

January 21, 2025

Dr. Gary Wilfert  
Chancellor  
Pathways College  
2226 N. 7th Street, Suite 220  
Phoenix, AZ 85006

Dear Chancellor Wilfert,

I received the Progress Report from Pathways College, in October 2024 in response to a Commission requested a Progress Report to be submitted by October 31, 2024 to provide:

1. an update on enrollment and projected revenue and expense;
2. an update on the status of Pathways' application for Title IV recognition;
3. documentation of formal commitments from donors for underwriting general operating expenses and for projected student scholarships that are critical to achieving enrollment and financial targets;
4. an explanation and documentation of why Pathways moved its main office from California to Arizona; and
5. an explanation of the financial model for dual enrollment that includes all sources of revenue generated, the expenses to be borne by Pathways, and the way that remaining revenue is shared between Pathways and partner institutions or organizations

As a part of the Progress Report, Pathways provided (a) PCI Income Statement; (b) a letter from the Chief Academic Officer explaining the status of Pathways' application for Title IV recognition; (c) a donation letter from Hawkeye Properties and Workforce Innovation, Inc.; (d) a lease for Pathways' Arizona location; and (e) a description of the financial model for dual enrollment.

#### Enrollment and Projected Revenue

Pathways indicated that for fall 2024, projected revenue for October census were 13 full-time scholarship students and 326 part-time dual enrollment students. It is unknown whether these projections were met because the Progress Report was submitted before census. For spring 2025, projections are 10 new full-time scholarship students and 300 part-time dual enrollment students. Summer projections are for 10 new full-time scholarship students and 235 part-time dual enrollment students. Since these projected enrollments were submitted without data to support the reasons for the projections, it is difficult to know how realistic these projections are. In addition, without a retention or completion analysis, it is difficult to know how these new projected students are expected to contribute to overall student enrollment at Pathways.

#### Status of Title IV Application

Pathways submitted a letter dated October 4, 2024, and signed by the Chief Academic Officer indicating that they college continues to respond to the issues raised by the Department of Education. They are updating vendor contracts and as well as their ledger to show that funds from the college are not transferred

to related parties. The college has procured counsel to advise them on tax issues raised by the Department. They anticipate a response to their application for Title IV within the next few weeks.

### Donor Commitments

Pathways submitted a letter from Hawkeye Properties and Workforce Innovation, Inc., signed by the organization's Chief Operating Officer, confirming that they donated \$620,000 on August 28, 2024, for the purpose of offering scholarships to 100 students to lower the cost of tuition.

### Move to Arizona

Pathways submitted a lease, related to their location in Phoenix, Arizona, executed by their John Hall on behalf of Pathways and the president of the lessor ZalMar, Inc., along with a resolution signed by their Board of Trustees. The resolution specifies that among the reasons for the move to Arizona is to receive approval from NC-SARA, which provides "a voluntary regional approach to state authorization of postsecondary distance education." Pathways also submitted evidence that the rent at the Arizona location is fair and cost efficient.

### Dual Enrollment

Pathways submitted a document that describes their financial model for the dual enrollment option offered by the college. The goal is to have partnerships with organizations that would provide students who would take courses through the college. These courses cost between \$60 and \$206 per student, depending upon the length of the course. The document states that the \$620,000 donation by Hawkeye Properties and Workforce Innovation, Inc. may be used for the dual enrollment program.

### **Summary**

Pathways has submitted documents to address each of the areas requested by the Commission. The documents provided are evidence that the institution continues to build its model for growing revenue through enrollment, including continuing to develop its dual enrollment program. Pathways has received a large donation from Hawkeye Properties and Workforce Innovation, Inc. The college hopes to use this donation to attract students to its degree programs as well as its dual enrollment program. Pathways submitted documentation showing that the reason for moving their main campus to Phoenix, Arizona was to make it easier to attain regional approval for its online programs through NC-SARA.

As such, the Commission will continue the Notice of Concern and look forward to an updated Progress Report due on April 15, 2025 to provide an update on (1) enrollment; (2) the status of Pathways' application for Title IV recognition; and (3) status and documentation of formal commitments from donors for projected student scholarships.

Sincerely,



Tamela H. Hawley  
Vice President

cc: Daniella Baker, ALO