

Center for American Progress



ACICS Must Go

By Ben Miller June 2016

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Introduction and summary

Getting students to apply to and enroll in college can require a lot of creativity at an institution without any brand recognition. Even so, FastTrain College’s recruiting tactics took the idea of an exotic approach far too literally. According to a 2014 complaint filed by the U.S. Department of Justice, the Florida-based college chain allegedly hired strippers and attractive women to convince young men to enroll.¹ Sadly, the school appeared to pay more attention to finding provocatively attired recruitment agents than following the law. Last November, a jury convicted the former FastTrain president Alejandro Amor on charges of stealing more than \$6.6 million in federal financial aid by enrolling ineligible students, fabricating high school diplomas, and making false statements to the U.S. Department of Education.² In May 2016, a judge sentenced him to 96 months in prison.³

According to the Department of Justice complaint, FastTrain engaged in these fraudulent practices starting as early as 2009 and continued until the college closed about six weeks after a Federal Bureau of Investigation raid in 2012.⁴ These actions strongly suggest there were serious problems at FastTrain for years.

Somehow, despite all of these issues, the Accrediting Council for Independent Colleges and Schools, or ACICS—a nonprofit entity tasked with evaluating if FastTrain was of sufficient quality to participate in the federal student aid programs—seemed to find no major problems with the college. In fact, not only did ACICS fail to raise any public alarm bells about FastTrain, it named the school an honor roll institution in 2011 for its “excellent understanding” of the quality assurance process.⁵

Sadly, this disconnect between fraud allegations and praise from ACICS regarding troubled colleges is far from a one-time occurrence. From 2010 to 2015, there were 90 instances where ACICS named campuses or institutions to its honor roll around the same time they were under investigation by state or federal government agents. And the 12 companies that own those campuses are just part of the 17 institutions or corporate entities under investigation that have accessed federal financial aid dollars wholly or in part due to ACICS’ decisions. (See Table 1)

Allowing so many troubled actors to access the federal financial aid system has cost taxpayers billions of dollars. According to a Center for American Progress analysis, the 17 institutions, campuses, or corporate entities under investigation that ACICS approved have taken in more than \$5.7 billion in federal funds over the past three years. That represents 52 percent of all federal aid dollars received by ACICS-approved colleges during that time period.

The substantial number of troubled actors with access to federal aid dollars thanks to ACICS is a symptom of a larger problem. A detailed review of ACICS policies, procedures, and student outcomes data paint a clear picture of a deeply troubled agency. Our review found that ACICS:

- Accredits a large number of colleges or companies that have been subject to federal or state investigations or settlements
- Takes minimal to no public action against colleges, even when outside investigations or peer agencies raise red flags
- Uses weaker student outcomes measures to judge colleges and sets lower thresholds on these measures compared to other peer agencies
- Produces the worst combined student outcomes of any major accreditation agency
- Conducts inadequate job placement rate verification
- Establishes weaker standards for areas such as recruitment and admission that are typically a source of problems for colleges

In total, these results strongly suggest that ACICS is incapable of acting as a sufficient assessor of college quality and that its repeated poor judgment leaves millions of students and billions of taxpayer dollars at risk.

Fortunately, there is an opportunity to rectify this situation. ACICS must be recognized every few years by the U.S. Department of Education so that the colleges it approves can participate in the federal financial aid programs. This June, a department panel known as the National Advisory Committee on Institutional Quality and Integrity, or NACIQI, will meet to decide ACICS' fate.⁶ This commit-

tee, which is comprised of private citizens appointed by the House, Senate, and the U.S. secretary of education, can recommend that the department terminate ACICS' recognition, presenting an opportunity to protect students and taxpayers in a manner that ACICS has proven incapable of doing.

In response to this upcoming meeting, ACICS is attempting to make a number of last minute changes. (See “Insufficient Changes” text box) This includes replacing its executive director and creating new ethics standards.⁷ While attempting to improve is a laudable goal, these changes are, sadly, too little too late. The agency had a half decade to improve, stemming from its last negative NACIQI review in 2011.⁸ Changes made two months out from the meeting suggest desperation—not a serious commitment to change. And even still, the new proposals fail to address fundamental issues such as weak measures of student success, low thresholds for student achievement, and standards for recruitment, admissions, and job placement that fail to head off problems.

The failures of ACICS also raises questions about the viability and integrity of the overall accreditation system. Its challenges are illustrative of the issues plaguing accreditation writ large—insufficient accountability, overly close connections between accreditors and the colleges they approve, and an emphasis on process over outcomes. Failing to take action against the agency that typifies all of these problems will send an unfortunate message to the other accreditors that any level of poor behavior is acceptable.

Allowing ACICS to persist is simply unacceptable. For the good of both American students and taxpayers, its role as gatekeeper for federal financial aid must be terminated.

About ACICS and the accretor review process

ACICS is among the largest of the 37 accreditation agencies that the U.S. Department of Education recognizes, and it is the largest that operates across the entire country. Last year, it provided institutions with access to approximately \$3.3 billion in federal financial aid.⁹ According to the Department of Education, the 725 institutions it approves makes it the fourth-largest accretor in the country, ahead of the agencies that represent the Mid-Atlantic, New England, West, and Northwest.¹⁰ Nearly 400,000 students enroll at the colleges that ACICS oversees.¹¹

ACICS' main federal role is to act as a gatekeeper for financial aid. It is supposed to review colleges on a range of issues—including academic quality; personnel and instructional resources; and financial stability—and decide whether to accredit a given campus. Approval from ACICS grants a college access to the same federal financial aid benefits that any other accretor can bestow. Institutions that either lose accreditation or are not approved are not eligible for any financial assistance.

ACICS' role as a federal gatekeeper is contingent upon recognition from the Department of Education. For any accrediting agency, obtaining this approval is a multistage process. It starts with going before NACIQI—a federally appointed panel composed of members chosen by the House, Senate, and the secretary of education. That body reviews an accreditation agency's policies and procedures. Due to congressional limitations placed on NACIQI, the committee looks less at the actual content of an accretor's standards and more at whether the accretor has standards in required areas, such as student achievement and institutional resources, and whether the agency consistently and rigorously applied its standards when dealing with schools.

Based upon this review, NACIQI can recommend recognizing or continuing to recognize an accretor or can defer the decision and ask for more information. It can also recommend limiting, suspending, or terminating an accretor's recognition. Once NACIQI renders a recommendation, a designated senior official in

the Department of Education reviews that choice and can either agree or come up with their own verdict based upon accumulated evidence.¹² The accreditation agency can appeal negative decisions to the secretary of education and then the federal courts.¹³ If this process results in terminating an accreditor's recognition, that severs the agency's link to the federal financial aid system.

Approval from NACIQI can be valid for a range of years. In the case of ACICIS, it went up for review in 2011. After the committee identified several problems, the agency had to return in 2013, where it was then given a three-year period of recognition.¹⁴ That term ends at the NACIQI meeting in late June 2016.

What happens if an accreditation agency is derecognized?

One common misconception about accreditation agencies is that if one were derecognized, every institution it approves automatically loses access to federal financial aid. This is incorrect. Federal law states that an institution whose accreditor loses recognition becomes provisionally certified.¹⁵ This allows the college to still receive federal financial aid. And this provisional certification lasts for 18 months from the date that the U.S. Department of Education terminates an accreditation agency's recognition.

Given the timeframe involved in removing an accreditor's recognition, this 18-month process is likely closer to roughly two years. That is because the termination of an accreditor will become clear well before it ultimately happens. If NACIQI recommends ending an accreditor's recognition, institutions will likely start seeking a new agency to approve them right away. This gives them additional time while the accreditor waits for a senior department official to decide whether to go along with NACIQI's decision, as well as any appeal to the secretary of education. The result would be a more extended process.

Problems with ACICS

A close look at ACICS' recent history, its standards, and the outcomes of the institutions it accredits reveals a series of concerning problems. In particular, we found that ACICS:

- Accredits a large number of colleges or companies that have been subject to federal or state investigations or settlements
- Takes minimal to no public action against colleges, even when outside investigations or peer agencies raise red flags
- Uses weaker student outcomes measures to judge colleges and sets lower thresholds on these measures compared to other peer agencies
- Produces the worst combined student outcomes of any major accreditation agency
- Conducts inadequate job placement rate verification
- Establishes weaker standards for areas such as recruitment and admission that are typically a source of problems for colleges

What follows is a more detailed discussion of these issues.

Accredits a large number of colleges or companies that have been subject to federal or state investigations or settlements

Decisions made by ACICS affect the flow of billions of dollars in federal funds for hundreds of thousands of students. This means that a lot of trust is placed on ACICS to make the right choices in terms of who it lets into or kicks out of the

federal financial aid program. Unfortunately, a review of ACICS' decisions over the past several years shows a pattern of approvals and a lack of substantive public action that strongly suggests the agency fails to hold colleges accountable when evidence suggests it should.

As Table 1 demonstrates, at least 17 colleges or chains of colleges accredited partially or entirely by ACICS have been subject to investigations, settlements, and lawsuits from state and federal officials. In most cases, there has been no finding or admission of fault by the college. These schools represent a majority of federal financial aid awarded to ACICS-accredited institutions of higher education. According to a Center for American Progress analysis, the 17 institutions, campuses, or corporate entities under investigation that ACICS approved have taken in more than \$5.7 billion in federal funds over the past three years. That represents 52 percent of all federal aid dollars received by ACICS-approved colleges during that time period.

Additionally troubling is the fact that ACICS appears to have taken minimal to no action against most of these colleges or chains except for occasionally deferring an accreditation decision until its next council meeting. This is based upon a review of publicly posted actions listed by ACICS on its website going back several years.¹⁶ These notifications are crucial for informing the public about findings from accreditors, particularly ones that indicate serious concerns.

For instance, Alta Colleges Inc., the parent company of Westwood College, settled or made agreements with attorneys general in Colorado in 2012 and Illinois in 2015 for approximately \$19.5 million combined.¹⁷ Alta Colleges also settled with the Department of Justice for \$7 million in 2009, although not all the campuses involved in that settlement held ACICS-accreditation at the time.¹⁸ The lawsuits alleged deceptive marketing practices, misrepresenting the value of degrees, and falsifying job placement rates, among other issues—but none of the settlements resulted in an admission of wrongdoing.¹⁹ Yet from August 2010 to December 2015, ACICS never took any serious public actions against the school. In a few instances, it temporarily postponed its approval decision, but it awarded six new grants of accreditation to Westwood campuses in 2011 and renewed accreditation for several branches in 2014.²⁰ Westwood College ceased operations in 2016.²¹

Strikingly, not only did ACICS fail to indicate any major public concern about the multiple settlements between Alta Colleges, the federal government, and state attorneys general but it also held the college up as a model of the accreditation

Over the last three years, ACICS-approved colleges that are under state or federal investigation have received more than \$5.7 billion in federal financial aid.

process. In both 2010—one year after the Department of Justice settlement with Alta Colleges—and in 2014—one year before the Illinois settlement—ACICS named branches of Westwood College to its “honor roll,” a designation for institutions that demonstrate an excellent understanding of the accreditation process.²²

Sadly, Westwood College is not the only institution that ACICS held up as an exemplar of accreditation at the same time the college was under serious investigation. According to Table 1, ACICS acknowledged campuses at 12 of the 17 colleges or companies that faced state or federal investigations as “honor roll” institutions between 2010 and 2015. Combined, these 12 companies received 90 honor roll designations across their campuses during this time period. This includes several instances where that special recognition occurred shortly before or after a major settlement’s announcement. While ACICS would not have necessarily known exactly when a settlement is coming, the preceding lawsuits and investigations are public and would have started years earlier.

Corinthian Colleges perfectly highlights ACICS’ pattern of celebrating rather than sanctioning troubled actors. This company, which had ACICS-approved campuses under the Everest brand, was effectively shuttered after the U.S. Department of Education delayed the flow of federal funds following concerns about the accuracy of job placement rates.²³ Subsequent thorough reviews of placement rates by the department and the attorney general for California turned up repeated instances of falsified placement rates.²⁴ The California attorney general also recently won a \$1.1 billion judgment against the chain over its advertising practices.²⁵

ACICS never took any public action against Corinthian’s campuses when it would have mattered, apart from occasionally deferring accreditation decisions to subsequent council meetings. According to a review of publicly listed council actions dating back to 2010, ACICS re-approved the accreditation of several Corinthian campuses in 2013—just months before the Department of Education started demanding additional documentation on job placement rates.²⁶ Even more perplexing, ACICS recognized two Corinthian College campuses as honor roll institutions in November 2014—roughly five months after the Department of Education started a public process that forced the company to wind down operations.²⁷ In fact, it was not until late 2015—long after the company had already gone bankrupt and sold off most of its campuses—that ACICS placed an Everest campus on “show cause” status—a sanction where an accreditor asks a college to prove why it should not lose its accreditation.²⁸

Not only did ACICS do nothing about Corinthian but it also remains, to this day, unwilling to admit it made any mistakes in its oversight of that college chain. When asked by members of the U.S. Senate Committee on Health, Education, Labor, and Pensions about his agency's oversight of Corinthian, former ACICS Executive Director Albert Gray stated his organization "found no evidence that they [Corinthian] lied to their students or defrauded them."²⁹ He also noted that none of Corinthian's campuses were out of compliance with ACICS standards when the Department of Education took action against the company. And he refused to admit any sort of error, telling Sen. Chris Murphy (D-CT), "I'd be the first to admit that accreditors like any other organization make mistakes. This was not one of those mistakes."³⁰

Unfortunately, ACICS has not released any public documentation detailing what its reviews did or did not turn up when it approved these problematic colleges. As a result, we can only see the public actions the agency took—not what it did or did not find. For example, ACICS denied a request from this report's author for documents related to Corinthian Colleges, even after obtaining permission for their release from the trustee that is legally allowed to speak on behalf of the company.³¹ Therefore, it is not known whether the persistent presence of poor-performing colleges is due to insufficient enforcement of standards, a lack of sufficient rigor of the standards, or some other problem. But regardless of the underlying cause, the outcome is the same—many ACICS-accredited colleges have had problems with areas that the agency's standards should be catching.

TABLE 1

Institutions accredited by ACICS and investigated by state and federal government actors

Company (institutional brands)	Summary of problem	Year placed on ACICS honor roll	Campus(es) placed on ACICS honor roll	ACICS sanctions
Alta Colleges Inc. (Westwood College, Redstone College)	Alta settled in 2009 with the U.S. Department of Justice, or DOJ, for \$7 million following charges of falsifying claims for federal aid. Not all of these campuses were accredited by ACICS. Alta was also sued by the Colorado attorney general for misleading students and by the Illinois attorney general for abusive practices in marketing a criminal justice program. These were settled for \$4.5 million in 2012 and \$15 million in 2015, respectively. None of the three settlements included an admission of wrongdoing. Westwood College ceased operations in 2016.	2010	Westwood College (Los Angeles, California)	No record
		2014	Westwood College (Denver North and South campuses, Colorado)	
American Commercial College	The DOJ joined a whistleblower lawsuit alleging that the college lied about the percentage of its revenue received from the U.S. Department of Education. In 2014, the college's owner was sentenced to 24 months in prison and ordered to repay nearly \$975,000 after pleading guilty to theft of federal financial aid.	None	Not applicable	Suspended accreditation for three campuses in 2012 and renewed two others in 2013.
Anamarc College	Anamarc was raided by the FBI in 2014 after an abrupt closure. The sister and brother-in-law of the college's owners were sued for allegedly stealing more than \$450,000 from the school. In 2015, they settled the suit for several hundreds of thousands of dollars and no admission of wrongdoing.	None	Not applicable	Withdrew accreditation in 2014 after the college announced it was closing.
Career Education Corporation (Brooks Institute, Harrington College of Design, International Academy of Design and Technology, Le Cordon Bleu, Missouri College, Pittsburgh Career Institute, Sanford-Brown)*	The corporation settled for \$10.25 million with the New York state attorney general in 2013 over allegations of falsifying job placement rates and was separately investigated by nearly 20 states' attorneys general for potential violations of statutes and regulations. The U.S. Securities and Exchange Commission, or SEC, and the Federal Trade Commission, or FTC, are also investigating the company. The corporation did not admit to wrongdoing in the settlement.	2009	Harrington College of Design (Chicago, Illinois); Sanford-Brown (Atlanta, Georgia; Houston and Northloop Houston, Texas; Middleburg Heights, Ohio; Fort Lauderdale, Florida; Garden City, New York; Landover, Maryland; New York City; Trevose, Pennsylvania)	Issued show cause directive to the corporation in December 2011. Vacated show cause directive for most campuses in April 2012 but placed four campuses on probation. Renewed accreditation for campuses in 2013, 2014, and 2015. Pittsburgh Career Institute is currently on show cause status.
		2011	Brooks Institute (Santa Barbara and Ventura, California); International Academy of Design and Technology (Orlando, Florida; San Antonio, Texas; and Seattle, Washington); Le Cordon Bleu (Orlando, Florida); Sanford-Brown (Cranton, Rhode Island)	

Company (institutional brands)	Summary of problem	Year placed on ACICS honor roll	Campus(es) placed on ACICS honor roll	ACICS sanctions
Computer Systems Institute	The Department of Education denied the institute's recertification application to participate in federal student aid programs in 2016 for allegedly falsifying job placement rates. The college has not closed but is no longer eligible for federal aid.	None	Not applicable	Withdrew accreditation in 2016 after the Department of Education removed the institute from its federal aid programs.
Corinthian Colleges Inc. (Everest)*	The company was placed on a 21-day delay in receiving federal financial aid by the Department of Education in 2014 for refusing to comply with a request for job placement rate data in a timely manner. Later, the department and attorneys general in California and Massachusetts announced findings of investigations that showed widespread falsification of job placement rates, among other problems.	2009	Everest College (San Bernardino and Ontario, California)	Issued show cause orders to three campuses in December 2015. In April 2016, issued show cause orders to all campuses based on financial reasons and placed three campuses on probation.
		2010	Everest Institute (Pittsburgh, Pennsylvania); Everest University (Orange Park, Tampa, and Pompano Beach, Florida)	
		2013	Everest College (Thornton, Colorado)	
		2014	Everest College (Merriotte Park, Illinois); Everest University (Pompano Beach, Florida)	
Daymar College	Sued by the Kentucky attorney general for allegedly violating the Consumer Protection Act, including allegations of lying about transferability of credits. Settled in 2015 for \$12.4 million with no admission of wrongdoing.	None	Not applicable	No record
Education Affiliates Inc. (Fortis)*	Settled with the DOJ in 2015 for \$13 million to resolve allegations of using fake high schools to help students illegally obtain federal student aid. Many of these concerns involved a branch not accredited by ACICS, but one suit included a campus in Alabama that was ACICS accredited. The company did not admit any wrongdoing.	2015	Orange Park, Florida	Renewed accreditation in 2013 and 2014 and issued a show cause order in 2015, which was vacated in 2016.
Education Management Corporation (Art Institutes, Brown College, Brown Mackie College)*	The company settled lawsuits in 2015 brought by the DOJ and several states' attorneys general for \$95.5 million and \$102.8 million, respectively. The lawsuits stemmed from allegations of illegal and deceptive recruiting practices. The company did not admit to any wrongdoing in the settlement.	2009	Art Institute of Phoenix	Denied request for accreditation extension for one campus in 2014 but renewed accreditation for several campuses in 2015. Issued show cause order based on financial reasons to five campuses in April 2016.
		2015	Art Institute of York, Pennsylvania	
FastTrain College	The college used exotic dancers to recruit students and was raided by the FBI in 2012 after taking in federal aid for individuals who did not have high school diplomas. The college is now closed.	2011	Clearwater, Jacksonville, Miami, Pembroke Pines, and Tampa, Florida	No record

Company (institutional brands)	Summary of problem	Year placed on ACICS honor roll	Campus(es) placed on ACICS honor roll	ACICS sanctions
Globe University and Minnesota School of Business	Both institutional brands were sued by Minnesota's attorney general in 2014 for allegedly misrepresenting transferability of credits and marketing programs that lacked proper approvals for graduates to get jobs. The trial is currently ongoing, and the institution denies the charges.	2012	Globe University (Eau Claire, La Crosse, Middleton, and Madison East, Wisconsin; Minneapolis and Woodbury, Minnesota; Sioux Falls, South Dakota)	No record
ITT Educational Services Inc.	The company was investigated in 2014 and 2015 by state attorneys general, the SEC, and the DOJ for its recruitment activities, among other issues. Also sued by the Consumer Financial Protection Bureau for concerns around its private student loans. None of the investigations have concluded in a settlement yet, and there has been no admission of wrongdoing.	2009	Albany, New York; Boise, Idaho; Chantilly, Virginia; Dunmore, Pennsylvania; Jacksonville, Florida; Murray, Utah; San Diego; Tampa, Florida	Issued show cause order in April 2016.
		2010	Albuquerque, New Mexico; Cordova, Tennessee; Earth City, Missouri; Hilliard, Ohio; Omaha, Nebraska; Orland Park, Illinois; Portland, Oregon; Seattle, Washington; Swartz Creek, Michigan; Tulsa, Oklahoma; Warrensburg Heights, Ohio	
		2011	Little Rock, Arkansas; Liverpool, New York; Thornton, Colorado	
Kaplan Higher Education (Kaplan, TESST College of Technology, Texas School of Business)**	In 2014, Kaplan entered into an assurance of voluntary compliance with the Florida attorney general because of allegedly misleading marketing claims and enrollment practices. A year later, it settled with the DOJ for \$1.3 million over employing unqualified instructors at certain Texas campuses. Kaplan did not admit to any wrongdoing.	2010	Kaplan College (Bakersfield and Sacramento, California)	No record
		2011	Kaplan Career Institute (Pittsburgh, Pennsylvania)	
		2014	Kaplan Career Institute (Harrisburg, Pennsylvania)	
Lincoln Technical Institute*	Entered into a settlement agreement with the Massachusetts attorney general in 2015 for nearly \$1 million to forgive student loans for graduates from its criminal justice program, which had allegedly falsified placement statistics. Lincoln Tech did not admit to any wrongdoing.	2009	Brockton, Massachusetts; Lincoln, Rhode Island; Lowell, Massachusetts	No record
National College	National College was sued by the Kentucky attorney general in 2011 for allegedly misrepresenting job placement rates. The suit is still ongoing, and the college denies the charges.	2011	Bartlett, Bristol, Madison, Memphis, and Nashville, Tennessee; Charlottesville, Danville, Harrisonburg, Lynchburg, Martinsville, and Salem, Virginia; Princeton, West Virginia; Stow, Ohio	No record

Company (institutional brands)	Summary of problem	Year placed on ACICS honor roll	Campus(es) placed on ACICS honor roll	ACICS sanctions
Salter College	Salter College reached a \$3.75 million settlement in 2014 with the Massachusetts attorney general over allegedly questionable recruitment tactics and job placement numbers. Salter did not admit to any wrongdoing.	None	Not applicable	No record
Spencerian College	The Kentucky attorney general sued the college in 2013 for allegedly misrepresenting job placement numbers. The case is still ongoing, and the college denies the charges.	2009	Louisville, Kentucky	No record

*Accredited by multiple agencies

*Includes campuses later sold to Education Corporation of America

Source: See Appendix.

Takes minimal to no action against colleges, even when outside investigations or peer agencies raise red flags

While each individual campus only has one accreditation agency that grants it access to the federal financial aid programs, a corporate owner can have different accreditors for different institutional locations. Thus, it is possible to judge how ACICS handled problematic corporate chains that had other campuses approved by a different accreditor. While this comparison shows that ACICS is not the only accreditation agency that fails to take action against problematic colleges, it did miss opportunities to act.

Corinthian Colleges highlights a good example of how ACICS failed to act relative to peer accreditors. While no agency removed Corinthian's accreditation before the U.S. Department of Education acted, the Accrediting Commission of Career Schools and Colleges, or ACCSC, took several steps to raise concerns about the company's activities.

According to a Department of Education letter, ACCSC raised concerns as early as 2010 about Corinthian's job placement rates. An August 2014 letter from the department to the CEO of Corinthian Colleges noted that ACCSC issued a show-cause directive to the Everest branch in Decatur, Georgia, in December 2010 regarding concerns about poor job placement rates and student outcomes.³² Over the next 16 months, ACCSC demanded additional information about job placement rates, questioning their accuracy.³³ Though the Department of Education let-

ter notes that ACCSC ceased its data requests around April 2012 after Corinthian closed the campus facing the most concerns, there is still a record of the agency asking critical questions about the accuracy of what Corinthian reported and introducing intermediate sanctions.³⁴ There is no similar public evidence of ACICS doing the same.

The same pattern of ACCSC inquiry and ACICS silence repeated itself in 2014. In a May 12, 2014, filing before the Securities and Exchange Commission, Corinthian reported that ACCSC had placed the company on an employment verification process due to the numerous allegations against it.³⁵ This process required Corinthian to obtain independent verification of at least 25 percent of job placements at the ACCSC-approved campuses. This employment verification request occurred before the Department of Education's public action against Corinthian in June and July 2014. There is no public record of ACICS raising any concerns about Corinthian's job placement data during this time.

The differing approaches continued even after Corinthian's problems came to light in the summer of 2014. On July 31, 2014, shortly after Corinthian and the Department of Education finalized an agreement to wind down the company's operations, ACCSC issued a warning against five of the corporation's campuses.³⁶ Less than two months later—on September 15, 2014—it sent a warning to all of the corporation's locations.³⁷ Then on October 10, 2014, it terminated the accreditation for campuses in Cross Lanes, West Virginia, and Eagan, Minnesota.³⁸ Over that same period of time, ACICS took no public actions against Corinthian.

It is unclear whether ACICS took any substantive private action against Corinthian Colleges. In an October 2015 letter to the Center for American Progress, ACICS noted that 106 reviews of Corinthian campuses resulted in 31 issues at 22 campuses. But it notes that in nearly all cases, the institution fixed the issue.³⁹

It appears that, in some cases, actions by other accreditors may have encouraged colleges to move to ACICS. Kaplan College and Kaplan Institute campuses consolidated all their locations under ACICS at the same time they faced scrutiny from other accreditation agencies. In its 2013 annual report, the then-owner of Kaplan College and Kaplan Institute, The Washington Post Company—which was later renamed Graham Holdings Company—reported that both ACCSC and the Council on Occupational Education, or COE, had placed its campuses on negative sanctions for failing to meet student achievement standards.⁴⁰ In that same filing, the Washington Post Company noted that it switched all Kaplan cam-

puses that had national accreditation to ACICS from ACCSC and COE.⁴¹ There was no mention in that filing of any accreditation concerns raised by ACICS, and the agency took no public negative actions against Kaplan except for deferring its accreditation decision to subsequent council meetings. All those Kaplan campuses were later sold to Education Corporation of America.

To be clear, this analysis does not mean that the steps taken by ACCSC or other accreditors were sufficient. That agency too could have been quicker to act—especially when it caught job placement rate problems at Corinthian several years prior to the college’s collapse. But ACCSC’s greater actions relative to ACICS further highlights how the latter agency failed in its oversight responsibility.

Weaker student outcomes measures and thresholds

Westwood College obtained accreditation from ACICS for several additional campuses in 2011.⁴² Those campuses previously had approval from ACCSC. When asked about the switch, ACCSC’s executive director testified before a congressional committee that Westwood “told us directly that it was because they were unable to meet our standards particularly with regard to student achievement.”⁴³

Westwood’s choice to transfer its accreditation to ACICS is not particularly surprising. After all, the agency requires the institutions it approves to meet less demanding student outcomes measures. And the measures it does use have lower performance thresholds than most similar accreditation agencies. (See Table 2)

ACICS requires colleges to meet minimum thresholds for retention and placement rates.⁴⁴ Of the seven major national accreditors, four rely on graduation rates instead of retention rates. (see Table 2)⁴⁵ Graduation rates are a tougher measure than retention rates since they require that any multiple-year program will have to ensure that students both return and finish their program. And the one other accreditor that uses a retention rate standard has a threshold that is 10 percentage points higher than the one used by ACICS.

ACICS’ standard for placement rates has similar problems. Of the six national accreditors that require a placement rate, only one—the agency that accredits primarily cosmetology programs—has an acceptable threshold as low as the one ACICS uses: 60 percent.⁴⁶ And that agency also uses a completion rate. As the table below shows, only the Distance Education Accrediting Commission has weaker student outcome thresholds among the major national accreditors.

TABLE 2
Comparison of student outcome thresholds by national accreditor

Accreditor	Rate type	Threshold	Placement rate threshold
Accrediting Bureau of Health Education Schools	Retention	70%	70%
Accrediting Commission of Career Schools and Colleges	Completion	36% to 84% depending on program length	68%
Accrediting Council for Continuing Education and Training	Completion	67%	70%
Council on Occupational Education	Completion	60%	70%
Distance Education Accrediting Commission	Neither	Not applicable	None
National Accrediting Commission of Career Arts and Science	Completion	50%	60%
Accrediting Council for Independent Colleges and Schools	Retention	60%	60%

Sources: Accrediting Commission of Career Schools and Colleges, "Standards of Accreditation" (2015), available at <http://www.accsc.org/UploadedDocuments/July%202015/ACCSC%20Standards%20of%20Accreditation%20and%20Bylaws%20-%20070115.pdf>; U.S. Department of Education, *Current Practice of Recognized Accreditors Student Achievement Standards* (2016), available at <http://www2.ed.gov/admins/finaid/accred/studachievementstds-fulltext.doc>.

When compared to other accreditors, ACICS' weaker standards create differential treatment for colleges. This is especially true among those that split their campuses among multiple accreditors. The result is that campuses owned by national chains that share the same standardized curriculum, student supports, and other processes and content get judged based on different requirements. For example, Career Education Corporation's Le Cordon Bleu College of Culinary Arts has some campuses accredited by ACICS, while others are accredited by ACCSC.⁴⁷ Corinthian Colleges also had accreditation from different agencies depending on the campus.⁴⁸ This split accreditation status raises the question of whether the weaker standards truly are sufficient.

Poor student outcomes

The weaker outcomes standards set by ACICS appear to translate into the worst overall outcomes on student results of any major accreditation agency. For instance, a 2015 review by the Center for American Progress found that 21 percent of students attending an institution approved by ACICS had defaulted on their federal loans within three years of leaving school.⁴⁹ Not only is that among the highest figure for all major accreditors, but ACICS students are also more

likely to borrow—and when they do borrow—they take on higher amounts of debt than students at institutions approved by other accreditors.⁵⁰ This means that the poor debt outcomes are more common and affect more students at ACICS-approved colleges than elsewhere. For instance, among students who entered repayment, ACICS had nearly one-third more defaulters than fellow accreditor Middle States Commission on Higher Education—an agency that had 234,000 more borrowers.⁵¹

Other analyses have found similar results. A November report by ProPublica determined that ACICS' graduation rate, nonrepayment rate, and median debt levels for graduates were the worst of any national accreditation agency.⁵² It found that the percentage of borrowers not repaying their loans three years after leaving school was 60 percent at ACICS-accredited institutions. No other accreditor had a majority of students not repaying. Similarly, ACICS' graduation rate of 35 percent was 16 percentage points worse than the next national accreditor.⁵³

ACICS has repeatedly denied there is a problem with these poor results. In response to concerns about the outcomes of the institutions it accredits, ACICS noted that the default rate was below the threshold at which institutions lose access to the federal aid programs and said it monitors the default rates of colleges.⁵⁴ An ACICS representative also told ProPublica that the accreditor's results were due to the types of students it enrolls.⁵⁵ That argument is not necessarily accurate according to detailed reviews of literature around student default, which found that race and ethnicity do matter for default but that degree completion status is typically the strongest predictor of default.⁵⁶

Data from the U.S. Department of Education further highlight ACICS' shortcomings. In late 2015, the Department of Education released comprehensive performance data by agency.⁵⁷ These data show that of the colleges accredited by ACICS:

- **82 percent**—554 out of 676 institutions—are in the bottom one-third nationally for three-year repayment rates.
- **62 percent**—389 out of 628 institutions—are in the bottom one-third nationally in terms of earnings 10 years after enrollment for individuals receiving federal aid.
- **57 percent**—362 out of 632 institutions—are in the bottom one-third nationally in terms of the percentage of students who received federal aid and are earning more than a high school graduate 10 years after entering school.⁵⁸

In fact, just 13 ACICS-accredited colleges are in the top one-third of all colleges nationally in terms of repayment rate.⁵⁹ And fewer than 20 meet the same bar for earnings and percentage of federally aided students with earnings above a high school graduate.⁶⁰ While other accreditors also have poor earnings results, ACICS has the worst repayment performance of any major agency.⁶¹

The table below shows how ACICS institutions fared in terms of student outcomes and where that performance compares to the other major regional and national accreditation agencies.

TABLE 3
Summary of student outcomes at ACICS schools

Measure	Repayment rate	Graduation rate	Default rate	Schools in bottom third of repayment rate
ACICS	40%	35%	22%	82%
Versus largest national accreditors	Worst	Worst	2nd worst	Worst

Sources: 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>; 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/>; CAP analysis of data from U.S. Department of Education, "Performance Data by Accreditor," available at <http://www2.ed.gov/admins/finaid/accred/summaryoutcomesdata.xls> (last accessed May 2016).

How many campuses exactly?

ACICS approves many institutions of higher education. With roughly 725 colleges and 400,000 students affected by its choices, terminating the agency's recognition would have ramifications for a large number of people.

However, this does not mean that ACICS is too big to fail. A closer look at the company's data reveals more complexity to its overall numbers.

First the numbers: According to U.S. Department of Education data, ACICS accredits 725 different campuses.⁶² But the actual number of schools it approves is far lower. That is because contained within that large figure are a number of branch campuses that, from the federal government's perspective, are treated as one school when it comes to federal financial aid. ITT Technical Institute provides a perfect example of this phenomenon. At first glance, ITT has 140 campuses across the country.⁶³ But in federal financial aid terms, it has two main campuses—one in Indianapolis and one in Washington state. This is not the only organization in such a position. Removing all the branch campuses from the data reveals that ACICS accredits 269 main campuses—a 63 percent reduction.

Not all of these campuses, however, still operate. For example, five Westwood College campuses show up in the data. But that chain discontinued operations in March 2016.⁶⁴ Including the Westwood campuses, there are 32 institutions listed in the data that have closed or are closing.⁶⁵ This number includes campuses such as those operating under the Le Cordon Bleu brand, which may not have closed entirely but are no longer enrolling new students and are phasing out.⁶⁶ That leaves 237 campuses—less than one-third of the original total.

Many of these remaining main campuses, however, are part of larger corporate entities or multiple branches of the same brand. For example, Education Corporation of America has 21 different campuses in the data spread across the Kaplan, TESST College of Technology, and Virginia College brands. Those first two officially operate under the Brightwood name.⁶⁷ Were these schools to seek a new accreditor, they would do so as a group, lessening the number of choices that have to be made. While determining common ownership at for-profit colleges that are not publicly traded is not always feasible, combining campuses to the corporate entity or at least treating all campuses with a common name as one place suggests that ACICS accredits about 174 entities. While not insignificant, this is one-quarter of the original number.

Inadequate job placement rate verification

Simply setting weak standards is not the only problem with ACICS' outcomes measures. It also needs to verify that the data presented by colleges are accurate and trustworthy. Yet, the process used by ACICS to verify colleges' claims is inadequate, especially compared to other accreditation agencies. This is a particular issue with ACICS' enforcement of job placement rates, which, under its standards, must be at least 60 percent for each program and institution it approves.⁶⁸

ACICS has known for years that job placement rate accuracy matters. When the agency went before NACIQI in 2011, U.S. Department of Education staff raised concerns that the agency did not properly evaluate student outcomes at the program level.⁶⁹ In response, ACICS updated its standards to include requests for placement rates and other outcomes data from institutions at the program level.⁷⁰ Moreover, the final Department of Education staff report issued in 2013 noted that ACICS was expanding regular verification of placement rates to start with 20 percent of campuses and then independently auditing these figures when colleges sought accreditation renewal.⁷¹

A review of actual ACICS accreditation documents suggests this verification process leaves a great deal to be desired. Team reports produced by ACICS include a discussion of the job placement rate verification done when it reviews colleges. As

the image below shows, this verification process during the site visit consists of calling a tiny number of individuals in each program who were supposedly placed or calling employers to see if the reported job information is accurate. In this instance, verification involved 18 calls for programs that appear to have enrolled several hundred students.⁷² Even more troubling, just eight of these calls were successful contacts.⁷³

FIGURE 1

Example ACICS placement rate verification from team report

- 9.18 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
 Yes No Not Applicable (there have been no graduates)

How many calls to employers or graduates were attempted?

The following number of calls was made to employers for the following programs:

Academic Associate's degree in paralegal - 3

Bachelor's degree in Criminal Justice - 15

How many calls to employers or graduates were successful?

The following number of calls, by program, was successful:

Academic Associate's degree in paralegal - 1

Bachelor's degree in Criminal Justice - 7

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All of the successful contacts confirmed the employment of the graduate as reported on the 2013 CAR.

- 9.19 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
 Yes No Not Applicable

Source: Accrediting Council for Independent Colleges and Schools, "Reevaluation Visit Report: Westwood College Anaheim" (2014), p. 36–37.

Requirements from another accreditation agency only further highlights ACICS' inadequacy in job placement rate verification. At ACCSC, placement rate verification is a far more rigorous process. The agency requires that colleges renewing their accreditation contract with an independent entity to verify at least 50 percent of all placements.⁷⁴ This independent entity cannot have any other financial relationship with the institution. In addition to this process, ACCSC randomly selects a portion of its institutions each year to go through an additional verification process.

ACCSC accreditation documents show the effects of a more rigorous process of verifying job placement rates. This image from an ACCSC accreditation report shows complete verification of all results using an independent third party. While this sample represents a larger share than the 50 percent of graduates usually required for independent verification by ACCSC, it presents a much stronger attempt to gauge results for a meaningful share of the student body.⁷⁵

FIGURE 2
Example ACCSC placement rate verification from team report

Independent Third Party Initial Employment Verification Reported Institutional Rates			
Annual Report Year		Name of Company	
2014		CompliancePoint	
Total number of students sampled	Total number of available students to sample*	Sample size percentage	
215	215	100%**	
Verified as Correct	Verified as Different	Unable to Verify	Verified as Not Correct
80% (172 of 215)	3% (6 of 215))	17% (37 of 215)	0

* Students classified as Graduates - Employed in Field across all programs for Annual Report year.

** CompliancePoint indicates their sample was 50% of the student records, yet it appears that the school submitted 215 records and CompliancePoint’s cover letter states that the company “performed a total of 215 graduate placement audits and verified 178 as employed.” This appears to represent a 100% sample of all graduates classified as employed in field on Graduation and Employment Chart for the three programs submitted to ACCSC in the 2014 Annual Report.

Source: Accrediting Commission of Career Schools and Colleges, “Team Summary Report: Le Cordon Bleu College of Culinary Arts San Francisco, California” (2015), p. 2.

Other oversight work conducted by the Department of Education suggests that this lackluster verification is not unusual at ACICS. In January 2016, the department denied an application from Computer Systems Institute to recertify its participation in the federal financial aid programs.⁷⁶ This school, which operates in Illinois and Massachusetts, was accredited by ACICS in 2014.⁷⁷ In an April 2016 letter denying Computer Systems Institute’s appeal, the Department of Education noted that ACICS attempted to verify just 5.8 percent—15 out of 255—of placed graduates from a health care career program and 7 percent—6 out of 56—of a

business career program.⁷⁸ According to the Department of Education denial letter, nowhere among the small number of calls did ACICS manage to discover that 42 graduates from the health care program and 13 graduates from the business career program were said to be employed by companies that did not even exist.⁷⁹

The questionable nature of ACICS' placement rate verification is unsurprising given who it relied upon to assist in its creation. According to a PowerPoint on its verification process, ACICS relied on a working group made up of 11 institutions. Seven of those have faced legal issues related to job placement rates, though none have admitted to any wrongdoing, and not all of them have reached settlements stemming from a lawsuit alleging problems in this area: Corinthian Colleges, Career Education Corporation, the Education Management Corporation, ITT Technical Institute, Kaplan Higher Education, Westwood College, and Sullivan University System, the owners of Spencerian College. As for the presentation itself? It was co-delivered with someone from Corinthian Colleges.⁸⁰

Recently, ACICS announced plans to increase verification in its placement rate process.⁸¹ Now, instead of calling a tiny sample of placed graduates, it plans to task a single person during a college's review with verifying all placements. This will include calling all graduates reported as placed, as well as their employer if the student cannot be reached.⁸² While this seems laudable, the ability to execute such a plan is questionable. A moderately trained reviewer with only two or, at most, three days to work—the typical length of an on-site accreditation visit—will likely have a great deal of trouble placing enough calls to meet the demands of a moderate-to-large campus. Limiting itself to such a short period of time for verification also makes it more likely that ACICS will be unable to tell the difference between falsified placements and ones where they simply could not reach the proper person.

Weaker recruitment standards

While job placement rates are a major problem for judging the success of graduates, the standards that govern who an institution admits matter just as much. Failing to exercise sufficient due diligence in admissions and recruitment may lead to pressuring students to enroll who do not truly want to be there and are not set up to succeed.

Unfortunately, ACICS' recruitment and admissions standards appear to be insufficiently rigorous to protect against problematic recruitment and admissions behavior. This is particularly evident in contrast to ACCSC.

For starters, the basic objectives of recruitment and admission differ between the two agencies. ACCSC states that recruitment efforts should be focused on "attracting students who are qualified and likely to complete and benefit from the training."⁸³ By contrast, ACICS talks about ensuring that those who enroll are "accorded equal educational opportunity."⁸⁴ While that phrase may sound good, it provides no functional protection for students and could arguably be twisted to condone admitting unqualified applicants in the name of equality.

ACICS' standards also explicitly allow a weak standard of documentation for determining if students completed high school—an area that has led legal problems for colleges in the past. Federal student aid regulations require that students need to earn a high school diploma or its equivalent in order to receive federal financial aid.⁸⁵ Those who do not meet this criteria can only participate in the federal aid programs in limited circumstances.⁸⁶ Unfortunately, several colleges or companies approved by ACICS, such as FastTrain and Education Affiliates Inc., have faced allegations that they admitted students with falsified high school diplomas.⁸⁷ Education Affiliates' settlement with this issue mostly involved campuses that were not approved by ACICS and did not include an admission of wrongdoing. Despite these issues, ACICS allows institutions to simply collect a signed statement from a student that they received a high school diploma or its equivalent.⁸⁸ It does not require actual verification of the diploma or its equivalent. By contrast, ACCSC treats such student statements as insufficient in documenting that they have a high school diploma or its equivalent.⁸⁹

ACCSC also explicitly prohibits recruiting activity in places colleges have exploited in the past, such as in "settings where prospective students cannot reasonably be expected to make informed and considered enrollment decisions such as in or near welfare offices, unemployment lines, food stamp centers, homeless shelters, or other similar settings."⁹⁰ ACICS' standards do not mention this issue.

Similarly, ACCSC sets stronger restrictions than ACICS on what activities recruiters can engage in with respect to the rest of the admissions process, as well as who can or cannot serve as a recruiter. ACCSC standards say that individuals whose primary responsibilities include recruiting and admissions can neither "assist prospective students in completing application forms for financial aid" nor "become

involved in admission testing or admission decisions.”⁹¹ By contrast, ACICS standards just say that these individuals “may not make final decisions” related to financial aid, presumably allowing them to help prospective students complete aid forms and help in the admissions decisions.⁹² Moreover, ACCSC also requires institutions to exclusively use their own personnel for recruiting activities.⁹³ ACICS only requires that anyone contracted out not be “generally unfamiliar” with a college and also permits paying for referrals as long as it is fully disclosed and allowable under applicable federal and state laws.⁹⁴

The box below presents condensed versions of the recruitment and admissions standards at both agencies.

Comparison of ACCSC and ACICS recruitment and admissions standards (emphasis added)

ACCSC Standards

A. Recruitment

Schools must observe ethical practices and procedures in the recruitment of students and must, at a minimum, adhere to the standards of recruitment to follow:

1. A school’s recruitment efforts focus on **attracting students who are qualified and likely to complete and benefit** from the education and training provided by the school and not simply obtaining enrollments.
2. A school’s recruitment efforts describe the school to prospective students fully and accurately and follow practices that permit prospective students to **make informed and considered enrollment decisions without undue pressure.**

ACICS Standards

3-1-410 Admissions and Recruitment

It is up to an institution to establish its own admissions criteria. It is the responsibility of ACICS to ensure that all who are enrolled are **accorded equal educational opportunity.**

The ultimate responsibility for the activities of an institution’s employees, vendors, contractors, or agents in the referral, recruiting, evaluation, and admissions processes always remains with the institution. An institution **may not delegate without supervision** these activities to anyone whose economic incentives are to recruit prospects through means that are unethical or subject to public criticism or to admit ill prepared applicants.

ACCSC Standards

3. A school **only uses its own employees to conduct student recruiting** activities and is prohibited from engaging employment agencies to recruit prospective students. Schools under common ownership may employ a single recruiter.
4. A school is responsible to its students and prospective students for the actions and representations of its recruiters and representatives and, therefore, selects these individuals with the utmost care and provides adequate training and proper supervision. A school has and enforces an acceptable code of conduct for all school personnel whose primary responsibilities are to engage in recruiting and admissions functions prior to and during admission and matriculation.
- ...
5. A school's personnel are trained and qualified to engage in recruiting activities and may only use a title that accurately represents the individual's primary duties.
6. A school complies with applicable federal and state laws and regulations pertaining to student recruitment.
7. A school approves all promotional materials used by school personnel in advance and accepts full responsibility for the materials used.
8. A school has in place policies and procedures and takes reasonable steps to ensure that its personnel do not make false, exaggerated, or misleading statements about the school, its personnel, its training, its services, or its accredited status and to ensure that its personnel do not make explicit or implicit promises of employment or salary prospects to prospective students.

ACICS Standards

The institution may not contract, directly or indirectly, with third parties who are generally unfamiliar with the institution. "Non employees" are independent contractors who are not considered "employees" under the Internal Revenue Code.

Institutions participating in Title IV programs must be aware of regulations imposed by the U.S. Department of Education as they apply to recruiting practices.

3-1-411 Admissions

The admissions policy shall conform to the institution's mission, shall be publicly stated, and shall be administered as written. The following minimums apply:

- a) The requirements for students admitted to programs leading to a certificate, diploma, or degree shall include graduation from high school or its equivalent, or demonstration of the student's ability to complete the program, as provided for by governing laws.
- b) It is the responsibility of the institution to maintain student records which reflect the requirements for admission of all students.

...

3 1 412. Recruitment

Recruiting shall be ethical and compatible with the educational objectives of the institution. The **allocation of an institution's financial resources for purposes of recruitment shall be consistent with the stated mission of the institution.** The following minimums apply:

ACCSC Standards

9. A school internally reviews and evaluates its recruiting policies and procedures and the performance of personnel involved in recruiting activities for compliance with accrediting standards and applicable law and regulation at least once annually, and maintains documentation of the review and evaluation. The Commission, at its discretion, may require a school to audit its recruiting activities for compliance with accreditation standards or applicable law and regulation using a qualified independent third-party that is approved by the Commission prior to the verification review being conducted.
10. A school **shall not permit its personnel to engage in recruiting activities in settings where prospective students cannot reasonably be expected to make informed and considered enrollment decisions such as in or near welfare offices, unemployment lines, food stamp centers, homeless shelters, or other similar settings.** A school may, however, engage in recruiting activities at employment opportunity centers operated under government auspices, provided that the school has permission to do so and that all other recruitment and admissions requirements are met.

...

12. A school shall not permit its personnel whose primary responsibilities include recruiting and admissions activities **to assist prospective students in completing application forms for financial aid.**

ACICS Standards

- a) An institution shall ensure that any person or entity engaged in admissions or recruitment activities on its behalf is communicating current and accurate information regarding courses and programs, *student achievement disclosures* ... services, tuition, terms, and operating policies. *The institution must maintain documentation that demonstrates that it systematically monitors its recruitment activities.*
- b) No prospective student names obtained as a result of a survey, canvass, promise of future employment or income while a student, or other marketing activity by an institution may be used for recruitment purposes unless the name of that institution is clearly identified and purposes of such activity are communicated to the respondent. This does not preclude the use of surveys or other studies to determine the employment needs and the educational desires of the local community.
- c) An institution shall conform to the laws and regulations of each of the states in which it operates and shall ensure that each of its representatives is properly licensed or registered as required by the laws of that state.
- d) Representatives of an institution shall use only those titles which accurately reflect their actual duties and responsibilities. Recruitment and enrollment personnel may not be designated as counselors or advisors and **may not make final decisions** regarding financial aid eligibility, packaging, awarding, and disbursement.
- e) **Referrals are permitted**, and the referrer may be paid a fee so long as the referrer provides full disclosure and does not misrepresent the purposes of soliciting a prospective referral and such payments do not violate state or federal laws.

ACCSC Standards

13. A school shall not permit personnel whose primary responsibilities include recruiting and admissions activities **to become involved in admission testing or admission decisions, including signing and accepting the enrollment agreement.**

ACICS Standards

- f) All recruiters must be supervised by the institution's administration to ensure that their activities are in compliance with all applicable standards.

Note: A few additional requirements have been omitted. Italics indicate language newly adopted by ACICS.

Sources: Accrediting Commission of Career Schools and Colleges, "Standards of Accreditation" (2015), available at <http://www.accsc.org/UploadedDocuments/July%202015/ACCSC%20Standards%20of%20Accreditation%20and%20Bylaws%20-%2020070115.pdf>; Accrediting Council for Independent Colleges and Schools, "Accreditation Criteria: Policies, Procedures, and Standards" (2016), available at <http://acics.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=5071&libID=5076>; Accrediting Council for Independent Colleges and Schools, "Memorandum to the Field," May 20, 2016, available at <http://acics.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=6647&libID=6632>.

Insufficient changes

Sensing the public pressure against it, ACICS has enacted a number of quasi-emergency measures over the past several months in response to concerns about the agency's performance. First, the agency's executive director, Albert Gray, left his post in late April, coupled with a strong statement from the chair of ACICS' board of directors that the organization takes seriously the concerns raised about it.⁹⁵ Shortly thereafter, ACICS announced a series of new changes that purportedly address some of the identified issues head-on.⁹⁶ Finalized in late May, these consist of four main changes: a data integrity standard, documenting recruitment activities, performance data publication, and new ethics requirements for commissioners.⁹⁷

Changing ACICS' president

Bringing in a new executive director for ACICS seems like a bold move. It presents a chance for new priorities. Whether a new executive will bring much-needed changes is unclear. The new acting official, after all, is a long-time ACICS employee—Anthony Bieda.⁹⁸ The larger problem, however, is that the organization's head only plays a small role in terms of the issues with the agency. Decisions about standards are set by ACICS' board of directors—not its executive.⁹⁹ Similarly, the board of directors has final say in decisions about whether to accredit or sanction a college.¹⁰⁰ Simply removing one person without addressing bigger questions about board priorities will not mean much.

Data integrity

The data integrity standard is designed to create a hook for holding colleges accountable if they misrepresent results. It states:

All data reported to ACICS for any purpose is expected to reflect an accurate and verifiable portrayal of institutional performance and is subject to review for integrity, accuracy, and completeness.¹⁰¹

This wording sounds tough, but it is still no replacement for actual verification. For instance, the standard just states that data could be checked—not that they must be. As we have seen with the agency’s approach to sanctioning colleges, just because it can do something does not mean that it will.

Documenting recruitment activities

In response to concerns about ethics and consistency in recruitment, ACICS is proposing to require colleges to document a process for monitoring that people involved in admissions and recruitment report current and accurate information. In many ways, this change typifies a core problem with accreditation. Instead of saying it will monitor and verify the accuracy of information provided by schools to students, ACICS is simply creating a paper trail to help schools protect themselves by claiming they had a process in place to avoid this problem. There is no contemplation in the standards of what ACICS will do if this documented process is not followed or if it fails to properly result in the accurate reporting of information.

Performance data publication

ACICS also proposes to add a new standard requiring colleges to disclose student performance information to prospective enrollees, particularly in areas such as retention, job placement, and licensure rates. Pushing for more disclosure of these data is valuable, but it will only matter if the verification efforts are meaningful.

Ethics requirements for commissioners

In February 2016, ProPublica raised concerns about the individuals ACICS had chosen to serve as its commissioners.¹⁰² The news outlet’s evaluation found that 1 out of every 3 commissioners since 2010 were members of institutions that had been under investigation by state or federal entities or faced consumer protections lawsuits. In particular, this included Beth Wilson, a former Corinthian Colleges executive who, according to the California attorney general, allegedly ordered the falsification of job placement rates. Wilson declined to comment on ProPublica’s story .

Though ACICS claimed that there were no conflicts of interest surrounding these commissioners from troubled colleges, the new ethics policy appears to be in direct response to this practice. It now requires the resignation of commissioners whose institutions are under “serious and sustained scrutiny” from failing to follow ACICS requirements. ACICS also created a three-member Board of Ethics to review and handle perceived conflicts of interest. Of all the changes, this move is likely the most meaningful, although it may still not change anything if the commissioners do not simultaneously adopt a more proactive stance toward monitoring and action.

Conclusion

It is not possible for the public to determine the exact source of ACICS' troubles. The agency refuses to disclose any of its substantive documents related to the colleges it approved that have faced legal action and investigations—nor will it even comment on the specific problems or findings it may have turned up and whether it took any action. Moreover, even when the agency did promise to provide documents related to Corinthian Colleges if a letter from a school representative authorized it to do so, it still refused—even after receiving approval from the necessary individual tasked by the bankruptcy court with overseeing the remnants of the company.¹⁰³

This means it is not possible to know whether the problems with the agency come down to issues with standards, such as having lower performance thresholds than all but one major accreditation agency or demonstrably weaker standards for what is considered acceptable admissions and recruitment. Alternatively, the problems might be due to an inability to consistently enforce the standards, such as an apparent lack of actions against the institutions that have faced scrutiny from state and federal actors.

Regardless of the underlying cause, the outcome itself is clear. More so than any other accreditation agency, ACICS-approved institutions are frequent targets of investigations, lawsuits, and settlements by state and federal government actors. Many of these institutions have had to pay back millions of dollars to students and taxpayers while still taking in billions from the federal government. In exchange, ACICS-accredited institutions produce student outcomes that are, in total, worse than any major accreditor, particularly with respect to student debt.

The laundry list of problems with ACICS suggest that it is fundamentally incapable of being a reliable authority on the quality of education or training. This is a key federal requirement that accreditors must meet in order to maintain recognition from the U.S. Department of Education to allow colleges to access the federal financial aid programs. It is for these reasons that NACIQI and the Department of Education should withdraw recognition of ACICS and no longer allow this accreditor's questionable decision-making to permit colleges and universities to receive billions of dollars in taxpayer funds.

About the author

Ben Miller is the Senior Director for Postsecondary Education at the Center for American Progress.

Appendix

Sources for Table 1

Honor roll

Sources: Accrediting Council for Independent Colleges and Schools, “ACICS Honor Roll Schools are ‘Models of Education Excellence’” (2009), available at [https://web.archive.org/web/20120916042503/http://www.acics.org/uploadedFiles/Hot_Topics/ACICS_Press_Release_-_Honor_Roll_Schools\(2\).pdf](https://web.archive.org/web/20120916042503/http://www.acics.org/uploadedFiles/Hot_Topics/ACICS_Press_Release_-_Honor_Roll_Schools(2).pdf); Accrediting Council for Independent Colleges and Schools, “2009 Annual Meeting and Leadership Conference” (2009), available at <http://www.acics.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=4134&libID=4173>; Accrediting Council for Independent Colleges and Schools, “2010 Annual Meeting Honor Roll Institutions” (2010), available at <http://www.acics.org/events/content.aspx?id=4127>; Accrediting Council for Independent Colleges and Schools, “2011 Annual Meeting Honor Roll Institutions” (2011), available at <http://www.acics.org/events/content.aspx?id=4492>; Accrediting Council for Independent Colleges and Schools, “2012 ACICS Annual Report” (2012), available at <http://www.acics.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=5489&libID=5489>; Accrediting Council for Independent Colleges and Schools, “ACICS Annual Conference and Business Meeting: 2014 Program” (2014), available at <http://www.acics.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=6286&libID=6271>; Accrediting Council for Independent Colleges and Schools, “2015 Honor Roll Schools” (2015), available at <http://www.acics.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=6420&libID=6405>; Everest College, “Everest College Recognized During Reaccreditation Process,” YourHub, January 14, 2014, available at <http://yourhub.denverpost.com/blog/2014/01/everest-college-recognized-during-reaccreditation-process/18748/>.

ACICS sanctions

Source: Accrediting Council for Independent Colleges and Schools, “Council Actions,” available at <http://acics.org/councilactions.aspx> (last accessed May 2016).

Alta Colleges Inc.

Source: 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>.

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Sources: KCBD Staff, “American Commercial College president sentenced on federal charges,” KCBD, October 2, 2014, available at <http://www.kcbd.com/story/26689879/american-commercial-college-president-sentenced-on-federal-charges>; U.S. Department of Justice, “United States Intervenes in Suit against American Commercial College Inc. Alleging False Claims Act Violations,” Press release, February 28, 2012, available at <https://www.justice.gov/opa/pr/unit-ed-states-intervenes-suit-against-american-commercial-college-inc-alleging-false-claims>.

Anamarc College

Source: Vic Kolenc, “Anamarc embezzlement lawsuit settled,” *El Paso Times*, October 23, 2015, available at <http://www.elpasotimes.com/story/news/2015/10/23/anamarc-embezzlement-lawsuit-bankruptcy-college/74485836/>.

Career Education Corporation

Sources: Office of Attorney General Eric T. Schneiderman, “A.G. Schneiderman Announces Groundbreaking \$10.25 Million Dollar Settlement with For-Profit Education Company that Inflated Job Placement rates to Attract Students,” Press Release, August 19, 2013, available at <http://www.ag.ny.gov/press-release/ag-schneiderman-announces-groundbreaking-1025-million-dollar-settlement-profit>; U.S. Securities and Exchange Commission, “Form 10-K: Career Education Corporation” (2015), available at https://www.sec.gov/Archives/edgar/data/1046568/000156459016013719/cecoco-10k_20151231.htm; U.S. Securities and Exchange Commission, “Form 8-K: Career Education Corporation” (2015), available at <https://www.sec.gov/Archives/edgar/data/1046568/000119312513083541/d455233d10k.htm>; U.S. Securities and Exchange Commission, “Form 10-K: Career Education Corporation” (2012), available at <https://www.sec.gov/Archives/edgar/data/1046568/000119312515300381/d95468d8k.htm>.

Computer Systems Institute

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