

TALKING PAPER ON

AFA POLICY ON FOR-PROFIT EDUCATION RELATIONSHIPS

Background: In 2016, the AEC created the referenced policy, primarily due to the negative practices, adverse publicity and Congressional concerns surrounding a number of for-profit universities that appeared to be targeting military members and veterans for educational programs of questionable value and/or used deceptive practices in order to profit from the availability of new-GI Bill funding. The rationale for creating the AFA policy is detailed in the introduction to the policy paper. The AEC forwarded the policy to the Executive Committee who approved it and notified the Board of their action with no objection from the Board.

Recently, AFA has been approached by Trident University proposing an educational member-benefit relationship. Trident, headquartered in Cypress, CA (greater LA area), is a completely online institution that is regionally accredited by the Western Association of Schools and Colleges. They have provided a draft Educational Services Agreement that has been reviewed by the AEC, and its current form, it does not comply with the AFA policy, but this was a trigger to review the previous AFA policy. The AEC now believes that the previous policy should be modified as discussed below. This paper provides rationale for our position and some observations for the National Staff that we are forwarding for their consideration.

Proposed Changes. The AEC recommends the following change to the paragraph titled “Additionally,” on the second page of the current policy:

Current: -- AFA will add to its scholarship acceptance guidelines appropriate statements, indicating that its scholarships may NOT be “school-specific to avoid any semblance or perception of preference or endorsement, and should accept administration of any scholarships ONLY if the funding is within the fiscal control of AFA... endowment or open fund.

Proposed: -- AFA will add to its scholarship acceptance guidelines appropriate statements, indicating that its scholarships may **ONLY** be “school-specific” **when offered by an organization that has been properly vetted by the National Staff and in conjunction with a written agreement that establishes a member benefit-provider relationship with AFA. Ideally, the benefit provider will accomplish evaluation of all applications and forward recommended awardees. These nominees will normally be ratified and announced by AFA, but in the event of a conflict of interest with any of the candidate awardees, AFA will coordinate with the provider to replace the candidate.** ~~to avoid any semblance or perception of preference or endorsement, and should accept administration of any scholarships ONLY if the funding is within the fiscal control of AFA...endowment or open fund.~~

Trident-specific suggestions. The AEC recognizes that the National Staff has the responsibility for negotiating and executing provider agreements, and offers the following suggestions for staff consideration:

- 1 The proposed ESA specifies that AFA will select the scholarship awardees, and so long as Trident accepts their application for enrollment, they will receive the grant. While the policy as amended would allow this, there are two implications of concern with this arrangement: a. there is the [possibly remote] possibility that Trident may not accept the candidate’s application causing some embarrassment; and b. with AFA responsible for selection, we would have to find external

evaluators to avoid conflict of interest concerns as described in our scholarship policy. In the past, we have used AFROTC volunteers who perform this task for free, but if the task became too onerous with our increasing number of scholarships, and AFROTC were unwilling to perform it, we would likely have to incur some expense with paid judges as we use in our grants programs. In any case, some additional staff time would surely be necessary, and ideally, Trident would also provide a royalty to cover the expense (including direct and indirect costs). If Trident were unwilling to provide this royalty, staff might still choose to pursue this agreement because it does involve a fairly generous benefit to our members.

- 2 The draft ESA provides that scholarship applicants must be AFA members for at least one year prior to the award. While this does provide some incentive for members to retain their memberships, it seems unlikely that anyone would join AFA and wait a year just to apply for the scholarship. Moreover, our current membership may not have enough younger people interested in Trident education to provide a robust response to the Trident offer. Perhaps removing the one-year stipulation and specifying the applicants must be AFA members and maintain their membership to maintain access to the benefit would provide a more immediate inducement for new members.

For your consideration.