

# Chancellor University, LLC

## Summary: 2012 U.S. Senate Committee Findings + 2015 Update

### Overview

- Chancellor, a privately-owned company, has one campus in Ohio, along with an online division. It offers Certificate, Associate, Bachelor's and Master's degree programs in business, accounting, corporate management, criminal justice, healthcare, graphic design, and other fields
- Although founded after WWII, the brand name "Chancellor" was established in 2008 when investors purchased a nonprofit institution deeply in debt and on accreditation probation and renamed it
- In February 2010, its regional accreditor issued a "show cause" order, the final chance for Chancellor to provide evidence to maintain its accreditation. The accreditor's concerns related to the school's governance, finances, and student outcomes; the state put the school on probation for 3 years
- Enrollment grew from 422 students in the fall of 2008 to 739 students by the fall of 2010
- In 2010, it lost the Jack Welch Management Institute, founded by the former president of General Electric, the signature program around which the college had hoped to grow
- It has not been profitable since 2008 and has been operating on an annual budget deficit
- Chancellor shut down abruptly in August 2013

### Tuition

- Compared to public colleges offering the same degrees, the price of tuition at Chancellor is more expensive.
- A Bachelor of Science in Business Administration with a concentration in accounting costs \$47,000 at Chancellor, while the same degree at Ohio State University costs \$38,844.

### Federal Revenue

- 87.4% (\$4 million) of Chancellor's total revenue was comprised of federal student aid plus military and veteran education benefits in 2010

### Expenditure Priorities

- In 2009, Chancellor allocated 20 percent of its expenditures, or \$20 million, to marketing and recruiting
- Chancellor has been operating at a loss since becoming a for-profit institution in 2008—expenses exceeded revenues by \$6.9 million.
- As a privately held company, it is not obligated to release executive compensation figures

### Recruiting

- According to a 2010 Bloomberg BusinessWeek article, it began focused recruiting efforts in homeless shelters in Cleveland after it realized that University of Phoenix, owned by Apollo, was also doing so
- A shelter coordinator said recruiters primarily stressed the availability of federal financial aid
- Targeting the homeless, a group that is both uniquely vulnerable and particularly poorly situated to succeed in higher education, is particularly concerning because student loan debt is extremely hard to discharge

### Academic Quality and Student Outcomes

- Chancellor spent \$10,893 per student on instruction in 2009, considerably more than other for-profit institutions surveyed, but less than Ohio State's \$15,466
- 71% of its faculty is employed part-time, close to the 80% average at other for-profit schools surveyed
- It failed to produce information that would allow the committee to accurately analyze the number of students that withdrew
- Its default rate for students entering repayment in 2008 was 14 percent, well below the average for the for-profit education sector; however, because 2008 was Chancellor's first year in operation, this default rate does not account for the majority of its student population
- In 2010, it employed 1 recruiter for every 53 students, 1 career services employee for every 246 students, and 1 student services employee for every 49 students

## 2015 Update

- The school shut down in August 2013 without offering an explanation. It planned to transfer students to Alliant University, a private non-profit school in California. According to its accreditor, Chancellor had 243 students as of May 2014. In 2012, its accreditor had raised concerns about the school's financial self-sufficiency, enrollment, strategic planning and student retention