June 30, 2015

The Honorable Lamar Alexander
Chairman
Committee on Health, Education,
Labor and Pensions
United States Senate
428 Senate Dirksen Office Building
Washington, DC 20510

The Honorable Patty Murray
Ranking Member
Committee on Health, Education,
Labor and Pensions
United States Senate
428 Senate Dirksen Office Building
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Dear Chairman Alexander and Ranking Member Murray:

ACICS appreciates the opportunity to appear before the Senate HELP Committee on June 17, 2015. We hope the information provided will help the Senate clarify and strengthen the role of accreditation in the Higher Education Act. As a supplement to the information provided in writing and in person, ACICS offers additional perspective below for the record.

ACICS acknowledges the intense interest of Congress in the current state of post-secondary education, and the discipline of quality assurance that is intended to protect students and taxpayers. The demise of a post-secondary institution is always a source of great distress and displacement, particularly for the students. To the degree the accrediting community, the U.S. Department of Education and appropriate state authorities can collaborate on reducing the incidence of student displacement, ACICS welcomes all constructive ideas. The Council takes its responsibility very seriously, and is committed to improving its effectiveness on behalf of students.

Questions were raised at the hearing regarding the bankruptcy and closure of Corinthian Colleges Inc. (CCi). The limited time and constrained format did not allow ACICS sufficient opportunity to fully answer all of those questions. The information below is offered in that spirit.

Four CCi campuses accredited by ACICS (three in California, one in New York) before revocation on April 27, 2015, served approximately 4,000 students. More importantly, more than 90,000 thousand students enrolled at 37 campuses sold to Zenith Education Group (ZEG) and accredited by ACICS continue today in their studies under a valid grant of accreditation and the approval of state and federal authorities.

To re-emphasize the oral testimony, all of the 59 campuses owned and operated by Corinthian and accredited by ACICS had their accreditation intact up until the campuses were either sold or ceased operations. All had been subject to at least one full site review between 2012 and 2014. The site reviews found most of the campuses to have few if any quality issues; some had several quality issues and were subject to deferrals and other sanctions pending their demonstration of full compliance with Council standards. In addition, ACICS's review of student satisfaction data indicated satisfactory performance by most, if not all, of the campuses.

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ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS

Students currently enrolled at campuses operated by ZEG have been given the opportunity to continue with their current program, transfer to a different program without financial hardship, or terminate their enrollment and receive a refund. As is the case for every change in ownership of an ACICS-accredited college or school, a team of senior officials from ACICS will review the administrative and academic capacity of ZEG's corporate headquarters this summer. This requirement is applied consistently within six months of any change of ownership. In addition, every ZEG campus will be visited in 2015 for quality assurance by experts in post-secondary education.

In acknowledgement of expressed sentiments, ACICS standards, policies, and program of quality review are based on expectations of honesty and integrity in relations with students, education quality that enables completers to pass required licensure exams, and institutional effectiveness that leads to employment. More than 25 explicit standards in the 'ACICS Accreditation Criteria' address these dimensions of integrity, and the requirements are tested through more than 50 discrete questions that must be answered and supported through interviews, observations and documents at each campus during each full team review.

ACICS has not concluded its thorough review of the validity of the allegations of misrepresentation contained in numerous investigations by state attorneys general. The evidence available has been general and broad, lacking specificity regarding time, place, individuals and circumstances. Evidence of that specificity is necessary in order for ACICS to reach an informed and considered decision regarding the institutions' compliance with standards of integrity; relations with students including recruitment; advertising and misrepresentation; and public disclosures. In total, ACICS applies more than 91 standard questions regarding those topics at each campus during each full team review.

Inquiries and investigations by state attorneys general regarding the relations with students at CCi campuses began in December 2012. During the next two and half years, ACICS was notified of, tracked and analyzed open inquiries by state attorneys general in 15 states. In every case, ACICS required CCi to provide written evidence of their cooperation with the inquiries and any final determination. In all cases, those inquiries were in the discovery phase as of April 27, 2015.

ACICS was meticulously tracking and analyzing student complaints and adverse third party information before, during and after the U.S. Department of Education applied conditions to the company's federal student aid disbursements beginning in June 2014. The pattern of student complaints has substantial weight with the Council, because accreditation actions that enhance the student experience are a high priority. An analysis of those complaints indicated that for the four years preceding the demise of CCi, ACICS received less than one student complaint per campus per year. The analysis also shows that those complaints primarily focused on three issues: financial aid (disputes about account balances), faculty issues, and lack of externship sites. About two-thirds of the complaints concerned the first category. Most of the complaints did not merit action by ACICS because they did not relate to a specific quality assurance standard, or the school was able to demonstrate compliance with ACICS accreditation criteria. Direct surveys of students indicated general satisfaction with the education provided, and a willingness to recommend the institution to others.

Determinations of institutional quality and integrity by Council are based on material information sources and methods of inquiry. Those sources are augmented by information provided by students, faculty, staff, and third parties, including the news media, plaintiff's attorneys and state consumer authorities, such as attorneys general. None of those sources of information are necessarily decisive by themselves in making a thoughtful and comprehensive evaluation of the institution. Rather, the Council takes all of those into consideration, applies its own judgement and experience, follows the required due process protections and makes a final determination.

Schools are required to include in their Institutional Effectiveness Plan goals for employer satisfaction and mechanisms to survey employers periodically. Expert evaluators scrutinize the plan, as well as data collected and analyzed by the institution to make sure that information from the employer community is shaping educational programming. In addition, each program is required to establish a community outreach mechanism, such as a program advisory committee, that solicits from the workforce community its emerging needs and requirements.

One of the conclusions expressed was that CCi "failed its students" in terms of financial stability, in terms of educational quality, as measured by Cohort Default Rate (CDR), and price of attendance. ACICS had diligently reviewed audited financial statements from CCi for each of the preceding four years and found no evidence of system wide financial instability. CCi was subject to additional monitoring and reporting at the corporate level by the Council in part due to the conditional participation in Title-IV programs imposed by the Department.

Under the financial monitoring requirement, CCi developed and submitted for ACICS's review a teach-out plan to protect the interests of currently enrolled students. When 37 campuses were sold to another organization, the requirement of teach-out plans to serve those students was rendered moot. However, CCi did not fulfill the teach-out requirements for the four Everest campuses which closed in late April; the Council will review at its August 2015 meeting the degree to which students were displaced by the sudden cessation of operations and decide appropriate sanctions to apply to members of the Corinthian leadership team.

Regarding the repayment of loans by students, none of the Everest Colleges had student 3-year CDRs (2014) in excess of 30 percent, the rate at which schools are in jeopardy of losing their Title-IV eligibility. This CDR information is provided independently to ACICS by the U.S. Department of Education.

ACICS's standard process regarding loan repayment performance is to review the CDR rates of all institutions every year. Schools with a default rate above the Department's threshold are required to submit an improvement plan subject to Council review. The type of students that member institutions serve – many come from disadvantaged socio-economic backgrounds or households – contributes to higher rates of loan default. ACICS is unaware of any evidence that institutions with higher CDRs are necessarily of lower quality than institutions with lower CDRs; ACICS is aware of numerous studies that show CDR and demographics of the student population to be directly correlated.

Finally, ACICS has developed no standards regarding the prices charged to students by member institutions. Nor has ACICS imposed maximum tuition rates at member institutions. Regulating

the cost of attendance is clearly beyond the authority of accreditation and outside the purpose of quality assurance. However, as offered in ACICS's written testimony, the Council has a direct interest in evaluating the value component of the price/value proposition through its program of quality assurance. The Council will continue to refine and enhance its methods of review to ensure that students attending member institutions realize the greatest possible benefit for their emotional, spiritual, intellectual, temporal and financial investment.

To summarize, the primary role of ACICS is to assure quality and promote excellence. A secondary role is to ensure institutions adhere to minimum standards of quality and integrity. When an institution falls below standards, it is subject to sanctions, including deferrals, additional reporting, show-cause directives, probation and ultimately loss of accreditation. The chart below reflects how frequently ACICS accredited institutions have faced sanctions and penalties:

APRIL 2010 THROUGH DECEMBER 2014

ACTION	Totals	2014	2013	2012	2011	2010
Deferrals	**1003**	67	171	420	184	161
Show Cause Directive/Probation	**97**	8	3	11	73	2
Action to Withdraw	**4**	0	1	3	0	0
Denials	**16**	3	1	2	4	6
Revocations	**31**	20	11	0	0	0
Debarments	**9**	4	2	0	0	3
Institution Closings	**94**	40	27	19	3	5
Voluntary Withdrawals	**46**	14	18	5	2	7

This chart reflects how frequently ACICS colleges and schools face sanctions and penalties.

In conclusion, more than 90,000 students enrolled at ZEG campuses accredited by ACICS continue in their studies under a valid grant of accreditation and the approval of state and federal authorities. Whatever deficiencies of accreditation have been enumerated, the facts indicate that while ACICS continues its efforts to improve, accreditation is working and performing the job it was assigned by the Higher Education Act. ACICS welcomes the opportunity to respond to any additional questions or inquiries you may have.

Sincerely,

Albert C. Gray Ph.D.
President and CEO