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Keiser U. Goes Nonprofit

By Kelly Field

Keiser University, a Florida-based for-profit institution that has been active in the fight against the Education Department's proposed "gainful employment" rule, has converted to nonprofit status.

The sale of the university to Everglades College Inc., a nonprofit entity that operates Everglades University, was finalized this week, Keiser's chancellor, Arthur Keiser, confirmed in an interview today. He would not disclose the sale price.

Mr. Keiser and his wife, Belinda, purchased Everglades University, then known as American Flyers College, in 1998, and created Everglades College Inc. as a nonprofit corporation in 2000.

Mr. Keiser said the sale of Keiser University to the nonprofit corporation was designed to ensure the university's survival after his death. But he hinted that the increased pressure on the for-profit sector also played a role in the decision to convert.

"It was part of family planning," he said. "And obviously the environment is pretty tough."

For-profit colleges have been under intense scrutiny over the last year, with members of Congress raising concerns about their high costs and low graduation rates, and with some states' attorneys general looking into their recruiting practices. Keiser University is one of several Florida for-profits under investigation by that state's attorney general.

Mr. Keiser, who is also chairman of the board of the for-profit sector's chief lobbying organization, the Association of Private Sector Colleges and Universities, has been a vocal opponent of the proposed gainful-employment rule, which would cut off student aid to programs whose students have high debt burdens and low loan-repayment rates. Asked about his involvement in the fight over the rule, he said the proposal was bad policy "regardless of the tax status of the institution."

In October, Keiser University sued officials at Florida State College in Jacksonville, accusing them of smearing the college and the for-profit sector in derogatory e-mails sent to investors and others. It dropped the lawsuit a month later, saying the colleges had "agreed to put their differences behind them."

The Keisers will remain involved in Keiser University, though it will be run by an independent board.

"It's operating in the same way, with the same people, the only difference is that its owned by a nonprofit," Mr. Keiser said.

Everglades College Inc. became independently operated by a Board of Trustees in 2002, and Mr. Keiser donated the value of the stock of American Flyers to the corporation.

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