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April 8, 2016

The Honorable John King
United States Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Jennifer Hong
Executive Director/Designated Federal Official
National Advisory Committee on Institutional Quality and Integrity (NACIQI)
U.S. Department of Education
400 Maryland Ave., SW, Rm. 6W250
Washington, DC 20202
ThirdPartyComments@ed.gov

Re: Opposing the Application for Renewal of Recognition of the Accrediting Council for Independent Colleges and Schools (ACICS)

Dear Secretary King and Ms. Hong:

We write in response to the notice of intent to accept written comments on the application for renewal of accrediting agencies, specifically, the Accrediting Council for Independent Colleges and Schools (ACICS), as published in the Federal Register on March 18, 2016. We have carefully reviewed the Criteria for the Recognition of Accrediting Agencies, including §§ 602.16(a)(1)(i), 602.19(a) & (b), and 602.20(a), that are of particular importance to our consumers. We believe that stronger oversight by accrediting agencies is necessary to protect vulnerable students from predatory schools, ensure accountability to taxpayers, and level the playing field for career schools that are delivering quality, affordable programs. Given ACICS' failure to ensure program quality at the institutions it accredits, we oppose renewal of recognition and urge the Department to revoke its status as a recognized accreditor.

Because the Department of Education does not directly assess the quality of institutions of higher education, students depend on accreditors to ensure that schools provide an education that meets at least minimum standards of quality. Accreditors, more than any other party charged with the supervision of higher education, are responsible for protecting students from profit-seeking institutions offering training of no educational value. Today, when millions of students

are defaulting on the student loans they incurred to attend subpar for-profit schools, it is clear that certain accreditors are failing to do the job.

Even in the crowded field of accrediting failures, ACICS deserves special opprobrium. According to a recent analysis by ProPublica, only 35% of students enrolled at ACICS accredited schools graduate from their programs, "the lowest rate for any accreditor." Of students who actually did graduate, more than one in five defaulted on their student loans within the first three years after graduation. A full 60% had not yet paid down a single dollar of the principal balance on their loans.

As consumer advocates in our respective states, our offices have investigated many ACICS accredited schools based on complaints from students, and found a fundamental lack of substantive oversight for student outcomes by the accreditor. Lapses that we have encountered include a failure to take action when improper job placement statistics are reported, inadequate job placement verification processes, and a lack of transparency and cooperation with investigations into student outcomes.

ACICS' most spectacular failure was its decision to extend accreditation to several dozen schools operated by Corinthian Colleges. Corinthian's practice of offering extremely expensive degrees of little value to low-income students has been the target of more than twenty state and federal law enforcement agencies. Yet ACICS continued to provide accreditation to Corinthian's schools until the day Corinthian declared bankruptcy. The U.S. taxpayer provided approximately $3.5 billion to Corinthian, made possible by ACICS's accreditation.

ACICS has failed repeatedly to take action in response to public enforcement actions by state and federal law enforcement. In the Illinois Attorney General's investigation and subsequent litigation with Westwood College, the office found that ACICS was not annually verifying even a sample of job placements reported by the institutions it accredits. When asked by the attorney general's office, ACICS would not commit to formally outline their verification process in an affidavit. This type of obfuscation hinders regulatory cooperation between the "triad" that oversees higher education in the United States, the federal government, the states, and accreditors.

There are other examples of ACICS' failure to identify compliance problems and enforce its accreditation standards. In 2015, Education Management Company (EDMC), with campuses accredited by ACICS including The Art Institute and Brown Mackie College, settled with thirty-nine State Attorneys General and agreed to forgive $102.8 million in outstanding loan debt. ITT Tech has been sued by the Consumer Financial Protection Bureau, and Attorneys General of Massachusetts and New Mexico and is under investigation by 19 other states. Daymar College employed dozens of unqualified faculty as determined by the Kentucky Council on Postsecondary Education and the Kentucky Attorney General, yet ACICS took no action to rebuke the school or require remedies for students. Daymar subsequently settled with the Attorney General and agreed to provide $11 million in debt relief and pay $1.2 million in student redress. National College of Kentucky, Inc. was fined $147,000 by a Kentucky Court for failing to fully respond to a subpoena from the Kentucky Attorney General. National College of

Kentucky later admitted in litigation with the Kentucky Attorney General that it advertised false job placement rates yet ACICS has taken no action against the school.

Career Education Corporation, whose Sanford Brown schools are ACICS-accredited, settled with the New York Attorney General's Office in 2013 for $10.25 million based on findings that CEC fabricated job placement rates. ACICS failed to identify the placement rate inaccuracies and, when CEC's misconduct came to light, failed to terminate or suspend accreditation to any Sanford Brown Schools. In fact, ACICS did not even request that CEC recalculate inaccurate placement rates for several of the affected cohorts.

It should be noted that ACICS has representatives of these problem schools on its board and committees, raising serious questions about potential conflicts of interests and therefore ACICS's ability to impartially evaluate those and other schools. For example, ITT, Corinthian Colleges, and National College all had representatives on the ACICS Board of Directors/Commissioners during the pendency of these enforcement actions or the events leading thereto.

ACICS's accreditation failures are both systemic and extreme. Its decisions to accredit low-quality for-profit schools have ruined the lives of hundreds of thousands of vulnerable students whom it was charged to protect. It has enabled a great fraud upon our students and taxpayers. ACICS has proven that it is not willing or capable of playing the essential gate-keeping role required of accreditors. It accordingly should no longer be allowed to do so.

The state attorneys general appreciate this opportunity to comment and we urge the Department to exercise its appropriate discretion in refusing to renew recognition.

Sincerely,

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