

February 27, 2018

Herman Bounds
Director, Accreditation Group
U.S. Department of Education
400 Maryland Ave., S.W.
Washington, D.C. 20002

Dear Mr. Bounds:

The undersigned Veterans and Military Service Organizations are writing to ask you to deny the application by the Accrediting Council for Independent Colleges and Schools (ACICS) to gain recognition as a reliable authority on the quality of education or training. As you know, the Secretary of Education withdrew recognition of ACICS in 2016 after years of compliance concerns and shortcomings with the “bad actor” institutions it accredited.¹ In addition, we ask you to remove ACICS from the upcoming May 2018 agenda of the National Advisory Committee on Institutional Quality and Integrity.

Many institutions that ACICS accredited are now closed. Prior to closure, they had been investigated by or settled with federal and state law enforcement agencies based on complaints about their predatory behavior, including Corinthian, ITT, FastTrain, Westwood (Alta), Globe University, and Sanford-Brown (Career Education). Two examples illustrate the scope of ACICS’s shortcomings, which led to the Department’s December 2016 decision to withdraw recognition:

- A Justice Department case that resulted in an 8-year jail term for the FastTrain CEO suggests that ACICS was asleep at the wheel. In December 2014, the Justice Department filed a [complaint](#) alleging that FastTrain used female exotic dancers as admission representatives to convince men to enroll. Even though some students had no high school diploma or GED, FastTrain coached them to lie on their FAFSA forms in order to qualify for federal student aid. Yet, ACICS found no major problems with FastTrain and, in fact, named the school an [honor roll](#) institution in 2011 for its “excellent understanding” of the quality assurance process. ACICS maintained FastTrain’s accreditation until the day the school closed.
- An Education Department finding that Corinthian had falsified job placement rates ultimately led to its 2015 bankruptcy and to a heated exchange between the ACICS CEO and several U.S. Senators. At a July 2015 hearing, ACICS’s CEO asserted that the accreditor had found [“no evidence they \[Corinthian\] lied to or defrauded students”](#) even though it was aware of 20 separate investigations and three lawsuits alleging fraud by Corinthian. Despite’s the Department’s findings about falsified job placement rates, an issue covered by ACICS’s standards, he went on to claim that Corinthian was in

¹ Documented Education Department concerns about ACICS date back to the post-Vietnam War era when ACICS was documented to approve low-quality education programs that were targeting veterans. See The Century Foundation, [“Vietnam Vets and a New Student Loan Program Bring New College Scams: The Cycle of Scandal at For-Profit Colleges”](#) (2017).

compliance with those standards when the Education Department took action against the for-profit chain. In addition, the California Attorney Generals 2013 [lawsuit](#) indicated that Corinthian's illegal use of official military department seals in its advertising sought to imply federal government connection, approval, or endorsement, an issue that should have been captured during ACICS's oversight of recruiting practices. ACICS maintained Corinthian's accreditation until the day the school closed.

Unfortunately, Corinthian and FastTrain are [not isolated examples](#) of ACICS' "honoring" institutions that were under investigation or had settled lawsuits.²

Moreover, others ACICS-accredited institutions are still open and enrolling students even though they also engaged in similar predatory behavior. For example, the [Art Institutes](#) (EDMC), [Daymar College](#), [Florida Technical College](#), [Fortis Institute](#) (Education Affiliates), [Lincoln Technical Institute](#), [National College](#), and [Salter College](#) (Premier Education Group) have all settled lawsuits or were sanctioned for using deceptive recruiting practices to persuade students to enroll, including misrepresenting job placement and graduation rates; enrolling individuals without the required high school diploma or GED; lying about the ability to transfer credits; and overstating post-graduation salaries. Again, these settlements suggest that ACICS was "asleep-at-the-wheel."

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.

Although the Department of Education has refused to provide a copy of ACICS's application for recognition, ACICS has done nothing in the past 13 months to suggest that it has taken sufficient steps to address its self-acknowledged shortcomings. Several changes in leadership since Albert Gray left as ACICS's CEO in 2016 raise questions about the ACICS claim that it launched reform efforts during 2017 and that it "is fundamentally *changing* as an organization" (italics added). Moreover, by acknowledging that reform is a work-in-progress, we believe that ACICS is reaffirming the Department's 2016 assessment that ACICS could not address all of its 21 compliance shortcomings within 12 months. Because ACICS's application is likely to be considered sometime in the late spring or early summer, less than 2 years will have elapsed since

²See Table 1, pp. 10-13.

the Department found it to be out of compliance with required accreditation criteria. As a result, ACICS cannot possibly meet the requirement that organizations demonstrate *2 years* of successful experience with the laws and regulations governing accreditors before seeking recognition.³

The brief amount of time ACICS has had to implement the extensive reforms needed to restore its credibility combined with its failure to meet the requirement for 2 years of successful experience suggest that now is not the time to reinstate ACICS.

Sincerely,

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