

April 8, 2016

Dear Members of the National Advisory Committee on Institutional Quality and Integrity and the U.S. Department of Education,

As organizations and advocates working on behalf of students, consumers, faculty and staff, and college access, we write to ask NACIQI and the Department of Education to recommend that the Secretary deny the application for recognition by the Accrediting Council for Independent Colleges and Schools (ACICS).

We come to this conclusion as firsthand observers of the substantial damage to the lives of hundreds of thousands of students across the country caused by choices made by ACICS that have allowed low-performing, predatory institutions of higher education access to billions of dollars in taxpayer funds. This repeated inability of ACICS to act as a reliable authority concerning the quality of education or training offered by the institutions of higher education or higher education programs it accredits has led students to take on excessive levels of debt for training that is far too often of minimal value or outright fraudulent. Many of these dollars now comprise the \$130 million and growing in federal student loans that must now be forgiven due to fraud and the closure of bad actors, to say nothing of the billions more in Pell Grants received too.<sup>1</sup>

In particular, we want to make sure NACIQI and the Department of Education are aware of four key things when reviewing ACICS: (1) its poor track record of student outcomes, (2) the close ties between it and executives from troubled colleges, (3) the substantial number of institutions it approved that are or have been subject to federal and state investigations and settlements, and (4) a lack of any acknowledgement that there may be a problem with the quality of its work.

Making the correct decision with ACICS is crucial for restoring integrity to the accreditation process. As noted recently by Department of Education Undersecretary Ted Mitchell “in recent years, we’ve seen far too many schools maintain their institutional accreditation even while defrauding and misleading students, providing poor quality education, or closing without recourse for students.”<sup>2</sup> Too often ACICS has been the rubber stamp for federal aid while those things happened. Terminating its ability to allow institutions of higher education into the federal financial aid programs is the only way to demonstrate the problems are so serious that the status quo cannot continue. By contrast, failing to take action would only empower all the other accreditation agencies to know that regardless of how poor your track record is there will be no consequences.

### **Poor track record of student achievement**

Regulations require that an accreditation agency be a “reliable authority regarding the quality of the education or training provided by the institutions or programs it accredits” (34 CFR 602.16). Similarly, the Higher Education Act requires that accreditors set standards that are “of sufficient quality to achieve, for the duration of the accreditation period, the stated objective which the courses or programs are offered” (Sec. 491(1)(4)(A)).

A review of student outcomes achieved at ACICS-accredited institutions casts significant doubt on the agency’s ability to fulfill the two requirements mentioned above. Rather, it shows an agency that consistently ranks among the worst accreditation agencies in terms of student performance, especially in relation to debt. For instance, a September 2015 analysis by the Center for American Progress found

that the combined student loan default rate for ACICS-accredited institutions (21 percent) was among the highest all other major accreditation agencies.<sup>3</sup> Having such a poor default rate is particularly troubling because the same analysis found that students at ACICS-accredited colleges were also more likely to borrow than those at colleges approved by other major accreditors, and that when students did borrow they took on more debt.<sup>4</sup>

Subsequent analyses found similar results. A November 2015 story by *ProPublica* found that just 35 percent of students at institutions accredited by ACICS graduate.<sup>5</sup> That result is 16 percentage points worse than any of its peer agencies. The repayment outcomes for ACICS students are even direr. That same *ProPublica* analysis found that 60 percent of borrowers at ACICS institutions had defaulted or failed to make progress repaying their loans within three years of leaving school. That number is 13 percentage points worse than any peer agency.<sup>6</sup>

The unwillingness of ACICS to provide any documents related to its accreditation process makes it impossible to discern exactly why the agency is incapable of producing outcomes that even approach the mediocrity seen at its peer accreditors. Regardless of whether these outcomes are the result of insufficiently rigorous standards, improper enforcement of standards, or lack of reliable decision-making, their consequences are too severe to ignore.

## **Ties between ACICS and institutional executives**

When ACICS went before NACIQI in 2011, Department of Education staff raised concerns that the agency relied too much upon institutional administrators in its work and lacked sufficient representation from other constituencies.<sup>7</sup> This matters because a lack of diverse voices may undermine the ability to identify and address serious problems. It also risks cultivating a culture of reciprocal favors, whereby leaders of troubled colleges agree to give each other a pass on accreditation visits to make their own reviews easier.

Though ACICS promised to address this problem, recent reports indicate that the organization still suffers from being too closely connected with executives from troubled colleges. A February 2016 review by *ProPublica* found that two-thirds of ACICS commissioners are current or former college executives.<sup>8</sup> Even more troubling, one out of every three are representatives from institutions that have or are facing serious legal challenges from state and federal government actors.

The most egregious instance of these questionable relationships concerns Corinthian Colleges. As noted by *ProPublica*, ACICS tapped Beth Wilson to serve as a commissioner in a 2013 election.<sup>9</sup> The California attorney general alleges that Wilson, a former executive vice president at Corinthian Colleges, was one of the leaders who ordered staff at the college chain to falsify job placement rates.<sup>10</sup> Wilson also previously worked at National College, another institution accredited by ACICS that was sued by the Kentucky attorney general in 2011 for allegedly faking job placement rates.<sup>11</sup> Though Wilson has since resigned, it is deeply troubling that ACICS thought someone who played a role in perpetrating fraud on a national scale could be acceptable as a commissioner for an organization tasked with evaluating quality assurance.

Sadly, Beth Wilson is not the only case of entrusting quality assurance decisions to someone whose institution is under fire for fraud and misrepresentation. *ProPublica* notes that ACICS has also tapped

executives from ITT Technical Institute, Lincoln Educational Services, Globe University/Minnesota School of Business, and another Corinthian executive at various times.<sup>12</sup> All of these organizations have been or currently are being sued or investigated by government actors.<sup>13</sup>

### **Substantial numbers of ACICS-accredited institutions under investigation**

What do Corinthian Colleges, Westwood College, and FastTrain College all have in common? They've all been sued and shut down by state and federal agencies following allegations of substantial wrongdoing.<sup>14</sup> They also all gained access to the federal financial aid programs at least partly through ACICS.

Comparing the list of institutions of higher education that have faced legal action from state and federal government officials with the accreditation agencies that allowed them to participate in the student aid programs reveals a troubling pattern—at least 17 troubled colleges or companies relied on ACICS to get access to the federal grant and loan dollars they later exploited.<sup>15</sup> Even more troubling, ACICS removed the accreditation for just one of these institutions—Anamarc College, which was raided by the Federal Bureau of Investigation in 2014 after its abrupt closure.<sup>16</sup> In that case ACICS denied the college's accreditation in August 2014 after the college already announced its closure.<sup>17</sup> With respect to Corinthian Colleges, ACICS Executive Director Albert Gray testified before the Senate Health, Education, Labor, and Pensions (HELP) Committee in June 2015 that not a single campus was out of compliance with his organization's criteria when it fell apart in mid-2014.<sup>18</sup>

Not only does ACICS have a substantial track record of approving colleges with problems, it often holds them up as paragons of the accreditation process. Of the 17 colleges and companies accredited by ACICS that have faced serious legal trouble, nine were acknowledged as “honor roll” institutions by the organization over the last five years.<sup>19</sup> Several times this recognition came right as the entire company was falling apart under legal scrutiny. For example, ACICS named two campuses run by Corinthian Colleges to its honor roll in November 2014, just a few months after the Department of Education effectively forced the college to shutter or sell off its assets.<sup>20</sup>

Similarly, ACICS named four campuses operated by the Career Education Corporation to its honor roll in 2011—the same year the company disclosed widespread improper job placement rates.<sup>21</sup> Westwood College, owned by Alta Colleges, also had campuses named to the honor roll in 2009 and 2014—one year before and one year after settlements with the U.S. Department of Justice and the Illinois attorney general, respectively.<sup>22</sup>

Accreditors have substantial responsibility in the federal student aid programs. They are the only actors with the resources, time, and legal ability to conduct in-depth reviews of the quality of institutions and programs. Their blessing provides access to billions of dollars in student loans and grants. Because of this role, an accreditor failing to fulfill its responsibility as a reliable authority on the quality of institutions and programs exposes students and taxpayers to tremendous amounts of harm and fraud.

### **Failing to acknowledge a problem**

The above sections detail serious problems with ACICS's work as an accreditor that cast substantial doubt on the quality of its judgment and ability to act as any kind of arbiter of quality. Yet not only does

the agency fail to acknowledge any necessary improvement, it actively defends the success of its current work.

ACICS's response to the Corinthian situation has been to deny there was a problem. During his testimony before the Senate HELP Committee last June, Albert Gray, ACICS's executive director, told Senators that his organization purportedly conducts its own investigations whenever allegations arise against an institution it accredits. With respect to Corinthian Colleges, he stated "we found no evidence that they [Corinthian] lied to their students or defrauded them."<sup>23</sup> When pressed further on whether ACICS had made any sort of error with respect to its oversight of Corinthian he stated "I'd be the first to admit that accreditors like any other organization make mistakes. This was not one of those mistakes."<sup>24</sup>

It seems impossible that ACICS could have conducted anything resembling a rigorous investigation of the allegations against Corinthian and come up with no problems. After all, detailed reviews of job placement rates by the U.S. Department of Education and the attorney general for the state of California turned up repeated instances of falsified job placement rates.<sup>25</sup> And these allegations that ACICS dismissed had enough weight behind them in a court of law, leading to a recent \$1.1 billion judgment against Corinthian Colleges.<sup>26</sup>

Such lack of contrition suggests the issues at ACICS go far deeper than any sort of tweaks or improvements could make. It paints a picture of an agency that turns a blind eye to severe instances of fraud, even when allegations or findings by outside government organizations give them a clear path for where to look. It also demonstrates that simply enforcing a few restrictions on the agency will do nothing to change its behavior since it believes—and has said before Congress—it has done nothing wrong.

## **Conclusion**

ACICS has failed to fulfill its role and mission as an accreditation agency that is expected to act as a reliable authority on institutional quality. It has repeatedly relied upon executives of troubled colleges to make final decisions about allowing colleges into the federal aid programs. It has not only failed to act when other actors do ACICS's job for it, but held up many troubled colleges and companies as role models for the accreditation process. Unsurprisingly, such lax gatekeeping has resulted in the worst student outcomes of any major accreditor—a trail of numbers that represents a massive toll of human devastation across the country. It has left low-income students burdened by debts they have no hope of repaying after being lied to and lured into programs of questionable quality through false promises and statistics.

Many of these problems would likely have been caught had ACICS done its job in the manner required by regulations and its own standards. Most of these investigations and settlements resulted from allegations of falsified job placement rates—a measure the agency claims it uses to judge the institutions of higher education it accredits as well as their programs. Yet failing to do sufficient due diligence to ensure that colleges were truthful in the figures reported to ACICS allowed students to be deceived time and again. And its continued lack of any regret in its choices demonstrate that the agency would do everything exactly the same way again.

Decisions made by NACIQI and the U.S. Department of Education have significant implications for the integrity of the accreditation process. Allowing this troubled actor to continue its laissez-faire attitude toward quality assurance weakens the effectiveness and purpose of the entire system. Restoring trust in the system can only be accomplished by sending a strong and clear message that failing to live up to the requirements of the triad will be met with swift and meaningful punishment.

In a recent post on Ed.gov, Undersecretary Ted Mitchell wrote "Accreditation can and must be the mark of quality that the public expects."<sup>27</sup> For that to be true, ACICS can no longer be part of the process.

Sincerely,

American Association of State Colleges and Universities (AASCU)  
Americans for Financial Reform  
Campaign for America's Future  
Center for Public Interest Law of the University of San Diego School of Law  
Center for Responsible Lending  
Children's Advocacy Institute of the University of San Diego School of Law  
Consumer Action  
Consumers Union  
Faculty Forward Network  
Generation Progress  
Higher Ed, Not Debt  
The Institute for College Access & Success (TICAS)  
Mississippi Center for Justice  
National Consumer Law Center, on behalf of its low-income clients  
National Women Veterans Association of America  
Project on Predatory Student Lending at the Legal Services Center of Harvard Law School  
Service Employees International Union (SEIU)  
Student Debt Crisis  
USPIRG  
Veterans Education Success  
Veterans for Common Sense  
VetJobs  
Young Invincibles

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<sup>1</sup> U.S. Department of Education, “U.S. Department of Education Announces Path for Debt Relief for Students at 91 Additional Corinthian Campuses,” available at <http://www.ed.gov/news/press-releases/us-department-education-announces-path-debt-relief-students-91-additional-corinthian-campuses>

<sup>2</sup> Ted Mitchell, “Strengthening Accreditation to Protect Students,” available at <http://blog.ed.gov/2016/03/strengthening-accreditation-to-protect-students/>

<sup>3</sup> The Accrediting Council for Continuing Education and Training had a default that was one-tenth of one percentage point lower than the figure for ACICS. Ben Miller, “Up to the Job: National Accreditation and College Outcomes” (Washington: Center for American Progress, 2015), available at <https://www.americanprogress.org/issues/higher-education/report/2015/09/08/119248/up-to-the-job/>

<sup>4</sup> Ibid.

<sup>5</sup> Annie Waldman, “Who Keeps Billions of Taxpayer Dollars Flowing to For-Profit Colleges? These Guys,” *ProPublica*, November 3, 2015, available at <https://www.propublica.org/article/accreditors-billions-of-taxpayer-dollars-flowing-to-for-profit-colleges>

<sup>6</sup> Ibid.

<sup>7</sup> U.S. Department of Education, “Staff Report to the Senior Department Official on Recognition Compliance Issues,” pages 22-23, available at <https://www2.ed.gov/about/bdscomm/list/naciqi-dir/2011-spring/staff-analyses-6-2011.pdf>.

<sup>8</sup> Annie Waldman, “Who’s Regulating For-Profit Schools? Execs from For-Profit Colleges,” *ProPublica*, February 26, 2016, available at <https://www.propublica.org/article/whos-regulating-for-profit-schools-execs-from-for-profit-colleges>.

<sup>9</sup> Accrediting Council for Independent Colleges and Schools, “New Commissioner Bios,” available at <http://www.acics.org/commission%20actions/content.aspx?id=5767>.

<sup>10</sup> Waldman, “Who’s Regulating For-Profit Schools.”

<sup>11</sup> Jack Brammer, “Attorney General Jack Conway Sues National College of Kentucky,” *Lexington Herald*, September 28, 2011, available at <http://www.kentucky.com/news/politics-government/article44128146.html>.

<sup>12</sup> Waldman, “Who’s Regulating For-Profit Schools.”

<sup>13</sup> U.S. Securities and Exchange Commission, “SEC Announces Fraud Charges Against ITT Educational Services,” May 12, 2015, available at <https://www.sec.gov/news/pressrelease/2015-86.html>; The Attorney General of Massachusetts, “AG Healey Secures Additional \$2.3 Million for Students Misled by For-Profit Schools,” July 30, 2015, available at <http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-07-30-for-profit-schools-settlements.html>; and The Office of the Minnesota Attorney General, “Minnesota Attorney General Lori Swanson Files Lawsuit Against Minnesota School of Business and Globe University,” July 22, 2014, available at <http://www.ag.state.mn.us/Office/PressRelease/20140722SchoolofBusiness.asp>.

<sup>14</sup> U.S. Department of Education, “U.S. Department of Education Heightens Oversight of Corinthian Colleges,” June 19, 2014, available at <http://www.ed.gov/news/press-releases/us-department-education-heightens-oversight-corinthian-colleges>; Ashley Smith, “Fall of a For-Profit,” *Inside Higher Ed*, December 8, 2015, available at <https://www.insidehighered.com/news/2015/12/08/profit-westwood-college-wont-accept-new-students>; and U.S. Attorney’s Office Southern District of Florida, “FastTrain Owner and Admissions Representative Convicted of Federal Student Aid Scheme,” November 24, 2015, available at <https://www.justice.gov/usao-sdfl/pr/fasttrain-owner-and-admissions-representative-convicted-federal-student-aid-scheme>.

<sup>15</sup> Center for American Progress analysis of data from U.S. Department of Education, “The Database of Accredited Postsecondary Institutions and Programs,” available at <http://ope.ed.gov/accreditation/Search.aspx> (last accessed April 4, 2016) and David Halperin, “Law Enforcement Investigations and Actions Regarding For-Profit Colleges,” *Republic Report*, last updated April 4, 2016, available at <http://www.republicreport.org/2014/law-enforcement-for-profit-colleges/>

<sup>16</sup> Kvia, “FBI searches Anamarc College, Home of College’s Owners,” August 27, 2014, available at <http://www.kvia.com/news/fbi-raids-anamarc-college/27752626>.

<sup>17</sup> Tricia Martinez, “Anamarc College Fires Teachers Cancels Classes, What’s Next,” *Kiss FM EL Paso*, July 2, 2014, available at <http://kisselpaso.com/update-anamarc-college-fires-teachers-cancels-classes-whats-next/>.

<sup>18</sup> U.S. Senate Committee on Health, Education, Labor, & Pensions, “Reauthorizing the Higher Education Act: Evaluating Accreditation’s Role in Ensuring Quality,” minute 101, available at <http://www.help.senate.gov/hearings/reauthorizing-the-higher-education-act-evaluating-accreditations-role-in-ensuring-quality>.

<sup>19</sup> See the detailed public comment submitted by the Center for American Progress for more on this statistic.

<sup>20</sup> Accrediting Council for Independent Colleges and Schools, “ACICS Annual Conference and Business Meeting,” November 3-5 2014, available at <http://acics.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=6286&libID=6271>, page 30.

<sup>21</sup> Career Education Corporation, “Career Education Corporation Schools Enter ‘Show Cause’ Status with Accreditor,” available at <http://www.careered.com/press-room/press-releases/career-education-corporation/career-education-corporation-schools-enter-show-cause-status-with-accreditor>.

<sup>22</sup> Accrediting Council for Independent Colleges and Schools, “Annual Meeting and Leadership Conference 2009 Program,” June 12-13 2009, available at <http://acics.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=4134&libID=4173>, page 8, and

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Accrediting Council for Independent Colleges and Schools, “Accrediting Council for Independent Colleges and Schools, “ACICS Annual Conference and Business Meeting,” page 30

<sup>23</sup> U.S. Senate Committee, “Evaluating Accreditation’s Role,” minute 116.

<sup>24</sup> Ibid, minute 119.

<sup>25</sup> U.S. Department of Education, “Department of Education and Attorney General Kamala Harris Announce Findings from Investigation of Wyotech and Everest Programs,” available at <http://www.ed.gov/news/press-releases/department-education-and-attorney-general-kamala-harris-announce-findings-investigation-wyotech-and-everest-programs>.

<sup>26</sup> Associated Press, “California awarded \$1.1B judgement against for-profit college,” *Washington Post*, March 24, 2016, available at [https://www.washingtonpost.com/national/higher-education/california-awarded-11b-judgment-against-for-profit-college/2016/03/24/223dd4e6-f1fc-11e5-a2a3-d4e9697917d1\\_story.html](https://www.washingtonpost.com/national/higher-education/california-awarded-11b-judgment-against-for-profit-college/2016/03/24/223dd4e6-f1fc-11e5-a2a3-d4e9697917d1_story.html).

<sup>27</sup> Mitchell, “Strengthening Accreditation.”