



VETERANS EDUCATION SUCCESS

March 24, 2020

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

Dear Mr. Bounds:

On February 27, 2018, twenty-nine Veterans and Military Service Organizations [wrote](#) 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, Secretary DeVos reversed the Department's 2016 withdrawal of ACICS recognition, which had been based on years of compliance concerns and shortcomings with the "bad actor" institutions it accredited. 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.

Since her November 2018 reinstatement of ACICS, serious concerns about the effectiveness of its evaluation and monitoring approaches have continued to emerge. Your November 21, 2019, letter to the President of ACICS outlined several oversight lapses related to Virginia International University (VIU) and San Diego University for Integrative Studies (SDUIS) and required ACICS to respond through the submission of a compliance report by February 1, 2020. Since then, a USA Today [investigation](#) has uncovered similar and more troubling concerns about the competence of ACICS' evaluation and monitoring of Reagan National University (RNU). These written comments are intended to inform your upcoming review of the February 2020 ACICS' compliance report at the summer 2020 meeting of the National Advisory Committee on Institutional Quality and Integrity.

Secretary DeVos's November 2018 decision to grant ACICS continued recognition, overturning the 2016 [recommendations](#) to the then Secretary by career staff and the Department's National Advisory Council on Institutional Quality and Integrity, noted the accreditor's noncompliance with staff competency [§ 602.15(a)(2)] and conflict-of-interest [§ 602.15(a)(6)] requirements. However, ACICS' noncompliance was procedural rather than substantive—"too early to determine the effectiveness of that [staff] training," or "failed to provide documentation" (the qualifications of its Data Integrity Reviewer and lack of evidence that staff had consistently signed conflict-of-interest attestations). In contrast, the compliance concerns raised about ACICS' evaluation and monitoring of VIU, SDUIS, and RNU are strikingly reminiscent of the concerns that led the Department to deny the accreditor's petition for renewal of recognition in December 2016. We believe that the seriousness of these concerns undermine the Department's own November 2018 determination that ACICS deserves recognition as "a reliable authority on the quality of education or training."



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Rationale for 2016 Withdrawal of Recognition

As you know, the Secretary of Education withdrew recognition of ACICS in 2016 after years of compliance concerns about the “bad actor” institutions it accredited, including Corinthian, ITT Tech, Fast Train, Westwood (Alta), Globe University, and Sanford-Brown (Career Education). These institutions are now closed and, prior to closure, many had been investigated by or settled with federal and state law enforcement agencies based on complaints about their predatory behavior. Nonetheless, ACICS maintained these institutions accreditations until the day they shut down. Two examples illustrate the scope of ACICS’ shortcomings, which led to the Department’s December 2016 decision to withdraw recognition:

- 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. The Justice Department case resulted in an 8-year jail term for the FastTrain CEO. 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’ 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 the Department’s findings about falsified job placement rates, an issue covered by ACICS’ standards, he went on to claim that Corinthian was in compliance with those standards when the Education Department took action against the for-profit chain. Similarly, ACICS ignored the California Attorney General’s 2013 [lawsuit](#) over Corinthian’s illegal use in advertising of official military department seals that sought to imply federal government approval or endorsement of the school.

Unfortunately, Corinthian and FastTrain are [not isolated examples](#) of ACICS’ “honoring” institutions that were under investigation or had settled lawsuits. Moreover, other ACICS-accredited institutions also engaged in similar predatory behavior: the [Art Institutes](#) (EDMC), [Daymar College](#), [Florida Technical College](#), [Fortis Institute](#) (Education Affiliates), [Lincoln Technical Institute](#), [National College](#), and [Salter College](#) (Premier Education Group). Some of these institutions have now closed (Art Institute, Salter College), merged with other schools (Florida Technical College), or rebranded by changing their name (National College). They 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.

These examples all point to the logical conclusion that ACICS simply turned a blind eye to obvious red flags raised by federal and state law enforcement agencies at the schools it accredited.



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Red Flags about Rigor of ACICS Oversight Reemerge

The November 2019 letter from the Director of the Education Department's Accreditation Group points out that ACICS similarly missed red flags raised by the Virginia State Council for Higher Education (SCHEV) about VIU and by the Accrediting Council for Continuing Education and Training (ACCET) concerning SDUIS. For example, the letter concludes:

- *VIU*. "The Department is concerned that the agency [ACICS] had information and documentation from SCHEV that called into question VIU's ability to potentially meet the ACICS' standards, but did not review the information and documentation, nor act upon it until over a month later once the issue was raised in the press. This appears to indicate that ACICS failed to follow its own policies and procedures related to the timely review of adverse information, as expected by Section 602.28(d)... The Department is concerned with the strikingly different conclusions reached by ACICS and SCHEV regarding the academic quality of the distance learning programs at VIU.... We are concerned that either ACICS' distance education standards did not contain the same level of rigor as those utilized by SCHEV or that ACICS' onsite reviewers failed to uncover the deficiencies noted by the SCHEV audit in August 2018 as required by Sections 602.16(c) and 602.17(c)."
- *SDUIS*. "Therefore, it does not appear that ACICS conducted a comprehensive analysis to assess the relationship between SDUIS and USAELC [USA English Language Center, owned by SDUIS], to determine if ACICS is required to take into account the accreditation action by ACCET on USAELC when reviewing SDUIS, as required by Section 602.28(d)... [T]he lack of inquiry by ACICS does not demonstrate the agency conducted its own analysis of the [SDUIS] documentation, as required by Section 602.17(e)."

Based on the findings of the Department's staff, ACICS was directed to submit another compliance report by February 1, 2020, to address compliance concerns related to Sections 602.15(a)(I), 602.16(c), 602.17(c), 602.17(e), and 602.28(d)." It is worth noting that the Secretary's November 2018 decision found ACICS compliant with all but two recognition criteria and did not cite any compliance concerns related to any of the above criteria.

USA Today Investigation Found ACICS Accredited a "Ghost School"

Last month, USA Today reported the results of its [investigation](#) of ACICS-accredited RNU. ACICS accredited this school in 2017, several months after the Secretary of Education declined to renew ACICS petition for recognition. At that time, the number of ACICS-accredited schools had dwindled to 63 from a high of 290. Because schools pay fees for accreditation, ACICS' fiscal condition had also deteriorated, raising a question about the agency's motivation in approving RNU given both ACICS' own and USA Today's findings.

In 2019, ACICS threatened to revoke RNU's accreditation for failure to meet the agency's job placement standard of 60 percent but apparently RNU provided additional information and retained its accreditation. Then, in December 2019, ACICS raised concerns about the viability of some of RNU's course offerings, including lack of evidence of a qualified person to run its business programs and lack of equipment to teach computer science programs. RNU had until mid-February to respond to ACICS concerns and its accreditation was scheduled to be reviewed in April 2020.



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In the interim, USA Today's investigation, which began in late January 2020, found that South Dakota-based RNU was a ghost school, operating without faculty or students. Although the investigation was unable to determine how long RNU had been operating that way, it found that the school had links to the University of Northern Virginia, a fake university and visa mill that offered students a chance to live in the United States without offering a real education. When state officials closed the University of Northern Virginia in 2013, it resurfaced in South Dakota at the same business address as RNU and with a business agent whose name was similar to that of RNU's president. USA Today, however, was told that RNU never participated in the student visa program. RNU withdrew from accreditation at about the time USA Today published the findings of its investigation. The USA Today report provides further evidence of lax oversight by ACICS

Why Accreditation Matters to Military-Connected Students

Of particular concern to Veterans and Military Service Organizations, VA and DOD rely on Education Department-approved accreditors to ensure the quality and integrity of schools. VA and DOD should be able to rely on the Department's accreditors to weed out bad actors.

Moreover, 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.

In closing, we strongly urge the Department to revoke its recognition of ACICS as an accreditor.

Sincerely,

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