allen, Secretary

Ray Allen Testimony
Senate Committee on Workforce Development,
Public Works and Military Affairs
April 22, 2015

Sen. Roth, members of the committee, I am pleased to testify on behalf of SB 119. I am fully supportive of the merger of DFI and DSPS and the creation of a new agency, the Department of Financial Institutions and Professional Standards.

As stewards of taxpayer dollars, we should constantly be asking ourselves how to make government more efficient and more responsive to taxpayers. This merger will create a one-stop shop for hundreds of thousands of Wisconsin businesses and professionals, many of whom now must do business with both DFI and DSPS. Under the merger:

- Businesses and credentialed professionals would have just one government agency to work with, reducing their regulatory burden and allowing business owners to get Wisconsinites back to work.
- The governance and implementation of a one-stop shop web portal for businesses will be greatly enhanced.

The merger also makes sense from a cost-savings standpoint. Based on estimates from DOA, the merger will:

- Reduce expenses by \$2 million in year one, and just over \$2.9 million in year two.
- Reduce the combined FTE count by 39.26 positions compared to current staffing levels.

Both DFI and DSPS have proven track records of integrating duties from other agencies into their operations, with the result being greater efficiency and improved customer service.

In fact, DFI came into existence in 1996 when several independent agencies – including banking, savings and loans and credit unions – were merged. In addition to overseeing Wisconsin's financial institutions, DFI also assumed responsibility for corporate filings and the Uniform Commercial Code from the Office of the Secretary of State. In the nearly two decades since that merger, DFI has continuously sought to increase efficiency and improve customer service. We have harnessed the collective talents of our employees and the power of technology to create a more efficient, customer-friendly agency. For example:

- More than 95% of the hundreds of thousands of business documents offered online are now filed online. Online filings are much more efficient for business owners and DFI staff.
- The average turn-around time for new business filings used to be measured in days ... now it is measured in hours. In March, the average processing time for all new business filings was about 4 hours.

More recently, DFI took over responsibility for notary commissions and trademarks from the Secretary of State, resulting in increased efficiency and improved customer service. For example, at the Secretary of State's office, notary applications and renewals were processed weekly. They now are processed daily at DFI.

Of course, oversight of Wisconsin's financial institutions will continue to be one of the core responsibilities of the new agency:

- Regulation of state-chartered banks and credit unions will remain intact within the new agency.
- The statutory requirement for safety and soundness exams of banks and credit unions will remain unchanged.
- The new agency's banking and credit union regulators will continue to collaborate with their federal counterparts on issues related to safety and soundness.
- The new agency will continue to respond to changes in the financial services industry, provide appropriate regulatory control, and improve responsiveness to customers.
- In short, banks and credit unions will see no change in the level of service they now receive from DFI.

If this merger is approved, Wisconsin will join 15 other states in which oversight of financial institutions is included within a hybrid agency that does more than just oversee banks and credit unions. In seven of those states, responsibility for professional licensing is also part of the hybrid agency – including Iowa and Illinois.

A number of people have raised the point that a proposed merger of DSPS and the Department of Agriculture, Trade and Consumer Protection was studied by DOA two years ago and that the recommendation was against consolidation. So why now? Our response to that question is simple: these are different agencies. Whereas DATCP and DSPS didn't have a common stakeholder group, DFI and DSPS do – Wisconsin businesses.

Currently, there are more than 395,000 businesses registered with DFI. If you go to DFI's website, you can do a keyword search of the business database. Type in the word "salon," and you will find a list of hundreds of businesses with that word in their name. Type in the word "plumbing," you will find a list of hundreds of more businesses. "Dental"? Hundreds more "Electrician"? Hundreds more. Here is my point. These are just some examples of the types of companies that register with DFI annually and must go to DSPS for their professional licensing. So by combining our two agencies, we will create a one-stop shop for them and tens of thousands of other Wisconsin businesses who now must deal with two agencies.

This consolidation is all about reforming and reducing the size of government. Some stakeholder groups have argued that the status quo is working, so why change now? This argument ignores the point that taxpayers and businesses expect government leaders to constantly look for ways to deliver better services at less cost. In his State-of-the-State speech, Governor Walker stressed the need for efficient, effective and accountable government. It's good for citizens. It's what the taxpayers deserve. You won't hear specific stakeholder groups asking for this merger, because each group would ideally like to have their own agency devoted to their specific industry area. We are looking for ways to make government smaller, leaner, and more effective – not more siloed and disjointed. Citizens deserve high quality services at low cost, and this agency will deliver just that.

This merger is an opportunity to reinvent state government at the agency level. As part of the consolidation, we will be reaching out to stakeholders to develop key performance indicators that will measure the speed of critical services as well as the quality of services provided. The goal is to make the new agency even better than its predecessors. We also will intensify our focus on providing exceptional customer service through the sharing of best practices.

I understand that the merger of two state agencies is a major undertaking. But we are up to the task. As previously noted, DFI and DSPS have proven that they can successfully integrate duties from other state agencies into their operations. We can – and will – make a merger work to the advantage of our stakeholders, Wisconsin taxpayers and our employees.

This merger will send a powerful message to Wisconsin taxpayers and the state's business community that Governor Walker and the Legislature are serious about making government more efficient, effective and accountable.

Thank you.



National Association of State Administrators and Supervisors of Private Schools

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March 20, 2015

Senator Alberta Darling
Co-Chair, Joint Committee on Finance
Room 317 East
State Capital
Madison, WI 53707-7882

Dear Senator Darling,

The National Association of State Administrators and Supervisors of Private Schools (NASASPS) writes to express its concerns regarding the legislative proposal to eliminate the Wisconsin Educational Approval Board (EAB). NASASPS is a non-profit organization that has worked for over forty years to advocate for quality private postsecondary options for students and to improve private higher education through effective state regulation. The Wisconsin EAB has been a national leader and a key participant for many years in the ongoing discussions about the regulatory oversight of private postsecondary education.

State regulatory agencies like the Wisconsin EAB are responsible for the integrity of postsecondary education within their states, including education provided onsite in Wisconsin as well as distance education to students in other states. This regulatory work is accomplished in concert with accrediting agencies that depend on state approval of programs, as well as the federal government that depends on state authorization and approval of schools for Title IV student financial aid. States, accreditors, and the federal government function together as an "accountability triad" for higher education. In fulfilling its role in the "accountability triad", states attach critical importance to their consumer protection role as well as their ability to conduct onsite reviews of institutions and to collect and review student outcomes data. The elimination of the Wisconsin EAB would seriously undermine Wisconsin's ability to carry out these important oversight functions.

Not only do accreditors and the federal government rely on the Wisconsin EAB to provide oversight of private postsecondary education providers, but other states rely on the Wisconsin EAB as well. The

Wisconsin Educational Approval Board

March 20, 2015

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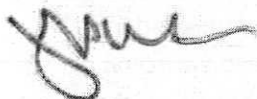
ongoing national discussions about distance education provided across state lines and the issues raised by the State Authorization Reciprocity Agreement (SARA) highlight states' important role in overseeing distance education providers that serve residents across multiple states. A key component to SARA is a participating state's assurance that they will provide program approval and consumer protection to all private postsecondary students, a function that the Wisconsin EAB has performed in an efficient and cost-effective manner for over fifty years.

It is also important to understand that the proposal to eliminate or significantly reduce oversight of private postsecondary education institutions is not a new idea. Several states, including California and Illinois, have attempted similar changes for budgetary or other reasons. The lack of consumer protection and school regulation predictably led to numerous problems for state residents as well as the schools and both California and Illinois went through a difficult and costly process to recreate the regulatory oversight that had been eliminated. I would strongly encourage you to discuss the ramifications of this proposal with those states that have tried a similar regulatory "fix".

The stated legislative purpose supporting the elimination of the Wisconsin EAB is to create a regulatory process that is easier and less expensive for private for-profit postsecondary institutions. However, the solution proposed resulting in the elimination of the Wisconsin EAB raises a number of important questions about Wisconsin's ability to protect consumers, perform quality program reviews, collect student outcomes data, and hold institutions accountable for malfeasance. It is our hope that the issues raised in this letter as well as those raised by the Wisconsin EAB will be thoughtfully considered as the legislation moves forward.

I will be happy to answer any questions you might have. I can be reached at 614-670-2890 or via email at nasasps@yahoo.com.

Sincerely,



John Ware

President,

National Association of State Administrators and Supervisors of Private Schools (NASASPS)



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March 20, 2015

Representative John Nygren
Co-Chair, Joint Committee on Finance
Room 30917 East
State Capital
Madison, WI 53708

Dear Representative Nygren,

The National Association of State Administrators and Supervisors of Private Schools (NASASPS) writes to express its concerns regarding the legislative proposal to eliminate the Wisconsin Educational Approval Board (EAB). NASASPS is a non-profit organization that has worked for over forty years to advocate for quality private postsecondary options for students and to improve private higher education through effective state regulation. The Wisconsin EAB has been a national leader and a key participant for many years in the ongoing discussions about the regulatory oversight of private postsecondary education.

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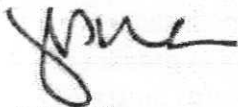
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Joanne Wenzel
California Bureau for Private
Postsecondary Education

March 20, 2015

Senator Sheila Harsdorf
Chair, Committee on Universities and Technical Colleges
Room 122 South
State Capital
Madison, WI 53707-7882

Dear Senator Harsdorf,

The National Association of State Administrators and Supervisors of Private Schools (NASASPS) writes to express its concerns regarding the legislative proposal to eliminate the Wisconsin Educational Approval Board (EAB). NASASPS is a non-profit organization that has worked for over forty years to advocate for quality private postsecondary options for students and to improve private higher education through effective state regulation. The Wisconsin EAB has been a national leader and a key participant for many years in the ongoing discussions about the regulatory oversight of private postsecondary education.

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Wisconsin Educational Approval Board

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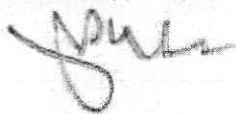
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for Virginia

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Joanne Wenzel
California Bureau for Private
Postsecondary Education

March 20, 2015

Representative David Murphy
Chair, Committee on Colleges and Universities
Room 318 North
State Capital
Madison, WI 53708

Dear Representative Murphy,

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Wisconsin Educational Approval Board

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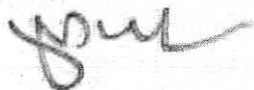
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Sincerely,



John Ware

President,

National Association of State Administrators and Supervisors of Private Schools (NASASPS)

March 9, 2015

Honorable Leah Vukmir
Wisconsin State Senate, District 5
State Capitol, Room 131 South
Madison, WI 53707-7882

Via E-mail

Dear Senator Vukmir,

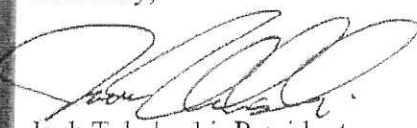
On behalf of Milwaukee Career College, I am writing to express our concern regarding Governor Scott Walker's proposal to eliminate the Wisconsin Educational Approval Board.

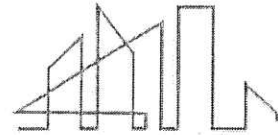
It is crucial to protect consumers, some of which are first generation college students, to ensure they are receiving a quality education. Should Governor Walker's elimination proposal be approved, many non-traditional students may not receive important information regarding the educational institutions' outcomes for retention and job placement. Eliminating the Wisconsin Educational Approval Board would be detrimental to students and graduates as well as their families. Without successful job placement in field, there will be grave economic consequences as graduates may not be able to repay on federal student loans.

In August of this past year, Anthem College in Brookfield, WI, along with many other of their campus locations, closed its' doors leaving 150 students with programs unfinished. The Educational Approval Board worked quickly and collaboratively with Milwaukee Career College to ensure that the students in certain programs were given the opportunity to finish their educational programs and graduate to ultimately obtain employment in field. Within a period of only two weeks from Anthem's closure, students were reporting to class at Milwaukee Career College. We believe this was made possible because of the EAB's commitment to students. Just last week, our accrediting agency, ABHES, the Accrediting Bureau of Health Education Schools, congratulated the Wisconsin EAB for the quick turnaround in approving the teach out during our annual conference. Eliminating the EAB would be a huge step in the opposite direction in protecting potential students.

The Wisconsin Educational Approval Board is not a typical regulatory agency. There is no fiscal or regulatory burden for the state of Wisconsin because funding for the EAB is covered by annual dues collected from the schools it oversees. The Educational Approval Board is tasked with protecting consumer rights, ensuring program quality and operational integrity. They provide valuable information to college bound consumers. Higher education needs oversight and should be regulated for the protection of consumers. We urge you to delete this item from the budget bill.

Sincerely,


Jack Takahashi, President



MILWAUKEE CAREER COLLEGE

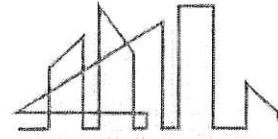
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March 9, 2015

Honorable Dale Kooyenga
Wisconsin State Assembly District 14
State Capitol, Room 324 East
Madison, WI 53707-7882

Via E-mail

Dear Representative Kooyenga,

On behalf of Milwaukee Career College, I am writing to express our concern regarding Governor Scott Walker's proposal to eliminate the Wisconsin Educational Approval Board.

It is crucial to protect consumers, some of which are first generation college students, to ensure they are receiving a quality education. Should Governor Walker's elimination proposal be approved, many non-traditional students may not receive important information regarding the educational institutions' outcomes for retention and job placement. Eliminating the Wisconsin Educational Approval Board would be detrimental to students and graduates as well as their families. Without successful job placement in field, there will be grave economic consequences as graduates may not be able to repay on federal student loans.

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Sincerely,

Jack Takahashi, CPA
President



Diesel Truck Driver Training School, Inc

7190 Elder Lane • P.O. Box 560 • Sun Prairie, WI 53590

Toll Free: 800-332-7364 • Fax: 608-825-6554 • www.truck-school.com

QUALITY, INTEGRITY & PRIDE — SINCE 1963

Approved for Veterans

Senator Scott Fitzgerald
P.O. Box 7882
Madison, WI 53707-7882

March 4, 2015

Dear Senator Fitzgerald,

I recently learned that the State of Wisconsin, during a difficult budget cycle, is willing to forfeit \$70,000 in annual income to the General Revenue Fund by eliminating the Educational Approval Board. The EAB is funded 100% by school fees and PAYS the state 10% (about \$70,000) per year to exist. Our school is in strong support of the value provided by EAB and we want to see them continue and even expand their oversight. We find them knowledgeable, supportive and an asset.

The EAB, with a staff of six people and at no cost to the taxpayers, regulates 240 private for profit schools that generate \$350,000,000 per year in tuition paid by 60,000 Wisconsin residents. That is \$350,000,000 paid by hardworking, taxpaying Wisconsin citizens who depend on the EAB to make certain each school provides the education it promises.

The cost to each school is a mere \$1.70 per \$1,000 of revenue, a small cost for a big benefit. All they ask in return is a very small annual fee and a single annual report. This annual report benefits the school by making sure they regularly assess their performance. **This does not represent burdensome regulation.**

Our company has been involved with EAB since its inception in the mid-1960s and have depended on them to help us provide the best possible training for our students. The characterization that their oversight is "burdensome" is insulting to both EAB and schools with quality programming. EAB assures that all schools provide a similar level of programming and the same level of accountability. This means that we don't have to lower our standards to compete with schools that cost less and provide little or no actual training. This definitely affects **our ability to do business** in Wisconsin.

EAB not only regulates the schools, it also provides direct assistance to students. Under the proposed changes, students will lose this single, "dedicated" agency and will be shuffled off to one of two large bureaucracies with no understanding of proprietary schools and no authority to investigate beyond unfair marketing and trade practices. This puts the credibility of all schools at the mercy of the fly-by-night, or profit-first schools. Transferring duties of that are performed by EAB to a bureaucracy unfamiliar with the business of proprietary schools will do nothing **but increase costs to taxpayers and dilutes accountability.** Governor Thompson agreed, so instead of eliminating the EAB, he made it self-funded so it could continue its mission. **This is bad legislation for Wisconsin based schools and taxpayers and students.**

In summary, the EAB **protects free market competition** and students of Wisconsin by ensuring that all schools provide a quality education and students can depend on the accuracy of their promises.

I would welcome an opportunity to show you what a small, Wisconsin-based, proprietary school can do with the help of the EAB and a strong desire to provide quality training to students. Our school is located in Senatorial District 13 and is easy to find along Highway 151 in Bristol. Come and visit us. I think you will enjoy seeing our facility and talking with our students.

Respectfully Submitted,

Jerry Klabaok, President

Diesel Truck Driver Training School, Inc, Sun Prairie, WI. Training since 1963



March 12, 2015

Senator Thomas Tiffany
Wisconsin State Senate: District 12

Dear Senator Tiffany:

I am writing to ask you to give some thought to Governor Walker's budget proposal to eliminate the State of Wisconsin Educational Approval Board (EAB) and consider doing what you can to retain it. My name is Laura Ehmann and I am the owner and Student Affairs Director of Midwest Maternal Child Institute (MMCI <http://mmcinst.com/>), and our administrative office is located in Rhinelander. MMCI offers an associate degree in Certified Professional Midwifery and a certificate in Perinatal Education, which provides training in childbirth education, labor support and lactation education.

MMCI is one of two midwifery schools in the state approved by the EAB. As I understand it, the purpose in eliminating the EAB is to "decrease the regulatory and fiscal burden on private, for-profit postsecondary schools." I have owned MMCI since 2010 and I can honestly say that far from being a fiscal and regulatory burden, the EAB has been a key partner in our effort to provide a high-quality, cost-effective midwifery education to students in our state.

I am very concerned that if EAB is eliminated any fly-by-night school will be able to operate in Wisconsin. As I'm sure you can imagine, in the field of training midwives to deliver babies not having oversight regarding curriculum and program review could have dire consequences. I know the proposed plan is to transfer EAB functions to the new DFIPS or DATCP, but all of the existing standards would be repealed.

I am also concerned about students who will not have recourse if they make a complaint regarding educational quality, program offerings, treatment by the school and refunds. Also, outcomes data will no longer be collected from schools and made available to students to help them make informed choices about the schools they are considering.

I respectfully ask you to support retaining this vital state agency. It is not funded by taxpayers, but from fees assessed for the work the EAB performs. As a school that educates 12 midwives in each cohort and trains approximately 20 perinatal educators each year, we have not found EAB fees at all burdensome. Further, I understand that 10 percent of EAB's revenue must go directly into the state's general fund, making eliminating the EAB a net loss for the state budget.

Please don't let Wisconsin be the only state in the nation without any meaningful oversight for private, for-profit schools. Thank you for your consideration.

Your Constituent,
Laura Ehmann, Student Affairs Director
Midwest Maternal Child Institute



March 12, 2015

Representative Rob Swearingen
Wisconsin State Assembly: District 34

Dear Representative Swearingen:

I am writing to ask you to give some thought to Governor Walker's budget proposal to eliminate the State of Wisconsin Educational Approval Board (EAB) and consider doing what you can to retain it. My name is Laura Ehmann and I am the owner and Student Affairs Director of Midwest Maternal Child Institute (MMCI <http://mmcinst.com/>), and our administrative office is located in Rhinelander. MMCI offers an associate degree in Certified Professional Midwifery and a certificate in Perinatal Education, which provides training in childbirth education, labor support and lactation education.

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Your Constituent,
Laura Ehmann, Student Affairs Director
Midwest Maternal Child Institute

EDMC

Education Management Corporation

March 30, 2015

Senator Alberta Darling
Senate District 8 (R - River Hills)
Room 317 East
State Capitol
Madison, WI 53707-7882

Representative John Nygren
Assembly District 89 (R - Marinette)
Room 309 East
State Capitol
P.O. Box 8953
Madison, WI 53708

Via Email

Dear Senator Darling and Representative Nygren,

I am writing to express my concern about the proposed state budget and the recommendation to eliminate the Educational Approval Board (EAB). Through its six decades-long experience in working with for-profit schools, the EAB has provided guidance and oversight, ensuring consumer protection for both students and the institutions. Today, the EAB is a nationally recognized leader in sensible and innovative oversight of private postsecondary education.

If the Governor's budget proposal is adopted, **Wisconsin will be the only state in the nation without any meaningful oversight of private postsecondary education institutions.** To understand what kind of chaos EAB's elimination could cause, one only needs to look at the state of California as a case study when its oversight agency was eliminated and the for-profit institutions operated with no oversight.

From the summary documents, the intent of the Governor's budget proposal is to decrease the regulatory and fiscal burden for-profit postsecondary education institutions face. However, an examination of the EAB's standards and fees shows that neither is a significant burden for EAB-approved institutions.

The EAB is funded entirely by program revenue (PR); therefore it operates at no cost to taxpayers. Its operating budget of \$605,000 in FY 15 is supported by assessing fees for the work it performs. While institutions subject to EAB oversight pay these fees, they amount to less than \$1.70 for every \$1,000 that an institution generates from the tuition and fees from Wisconsin residents. Last year, EAB-approved institutions charged Wisconsin residents \$351.6 million in tuition and fees. Two years ago, institutions charged \$437.0 million in tuition and fees.

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Additionally, a number of other state agencies and boards rely on the EAB to approve schools that enroll Wisconsin residents, including the Department of Veterans Affairs (DVA), the Department of Transportation (DOT), the Board of Nursing, the Massage Therapy Board, and others. By eliminating the EAB, these entities will no longer be able to rely on knowing an institution has been formally evaluated, reviewed and approved to operate. In some cases, this will result in a significant amount of additional work for these other entities.

Again, should the EAB ultimately be eliminated, Wisconsin will be the only state in the nation without some type of meaningful oversight of proprietary post-secondary institutions or protection for the more than 60,000 Wisconsin residents who annually choose to enroll in more than 428 different certificate, diploma and degree-granting programs offered by private for-profit and out-of-state nonprofit postsecondary schools, colleges, and universities. We respectfully request that careful consideration be given to this proposed action and that the EAB be retained.

Sincerely,

A handwritten signature in cursive script that reads "Mitchell Gilbert".

Mitchell Gilbert
Assistant Vice President of State Licensing

CC: David Dies (EAB Approval Board)



March 18th, 2015

Rep. Robin Vos
State Capitol - Room 211 West
PO Box 8953
Madison, WI 53708

Michelle J. Rivera, MT, VDT
Pedro L. Rivera, DVM, FACFN

2555 Wisconsin St.
Sturtevant, WI 53177-1825

phone: (262) 898-1680
FAX: (262) 886-6460

WWW.HEALINGOASIS.EDU

CONTACT@HEALINGOASIS.EDU

Dear Representative Voss:

We are writing this letter as concerned constituents regarding the proposal by our Governor, Mr. Scott Walker to eliminate the Educational Approval Board (EAB). We are also writing this letter to request for you NOT to sponsor or vote for this outlandish request.

The EAB is funded in its entirety from the fees that are calculated from the income (revenue) from each individual school that is being overseen by the EAB. To our understanding, about 10% of the EAB budget does go directly to the State's General Fund and by disbanding said necessary regulatory educational agency, in essence the state would be losing money. The EAB is not only a well-oiled agency, but one that is recognized and respected at the NATIONAL level. The agency goals are simple; to protect the students that are registering on any of the approved schools, to protect the public in general and to help schools provide viable programs and to ensure that they are successful. The approval process is not lengthy, nor a burden to any of the schools that would like to be legitimately recognized and approved by an educational board. The EAB provides standards and holds all of the schools accountable for what they print, disseminate and for the outcome of their education. By removing the EAB, it would allow non-ethical, "fly by night" institutions with sub-standards to "set shop" in our state with the ultimate outcome of students and the public in general to be left without protection and "hanging without any recourse" to recover their investment.

Our school story is very simple. We first applied to become approved by the WEAB back in 1998. We were the first for-profit school in the United States providing post-graduate programs approved by any state recognized educational board. We have been WEAB approved since 1998, and we are proud of it. In 2007, we started applying to become accredited by an agency recognized by the United States Department of Education (through the Accrediting Council for Continuing Education and Training; www.accet.org). The board members from this

latter accrediting agency (that is based in Washington, DC), did know of several of the program consultants and educational specialist from the EAB by name. We do not know about you, but that is an outstanding complement to the EAB and their consultants. By us being EAB approved, made our accrediting process as painless as possible. Now, we can proudly say that we are not only APPROVED by the Wisconsin Educational Approval Board (EAB) since 1998 but our school is also ACCREDITED under the United States Department of Education (through the Accrediting Agency for Continuing Education and Training). We were able to use and implement the information and knowledge that we gained going through the approval process in such a way that we received a full accreditation for "first applicants" (which only less than 20% of the institutions receive) in 2008. In 2011 we received a FULL re-accreditation for 5 years. We could have not done that without the EAB. Furthermore, I would like to share that the #1 reason that our students chose our post-graduate programs and school, is because of OUR CREDENTIALS and commitment not only to education but for our profession.

Please, educate yourself with the issue related to the Anthem College and how the EAB managed said "abrupt school closure". Actions speak louder than words. The EAB acted decisively, and firmly to protect the students with less than 48hrs notice! I doubt that ANY other organization that has a 100% budget provided by the State Government would have acted that fast.

The way that we see it, is simple. The EAB has the job of "raising the bar" for all for-profit schools in the State of Wisconsin. By even "considering" this part of the "bill" would not only harm students but it would literally "dumb down the standards" allowing "fly by night schools" with unethical practices to "set shop" in Wisconsin.

Let us know if you should have any further questions or concerns.

Sincerely;

Pedro Luis Rivera, DVM, FACFN and Michelle J. Rivera, MT, VDT
Office: 262-898-1680



March 18th, 2015

Senator Van H. Wanggaard
Room 319 South
State Capitol
Madison, WI 53707

Michelle J. Rivera, MT, VDT

Pedro L. Rivera, DVM, FAFN

2555 Wisconsin St.
Sturtevant, WI 53177-1825

phone: (262) 898-1680
FAX: (262) 886-6460

WWW.HEALINGOASIS.EDU

CONTACT@HEALINGOASIS.EDU

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Let us know if you should have any further questions or concerns.

Sincerely;

Pedro Luis Rivera, DVM, FACFN and Michelle J. Rivera, MT, VDT
Office: 262-898-1680

From: Bill Johnson <bill.wajohnsonjr@gmail.com>

Date: Mon, Mar 30, 2015 at 10:40 AM

Subject: Governor Walker's budget proposal for the Education Approval Board

To: Sen.Darling@legis.wisconsin.gov

Senator Darling: I'd intended to write you about this proposal, but this morning saw the article about the loss of your husband. You have my deepest sympathies during this worst of times.

I am one of your constituents in Menomonee Falls. Last August I retired as president of the Art Institute of Wisconsin, located in the 3rd Ward, a for profit private college. I have 30 years experience in post secondary education; the last five and a half with the Art Institute in Milwaukee. During that time I had regular interaction with the EAB; our staff liaison was a gentleman named Patrick Sweeney. He was always professional and fair. At no point in time was the EAB unfair, unreasonable or obstructive. Their mission, I suppose, is to ensure that Wisconsin students receive what the colleges promised them when they enroll. In my experience with the EAB, such was their focus, and they went about their tasks in an appropriate manner. I never felt that my campus was being singled out because of our for profit status.

I am inferring that the logic behind the governor's proposal to eliminate the EAB is that: between whoever picks up some duties within state government, the US Department of Education and the national accrediting bodies, Wisconsin students will receive the same level of protection from poor treatment as they now receive. I disagree strongly! It is foolish for anyone in the legislature to expect that the USDE employees and accreditors based in Washington DC will protect students here in Wisconsin as well as people who live here and work here. (I would certainly hope that as a solid conservative you believe that the government closest to the people best serves the people--and that is hardly the USDE).

I am writing you because I am somewhat knowledgeable about how this agency, and the industry it regulates, actually function. Based on that experience, they do a good job. And, as noted above, I retired nearly eight months ago so I have no personal stake in this, other than as a citizen and taxpayer.

Again, my sympathy to you on the loss of your husband.

Cordially,

Wm A Johnson
N52W16817 Oak Ridge Trail
Menomonee Falls 53051
262-527-2777

From: Bill Johnson <bill.wajohnsonjr@gmail.com>

Date: Sun, Mar 29, 2015 at 7:10 AM

Subject: Wisconsin Education Approval Board

To: Rep.Brandtjen@legis.wisconsin.gov

Good morning. I am your neighbor across the street, a few houses up the hill (with the black lab who likes to serenade folks as they walk up or down his street).

I saw this morning that the governor's proposed budget would eliminate the Wisconsin Education Approval Board, which regulates private for profit postsecondary education institutions. I think this would be a real mistake. I retired last fall as the President of the Art Institute of Wisconsin, located in the 3rd Ward, and dealt with the EAB for well over five years. Every interaction I had with them, particularly our liaison Pat Sweeney, was professional, courteous and helpful. They were neither antagonistic nor intrusive. In fact there were instances in which I found them to be helpful, both in dealing with current or former students, and in dealing with my former corporate headquarters. If someone claims that regulating the industry should be left up to the accrediting bodies or the United States Department of Education, then they are displaying a woeful ignorance of how the industry really works.

I would be more than happy to speak with you about this since I have no "skin in the game" anymore.

Thanks.

Bill Johnson
N52W16817 Oak Ridge Trail
262-527-2777

Senator Leah Vukmir
P.O. Box 7883
Madison, WI 53707

March 25, 2015

Dear Senator Vukmir,

On behalf of the displaced Anthem College students, I am writing to express my concern regarding Governor Walker's proposal to eliminate the Wisconsin Educational Approval Board.

I was the Executive Director of the Brookfield location of Anthem College when the ownership group, based in Florida, decided to close down virtually all of their campuses across the country. Locally, we had no warning of this closure and were given a very short window to find teach out partners and transfer opportunities for our students. When I was notified of this closure, my first call was to the Educational Approval Board. Mr. Dies and the team immediately began working with me to contact our accrediting body and the various other schools in the area that could possibly be interested in accepting our students. It is because of their industry specific knowledge and contacts that all students were given an opportunity to transfer to another school.

The work, however, did not end there. Countless hours have been spent contacting the Department of Education, student loan servicers and private lenders on behalf of the displaced students in order to work out loan forgiveness processes and discharges that the students were entitled to under federal regulations. The EAB has been successful in negotiating on the student's behalf and providing these students with steps to take to secure appropriate discharges. Again, only because of their contacts and industry knowledge could this be accomplished.

Debate can be had regarding the EAB's involvement in accumulating placement data, graduation rates, licensure and student success but the example above proves that the EAB plays a vital role in consumer protection. Without the EAB, well over 150 students would be knocking on the doors of already overburdened bureaucracies with absolutely no expertise in the educational sector. These students would likely not have been made whole and their educational aspirations cut short.

There is a compromise that can be had that would preserve the valuable work that the Educational Approval Board does and I welcome any opportunity to speak further with you on this subject.

Respectfully,

Jarvis Racine
262-716-1388

Representative Rob Hutton
P.O. Box 8952
Madison, WI 53708

March 25, 2015

Dear Representative Hutton,

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Respectfully,

Jarvis Racine
262-716-1388



WRIGHT GRADUATE UNIVERSITY
For the Realization of Human Potential

April 3, 2015

Representative Amy Loudenberg
Room 306 East
State Capitol
Madison, WI 53708

Dear Representative Loudenberg:

We are writing with concern regarding the proposed elimination of the Wisconsin Educational Approval Board (EAB) in Governor Scott Walker's budget. The EAB is a regulatory agency that is a boon, not a burden, to small businesses providing education in the state of Wisconsin.

We can say unequivocally that the EAB provided critical guidance in the establishment of the Wright Graduate University for the Realization of Human Potential. As long-time Wisconsin residents who have operated a lifelong learning organization at our retreat center property in LaGrange, near Elkhorn, for over 25 years, we approached the EAB in 2007 to explore the possibility of expanding our offerings to include graduate education by founding a University.

From that first contact through EAB approval in 2008 and until our ultimate receipt of national accreditation in 2013 and approval to administer Title IV federal financial aid, the EAB's Pat Sweeney held the vision that Wisconsin students would benefit from attending a University that not only had state approval but also accredited programs and financial aid for those who qualify.

Questions that were asked of us during the EAB approval process forced us to look critically at issues we had not previously faced as a non-degree-granting institution and ultimately set us up for success during the accreditation process.

We view the tough-love guidance we received in the process of developing programs and administrative systems that would comply with Wisconsin statutes as creating an ideal balance between the interests of Wisconsin students being served and educational enterprises being established and maintained as legitimate, integrous entities.



This area would not have an accredited, Title IV participating graduate school without an EAB. Had we begun this process under the conditions Governor Walker's budget envisions, we would have not encountered standards for costs, refunds, a written curriculum, program review, or consumer protection until accreditation time, which would have been a rude awakening.

Moreover, under the proposed budget there will be no state agency responsible for student complaints about the quality of their education, programs, treatment, and financial policies, which would make Wisconsin unique among all states in a way we find undesirable and even embarrassing.

On top of this, the proposed elimination actually *reduces* revenue for the state. We find the fees we pay annually to the EAB to be extremely reasonable in the context of other entities to which we report. Those fees not only fund the entire EAB operation but also contribute \$70,000 annually to the state's general fund.

In principle we understand the desire for smaller, leaner government, but a revenue-generating consumer protection agency that also helps develop and sustain small businesses should not be unnecessarily targeted.

We are happy to discuss our experience with the EAB and urge you to delete this item from the budget bill.

Sincerely,

Dr. Bob Wright
Co-Founder, CEO,
Professor of Transformational Leadership

Dr. Judith Wright
Co-Founder, Dean of Faculty & Curriculum,
Professor of Transformational Coaching

Dr. Mike Zwell
Co-Founder, Chancellor
& Prof. of Transformational Coaching



WRIGHT GRADUATE UNIVERSITY
For the Realization of Human Potential

April 3, 2015

Senator Stephen L. Nass
Room 10 South
State Capitol
Madison, WI 53707

Dear Senator:

We are writing with concern regarding the proposed elimination of the Wisconsin Educational Approval Board (EAB) in Governor Scott Walker's budget. The EAB is a regulatory agency that is a boon, not a burden, to small businesses providing education in the state of Wisconsin.

We can say unequivocally that the EAB provided critical guidance in the establishment of the Wright Graduate University for the Realization of Human Potential. As long-time Wisconsin residents who have operated a lifelong learning organization at our retreat center property in LaGrange, near Elkhorn, for over 25 years, we approached the EAB in 2007 to explore the possibility of expanding our offerings to include graduate education by founding a University.

From that first contact through EAB approval in 2008 and until our ultimate receipt of national accreditation in 2013 and approval to administer Title IV federal financial aid, the EAB's Pat Sweeney held the vision that Wisconsin students would benefit from attending a University that not only had state approval but also accredited programs and financial aid for those who qualify.

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Professor of Transformational Coaching

Dr. Mike Zwell
Co-Founder, Chancellor
& Prof. of Transformational Coaching

From: Wanda Beals [<mailto:wbeals7@sbcglobal.net>]

Sent: Thursday, March 19, 2015 3:37 PM

To: Sen.Taylor@legisl.wisconsin.gov; "[Sen. Larson](mailto:Sen.larson@legis.wisconsin.gov)"@legis.wisconsin.gov;

Rep.Brostoff@legis.wisconsin.gov; "[Sen .Harsdorf](mailto:Sen.Harsdorf@legis.wi.gov)"@legis.wi.gov; SenOlsen@legis.wi.gov;

Subject: School Owner Fears Dismantling Educational Approval Board will lead to erosion secondary school standards and student rights protection

I am writing each of you as an owner of a for profit secondary massage therapy school, the Milwaukee School of Massage, established in 1995 and located at 830 E Chambers Street in Milwaukee. I have learned the Educational Approval Board is under threat of being dismantled. This alarms me.

Government regulation has a place in the state of Wisconsin. Many state regulators like EAB are providing an important consulting service to small business owners like myself and my massage therapy profession.

During the past 20 years I have experienced the essential significance of having a regulatory board like the Educational Approval Board operating in the state. The massage therapy profession has benefited from the guidance and expertise the educational specialists have offered in upgrading the school operational standards.

The EAB has insisted that

- Schools maintain standards regarding how clock hours @ each school are determined so students can compare and contrast schools.
- Schools maintain attendance records.
- Schools maintain curriculum minimums so that students are assured of an adequate education for the paid tuition.
- Schools meet acceptable student completion rates so that students know the school is invested in their education.
- Schools maintain minimum standards on teacher qualifications so that students can be confident trained instructors are teaching them.
- Schools maintain bonds to assure student tuition refunds are available.

To each of you this may sound like "well of course, this is just good business practices".

Well, as you speak with the EAB staff you will learn often good business practices are not utilized by all. Money and profit trump education standards too many times. This is why the EAB regulatory board is so important to the massage therapy profession.

The EAB is in a unique position to see beyond what is profitable. They are an independent observer of how best to operate a school and educate adults. In order for students to get the best education for the least cost, the EAB has had to be diligent with corporations that want to scam the system.

Likewise, schools like myself that are LLC's have needed the EAB to keep the "playing field level". Dismantling EAB will be a mistake for massage therapy students and myself a small business owner. I want my students to succeed. The state of WI needs regulators to keep the system honorable and fair for all concerned. Please consider my comments before assuming out of hand all government regulation is unnecessary. You only have to think of all the buildings in the middle east that have collapsed for lack of adequate code compliance. We surely do not to model our education on the worst models.

Respectfully submitted for consideration
Wanda M Beals, MSSW, WLMT 125-146
Chief Adm Milwaukee School of Massage

March 18, 2015

Representative Mike Rohrkaste
Room 208 North
State Capitol
P.O. Box 8953
Madison, WI 53708

Rep.Rohrkaste@legis.wisconsin.gov

Dear Representative Rohrkaste:

I own and operate Fox Valley School of Massage, a massage therapy school located in Menasha, WI. Fox Valley School of Massage was created in 1996 to meet the growing demand for a massage school to train massage therapists in the Fox Valley. I obtained approval from the Educational Approval Board (EAB) to operate a private postsecondary school to train individuals to become highly trained massage therapists. It is important to note that while the EAB approval process was rigorous, it really helped Fox Valley School of Massage to be prepared and successful as the EAB approval process included writing a curriculum and creating a school catalog that included all the policies and procedures that are still in place today. This is important as the school catalog protects students and the school as everyone knows exactly what the processes are as they are all in writing. This helps students understand the school, the program, and the costs. The FVSM catalog is truly inclusive with having all of the school's rules, policies and procedures so it also serves as the school's management protection document. I would like to take this opportunity to encourage you to delete Governor Walker's budget proposal to eliminate the EAB.

When Fox Valley School of Massage began in 1996 there were only a few massage therapy schools in WI. The closest school was in Milwaukee and then Madison so there was definite need for a school in the Fox Valley. Upon seeking approval from the EAB, FVSM was ensured a level playing field for schools and the students gained consumer protection. This is important in the school arena so that all schools know they field they are part of is providing successful graduates and helping the market be successful.

The staff of the EAB has also provided assistance to help Fox Valley School of Massage over the years especially to help work out concerns along the way between the school and the students when problems have arisen.

I urge you to delete the Governor's proposal to eliminate the EAB so consumers protected and private schools have the EAB's help and expertise to stay successful.

Respectfully,

Stephanie Lynn Hall

Stephanie Lynn Hall MS, RD, CSCS, WLMT
Fox Valley School of Massage

March 19, 2015

Senator Roth
Room 306 South
State Capitol
Madison, WI 53707-7782

Sen.Roth@legis.wisconsin.gov

Dear Senator Roth:

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I urge you to delete the Governor's proposal to eliminate the EAB so consumers protected and private schools have the EAB's help and expertise to stay successful.

Respectfully,

Stephanie Lynn Hall

Stephanie Lynn Hall MS, RD, CSCS, WLMT
Fox Valley School of Massage

March 19, 2015

Senator Lena Taylor
Room 19 South
State Capitol
Madison, WI 53707

Sen.Taylor@legis.wisconsin.gov

Dear Senator Taylor:

In 2004, the Kanyakumari Ayurveda Education and Yoga Wellness Center became the first state-approved Ayurveda and Yoga Institution in the Midwest when it sought and obtained school approval from the Educational Approval Board (EAB). As an EAB-approved school and a small business owner, I strongly urge you to delete Governor Walker's budget proposal to eliminate the EAB.

During the comprehensive school approval process, the EAB ensured Kanyakumari's two professional programs, a 1500-hour certified Ayurveda Practitioner program and a 240-hour Registered Yoga Teacher program met the national standards of the National Ayurveda Medical Association (NAMA) and the Yoga Alliance. The EAB also assisted Kanyakumari in creating a school catalog which not only protected Wisconsin students but also Kanyakumari because of all the school's rules, policies, and procedures are clearly defined. The EAB school approval process helps a new institution prepare to be successful. Over the years, the EAB has provided guidance, advice, and support to Kanyakumari and as it matured and expanded.

While Ayurveda is a 5,000 year-old system of traditional medicine, healthy-lifestyle, and natural healing from India, this is the United States. The EAB was open to helping Kanyakumari create the first Midwest educational and training institution for Ayurveda as long as Kanyakumari met recognized national standards and best practices for a postsecondary institution. Kanyakumari has not found EAB regulation to be burdensome but only helpful in creating a school and quality programs for students. Finally, with the absence of a state regulatory agency like the EAB, I worry that all kinds of non-credible, unauthentic schools will begin to emerge in Wisconsin.

Again, I strongly urge that you delete Governor Walker's proposal to eliminate the EAB so Wisconsin consumers are protected and reputable education and training institutions can thrive.

Blessings,
Cheryl Silberman - Director and owner
6789 N. Green Bay Ave.
Milwaukee, WI 53209
414-755-2858 ext. 1

ALIGNMENT YOGA

18 March, 2015

Dear Senator Erpenbach,

It is my sincere hope that you and your colleagues fight for the survival of the Wisconsin Educational Approval Board (EAB). The EAB serves both the businesses and consumers of Wisconsin private, post-secondary education.

My company trains yoga teachers in Wisconsin, and as a small business owner, I am no fan of additional red tape and bureaucratic hoop jumping. That said, I am an enthusiastic supporter of the EAB. The EAB has raised the bar on the yoga teacher training programs in the state of Wisconsin, and has continually supported and challenged us to improve.

The argument that the EAB is a barrier to a business expansion and job creation is a fallacy. If a business cannot withstand the EAB's reasonable standards and oversight, then the business really wasn't viable in the first place.

I travel all over the country training yoga teachers, and I consistently find that Wisconsin yoga teacher training programs produce more competent and skillful teachers than programs in states that do not have oversight.

The oversight of the EAB directly benefits the yoga businesses that hire good teachers, the training schools that follow the best practices advocated by the EAB, and the thousands of yoga students that receive safe and competent instruction.

I trust you'll contact me if you have any questions or comments on my firsthand experience of working with the EAB.

Sincerely,

Scott A. Anderson
AlignmentYoga.com



2979 Main Street
Box 144
Blue Mounds, WI 53517

(608) 437-5931
www.AlignmentYoga.com



Scott Walker
Governor

State of Wisconsin / Educational Approval Board

201 West Washington Avenue, 3rd Floor
Madison, Wisconsin 53703

Phone: (608) 266-1996
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eabmail@eab.wisconsin.gov

David C. Dies
Executive Secretary

2015-17 BIENNIAL BUDGET
ASSEMBLY BILL 21 / SENATE BILL 21

OPPOSING ELIMINATION OF THE EAB

TALKING POINTS

PROPOSAL

- The Governor is proposing to eliminate the Educational Approval Board (EAB) “to decrease the regulatory and fiscal burden on private, for-profit [postsecondary] schools.”
- At an emergency board meeting held on February 20, members of the EAB, who are all appointed by the Governor, unanimously voted to oppose the Governor’s budget recommendation.

REGULATORY MISCONCEPTIONS

- The vast majority of EAB-approved for-profit institutions recognize the value of the EAB’s oversight role because it provides legitimacy and integrity for the sector.
- The EAB provides expertise to small business owners by assisting and advising them on how to create and operate successful schools; thereby helping schools protect themselves.
- The EAB has designed its school approval process to recognize authorization granted by other entities, such as states, the federal government, and accrediting agencies; thereby avoiding costly duplication for institutions. New institutions seeking EAB’s approval frequently tell the EAB it is one of the most efficient and reasonable state regulatory agencies in the country.
- Through an innovative and nationally recognized web-based process, the EAB’s annual review of schools is extremely efficient.

FISCAL MISCONCEPTIONS

- At no cost to taxpayers, the EAB’s budget for FY 15 is \$605,000 funded entirely from fees assessed for the work it performs.
- While EAB-approved institutions pay fees, they amount to less than \$1.70 for every \$1,000 of revenue an institution generates from Wisconsin residents’ tuition. Last year, EAB-approved institutions made \$351.6 million in revenue from Wisconsin residents.

----over----

eab.state.wi.us

- Under current law, 10 percent of EAB's revenue must go directly into the state's general fund. As a result, the Governor's proposal is a net loss for the state budget and will actually increase the state budget deficit by roughly \$70,000.

IMPACT OF PROPOSAL

- If the Governor's budget proposal is adopted, Wisconsin will be the only state in the nation without any meaningful oversight for private for-profit schools.
- Although the Governor's "Budget in Brief" implies that oversight functions of the EAB would be transferred to either the new DFIPS or DATCP, all of the existing standards are repealed.
- Under the bill, the state would have no requirements pertaining to refund policies for students, a written curriculum, program review, schools catalogs, the disclosure of costs and rules of the institution, etc.
- Under the bill, DATCP would handle student complaints about for-profit schools but its authority to investigate complaints would be limited to unfair marketing and trade practices. This means that student complaints about educational quality, program offerings, treatment of students, refunds, etc. would no longer be addressed by any state agency.
- Without EAB's oversight, there will be no "level playing field" for institutions and Wisconsin could become a haven for sub-standard institutions, degree mills, and dubious foreign institutions looking for a United States location.
- Without the EAB, the state will have no ability to address schools closures. When a for-profit school locks its doors abruptly, students will be left with nothing but debt and no agency to help them.
- If the EAB is eliminated, outcomes data will no longer be collected from schools and made available to students to help them make informed choices about their educational pursuits.

COLLATERAL IMPACT

- EAB's elimination directly impacts the state's UW system, Technical Colleges and private, non-profit institutions because given for-profit institutions' aggressive marketing and recruiting tactics, their enrollments are likely to decline.
- Because EAB's authorization and complaint resolution functions would be split between two state agencies, an unknown amount of tax-payer dollars will be required to fund this transition and implementation.

SCOPE OF OVERSIGHT

- The EAB is responsible for protecting Wisconsin residents who choose to enroll in certificate, diploma and degree-granting programs offered by private for-profit and out-of-state nonprofit postsecondary schools, colleges, and universities. Currently, the EAB has oversight of nearly 250 institutions that serve roughly 60,000 residents a year in more than 428 different types of programs.



JOAN BALLWEG

WISCONSIN STATE REPRESENTATIVE

PO Box 8952, State Capitol
Madison, Wisconsin 53708-8952
Toll-free: (888) 534-0041
Fax: (608) 282-3641
Rep.Ballweg@legis.wi.gov

41ST ASSEMBLY DISTRICT

Senate Bill 119: elimination of the Department of Safety and Professional Services and the Department of Financial Institutions; elimination of the Educational Approval Board; creation of the Department of Financial Institutions and Professional Standards; transfer of the Veterinary Examining Board to the Department of Agriculture, Trade and Consumer Protection, providing an exemption from emergency rule procedures; requiring the exercise of rule-making authority; and making appropriations.

Written Testimony of State Representative Joan Ballweg
Senate Committee on Workforce Development, Public Works, and Military Affairs
April 22, 2015

Chair Roth and members, thank you for holding this public hearing on Senate Bill 119. I apologize for not being able to be with you today.

This legislation, introduced on behalf of Governor Walker, mirrors the language in AB 21/SB 21, the budget bill. I was happy to bring these provisions forward as stand-alone legislation to allow an opportunity for stakeholders and the agencies to further vet the proposal.

This merger provides the opportunity to make our state government more streamlined and efficient. Change is always a process, and can be met with reluctance. We've seen it handled successfully in the case where the Department of Commerce moved to DSPS. In transferring DFI, their bureaus are moved intact. To their customers, I don't believe the change at the top of the letterhead will be noticed.

Like any company merger, we expect immediate efficiencies in regard to overhead and shared services. I fully expect more savings, in terms of time and money, to be realized further down the road.

I appreciate the secretaries of the Department of Safety and Professional Services and the Department of Financial Institutions for providing their expertise today. Please do not hesitate to reach out to my office with any questions. Thank you again for considering this legislation.



TERRY KATSMAS

STATE REPRESENTATIVE • 26th ASSEMBLY DISTRICT

Phone: (608) 266-0656
Toll-Free: (888) 529-0026
Rep.Katsma@legis.wi.gov

P.O. Box 8952
Madison, WI 53708-8952

Date: April 22, 2015

To: Senate Committee on Workforce Development, Public Works and Military Affairs

From: Representative Terry Katsma

Re: Senate Bill 119: merging the Department of Financial Institutions and the Department of Safety and Professional Services

Dear Chairman Roth and Committee Members,

Thank you for convening a public hearing on Senate Bill 119, a bill that would merge the Department of Financial Institutions (DFI) into the Department of Safety and Professional Services (DSPS). I appreciate your efforts to give this proposal more focused attention through the committee process than it might receive through the state budget process alone.

Based on my 34-year career in the banking industry—as well as dozens of conversations I have had with financial industry professionals over the past few months—I am concerned about the potential consequences of such a merger.

In my experience, Wisconsin's financial institutions are highly satisfied with DFI in its current form. Since its creation approximately 20 years ago, DFI has developed a reputation within the industry for its effectiveness, professionalism and efficiency. It is already a valuable "one-stop shop" of centralized industry expertise for the regulation of banks, credit unions, mortgage lenders and other like specialties.

To be frank: it ought to be. Financial institutions pay millions of dollars in fees every year to fully fund the department that is responsible for examining and supervising Wisconsin's financial sector. Thus, Wisconsin banks and credit unions self-support their own government oversight, and the opportunity to realize cost savings by merging DFI into DSPS—an agency responsible for regulating a host of comparatively dissimilar industries—appears very limited.

In contrast, there are several risks associated with this proposal. A Wisconsin Department of Administration study conducted only one year ago on the topic of merging a different state agency into DSPS warned of potential administrative difficulties in executing a merger; limited overlap among agency customers; and a risk that both agencies could lose their generally high customer satisfaction ratings.¹

I am a strong supporter of making government smaller and more efficient when it makes sense—when taxpayer dollars can be saved or agencies with redundant functions can be trimmed. But I am not convinced that either of these goals is likely to be meaningfully advanced through this proposed merger, and I urge you not to support Senate Bill 119.

¹ <http://www.doa.state.wi.us/documents/OBD/SurveyResults/DARTStudyFinalReport.pdf>.



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
GOVERNOR

SCOTT A. NEITZEL
SECRETARY

Office of Business Development
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842

Office of the Business Development Testimony

Senate Committee on Workforce Development, Public Works, and Military Affairs

April 22, 2015

Sen. Roth, members of the committee, the Office of Business Development (OBD) is pleased to submit written testimony on behalf of SB 119. OBD is supportive of the merger of DSPS and DFI creating a new agency, the Department of Financial Institutions and Professional Standards (DFIPS). The new Department will also encompass the Office of Business Development. The move to DFIPS allows OBD to be closer to the rule making process and an outreach advocate for small business in the administrative rule process. The State of Wisconsin is already taking steps to improve access for business through the One Stop Business Portal; the combining of functions within these two agencies is a logical next step.

Creating a one-stop shop for Wisconsin businesses and professionals should be the goal of every State government. This proposed merger will make it easier for businesses and professionals to interact with State government. For example:

- For startup businesses in the State of Wisconsin, entrepreneurs need to know what regulations will affect their new businesses. This one-stop agency should make that process easier.
- For existing businesses, the merger will add the convenience for business professionals to renew their professional credential and business license at one agency.

As the Office of Business Development travels around the State of Wisconsin and speaks to many owners of small and large businesses, one statement keeps coming up: "Make government smaller and more efficient." The Department of Financial Institutions and Professional Standards is a step in the right direction.

In conclusion we must consider the 450,000 plus "end users" of the Department of Financial Institutions and Professional Standards. The doctor, the nurse, accountant and the cosmetologist, among others must renew their license in one agency and update their business status with another agency. The creation of DFIPS will make it easier by allowing them to contact one agency in order to operate in Wisconsin. To protect the safety and wellbeing of the citizens of Wisconsin we have enacted regulations, but it's our duty to make it as easy as possible to comply with the law.

Thank You,

Joe Knilans

Nancy Mistele



State of Wisconsin
Governor Scott Walker

Department of Agriculture, Trade and Consumer Protection
Ben Brancel, Secretary

Testimony on SB 119
Sandy Chalmers, Assistant Deputy Secretary
Senate Committee on Workforce Development, Public Works, and Military Affairs
April 22, 2015

Mr. Chairman, the Department supports this bill and its efforts to streamline government, making it more responsive to the citizens it serves. The bill would move the consumer protection functions of the Educational Approval Board to DATCP, where they would be aligned with the state's primary consumer protection program. The bill would also move the Veterinary Examining Board from DSPS to DATCP, where it would be housed with the State Veterinarian and animal health programs.

The Department of Agriculture, Trade and Consumer Protection is the State of Wisconsin's lead agency for consumer protection. The Department has broad statutory and rulemaking authority over business transactions. These statutes and rules serve as a framework that allows legitimate businesses to flourish, and provides consumers with confidence in the marketplace.

The Department has jurisdiction over two very broad laws that apply to almost every business in the state. First, the Department requires that business methods of competition and trade practices be "fair." This law, the Unfair Business Practices Law, enacted in 1921, promotes fair and open competition and gives the Department its authority to adopt industry-wide rules prohibiting unfair business practices. Second, the state's deceptive advertising law – known as the Fraudulent Representations Law, enacted in 1913 – prohibits advertising or sales claims that are "untrue, deceptive, or misleading."

This bill would eliminate the Educational Approval Board. The authorization of schools would be transferred to DFIPS and the consumer protection functions would be transferred to DATCP. It's important to note that DATCP already has consumer protection authority over nonprofit proprietary schools.

The bill would transfer statutory consumer protections to DATCP. It also gives the DOA Secretary authority to transfer rules to DFIPS or DATCP. We intend to request the transfer of all consumer protection rules, including current prohibitions on using deceptive business names, misrepresenting accreditation and approvals, facilities, and prohibiting specific types of deceptive advertising. We also will transfer rules requiring advertising disclosures, like the school name and address, and the total cost of the program or term.

The Department will have a comprehensive enforcement plan in place by January 1, when the authority transfers. We will monitor advertising carefully, looking for untrue, deceptive, or misleading claims made by proprietary schools. We will follow up on every student complaint we receive.

When the authority is transferred to DATCP, students will also have the right to file a private action in court. Under DATCP's existing authority, consumers can be awarded double damages, costs, and attorney fees.

Agriculture generates \$88 billion for Wisconsin

2811 Agriculture Drive • PO Box 8911 • Madison, WI 53708-8911 • Wisconsin.gov

An equal opportunity employer

We believe this proposal offers us an opportunity to rethink an important regulatory process in this state. Wisconsin residents deserve a system that both protects their interests while also leaving room for schools to be innovative in meeting the ever-changing demands of students in the 21st century.

Veterinary Examining Board

DATCP supports the proposal to move the Veterinary Examining Board to DATCP. This aligns functions by placing the licensing board in the same agency as the State Veterinarian and the Division of Animal Health. The State Veterinarian and DAH work to protect animal and human health, and to prevent the spread of serious diseases. Among other things, DATCP monitors animal health and disease threats, regulates Wisconsin's livestock and poultry industry to protect it from devastating diseases, and responds to animal disease emergencies and bio-security threats. The livestock and poultry industry makes up more than half of the \$88 billion annual contribution of agriculture to the state's economy.

The department has significant expertise in the veterinary field, and works with Wisconsin's veterinarians every day on the import and movement of animals, and the reporting and control of animal diseases.

The Veterinary Examining Board licenses veterinarians and veterinarian technicians. The Board defines the professional standards and the regulatory policies governing the occupation and activities of veterinarians and veterinary technicians. The Board determines the education and experience required for obtaining a credential, developing and evaluating credentialing examinations, and establishing and enforcing standards of professional conduct.

This bill allows the DATCP to conduct investigations, hold hearings and make findings as to whether a person has engaged in a practice or used a title without a required credential. Also, DATCP is allowed by rule to determine fees for each veterinarian and veterinarian technician's initial license, certification, and permit issued, and, if applicable, for renewal of the license, certification, or permit, including late fees, based on the department's administrative and enforcement costs.