



## FAQ for Higher Education and B Corp Certification

### **Why is B Lab involved in a controversial industry like for-profit higher education?**

It is exactly in controversial industries where the need is greatest to distinguish between good and bad actors, as well as good, better, and best performers by using rigorous standards of verified overall social and environmental performance, legal accountability, and public transparency.

Policymakers, investors, and the general public are all best served by the existence of credible, comprehensive, comparable, and transparent standards of *current* performance like the B Impact Assessment, as well as by the existence of corporate governance models like the benefit corporation that increase the probability of strong performance over the *long term*. These standards and legal structures create a credible, transparent framework that facilitates improved policy, investment, purchasing, and employment decisions. This is particularly important in industries like for-profit higher education that experience high consumer demand, attract significant public and private investment, have widely variable performance, or have significant reputational concerns.

### **Does B Lab endorse private market solutions to address gaps in what many consider basic public services?**

B Lab does not have a position as to whether certain services should be provided solely by the government and non-profit sectors, or by private industry as well. However, B Lab believes that such public policy debates will be informed by the use of its performance, accountability, and transparency standards by for-profit entities in controversial industries like these.

### **Why are the standards used for B Corp certification relevant for higher education?**

When looking at the controversies involved in for-profit higher education -- namely the lack of accountability to students, poor overall performance, and lack of comparable and transparent metrics of performance -- there is a natural connection to the issues that B Corp certification addresses:

Accountability -- through its legal requirement, B Corp Certification ensures that for-profit businesses are legally required to consider stakeholders (including students), not just shareholders in their decision-making

Performance -- through its performance requirement, which includes a specific Higher Education Addendum to B Lab's B Impact Assessment, B Corp Certification ensures that students and other stakeholders are not just considered, but that the company is *actually achieving* a high level of performance around their impact

Transparency -- through its transparency requirement and the publication of verified

performance scores on the B Impact Assessment and, when appropriate, additional information from B Lab's Disclosure Questionnaire and Background Check, B Corp Certification ensures that the general public is able to review material issues of positive and potential negative impact of a company and arrive at their own evaluation

### **How can there be a Certified B Corporation in a controversial industry like for-profit higher education?**

B Lab recognizes that for-profit higher education is controversial, and that a number of industry participants have questionable reputations. B Lab sees its role as the promotion of robust standards of industry-specific performance, expanded legal accountability, and public transparency that can be used by policymakers, investors, and the general public to make more informed decisions about which for-profit higher education institutions meet market demand while generating the greatest positive impact and best serving the public interest. We have created a specific set of standards to address issues unique to for-profit higher education companies:

The Higher Education Addendum of the B Impact Assessment is the result of nearly 2 years of work with a distinguished group of industry experts and includes industry-specific metrics on:

- (1) Educational Models and Engagement: The extent to which the company is able to deliver long term sustained educational services and its engagement with the higher education and broader community to advance higher education and promote wellbeing
- (2) Recruiting, Marketing, and Transparency: The policies, practices, and results of the institution's recruiting practices to ensure accurate information and consumer protection
- (3) Student Outcomes: The extent to which the institution delivers positive outcomes for its enrollees, particularly for traditionally underrepresented groups, including their ability to progress to completion and achieve economic independence
- (4) Student Experience: The extent to which the institution delivers a positive student experience, including quality instruction and faculty and supportive and accessible student services, and external career and service opportunities

[For an overview of the Addendum project and its development, click here.](#)

### **Are there any special performance requirements for higher education companies to earn B Corp Certification?**

All Certified B Corps must meet the three requirements of high verified overall social and environmental performance, legal accountability, and public transparency. The combination of these three elements provides a robust and credible foundation for a corporation's stakeholders to make judgments about the overall impact of the business.

In addition to the above requirements, every higher education company must complete the Higher Education Addendum to the B Impact Assessment. If the company earns a verified

score of less than 15 points on the Addendum -- even if it earns a verified overall score above the minimum 80 out of 200 required for certification -- then B Lab's [Standards Advisory Council](#) will review the company's application for certification and make a determination on whether the entity is eligible for certification, ineligible for certification, or eligible if additional requirements are met.

For a higher education company with multiple subsidiaries, the weighted average score of each of the subsidiaries (based on revenues) -- both overall and on the Higher Education Addendum -- will determine the entity's eligibility.

**Particularly in a controversial industry like for-profit higher education, how does B Lab confirm that the company is not engaged in negative practices that might disqualify it as a Certified B Corp?**

In assessing a Company's overall performance, B Lab reviews both 1) the *positive* impact of a company on all of its stakeholders using the [B Impact Assessment](#) (BIA), and 2) *potential negative impacts* using a Disclosure Questionnaire and Background Check (DQ/BC). Both the BIA and the DQ/BC are subject to a formal process of review and verification.

The DQ allows the Company to confidentially disclose to B Lab any practices, fines, or sanctions related to the Company or its affiliates that may indicate the creation of negative impacts on the Company's stakeholders. This disclosure, coupled with the background check that B Lab does on the Company and its senior management, and allows B Lab to determine what negative impacts may exist and whether they require further transparency, remediation, or, in rare instances, the refusal or revocation of certification based on their significance, if that is deemed to outweigh the positive impact quantified in the BIA.

In addition to the standard DQ, there is a separate Higher Education Disclosure Questionnaire which includes questions about the loss of accreditation status and investigations into marketing and recruitment practices.

Neither the DQ nor the background check affects the Company's B Impact Score; however, as described below, they may affect the Company's eligibility for certification.

B Lab has 90 days to evaluate all of the Company's assessment and DQ/BC information, engaging our [Standards Advisory Council](#) and B Lab's [Board of Directors](#) as appropriate, with 4 potential outcomes:

- (1) Deemed immaterial, no further disclose required
- (2) Deemed material, incremental disclosure required
- (3) Deemed material, requires mitigation
- (4) Deemed material, not eligible for certification

B Lab has also created a formal Complaints Process to respond to concerns expressed by the general public about any Certified B Corporation. Information on the Complaints Process is available at <http://www.bcorporation.net/complaints>.

Acceptance into and continued participation in the B Corp community is at the sole discretion of the B Lab's Standards Advisory Council and Board of Directors based upon their considered judgment upon completion of the above process.

## **Are there any Certified B Corporations in higher education?**

Yes. Laureate Education is a Certified B Corporation. Laureate became certified in December 2015. In addition to Laureate, Open University of West Africa is also a Certified B Corporation. Both Laureate and OUWA met the legal requirement for certification by using the benefit corporation legal structure.

In addition to Laureate and OUWA, there are several other for-profit higher education institutions that have met higher standards of corporate purpose, accountability, and transparency by registering as benefit corporations, including Alliant International University, Arist Medical Sciences University, College of Henricopolis School of Medicine, Ponce Health Sciences University, Rasmussen College, Stratford University, and University of the Brain (affiliated with the University of Utah).

## **What about non-profit education institutions?**

When evaluating the performance of a higher education institution, B Lab believes it is essential to base evaluations not solely on whether the institution is structured as a for-profit business or a non-profit organization, but on the performance of the institution overall, and to compare that performance to that of all higher education institutions both for-profit and non-profit. As a result, the Higher Education Addendum to the B Impact Assessment was created by a Working Group that included nonprofit higher education institutions and a former senior federal policymaker that oversaw higher education in the U.S., the beta-testing of the Higher Education Addendum included nonprofit institutions, and the performance benchmarks used to earn credit in the Higher Education Addendum are based not only on the performance of for-profit institutions, but of all institutions.

In addition to ensuring that qualifying B Corp institutions are overall high performers (not just compared to for-profits), B Lab allows the use of the B Impact Assessment and the Higher Education Addendum by non-profit institutions to measure and manage their own performance. While non-profit entities are not eligible for B Corp certification, the B Impact Assessment is a free and useful management tool available to anyone.