



Student Outcomes at Colleges Approved by the Accreditor ACICS

Highlights

Veterans Education Success analyzed the most recent U.S. Department of Education (Department) data to determine student outcomes at the approximately 100 schools still accredited by the Accrediting Council of Independent Colleges and Schools (ACICS). ACICS was derecognized as an accreditor in 2016, but a senior political appointee at the Department recently recommended that ACICS be given another year to come into compliance with Department standards.

Our analysis found:

- Seventy percent of students at ACICS-approved colleges earn no more than a high school graduate.
- ACICS students are twice as likely as other students to have unmanageable debt.
- ACICS students face much worse outcomes now than ACICS students faced in 2016.

Although these schools exhibit even worse outcomes than the schools under ACICS' watch when it was terminated in 2016, they will continue to receive hundreds of millions in federal grants and loans for at least the next year if Education Secretary DeVos affirms her appointee's recommendation.

ACICS Receives a 1-Year Reprieve

The Accrediting Council of Independent Colleges and Schools (ACICS), the embattled accreditor that once oversaw the now-shuttered ITT Technical Institute and many campuses of Corinthian Colleges, is being given a second chance by senior political appointees at the Department. On September 28, 2018, Diane Auer Jones, a former for-profit college lobbyist appointed by Secretary Betsy DeVos as the Department's "Senior Designated Official" to make the determination about ACICS' future, recommended that Secretary DeVos allow ACICS to continue as a federally-recognized accreditor for one additional year¹ – giving it more time to come into compliance with Department standards.

If ultimately affirmed by Secretary DeVos, this decision allows ACICS to continue its work as an arbiter of educational quality and gatekeeper of federal funds.

Why ACICS Was Terminated in 2016

In December 2016, Secretary John B. King upheld recommendations from career staff² at the Department, as well as the Department's National Advisory Committee on Institutional Quality and Integrity (NACIQI) – an independent body composed of 18 appointed members with diverse backgrounds and political viewpoints, which had voted 10-3 to terminate ACICS³ – to formally terminate ACICS as a federally recognized accreditor.⁴ At the time, ACICS was the fourth largest accreditor in the country, overseeing approximately 250 institutions that received \$3.3 billion in federal student aid.⁵

The Department found ACICS in violation of 21 separate, federally-mandated criteria required of accreditors.⁶ For example, Department staff found ACICS was "entirely lacking or incoherent" on the standards regarding student achievement, and had failed to meet the requirements regarding monitoring of colleges, enforcement of accreditor rules when a college was in violation, and other failures.⁷

Significant discussion at the NACIQI hearing centered on ACICS' failure to meet Department requirements and likely inability to be able to come into compliance, as well as ACICS' use of weak student outcome measures and lower thresholds compared to other accreditors; inadequate job placement rate verification; worse cumulative student outcomes than any major accreditor; and failure to act, even when 17 of its colleges were under law enforcement investigation.⁸ Discussion included 90 instances from 2010 to 2015, in which ACICS had named campuses or colleges to its "Honor Roll" around the same time that they were under state or federal law enforcement action or investigation.⁹ These colleges took more than \$5.7 billion in federal student aid, representing 52% of all federal aid dollars received by ACICS-approved colleges during that time period.¹⁰

Testimony included, for example, discussion of ACICS' decision to put FastTrain college on its "Honor Roll" for quality assurance, around the same time the FBI raided the school. The Justice Department prosecuted the school for stealing more than \$6.6 million in federal financial aid by enrolling ineligible students, fabricating high school diplomas, and making false statements to the Department.¹¹ The FastTrain president is now in jail,

serving 96 months.

Participants also testified about an ACICS-approved college that had been exposed in news reports as a visa scam that took “tuition” from foreigners in exchange for student visas to live in the US.¹²

Additionally, ACICS took no action against two of the largest for-profit institutions accused of misleading their students, ITT Technical Institution and Corinthian Colleges. In fact, these institutions were provided with an ACICS stamp of approval up until the day they collapsed.¹³

Several veterans traveled to the NACIQI hearing to testify about their negative experience at ACICS-approved schools. Veteran Matthew Mitchell of Louisiana, a former recruiter for ITT, described ITT’s recruiting deceptions and ACICS’ inadequate reviews and site visits.¹⁴ He also reported that ACICS-accredited Brown Mackie College had deceived him, when he was a student, about the accreditation of its nursing degree.¹⁵ ITT student veteran Howard Toller submitted testimony regarding his subpar education at ITT, with teachers who were unfamiliar with the material and could not answer his questions.¹⁶ Toller also was deceived about the value of his ITT credits, as he later found they were not acceptable to transfer to a community college.¹⁷ Veterans Education Success testified about the roughly 400 student veteran complaints it had received about ITT and ACICS-approved schools.¹⁸

Veterans organizations spoke out numerous times, asking the Department to deny ACICS’ continued efforts to gain recognition.¹⁹ In one letter, they wrote:

“Of particular concern to Veterans and Military Service Organizations, the Department of Veterans Affairs (VA) and the Defense Department (DOD) rely on Education Department approved accreditors to ensure the quality and integrity of schools. When alerted to predatory behavior by a school that participates in VA or DOD educational benefits, VA and DOD officials often explain that they rely on ED’s approved accreditation as an indicator of quality. VA and DOD should be able to rely on the Department’s accreditors to weed out bad actors.

Second, weaknesses in ACICS oversight disproportionately affect veterans who are targeted by for-profit schools because of a statutory loophole in the Higher Education Act. As you may know, for-profit schools can obtain no more than 90 percent of their revenue from federal student aid, but military and veteran educational benefits are excluded from the cap even though they are also federal dollars. As a result, for every \$1 a for-profit school earns by enrolling a veteran, it can receive \$9 by

recruiting students who depend on federal student aid to pay their tuition. This 90/10 loophole incentivizes for-profit schools to engage in deceptive recruiting that targets veterans.”²⁰

One of the federal requirements an accreditor must meet is that the accreditor is “widely accepted” in the higher education community. Career staff at the Department found ACICS had failed to meet this standard in 2016, and repeated this finding in their May 2018 report for Secretary DeVos’ appointee.²¹ In October 2018, *Politico* reported that Secretary DeVos’ appointee had falsely claimed, in her recommendation to the Secretary, to have “letters of support from nine other accrediting agencies,” which, she wrote, “serves as important evidence of ACICS’s wide acceptance.”²² When contacted by news reporters, the accreditors denied any such support for ACICS or, in a few instances, refused to comment; accreditors then held a meeting with Ms. Jones to express their concern.²³ The Department admitted its mistake,²⁴ and released a “correction,” claiming support from four new accreditors and continued support from one of the nine.²⁵ However, the four new organizations had submitted only purely factual statements that they will honor Departmental recognition of ACICS; career Department staff clearly wrote in their report to Secretary DeVos’ appointee, “These letters do not specifically state support.”²⁶ (In addition, one of those four is not itself a recognized accreditor.) Secretary DeVos’ appointee nevertheless maintains this is sufficient to meet the widespread support requirement and did not change her recommendation that ACICS be resurrected.

ACICS Schools Today

ACICS appealed the Department’s 2016 decision to de-recognize ACICS. A federal court found that the Department had not adequately considered additional information submitted by ACICS in 2016 and ordered the Department to reconsider its de-recognition.²⁷ The court’s decision opened the door for Secretary DeVos and her team to resurrect ACICS this year.

The number of schools that ACICS oversees has dwindled from 245, at the time of the Department’s 2016 decision to terminate, to 100 schools as of September 2018. Some schools have since shut down and many of the better-performing schools have sought accreditation from another accreditor. Of the institutions that remain within ACICS’ portfolio, many were rejected by other accreditors because they failed to meet minimum standards. Many are institutions that

only ACICS is willing to accredit.²⁸ Approximately 90% of the remaining ACICS schools operate as for-profit institutions. In terms of consumer fraud and legal concerns, 5 of the current ACICS schools have, in recent years, faced federal and state sanctions and lawsuits.²⁹ According to data from the Department of Veterans Affairs, institutions that ACICS currently accredits enroll more than 10,000 GI Bill beneficiaries and receive more than \$73 million in post-911 GI Bill tuition benefits.³⁰

A critical question is what are the student outcomes at the schools that remain reliant on ACICS accreditation? Because these data had not been examined, Veterans Education Success analyzed the most recent College Scorecard data.

Methodology

In order to determine whether students fare better or worse under ACICS today than they did before termination, we analyzed the most recent College Scorecard data,³¹ released on September 28, 2018.³² We looked at two separate metrics and calculated a weighted average to determine: 1) the percentage of students who, within 6 years of entering the ACICS-accredited institution, earned more than the average high school graduate,³³ and 2) the percentage of students who did not default and were able to pay down at least \$1 on their federal loan principal within three years of leaving the school.³⁴

As many ACICS-approved institutions are career-oriented, these metrics provide an indication of the return on investment for students who enroll. If a high percentage of an institution’s students are unable to earn more than the average high school graduate after attending, it may provide an indication that there is little financial incentive for students to attend. And if, within three years of leaving the school, most students owe more on their federal loans than the amount they initially borrowed (due to insufficient loan payments not covering accrued interest), it may suggest that these students would have been better off not attending the school in the first place and that they are left with unmanageable debt.

The Vast Majority of Students at ACICS-Approved Colleges Earn No More Than a High School Graduate

Before termination in 2016, only 41% of students at schools approved by ACICS earned, within six years of entering the schools, more than the average high school graduate. In other words, going to an ACICS-accredited school left 59% of its students earning the same as or

less than high school graduates who had never gone to college at all. And only 39% of ACICS students made sufficient payments to keep up with accruing interest on their federal loans, meaning they owed even more than the amount they initially borrowed, three years after leaving the ACICS school.³⁵

However, when examining the most current data released by the Department on September 28, 2018 – the same day the ACICS recommendation was provided to the Secretary – students within ACICS schools now fare much worse, as shown in Table 1.

As of today, only 30% of ACICS students earn more than an average high school graduate – suggesting that seven out of 10 students experienced little to no financial gain after attending an ACICS institution. In addition, more than 75% had either defaulted or failed to pay down even \$1 on their loan principal within three years of attending.³⁶

Table 1: ACICS’ Student Outcomes in 2016 and 2018

	Number of ACICS Institutions	% of Students Earning More Than a High School Graduate	% of Students Who Have Paid at Least \$1 on Their Loan Principal After 3 Years
ACICS in 2016 (Before Termination)	245	41%	39%
ACICS as of September 28, 2018	100	30%	23%

Source: Authors’ analysis of College Scorecard data as of Sept. 28, 2018.

Furthermore, this low performance is not a result of a few poor performers within ACICS’ portfolio. At an astonishing 85% of the current ACICS institutions, more than half of students, within six years of entering the ACICS school, earn no more than the average high school graduate. And, at more than nine out of 10 current ACICS schools (91.8%), more than half of students will not have begun paying down even \$1 of their federal loan principal within three years of leaving their institution.

ACICS Students Earn Less and Have More Unmanageable Debt Than Other Students

In comparison to other colleges in America, ACICS students show substantially worse outcomes than all other students, as shown in Table 2. Students who attended ACICS-approved schools are 22 percentage points less likely, within six years of enrolling, to earn more than the average high school graduate. ACICS students are also 23 percentage points less likely to pay

down \$1 on their loan principal within three years of leaving.

Table 2: Student Outcomes at ACICS vs. Other Schools

	Number of ACICS Institutions	% of Students Earning More Than a High School Graduate	% of Students Who Have Paid at Least \$1 on Their Loan Principal After 3 Years
ACICS Institutions as of September 28, 2018	100	30%	23%
Non-ACICS Institutions	5,407	52%	46%

Source: Authors' analysis of College Scorecard data as of Sept. 28, 2018.

Students at ACICS also perform worse than students who attend non-ACICS certificate-granting and two year institutions, the types of institutions that account for more than 90% of ACICS' current portfolio: In comparison to students who attended these similar institutions, ACICS students are 13 percentage points less likely to earn more than a high school graduate and 12 percentage points less likely to begin paying down their loans.³⁷

Conclusion

A common question is: Is college worth it? Ample studies show that a postsecondary education is worth the investment at most colleges, but not so at the very lowest quality colleges.³⁸

Our findings are concerning: Students who now attend ACICS-accredited schools show a substantially smaller chance of obtaining the necessary credentials to succeed in today's workforce and pay down their educational debt after attending.³⁹ This not only affects students across the country, but also a significant number of student veterans. Because of the Department's decision to allow ACICS to remain federally recognized for at least one more year, these schools will now continue to receive hundreds of millions in federal grants and loans, even though they exhibit even worse outcomes than the schools under ACICS' watch when it was terminated in 2016.⁴⁰

These data suggest that the Department's looming decision to allow ACICS to remain a federally recognized accreditor, for even one more year, will likely mean that students and taxpayers will lose time and money that is unlikely to show a return on their investment and that will leave students at greater risk of being worse off than if they hadn't attended college at all.



¹ See United States Department of Education, Senior Department Official's Response to ACICS, Docket No. 16-44-O (Sept. 28, 2018), available at https://www.insidehighered.com/sites/default/server_files/media/SDO%20Response%20to%20ACICS%209.28.18.pdf.

² See U.S. Department of Education, Staff Report to the Senior Department Official on Recognition Compliance Issues (2016), available at <https://opeweb.ed.gov/aslweb/finalStaffReports.cfm?aID=15&mid=68>

³ See Report of the Meeting of the National Advisory Council on Institutional Quality and Integrity (June 22-24, 2016), available at <https://sites.ed.gov/naciqi/files/2016/09/NAIQI-Report-of-the-MeetingJUNE2016FINAL-508.pdf>

⁴ See United States Department of Education, Decision of the Secretary, Docket No. 16-44-O (Dec. 12, 2016), available at <https://www2.ed.gov/documents/acics/final-acics-decision.pdf>.

⁵ See Ben Miller, Center for American Progress, "ACIS Must Go," (June 2016), available at <https://cdn.americanprogress.org/wp-content/uploads/2016/06/03145034/ACICS-report.pdf>.

⁶ See US Department of Education, *supra* note 4.

⁷ *Ibid.*

⁸ See Paul Fain, Inside Higher Ed, "Accreditor on Life Support," (June 24, 2016), available at <https://www.insidehighered.com/news/2016/06/24/federal-panel-votes-terminate-acics-and-tightens-screws-other-accreditors>; David Halperin, Huffington Post, "For a Day, Broke Students Win," (June 2016), available at https://www.huffingtonpost.com/davidhalperin/for-a-day-broke-students_b_10660102.html; see also Ben Miller, Center for American Progress, "ACICS Must Go" (June 6, 2016), available at <https://cdn.americanprogress.org/wp-content/uploads/2016/06/03145034/ACICS-report.pdf>.

⁹ See Miller, *supra* note 8.

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² See generally Molly Hensley-Clancy, BuzzFeed News, "Inside the College that Abolished the F and Raked in the Cash," (May 26, 2016), available at <https://www.buzzfeednews.com/article/mollyhensleyclancy/inside-the-school-that-abolished-the-f-and-raked-in-the-cash#.pdV8bEn9A>.

¹³ See Lauren Camera, U.S. News & World Report, "Education Department Strips Authority of Largest For-Profit Accreditor," (September 22, 2016), available at <https://www.usnews.com/news/articles/2016-09-22/education-department-strips-authority-of-acics-the-largest-for-profit-college-accreditor>.

¹⁴ See David Halperin, Huffington Post, "For a Day, Broke Students Win," (June 2016), available at https://www.huffingtonpost.com/davidhalperin/for-a-day-broke-students_b_10660102.html;

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁹ See Letter to Mr. Herman Bounds, Director, Accreditation Group, U.S. Department of Education (February 27, 2018), available at <https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/5a958e4b8165f53a7ab0b0a8/1519750732478/Signed+ACICS+Feb+2018+VSO+ltr.PDF>; see also Letter to NACIQI (April 8, 2016), available at <https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/5744be5d2fe131f8fb16ae58/1464122973445/Final%2BNACIQI%2BLtr+.pdf>.

²⁰ See Letter to Mr. Herman Bounds, *supra* note 14.

²¹ See US Department of Education Draft Staff Analysis (May 2018), attached to US Department of Education Letter to Mr. Alex Elson, Esq., responding to FOIA request (June 8, 2018), available at https://s3-us-west-2.amazonaws.com/production.tcf.org/app/uploads/2018/06/08174207/ACICS-draft-and-written-comments-060818_1.pdf (on page 13 of the staff report).

²² See Michael Stratford, *Politico*, "Education Department Overstated Endorsements of For-Profit College Accreditor" (Oct. 4, 2018), available at <https://subscriber.politicopro.com/education/article/2018/10/education-department-overstated-endorsements-of-for-profit-college-accreditor-830646>; see also US Department of Education, Senior Department Official's Response to ACICS (Sept. 28, 2018), *supra* note 1, on page 24.

²³ *Ibid.*

²⁴ *Ibid.*

²⁵ See "Corrected Text" available at *Politico*, <https://subscriber.politicopro.com/f/?id=00000166-420d-d3a5-abf6-5e0dae060001>; see also Michael Stratford, *Politico*, "Scott questions 'legitimacy' of Trump administration for-profit college accreditor report" (Oct. 5, 2018), available at <https://subscriber.politicopro.com/education/whiteboard/2018/10/scott-questions-legitimacy-of-trump-administration-for-profit-college-accreditor-report-2039686>

²⁶ See US Department of Education Draft Staff Analysis (May 2018), *supra* note 21, on p. 14.

²⁷ See *ACICS v. DeVos*, Civil Action No. 16-2448, 2018 WL 1461958 (D. D.C. Mar. 23, 2018), available at https://ecf.dcd.uscourts.gov/cgi-bin/show_public_doc?2016cv2448-76; see also Doug Lederman, *Inside Higher Ed*, "Court Opens Door for For-Profit Accreditor's Future," (March 26, 2018), available at <https://www.insidehighered.com/news/2018/03/26/federal-court-orders-education-dept-reconsider-acicss-fate>.

²⁸ See Antoinette Flores, Center for American Progress, "The 85 Colleges That Only ACICS Would Accredite," (July 3, 2018), available at <https://www.americanprogress.org/issues/education-postsecondary/news/2018/07/03/453079/85-colleges-acics-accredit/>.

²⁹ See Veterans Education Success, "Law Enforcement Actions Against Predatory Colleges," available at <https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/5acba2540e2e72f4e5d5d067/1523294804610/Law+Enforcement+List.FINAL.pdf>.

³⁰ This information was calculated from the GI Bill Comparison Tool, available at <https://www.vets.gov/gi-bill-comparison-tool>.

³¹ U.S. Department of Education, College Scorecard, available at <https://collegescorecard.ed.gov/data/>.

³² Calculations performed by the Edvisors Group Inc. The Office of Federal Student Aid's 6-Digit OPEID identifier was used for each institution included within the analysis.

³³ The September 2018 College Scorecard data included an inflation adjusted metric to determine the average amount of a high school graduate, calculated to be \$28,000.

³⁴ Institutions without earnings or loan repayment data available were excluded from this analysis.

³⁵ See Michael Itzkowitz, *The Hill*, "Accrediting the bottom of the bottom of the barrel," (April 25, 2018), available at <https://thehill.com/opinion/education/384833-accrediting-the-bottom-of-the-bottom-of-the-barrel>.

³⁶ College Scorecard, *supra* note 22.

³⁷ See U.S. Department of Education, "College Scorecard Data" (updated September 28, 2018), available at <https://collegescorecard.ed.gov/data/>; see also Michael Itzkowitz, *The Hill*, "Accrediting the bottom of the bottom of the barrel," (April 25, 2018), available at <https://thehill.com/opinion/education/384833-accrediting-the-bottom-of-the-bottom-of-the-barrel>.

³⁸ See Bureau of Labor Statistics, Employment Projections, available at <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>; See also NPR, "How For-Profit Colleges Sell 'Risky Education' To The Most Vulnerable," (March 27, 2017), available at <https://www.npr.org/2017/03/27/521371034/how-for-profit-colleges-sell-risky-education-to-the-most-vulnerable>.

³⁹ See Miller, *supra* note 5.

⁴⁰ See Paul Fain, Inside Higher Ed, "Education Secretary Drops Recognition of Accreditor," (December 13, 2016), available at <https://www.insidehighered.com/quicktakes/2016/12/13/education-secretary-drops-recognition-accreditor>; Analysis of current ACICS institutions uses Department of Education College Scorecard data updated as of September 28, 2018, available at <https://collegescorecard.ed.gov/>.