

Testimony in Opposition (without amendment) to HB 1064

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Adtalem Global Education

House Education Committee

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Chairman Heinert and Members of the House Education Committee,

Thank you for the opportunity to present this testimony today. For the record, my name is Dr. Sue Subocz, and I serve as associate president, provost and chief academic officer for Walden University, which is a university owned by Adtalem Global Education, along with Chamberlain University and others. While we certainly support the streamlining of authorizing online universities accredited by the Higher Learning Commission, this bill, without amendments, will stand as a barrier to our programs educating hundreds of health care professionals in North Dakota in a time when the state has a tremendous shortage of healthcare professionals. We do not believe that streamlining administration should come with the cost of turning off an educational and talent pipeline for the healthcare industry in the state of North Dakota. We understand the state legislature and governor have very strong support for increasing workforce development in North Dakota, and this legislation turns off the possibility of accessible, online education for hundreds if not thousands of healthcare students in the coming years—and not just for the accredited institutions I'm here representing today. Accordingly, we stand in opposition to HB 1064 without amendments.

I will try to be as concise as possible, but please allow me to share some important background and our rationale given the technical nature of the bill.

Background of Adtalem

Adtalem is the leading healthcare educator in the US and the parent company of Chamberlain University and Walden University, along with two medical schools and a veterinary school. Adtalem is at the forefront of addressing the critical challenges in healthcare, with a special focus on alleviating the workforce shortage. Nationwide, there is an expected shortage of 500,000 nurses by 2030, a shortage that many communities and healthcare systems cannot afford. Faced with the growing impact of the workforce shortage, quality patient care is at risk and reports of mental health challenges among staff are on the rise.

Chamberlain University is the largest nursing school in the US and Walden University is the third largest nursing school. Adtalem is the #1 grantor of US nursing degrees. Walden is among the top 5 grantors of Master of Social Work (MSW) degrees. We have 181 North Dakota residents

that are active students at Chamberlain and Walden University, with over 100 of those enrolled in nursing programs.

Adtalem addresses the shortage head-on by educating and preparing the next generation of nurses at Chamberlain and Walden University to enter the workforce with the tools and knowledge needed to deliver quality care. We want to be able to continue to do that in North Dakota, educating North Dakota students and enhancing North Dakota's healthcare workforce.

Background of Walden and Chamberlain

Chamberlain University is a healthcare education institution, fully accredited by the Higher Learning Commission, authorized by Illinois Board of Higher Education, along with numerous programmatic accreditors. For at least 8 years, and more formally for the last 2 years, NDUS has authorized Chamberlain's operation, through approvals and prior to the approvals through the exemption process. For the January session, 51 North Dakota residents were enrolled in Chamberlain's programs: 49 students were enrolled in nursing programs. Another 5 students remain active as students and are eligible to continue their program of study in a future session. As of January, Chamberlain had conferred 93 degrees to North Dakota residents. Our graduates go on to work at places like: Sanford Health, Trinity Health and Altru Health System.

Walden University is fully accredited by the Higher Learning Commission, authorized by Minnesota Office of Higher Education, along with numerous programmatic accreditors. For at least 8 years, and more formally for the last 2 years, NDUS has authorized Walden's operation, through approvals and prior to the approvals through the exemption process. As of January, 94 North Dakota residents were enrolled in Walden's programs: 78 students were enrolled in nursing, counseling, psychology and social work programs. 31 students remain active as students and eligible to continue their program of study in a future term. As of January, Walden had conferred 335 degrees to North Dakota residents. About half of the degrees (183 or 55%) were in nursing (106), counseling (26), psychology (25) and social work (26). Our graduates go on to work at places like: Sanford Health, Essentia Health, Trinity Health, Altru Health System, Minot State University and Williston State College.

Impact of Bill

We believe this bill would limit educational opportunities for North Dakota residents, and in turn, only hurt the already distressed healthcare workforce in North Dakota—for three reasons:

(1) New Composite Score Requirement – Although unclear based on the definition of “post secondary institution” and how this section is written, this section could be utilizing a parent company composite score vs. an institution composite score, and if utilizing parent company composite score, our institutions and likely others will be ineligible to educate North Dakotans. The composite score is a tool utilized by the federal Department of Education (ED) to determine if an institution is financially responsible. If a school's composite score is under 1.5, the institution can demonstrate financial responsibility by posting a letter of credit (in Adtalem's

instance, in the amount of 10% of its Title IV Funds received from the department), and the institution remains eligible to receive Title IV funds. ED doesn't use the composite score to do what ND would be doing here. ED simply uses it to determine whether a modest amount of additional credit support is required to retain access to Title IV funds. It does not use it to remove institutions' ability to educate students, or to shut them down.

Adtalem acquired Walden University in 2021. As a 100% online institution with comparatively less physical assets than a residential institution, a significant portion of the Walden acquisition was recognized as intangible assets and goodwill on the Adtalem balance sheet. The noncash goodwill category adversely impacts composite score tests pursuant to the ED methodology and the lower composite score does not reflect a reduction in performance or financial stability, but rather the reporting of intangible assets generated by the Walden transaction. It also does not speak to the strength of Adtalem's balance sheet. As of June 30, 2024, Adtalem had \$219MM on its balance sheet to support its institutions. The company is profitable, has significantly reduced debt and maintains deep financial reserves to support continuing operations.

Recommendation: We recommend removal of the composite score requirement as it is an inaccurate tool to measure the financial stability of an institution. If you do not agree with the removal of the composite score requirement, we recommend the language be revised to only rely on an institution's composite score, and that the definition of post-secondary institution be updated accordingly.

(2) Participation in NC-SARA Requirement – The amendments require participation in NC-SARA. The National Council for State Authorization Reciprocity Agreements (NC-SARA) is a regional compact which streamlines distance education regulations for those who participate. Currently, those who are members of NC-SARA do not expend resources of the SBHE and NDUS as they are not required to go through the registration process. Neither Chamberlain or Walden participate in NC-SARA. Lack of participation is solely the result of Adtalem's composite score, not Chamberlain or Walden's composite score, and not based on these institutions' academic quality and rigor. As drafted, it also appears that this change also would exclude all California schools from providing education to online students.

Recommendation: We recommend the removal of the reliance on participation in NC-SARA.

(3) Definition of Physical Presence – We note the new definition of "physical presence," and that presence means a location in North Dakota where a student may participate in structured activity that is not a proctored examination, which is related to a school's distance education course of instruction.

Recommendation: We recommend adding a definition for structured activity that excludes practicums, internships, clinicals and student teaching, and that structured activity is not mere enrollment and completion of a distance education course from one's residence.

Conclusion

We respectfully request you consider amending this bill to allow North Dakotans interested in growing their healthcare knowledge and experience to continue to be educated by our accredited institutions. Passage of this bill as is would turn off an important healthcare educational pipeline in a time when we need more healthcare education—not less.

Thank you for your consideration, and I would stand for any questions.