



**U.S. Department of Education
Office of Inspector General**

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September 26, 2002

MEMORANDUM

TO: Sally Stroup
Assistant Secretary
Office of Postsecondary Education

FROM: Gloria Pilotti *Gloria Pilotti*
Regional Inspector General for Audit

SUBJECT: MANAGEMENT INFORMATION REPORT
*North Central Association of Colleges and Schools' Accreditation
Standards for Student Achievement and Program Length*
Control No. ED-OIG/A09-C0016

Attached is our subject report providing information on the results of our review of the North Central Association of Colleges and Schools' standards for student achievement and program length as required by the Higher Education Act, Section 496(a)(5). The report does not contain recommendations for Department action, but does provide information that you may find useful in making management decisions related to Federal recognition of accrediting agencies.

If you have any questions or wish to discuss the contents of this report, please contact me at (916) 930-2399. Please refer to the above control number in all correspondence relating to this report.

Attachment

Electronic cc: John Barth, Accreditation and State Liaison Staff Director, OPE
Carol Griffiths, Accrediting Agency Evaluation Chief, OPE
David Bergeron, Audit Liaison Officer, OPE



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Steven D. Crow
Executive Director
The Higher Learning Commission
North Central Association of Colleges and Schools
30 North LaSalle Street, Suite 2400
Chicago, Illinois 60602-2504

Dear Dr. Crow:

This is the Office of Inspector General's **Final Management Information Report**, entitled *North Central Association of Colleges and Schools' Accreditation Standards for Student Achievement and Program Length*. The purpose of our review of the Higher Learning Commission of the North Central Association of Colleges and Schools (NCACS) was to (1) identify NCACS' standards for success with respect to student achievement and measures of program length as required by the Higher Education Act (HEA), Section 496(a)(5), and (2) evaluate NCACS' management controls for ensuring that institutions adhere to its standards for student achievement and measures of program length and that consistent enforcement action is taken when institutions are not in compliance with the standards.

As explained in the REVIEW RESULTS section, we identified NCACS' standards, but were unable to determine the effectiveness of its management controls for monitoring and enforcing the standards. This management information report, describing NCACS' standards and its monitoring and enforcement policies and procedures, is being provided to assist the U.S. Department of Education (Department) in its oversight of accrediting agencies. We also provide suggestions for NCACS to consider for enhancing its standards and management controls.

We obtained written comments from NCACS on a draft of this report. NCACS indicated that it did not concur with our conclusions or suggestions. We summarized its comments and our response at the end of the REVIEW RESULTS section. The full text of NCACS' comments is included as an attachment to this report.

REVIEW RESULTS

The Secretary of the Department recognizes NCACS as a regional accrediting agency. To achieve this recognition, the Higher Education Act (HEA) requires accrediting agencies, among other requirements, to establish standards for student achievement and measures of program length.

NCACS standards that encompass student achievement and program length are general, that is, the standards do not include specific measures to be met by institutions. The agency expects its affiliate institutions to develop their own measures for assessing student achievement and follow standard practice in higher education for defining program length. NCACS has not defined success with respect to student achievement or standard practice. As a result, its established standards inherently limit the agency's ability to compare institutional performance and distinguish between compliant and noncompliant institutions. We offered suggestions for enhancing NCACS' standards.

NCACS has policies and procedures in place that address the monitoring and enforcement of its standards. Because of the general nature of its standards, subjective judgment used to determine adherence to its standards, and insufficient supporting documentation in the agency's institutional files, we could not determine the effectiveness of NCACS' management controls for ensuring institutions adhere to standards and the agency takes consistent enforcement action when institutions are noncompliant. Moreover, these conditions inherently limit the agency's ability to assure consistent application of its standards. We offered suggestions for strengthening NCACS' management controls.

STANDARDS FOR STUDENT ACHIEVEMENT AND MEASURES OF PROGRAM LENGTH

Section 496(a)(5) of the HEA requires accrediting agencies, among other requirements, to establish accreditation standards that assess the institution's—

- (A) success with respect to student achievement in relation to the institution's mission, including, as appropriate, consideration of course completion, State licensing examinations, and job placement rates; . . . [and]
- (H) measures of program length and the objectives of the degrees or credentials offered;

The regulations that address accrediting agencies' standards for student achievement and measures of program length mirror the statutory language.

NCACS' Standard for Student Achievement

NCACS' standard for student achievement is embedded within a general criterion that—"The institution is accomplishing its educational and other purposes." To determine whether an institution fulfills this criterion, NCACS expects an institution, among other requirements, to document the academic achievement of its students. Specifically, the institution must have an assessment program that documents—

- Proficiency in skills and competencies essential for all college-educated adults,
- Completion of an identifiable and coherent undergraduate level general education component,
- Mastery of the level of knowledge appropriate to the degree granted, and
- Control by the institution's faculty of evaluation of student learning and granting of academic credits.

The agency's *Handbook of Accreditation* does not prescribe a specific methodology for the assessment, but requires each institution to structure an assessment program around its stated mission and educational purposes and use the assessment to improve teaching and learning. The *Handbook of Accreditation* describes the characteristics of effective assessment programs and provides examples of a variety of direct and indirect measures of student learning including, if appropriate, graduation rates, job placement data, and performance on licensure, certification, or professional examinations.

In the preamble to the 1999 proposed rules, the Secretary stated that accrediting agencies should establish quantitative standards—for completion rates, job placement rates, and pass rates on State licensing examinations—for vocational education programs. NCACS has not established quantitative standards for its institutions that offer certificate or degree programs with vocational objectives, but uses the same standards applicable to all other affiliated institutions. According to the Executive Director, about a third of its affiliate institutions are community or technical colleges that might offer vocational programs in both certificate and associate degree formats.

Under current procedures, an institution cannot fail to meet NCACS' criterion to accomplish educational and other purposes solely on the basis of its student assessment program. However, the agency is in the process of revising its standards and has proposed a stand-alone standard for student learning and effective teaching. Under the new standard, each institution would need to collect and use accountability data, such as graduation rates, passing rates on licensing examinations, placement rates, and transfer rates. The proposed standard continues to rely on institutions to develop their own measures and does not set minimum acceptable levels of performance. The proposal requires constituency comment and Board approval and could become effective in Fall 2004.

NCACS' standard for student achievement and its requirements for meeting this standard have three inherent limitations.

- The agency cannot compare institutions offering programs with similar purposes because they may not use similar measures for student achievement.
- The agency cannot definitively distinguish between compliant and noncompliant institutions because it does not define success with respect to student achievement, set minimum levels of performance, or define assessment program requirements, such as proficiency in skills and competencies essential to all college-educated adults, and mastery of knowledge appropriate to the degree.
- The agency does not explicitly require that students in educational programs demonstrate academic success.

NCACS' Standard for Measures of Program Length

NCACS' standard for measures of program length is primarily addressed within a general requirement that "[The institution's] degrees are appropriately named, following practices common to institutions of higher education in terms of both length and content of the programs." In addition, the *Handbook of Accreditation* addresses credits and program length under a section entitled Federal Compliance Program, which requires institutions to be able to—

- Equate its learning experiences with semester or quarter credit hours using practices common to institutions of higher education;
- Justify the lengths of its programs in comparison to similar programs found in accredited institutions of higher education; and
- Explain in its catalog, student handbook, or self-study, how the institution calculates equivalencies, if it does not use semester or quarter credit hours as the basic measure of its learning experiences.

The *Handbook of Accreditation* does not explain what is considered "common practice" for institutions of higher education, the basis for determining that programs are similar, or acceptable calculation of equivalencies.

Under another section of the *Handbook*, NCACS provides additional guidance on non-traditional course formats. In this section, the agency states that every institution need not follow the traditional Carnegie formula, but does not define this formula.¹ In addition, the agency recognizes the importance of academic credit as the common means of quantifying study and learning, such as in defining "full-time student," and as a mechanism by which institutions can grant credit for transfer of courses taken at other institutions or assess prior learning. The agency further recognizes that classroom time has traditionally had some relationship in determining the scope of learning, but also recognizes how much study students do outside of formal classes, the level of expectation in the course, the preparation of students, and the pedagogical methods used, all play major roles. Therefore, the agency allows its institutions to deviate from the Carnegie formula, but expects institutions offering courses in accelerated or other non-traditional formats to rigorously assess student learning and be especially diligent in documenting that students in these courses achieve the mastery of skills and knowledge expected of students in traditional courses.

Although not explicitly stated in the *Handbook of Accreditation*, the Executive Director told us that an institution must justify any deviation from the Carnegie method. When conventional methods of credit hours are not applicable as in non-traditional settings, the agency expects the institution to demonstrate that student learning is equivalent to the learning achieved in traditional settings.

¹ The Carnegie formula provides the standard unit of measuring credit in higher education, whereby one credit hour generally consists of one hour of classroom work and two hours of outside preparation over the course of the academic term. "One hour of classroom work" is defined as 50 to 60 minutes. Under this method, a full-time student in an education program using a semester, trimester, or quarter system would have a workload of 36 hours per week through the academic term (12 hours of classroom work and 24 hours of outside preparation per week).

Systematic Program of Review

The regulations at 34 C.F.R. § 602.21 address the requirements for an accrediting agency's systematic review of its standards. Paragraph (a) states that "[t]he agency must maintain a systematic program of review that demonstrates that its standards are adequate to evaluate the quality of the education or training provided by the institutions and programs it accredits and relevant to the educational or training needs of students." Paragraph (b) lists the following required attributes of the review—

[T]he agency must ensure that its program of review—

- (1) Is comprehensive;
- (2) Occurs at regular, yet reasonable, intervals or on an ongoing basis;
- (3) Examines each of the agency's standards and the standards as a whole; and
- (4) Involves all of the agency's relevant constituencies in the review and affords them a meaningful opportunity to provide input into the review.

To meet this requirement, NCACS uses self-evaluation that regularly seeks comments from institutions and peer reviewers on the effectiveness of the agency's programs and requirements for accreditation. Strategies include gathering perspectives through an ongoing web-based listening post and annual roundtable discussions, and including as an agenda item at each meeting of key decision-making bodies a discussion of issues related to accreditation requirements and standards. In addition, NCACS has a policy to convene an advisory panel, which will include representatives from various constituencies, at least every 5 years to review the effectiveness of and proposed changes to the agency's accreditation standards. The policy does not explicitly state that the advisory panel will review each accreditation standard individually, as well as the standards as a whole. Apart from this policy, NCACS convened a committee in 1998 to examine organizational effectiveness and future directions, which resulted in the agency's current effort to revise its accreditation standards.

Suggestions for Enhancing the Standards for Student Achievement and Program Length

To enhance its established standards for student achievement and measures of program length, we suggest that NCACS consider—

- Developing standards that are sufficiently concrete and specific to permit the agency to determine whether an institution is compliant or noncompliant.
- Studying the measures used in assessment programs at institutions with similar purposes and programs and developing measures for incorporation in the agency's standard for student achievement.
- Establishing quantitative standards for completion rates, job placement rates, and pass rates on State licensing examinations, as applicable, for certificate and degree programs with vocational objectives.
- Providing additional guidance with actual examples of the types of student assessment measures and methods an institution might use for a particular institutional mission and purpose.

- Describing the Carnegie formula in written guidance, explicitly stating that institutions should use this method and, if they do not, must submit written justification for any deviation.
- Providing guidance on documenting justifications for deviations from the Carnegie method.
- Including in its policy addressing systematic program of review a statement that the advisory panel that meets every five years will comprehensively review each accreditation standard individually, as well as the standards as a whole.

MANAGEMENT CONTROLS FOR ENSURING ADHERENCE TO STANDARDS

The regulations at 34 C.F.R. § 602.18 require an accrediting agency to “consistently apply and enforce its standards to ensure that the education or training offered by an institution or program . . . is of sufficient quality to achieve its stated objective for the duration of any accreditation or preaccreditation period granted by the agency.” In addition, 34 C.F.R. § 602.19 requires the agency to (a) “reevaluate, at regularly established intervals, the institutions or programs it has accredited or preaccredited . . . [and] (b) . . . monitor institutions or programs throughout their accreditation or preaccreditation period to ensure that they remain in compliance with the agency's standards.”

Monitoring Activities and Procedures

NCACS has policies and procedures that address its efforts to ensure adherence to established standards for student achievement and program length, but we were unable to determine the effectiveness of the policies and procedures.

NCACS determines an institution's adherence to its standards primarily through a process that begins with the institution conducting a self-study and follows with a team of peer reviewers that conducts a site visit to evaluate and confirm the quality of education. To reaffirm an institution's status, this comprehensive evaluation process is repeated no later than 5 years after initial accreditation and no later than 10 years following each subsequent reaffirmation.²

If the comprehensive evaluation identifies a need for additional monitoring, NCACS may shorten the institution's accreditation period, require an institution to submit progress or monitoring reports, or conduct one or more additional site visits during the accreditation period. According to the Executive Director, about 70 percent of the agency's institutions require some form of follow-up monitoring. Data were not available to confirm the Director's statement or determine the reasons for follow-up monitoring, such as whether monitoring was to ensure adherence to the standards for student achievement and program length.

NCACS provides little specific guidance on how reviewers should evaluate an institution's compliance with the established standards for student achievement and measures of program

² NCACS also requires institutions to submit an annual report that generally encompasses demographic information about the institution. The agency does not use either the site visit reports or the annual reports to track institutions' adherence to standards during the accreditation period.

length. According to the *Handbook of Accreditation*, peer reviewers are to judge the strength and usefulness of the institution's assessment program and whether the institution has adequately demonstrated that it follows common practice regarding program length. If an institution does not use semester or credit hours, the peer reviewers confirm that academic credit equivalencies seem reasonable and uniformly applied within the institution. In the *Addendum to the Handbook of Accreditation*, NCACS provides a tool in the form of a matrix for peer reviewers to evaluate institutions' progress in implementing their assessment program. The matrix characterizes an assessment program in its beginning stages as using measures to assess student learning that have little direct relationship to actual learning outcomes, and a mature assessment program as having established programmatic benchmarks against which students' learning outcomes are assessed.

The Executive Director and NCACS evaluation directors listed the following actions that the agency uses to assure consistent application of the agency's standards. NCACS provides written guidance and training for peer reviewers. An NCACS staff liaison reviews each evaluation report to assure peer reviewers adhere to the agency's policies and procedures. Accreditation decision-making bodies, consisting primarily of peer reviewers, perform multiple levels of review before taking any official accreditation action to ensure that peer review teams' recommendations for accreditation action and additional monitoring are adequately supported. Based on our review of files for 12 sampled institutions, NCACS appeared to follow its processes for the type of follow-up monitoring recommended by the peer reviewers and decision-making bodies involved in reviewing the accreditation decision.

From our file review of the 12 institutions, we found that the institutions' self-study reports and peer reviewers' evaluation reports described and evaluated student achievement and program length to a varying extent, but did not indicate whether students were successfully achieving. In half of the cases, the self-study report included data on student outcomes and, in only one case, the report defined success with respect to student achievement. For 8 of the 12 sample institutions, the peer reviewers' evaluation report identified weaknesses related to the institution's student assessment program. For six of the eight cases with identified weaknesses, NCACS either required follow-up monitoring in the form of an additional site visit or report to address student assessment, or had already scheduled the next comprehensive visit within the follow-up period. The self-study reports generally described the institution's degree programs and their length and credit completion requirements, but did not explain how the institution determined the number of credit hours for each course or program. The reports contained no issues regarding measures of program length. In eight cases, the peer reviewers' evaluation report globally stated that the institution met all general requirements, implying compliance with the established standard for measures of program length without providing evidence of the reviewers' evaluation.

Based on our review of agency files for the 12 sampled institutions, we could not determine the effectiveness of NCACS' management controls for ensuring its institutions adhere to established standards for student achievement and program length. In addition to the general nature of the standards and subjective judgment of peer reviewers in determining adherence to the standards, the agency's records did not contain sufficient supporting documentation. Consistent with the agency's procedures, however, additional documentation should have been available at the institution at the time of the peer reviewers' site visit. The lack of definition for its standards and NCACS' policies and procedures for determining compliance with the standards inherently limit the agency's ability to assure consistent application of its standards.

Substantive Change

The regulations at 34 C.F.R. § 602.22 address the requirements for an accrediting agency's substantive change policy. Paragraph (a) states—

If the agency accredits institutions, it must maintain adequate substantive change policies that ensure that any substantive change to the educational mission, program, or programs of an institution after the agency has accredited or preaccredited the institution does not adversely affect the capacity of the institution to continue to meet the agency's standards. . . .

Paragraph (a)(2) lists the types of changes that must be addressed by the agency's policy. The following listed changes could impact an institution's adherence to the accrediting agency's standards on student achievement and measures of program length—

- (i) Any change in the established mission or objectives of the institution.
- (iii) The addition of courses or programs that represent a significant departure, in either content or method of delivery, from those that were offered when the agency last evaluated the institution.
- (iv) The addition of courses or programs at a degree or credential level above that which is included in the institution's current accreditation or preaccreditation.
- (v) A change from clock hours to credit hours.
- (vi) A substantial increase in the number of clock or credit hours awarded for successful completion of a program.

NCACS developed policies for substantive changes related to educational mission or structure, offerings, and sites, but not for changes from clock to credit hours and substantial increases in clock or credit hours. For changes in delivery method, the policies only address distance education.

Suggestions for Strengthening Management Controls for Ensuring Adherence to Standards

To enhance its management controls for evaluating and monitoring institutions' performance, we suggest that NCACS consider—

- Providing peer reviewers specific guidance for evaluating institutions' assessment programs with respect to student achievement, including actual examples of the types of student assessment measures that are appropriate for a particular learning outcome and suitable benchmarks.
- Requiring institutions to articulate in the self-study report the definition of success with respect to student achievement and student outcome results.
- Requiring peer reviewers to examine and report on institutions' success with respect to student achievement.
- Requiring peer reviewers to confirm the institution's use of the Carnegie formula for determining credit hours and report on the validity of justifications for any deviation.

- Ensuring that its substantive change policies are consistent with regulatory requirements by including in its policy changes from clock hours to credit hours, substantial increases in clock or credit hours, and changes in delivery method for all programs, not just distance education programs.

MANAGEMENT CONTROLS FOR ENSURING ENFORCEMENT OF STANDARDS

When an institution or program is not in compliance with the accrediting agency's standards, the regulations at 34 C.F.R. § 602.20(a) require the agency to either "immediately initiate adverse action against the institution . . . or . . . require the institution . . . to take appropriate action to bring itself into compliance" within established timeframes.

NCACS has policies and procedures that address its efforts to ensure enforcement of its established standards for student achievement and program length, but we were unable to determine the effectiveness of the policies and procedures.

NCACS has four types of enforcement action—show-cause order, placed on notice, probation, and denial or withdrawal of accreditation. For all but denial or withdrawal of accreditation, institutions are considered to be in jeopardy of being noncompliant with established standards. In these cases, an institution remains accredited and has up to two years to take corrective action, which is consistent with Federal regulations regarding noncompliant institutions.

Under NCACS policy, noncompliance with any one of the agency's established standards should result in denial or withdrawal of an institution's accreditation. According to the Executive Director, NCACS has not denied or withdrawn accreditation for noncompliance with the agency's standards that encompass student achievement and measures of program length. Institutions may have failed to implement an assessment program for student achievement or may have weaknesses in their assessment program, but can still meet the agency's general expectation "to accomplish its educational and other purposes." In practice, peer reviewers very seldom find that an institution does not meet the agency's requirements for program length.

At the time of our review, 5 of NCACS' 979 affiliate institutions were under enforcement action—4 institutions were on probation and 1 institution had been placed on notice. None of the five institutions had issues regarding measures of program length. Two institutions were on probation primarily for financial and governance issues, but also had weaknesses in their student assessment programs. In these two cases, the agency's institutional files did not include a statement on the success or lack of success with respect to student academic achievement. In one case, however, the peer reviewers reported that the institution fell short of complying with requirements for a formal and complete assessment program. As a result, NCACS required the institution to submit a progress report in a year.

We could not determine the effectiveness of NCACS' management controls for ensuring consistent enforcement action is taken when institutions are not in compliance with established standards for student achievement and measures of program length. The agency's standards are general in nature, subjective judgments were used to determine adherence to standards, and the agency's institutional files contained insufficient documentation. Under current procedures, the agency has not needed to take enforcement action, because institutions have not failed or could not fail these standards.

NCACS' COMMENTS AND OIG RESPONSE

NCACS indicated that it did not concur with our conclusions or suggestions. Our response to the agency's specific comments is as follows—

Peer Review Process

NCACS provided an excerpt from a 1967 Federal court decision that stated that agencies could rely on flexible standards and a peer review process.

OIG Response. The case cited by NCACS does not mention the HEA and is 25 years prior to the Higher Education Amendments of 1992. The Higher Education Amendments of 1992 significantly changed the requirements for an accrediting agency to receive recognition from the Secretary. These amendments added the requirement for standards that address student achievement and program length. In the preamble to the final regulations in 1994, the Secretary stated the following with regard to student achievement—

Typically under this standard, an agency should require the institution or program to document and assess the educational achievement of students in verifiable and consistent ways, such as student grades, grade point averages, theses or portfolios, the results of admissions tests for graduate or professional school or other standardized tests, transfer rates to institutions offering higher level programs, job placement rates, completion rates, results of licensing examinations, evaluations by employers, follow-up studies of alumni, and other recognized measures of educational outcomes.

With the Higher Education Amendments of 1998, the Department reiterated the comments from the 1994 final regulations in the preamble to the proposed regulations published in 1999.

Standards for Student Achievement and Program Length

NCACS stated that the HEA does not specify that accrediting standards must be quantitative rather than qualitative. In particular, the Act requires student achievement to be in relation to the institution's mission, and not in relation to an external numerical standard established by the agency. In addition, measures of program length are defined by the objectives of the degrees or credentials offered.

OIG Response. Both the HEA and regulations require accrediting agencies to establish standards to assess student achievement and program length. The HEA's listing of "course completion, State licensing examinations, and job placement rates" as examples of factors to be considered, as appropriate, are all objective and quantifiable. A standard should enable an objective determination of whether or not an institution is in compliance with the standard. The standards that the HEA requires accrediting agencies to have are the criteria for evaluating whether an institution meets or exceeds expectations. We found NCACS' standards for student achievement and program length to be general and subjective, effectively allowing institutions to establish their own standards.

Judgment-Based Decisions, Suggestion for Quantitative Standards for Vocational Education Programs, and the Carnegie Formula

NCACS stated that we claimed to be unable to audit standards and processes that are judgment-based. Moreover, the agency disagreed with our suggestion to establish quantitative standards for vocational education programs and noted an omission in our definition of the Carnegie formula.

OIG Response. NCACS' lack of documentation of the basis for its decisions, not the judgmental nature of its decisions, limited our ability to evaluate the agency. Our suggestion for quantitative standards stemmed from the preamble to the 1994 final regulations where the Secretary stated that "[f]or programs that provide vocational education, accrediting agencies should establish quantitative standards for completion rates, job placement rates, and pass rates on State licensing examinations." The Department reiterated this requirement in the preamble to the 1999 proposed rules.

We made a technical clarification to refer to vocational education programs as "certificate and degree programs with vocational objectives." With regard to the Carnegie formula, we have added to the definition included as a footnote in the report that "one hour of classroom work" is 50 to 60 minutes, because this corresponds to the regulatory definition of an hour at 34 C.F.R. § 600.2.

Efforts on Student Academic Achievement

NCACS listed a number of efforts since 1990 to help its institutions learn about and implement effective programs to assess the learning of their students. These efforts included institutions developing assessment plans and the agency providing information and training on assessment. NCACS also stated that almost all institutions offering vocational education routinely include in their assessment program such data as testing, licensing, and placement rates.

OIG Response. While NCACS stated that it has undertaken various efforts on student assessment over the last 12 years, these efforts appear less than successful. NCACS spent from 1990 to 1996 working on assessment plans that needed to be redone after the initial attempt. It is only now that the agency believes it will see results from efforts started in 1990. Although NCACS offered focused team-training workshops on assessment, we note that only about 8 percent of the institutions the agency accredits have participated in the workshops to date. If in fact almost all institutions offering vocational education include testing, licensing, and placement data in their assessment programs, the data should be available for NCACS to implement our suggestions to study the measures used and establish quantitative standards for certificate and degree programs with vocational objectives.

Follow-Up Monitoring

NCACS noted that the draft report did not address various follow-up actions by the agency on assessment issues. NCACS also provided previously unavailable data on the total number of institutions that required follow-up monitoring on student assessment. These data suggest that most institutions subject to comprehensive evaluation in 2000-2001 required follow-up monitoring in the form of reports or visits.

OIG Response. We have added information on our sample institutions, where the peer reviewers' evaluation report identified the need for follow-up monitoring on student assessment, to the subsection of the report on monitoring activities and procedures. Similar to the data provided by NCACS, we note that half of the sample institutions required such monitoring. While the agency provided evidence that it does follow-up as a result of issues identified in the preaccreditation and accreditation process, we did not identify a system to monitor compliance throughout an institution's accreditation period.

Decision-Making Process

NCACS stated that decisions are based on a multi-tiered system, based on the work of trained peer reviewers and multiple levels of review, to ensure consistent application of standards.

OIG Response. We examined the processes and reported on their existence, but we could not evaluate their effectiveness due to the lack of documentation in the institutional files.

Audit Process

NCACS stated that our audit was conducted without clear understanding of the kind of evidence needed to assure its fairness and usefulness.

OIG Response. This review was conducted in accordance with government auditing standards appropriate to the scope of the review. These standards require sufficient, competent, and relevant evidence to afford a reasonable basis for our findings and conclusions, which is what we have presented in this report. We considered all the documentary evidence that NCACS had available for our review.

BACKGROUND

Founded in 1895, NCACS is a voluntary, not-for-profit organization, whose members are institutions of higher education that are accredited by the agency. A Board of Trustees (Board) oversees the agency and can be comprised of 15 to 21 members—up to 3 representing the public and the others broadly representing affiliate institutions. The Executive Director reports to the Board and manages the day-to-day operations of the agency, including 31 professional and support staff. Each institution is assigned a member of the professional staff, who serves as that institution's resource person and liaison with the agency. NCACS' corps of peer reviewers consists of over 900 educators from the agency's affiliate institutions.

To be affiliated with NCACS, an institution must meet 24 General Institutional Requirements (GIRs) and 5 Criteria for Accreditation. According to its *Handbook of Accreditation*, GIRs establish a threshold of institutional development needed by an institution seeking accreditation and reflect the agency's basic expectations of all affiliated institutions. The GIRs address issues that are covered to greater extent in the Criteria. Customarily, an institution's ability to meet the higher expectations of the Criteria is the focus of reviews conducted at candidate and accredited institutions.

NCACS first gained Federal recognition in 1952. The Department most recently renewed the agency's recognition in late 1997 for a period of five years. NCACS currently accredits 979 degree-granting institutions of higher education in 19 states.³

PURPOSE, SCOPE, AND METHODOLOGY

The purpose of the review was to (1) identify NCACS' standards for success with respect to student achievement and measures of program length as required under the HEA, Section 496(a)(5), and (2) evaluate NCACS' management controls for ensuring that institutions adhere to its standards for student achievement and measures of program length and that consistent enforcement action is taken when institutions are not in compliance with the standards.

For our review, we focused on the agency's current standards applicable to student achievement and measures of program length and the procedures that NCACS used for monitoring and enforcing those standards. We reviewed applicable Federal laws and regulations; reviewed NCACS' policies, procedures, and guidance; and interviewed the Executive Director and several staff.

We reviewed institutional files for a total of 12 institutions. To validate NCACS' process for monitoring institutions' adherence to its standards, we first randomly selected 10 institutions from the 197 institutions for which the agency had conducted a site visit during 2000-01. While NCACS has 979 member institutions, we chose this sample methodology because, for the 2000-01 cycle of visits, the agency had used its current evaluation procedures, had finalized the accreditation decision, and had the institutional files readily available. To validate the agency's process for taking enforcement action, we reviewed the institutional files for two institutions that were placed on probation (one of the two institutions also fell into our random sample). Lastly, to determine whether there were issues regarding the application of the agency's standards, we selected one institution that had disagreed with the peer reviewers' recommendations.⁴

NCACS does not maintain information that identifies whether its 979 affiliate institutions are Title IV participants. A Departmental list of institutions showed NCACS as the primary accrediting agency for 958 institutions. Since the difference between NCACS' universe of institutions and the Department's list of Title IV participants was insignificant, we concluded that the NCACS listing of accredited institutions was sufficiently complete for the purpose of selecting institutions for file review. Through the Department's PEPS Database, we also confirmed that the 12 institutions in our sample were approved for Title IV participation.

³ Arizona, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, West Virginia, Wisconsin, and Wyoming.

⁴ In the past 2 years, two institutions have requested that NCACS' Review Committee review the evaluation team's recommendations (an option an institution has when it disagrees with the recommendations). Only one of these two institutions included an issue related to student achievement or program length.

We performed our fieldwork at NCACS' offices in Chicago, Illinois, during March and April 2002. We held an exit briefing with NCACS officials on August 2, 2002. Our review was performed in accordance with government auditing standards appropriate to the scope of the review described.

STATEMENT ON MANAGEMENT CONTROLS

We assessed the system of management controls, policies, procedures, and practices applicable to NCACS' process for monitoring and enforcing accreditation standards for student achievement and program length. We performed our assessment to determine whether NCACS' processes provided a reasonable level of assurance that the agency ensured that institutions adhered to established standards and, when institutions were noncompliant, NCACS took consistent enforcement action.

For the purpose of this report, we assessed and classified significant controls related to NCACS' accreditation standards into the following categories—

- Monitoring institutions' adherence to the standards, and
- Taking enforcement action for noncompliant institutions.

The management of NCACS is responsible for establishing and maintaining a management control structure. In fulfilling this responsibility, judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of the system are to provide management with reasonable, but not absolute, assurance that institutions adhere to accreditation standards and that enforcement action is taken when institutions are found to be noncompliant with the standards.

Because of inherent limitations in any management control structure, errors and irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

As we disclosed in the REVIEW RESULTS section, our assessment could not determine the effectiveness of NCACS' management controls because the institutional files we sampled did not contain sufficient documentation to support institutions' adherence to standards and NCACS has not found institutions out of compliance with its standards for student achievement and program length. However, we identified areas where management controls for ensuring adherence to standards could be strengthened and offered suggestions for enhancing the controls.

ADMINISTRATIVE MATTERS

Statements that managerial practices need improvements, as well as other conclusions and suggestions in this report represent the opinions of the Office of Inspector General. In accordance with the Freedom of Information Act (5 U.S.C § 552), reports issued by the Office of Inspector General are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions under the Act.

Sincerely,

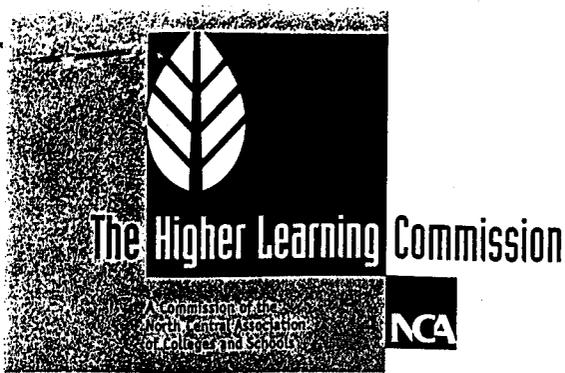
A handwritten signature in black ink that reads "Gloria Pilotti". The signature is written in a cursive style with a large initial "G".

Gloria Pilotti
Regional Inspector General for Audit

Attachment

ATTACHMENT

NCACS' Comments on the Draft Report



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Serving the common good by assuring and advancing the quality of higher learning

September 3, 2002

Gloria Pilotti
Regional Inspector General for Audit
U.S. Department of Education
501 I Street, Suite 9-2000
Sacramento, CA 95814

Dear Ms. Pilotti:

Thank you for the Draft Management Information Report entitled *North Central Association of Colleges and Schools' Accreditation Standards for Student Achievement and Program Length*. Thank you as well for the opportunity to comment on it.

Regional institutional accreditation since the 1930s has rested on judgments of quality founded as much on qualitative as quantitative evidence. It was in the early 1930s that this Commission, following a very extensive study by Drs. George F. Zook and Melvin C. Haggerty, concluded that strict numerical standards failed to account for the multiple ways in which institutions provided quality higher education. From that point on, accreditation became a very human enterprise in which the decisions about accreditation rest heavily on the experience and expertise of peer reviewers. Rather than being tied to a regime of counting, grading, or ranking, our judgments are informed by standards, by experience, and by knowledge of what is happening in the field. To ensure the integrity of those decisions, the Commission has created processes that allow for a second and third evaluation of the work of the reviewers.

The Commission's reliance on this process was tested in Parsons College v. North Central Association of Colleges and Secondary Schools, 271 F. Supp. 65 (1967). In upholding our decision to withdraw accreditation, a Federal court stated:

The standards of accreditation are not guides for the layman but for professionals in the field of education. Definiteness may prove, in another view, to be arbitrariness. The Association was entitled to make a conscious choice in favor of flexible standards to accommodate variation in purpose and character amongst its constituent institution, and to avoid forcing all into a rigid and uniform mold. . . . Evaluation by the peers of the college, enabled by experience to make comparative judgments, will best serve the paramount interest in the highest practicable standards in higher education.

It is not clear from the audit report that the Inspector General knows or accepts this fundamental ruling by a United States District Court, for the thrust of the audit report apparently is to find such flexibility and peer judgment inadequate or at least unauditably by the Inspector General.



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The Higher Education Act (HEA) is not as prescriptive as the Inspector General seems to suggest. Section 496 (a)(5) of the HEA does not specify that accrediting standards must be quantitative rather than qualitative. "Measures of program length," for example are defined by "the objectives of the degrees or credentials offered." Moreover, the specific wording of the requirement on student achievement makes clear that the success of students is "*in relation to the institution's mission* (italics mine)," not in relation to some external numerical standard established by us or any other entity. I realize that for purposes of auditing, stronger reliance on numbers rather than on judgment-based practices well understood by peer reviewers would have made the task easier.

Clearly the Inspector General is trying to establish a standard of evidence not previously set by the Department of Education in its recognition process and not required by HEA. It claims not to be able to audit standards and processes that are judgment-based, and proposes that the Commission could improve its standards by making them more specific, including "establishing of quantitative standards for completion rates, job placement rates, and pass rates on State licensing examinations, as applicable, for vocational education programs offered by accredited institutions (p. 5)." This moves the expectation from our having standards that include consideration of such data when we evaluate an institution's assessment of student learning to establishing clear cut points that would apparently link decisions about accreditation directly to such numbers. Program length, the report suggests, should be tied explicitly to Carnegie formulas almost a century old, with our standards requiring explanations of every deviation (p.5). The report even gives the Carnegie formula, omitting only the understanding about Carnegie units that "one hour of classroom work" is actually a 50-minute hour. While we read these recommendations with interest, we will continue to create policies and processes that allow us to make the sound qualitative judgments about academic integrity and quality that have been basic to regional institutional accreditation.

I am particularly disappointed by the audit of our efforts on student academic achievement. From November 1989 to the present, the Commission has focused an extraordinary amount of time, effort, and money in helping our institutions learn about and implement effective programs to assess, *according to their missions*, the learning of their students.

1. Between 1990 and 1996 every institution either submitted an assessment plan for review by trained reviewers or had an on-site team evaluate that plan. By 1996, then, the Commission had evaluated well over 950 plans.
2. Since 1996 every comprehensive evaluation has included focused attention in how the institution is implementing assessment. Most pre-1996 plans became rapidly outdated. So much learning occurred by institutions and by the Commission that we now emphasize the important of a coherent and dynamic program capable of shifting as institutions learn from creating and implementing.



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3. From 1990 to the present the Commission has published research papers, workbooks, and guidebooks on assessment; has mounted at each Annual Meeting scores of presentations on effective assessment; has conducted regional workshops and, most recently, has partnered with AAHE to provide focused team-training workshops aimed at shifting institutional cultures to be receptive to sound assessment. Over 80 institutions have participated to date.
4. The Commission has trained our site visitors to be effective judges of institutional progress in creating effective student assessment programs.
5. All of our teaching about assessment has included institutional use of testing, licensing, and placement rates, when appropriate. Almost all institutions offering vocational education routinely include such data in their assessment programs.

All of this qualitative evidence (and quantitative accounts of participation and attendance) was provided during the audit. All of our member institutions will testify to the fact that the Commission has focused heavily on their creation and implementation of effective programs to assess student learning:

1. Of 117 comprehensive evaluations completed in 2000-2001, 52 institutions were required to file follow-up reports on assessment and 24 were required to host follow-up visits on assessment.
2. In 2001-2002, the Commission conducted 28 "mandated focused visits" (required by a previous accrediting decision) and of them 64% were on assessment.
3. From 1999-2001, between 32-37% of all required follow-up reports received by the office were on or included assessment.

It is amazing that all of this effort is lost in an audit focused on a small sample of files and on the apparent need either to see specific kinds of evidence in specific formats or evidence that involves external benchmarks, or evidence that sanctions or adverse actions resulted from lack of institutional progress in creating effective assessment programs.

The same is true of the audit of our processes. Our policies outline a complex, multi-tiered system for decision-making. We base our consideration on the work of a trained team of peers, but we rely on Reader's Panels, Review Committees, and Institutional Actions Councils to check and double-check the work of that team. We explained to our auditors how that system works to ensure consistency of application of standards. We also showed them our new team report format to be used by all teams starting this fall (and being pilot-tested during the audit) that aims at assuring more consistent presentation of evidence and judgments. This creation of our new reporting format, in fact, was triggered by one of our newest review bodies in its search for greater consistency in the document they were called upon to review. These endeavors lead to informed and consistent judgments. Yet they apparently escape the notice of auditors looking



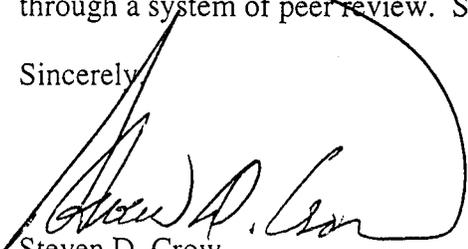
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for check-off sheets or files of institutional documentation or explicit measurement against externally specified benchmarks.

The professionals of the Inspector General's office who conducted our audit, as hard working and thorough as they were, faced a very steep learning curve. In a sense they had to attempt to learn the enterprise even as they tried to apply untested auditing processes not created to fit the enterprise. When we first learned of the impending audit, we objected to the proposed use of some proposed internal Department of Education data validity measures as inappropriate. The Inspector General apparently agreed. Then the audit by necessity was conducted without clear understanding by either the Commission or the Inspector General of what kind of evidence would be necessary for the audit to be fair and useful to all of us. Even the best professionals are not equipped to create a sound audit in such uncertain ground.

I trust that this response will accompany the final audit report, for without it, the audit suggests that the Commission neither attends to the importance of student learning and the relationship of that learning to the length of a program nor does it strive to ensure consistency through a system of peer review. Such an impression would be as unfortunate as it is wrong.

Sincerely,



Steven D. Crow
Executive Director

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ED-OIG/A09-C0016

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