



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

501 I Street, Suite 9-200
Sacramento, California 95814
Phone (916) 930-2388 • Fax (916) 930-2390



September 27, 2002

ED-OIG/A09-C0017

Elise Scanlon, Executive Director
Accrediting Commission of
Career Schools and Colleges of Technology
2101 Wilson Boulevard, Suite 302
Arlington, Virginia 22201

Dear Ms. Scanlon:

This is the Office of Inspector General's **Final Management Information Report**, entitled *Accrediting Commission of Career Schools and Colleges of Technology's Accreditation Standards for Student Achievement and Program Length*.

The purpose of the review of the Accrediting Commission of Career Schools and Colleges of Technology (ACCSCT) was to (1) identify ACCSCT's standards for success with respect to student achievement and measures of program length required by the Higher Education Act (HEA), Section 496(a)(5) and (2) evaluate ACCSCT's 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. This management information report, describing ACCSCT's 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 received written comments from ACCSCT on a draft of this report. In its response, ACCSCT generally concurred that the information is accurately presented and except for our suggestion to define outside preparation expected for each assigned credit hour, our suggestions for improvement have been acted upon or referred to the Commission for consideration. ACCSCT's comments are summarized in the report. The full text of the comments, without the attachments, is included as an attachment to this report.

REVIEW RESULTS

The Secretary of the Department recognizes ACCSCT as a national accrediting agency. To achieve this recognition, the HEA requires accrediting agencies to, among other requirements, establish standards for student achievement and measures of program length. ACCSCT has established standards for student achievement that include minimum completion and placement rates. For program length, ACCSCT's standards include the requirement that schools adhere to

its guidance on the number of clock hours for each credit hour. We suggested that ACCSCT could strengthen the standards by modifying its formula for calculating completion rates, defining a minimum employment period for acceptable placements, and defining outside preparation expected for each assigned credit hour.

ACCSCT has policies and procedures in place for monitoring adherence and enforcing its standards. We provided suggestions that ACCSCT might consider for enhancing the management controls.

STANDARDS FOR STUDENT ACHIEVEMENT AND MEASURES OF PROGRAM LENGTH

Section 496(a)(5) of the HEA requires accrediting agencies 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.

ACCSCT's Standard for Student Achievement

ACCSCT addresses student achievement in Standard VII – Student Progress of its Standards of Accreditation.¹ The standard states—

[S]uccessful student achievement shall be demonstrated by rates of completion, placement in the field for which the education and training were provided, and passage of state licensing examinations for each program .

The Standards of Accreditation states that if the rates (completion, placement, licensing) for the school or its programs are one standard deviation or more below the average for comparable schools or programs—

[T]hen the school shall demonstrate the successful achievement of its students, taking into account economic conditions, location, student population served, length of program, state requirements, and other external factors reasonably related to student achievement.

Each year, ACCSCT establishes minimum rates for completion and placement using student data provided in Annual Reports submitted by accredited institutions. The preliminary rates, which

¹ Standard VII – Student Progress has three elements: student achievement, student attendance, and satisfactory progress. The student attendance and satisfactory progress elements also have specific requirements that relate to student achievement. For example, programs may not be completed without good student attendance or achievement of satisfactory progress.

are calculated by ACCSCT staff, are sent to the Center on Education and Training for Employment of the Ohio State University for further analysis and determination of the final rates. The following formulas are used to calculate the rates.

Completion Rate

$$\frac{(\text{Grads within 150\% of program length}) + (\text{Withdrawn employed in field})}{(\text{Number started}) - (\text{Transfers to another program}) + (\text{Transfers from another program})}$$

ACCSCT's inclusion of the student category "withdrawn employed in field" may overstate a program's completion rate since the students did not complete the educational program. Our analysis of student counts from the 2000 Annual Reports submitted by 10 institutions² found that 4 of the 42 programs included in the reports had student counts in the "withdrawn employed in field" category. When we recalculated the completion rate without these students, two of the four programs did not meet the applicable minimum completion rate.

Placement Rate³

$$\frac{(\text{Grads employed in field}) + (\text{Withdrawn employed in field})}{(\text{Grads within 150\% of program length}) + (\text{Withdrawn employed in field}) - (\text{Further education}) - (\text{Other unavailable})}$$

ACCSCT has not defined a minimum employment period for acceptable placements. Thus, employment of one-day duration could be considered a placement for purposes of calculating the placement rate.

The minimum rates are set at one standard deviation from the average rate. The minimum rates developed from the 1999 Annual Reports, and effective August 2000, were:

Program Length	Average	Standard Deviation	Completion Rate (Minimum)
1-6 months	88%	14%	74%
7-11 months	74%	15%	59%
12-18 months	66%	18%	48%
19 or more months	59%	19%	40%
			Placement Rate (Minimum)
All	86%	14%	72%

² The 10 institutions were randomly selected from the 352 institutions that had an action presented before the Commission at quarterly meetings held between July 1999 and June 2000. The PURPOSE, SCOPE, AND METHODOLOGY section of the report provides additional information on our selection methodology.

³ "Further education" includes graduates that continue on with education in an accredited institution of higher education on at least a half-time basis. Institutions are required to submit explanations for students included in this category. "Other unavailable" includes graduates who are unavailable for employment because they are in prison, in active military service, have died, have medical conditions that keep them from working, and international students who have left the country. Institutions are required to submit explanations for students included in these categories.

During Summer 2002, ACCSCT planned to use state licensing data collected for the past two years to develop a licensing rate formula. The formula will be used to establish minimum state licensing rates.

ACCSCT's Standard for Program Length

ACCSCT addresses program length in Standard II - Program Requirements of its Standards of Accreditation. The standard states—

[T]he length of each program offered by the school is appropriate to enable students to achieve the program objectives and to acquire the knowledge and skills necessary for initial employment in the field for which training is provided.

The Standards of Accreditation specify minimum length in credit hours for occupational associate degrees, academic associate degrees, and baccalaureate degrees. The Standards do not specify a minimum length for vocational non-degree granting programs. In the introduction to the Standards of Accreditation, ACCSCT informs schools that they must submit a completed Application for Clock Hours to Credit Hours Conversion with all supporting documents for approval by the Commission prior to awarding credit hours in any program. The Application for Clock Hour to Credit Hour Conversion provides the following guidance for assigning credit hours:

10 clock hours (classroom contact plus appropriate outside preparation or the equivalent) equals one quarter hour
Fifteen clock hours (classroom contact plus appropriate outside preparation or the equivalent) equals one semester hour
Twenty lab hours (supervised laboratory/shop instruction plus appropriate outside preparation) equals one quarter hour
Thirty lab hours (supervised laboratory/shop instruction plus appropriate outside preparation) equals one semester hour
Thirty externship hours equals one quarter hour
Forty-five externship hours equals one semester hour

The required supporting documents listed on the application include the school's definition of clock hour to credit hour conversion, the typical daily class schedule, and description of outside preparation required for the classroom portion of the program. ACCSCT guidance does not define the hours of outside preparation (homework) expected for each assigned credit hour. The application also states that "[t]he Commission requires that, in addition to the Commission's formula for conversion, schools participating in Title IV programs comply with applicable federal regulations, including those related to clock-to-credit hour conversions."

The Standards of Accreditation have a separate section on Distance Education (Section XI) that requires any institution offering a distance education program to justify and explain any deviation from established clock to credit hour conversions. The Standards also require that the institution's Program Advisory Committee⁴ review and comment on each new program,

⁴ Under Standard II - Program Requirements of the Standards of Accreditation, institutions are required to establish a Program Advisory Committee for each program or group of related programs. The majority of

including the appropriateness of its content and length, prior to ACCSCT's recognition of the program.

ACCSCT's 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.

ACCSCT's Standards Committee is responsible for assessing standards on an on-going basis. Also, ACCSCT's policy states that an external firm will conduct a comprehensive review of the standards every five years and that the review includes a survey of member schools, employers, students, regulators, and graduates to determine the validity and reliability of the standards. The most recent survey, issued August 1999, concluded that the ACCSCT's Accreditation Standards were accomplishing their objectives. The survey report stated "Substantial majorities of current students and graduates report that the conditions, practices, and policies of accredited schools and colleges reflect the requirements set forth in the standards. Employers report that substantial majorities of the graduates of these schools and colleges were well prepared for the jobs for which they were hired."

Suggestions for Strengthening the Standards

While our review found that ACCSCT had established standards for student achievement and measures of program length, we suggest that ACCSCT consider enhancing its standards by—

- Eliminating the "withdrawn employed in field" category of students from the completion rate formula. The inclusion of these students overstates a program's completion rate since the students did not complete the educational program.
- Defining a minimum employment period for acceptable placements. Under its current procedures, employment of one-day duration could be considered a placement for purposes of calculating the placement rate.
- Defining amount of outside preparation expected for each assigned credit hour.

the committee membership must be employers representing the major occupation or occupations for which the institution provides training.

ACCSCT's Comments

ACCSCT disagreed with the impact of our first two suggestions but stated that it was forwarding them to the Commission for consideration at its November 2002 meeting.

With regards to the third suggestion, ACCSCT stated that the Commission has not quantified its expectations with respect to the amount of required outside preparation, but relies on the professional judgement of peer reviewers and program advisory committee members and an institution's experience in making a determination that the amount is appropriate for each individual program.

OIG Response

We continue to suggest that ACCSCT define the amount of outside preparation expected for each assigned credit hour. The Higher Education Amendments of 1992 (HEA) amended the definition of an academic year to include both a minimum number of credit hours for undergraduate students and a minimum length of instructional time for all students. Neither the HEA nor the Title IV regulations define a credit hour. The definition of an academic year is important because it is used in the formulas to determine the amount of aid a student receives for the Federal Family Education Loan programs, the William D. Ford Federal Direct Loan program, and the Federal Pell Grant program. In a series of focus groups held between the Department and the education community, the Department expressed concern that "there needs to be some equity in the amount of student financial assistance awarded for the time expended and for the credits attempted or earned."

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

ACCSCT has policies and procedures to ensure institutions adhere to the established standards for student achievement and measures of program length. ACCSCT uses Annual Reports, Institutional Self-Evaluation Reports, and Team Site Visit Reports to monitor institutions. ACCSCT also monitors institutions' cohort default rates that are issued by the Department and requires institutions to have a Program Advisory Committee review, at least annually, each program's content, length, and completion, placement and, if applicable, licensure outcomes.

Annual Reports. ACCSCT requires all institutions to submit an Annual Report, which includes a Completion and Placement Chart for each program and responses to questions regarding program length for new or modified programs. The student data provided in the Completion and

Placement Charts is used to calculate completion and placement rates for each program provided at the institution, in addition to being used to establish ACCSCT's minimum completion and placement rates for the next reporting period. ACCSCT uses the questions to identify institutions that are subject to additional reporting requirements (i.e. substantive change and application for clock hour to credit hour conversion).

Beginning with the 2001 Annual Reports, which were due to ACCSCT on January 15, 2002, ACCSCT implemented procedures to—

- Notify institutions with at least one program that does not meet ACCSCT's minimum completion or placement rate that the institution has been placed on outcomes reporting. Under outcomes reporting, an institution is required to provide completion/placement data for a more recent cohort of students. Previously, ACCSCT placed such institutions on outcomes reporting based on a site visit, which could occur as infrequently as every five years.
- Review placement documentation for 10 percent of institutions (randomly selected) each report year. For the 2001 Annual Reports, 78 institutions were notified to submit placement documentation for one program (randomly selected) showing the position obtained, date employed, employer, contact person, address, and phone number. Previously, reviews of supporting placement documentation were only performed during team site reviews.
- Randomly confirm that data from the Completion and Placement Charts were accurately entered into ACCSCT's database. Previously, ACCSCT had no procedures for confirming the accuracy of the student data entered into its database.

ACCSCT has procedures for conducting subsequent annual reviews for those institutions included in the 10 percent sample that are found to have significant errors in their Completion and Placement Charts or lacked adequate supporting documentation.

Our review of ACCSCT's records for 10 institutions found that the institutions' Annual Reports for the report year 2000 contained Completion and Placement Charts and responses to questions regarding program length for new or modified programs. The 10 sampled institutions reported student data on a total of 42 programs. We found eight instances (at five institutions) where the completion and/or placement rate reported did not meet the minimum standard. Three programs exceeded the standard on the 2001 Annual Report, so no further action was needed. Four programs failed the standard on the 2001 Annual Report and three institutions were placed on outcomes reporting. The remaining program was discontinued by the institution.

Institutional Self-Evaluation Reports and Team Site Visits. ACCSCT requires institutions seeking initial accreditation or renewal of accreditation to attend an Accreditation Workshop that includes a self-evaluation session and submit a Self-Evaluation Report on the assessment conducted by the institution's administration, faculty and students. After the Commission receives the Self-Evaluation Report, a team of ACCSCT-appointed specialists conducts a site visit to evaluate the institution and issues a Team Summary Report. The purpose of the site visit is to verify the data in the Self-Evaluation Report, seek additional data and, in general, develop an understanding of how well the institution meets its objectives and the Standards of Accreditation.

ACCSCT provides specific guidance to institutions on the content of the Self-Evaluation Report and to the team conducting the site visit. The Self-Evaluation Report is required to include the following areas related to student achievement and measures of program length:

Student Achievement	Measures of Program Length
<ul style="list-style-type: none"> ▪ Completion of a Completion and Placement Chart. ▪ Evaluation of whether the completion figures for each training program provide a typical picture of completion in that field of training. ▪ Evaluation of the retention improvement program, withdrawn students and employment data. ▪ List of employers who have hired graduates. ▪ Describe student placement records and give examples. ▪ What follow-up program is used by the school after the graduates are placed in jobs? Describe how this program verifies acceptance of the graduates in the field of training. ▪ How does the school use completion and placement data to improve its effectiveness? ▪ Describe the licensure requirements prior to employment. 	<ul style="list-style-type: none"> ▪ Provide an outline for each training program ▪ Provide a brief summary of each course within a training program ▪ How has the school determined that each of its programs is the appropriate length to meet the training objectives? ▪ Describe the qualifications of the members of the school's Program Advisory Committee(s). ▪ How has the Program Advisory Committee(s) participated in the development of the program(s), and how does it evaluate and support the progress of the program (s) on a regular basis? ▪ What is the frequency and content of meetings with the advisory committee(s)? Provide copies of minutes for the last two meetings of the advisory committee(s).

ACCSCT provides training and checklists to site visit teams for use in evaluating the institution. The checklist is a series of questions related to ACCSCT's standards of accreditation, including the standards related to student achievement and measures of program length.

On-Site Team Questions Related to Student Achievement and Measures of Program Length
<p>Is the school able to demonstrate successful student achievement including acceptable completion, placement, and where required, state licensing examination outcomes?</p> <p>Is the length of each program offered by the school appropriate to enable students to achieve the objectives of the program?</p>

The checklist did not include a question on whether the institution is adhering to the guidance on assigning credit hours to programs that ACCSCT provided in the Application for Clock Hour to Credit Hour Conversion.

Of the 10 institutions in our sample, 9 institutions⁵ had recent self-evaluations and team site visits. We found that the Self-Evaluation Reports and Team Summary Reports fully addressed the required student achievement and program length elements. For eight of the nine institutions, the reports did not identify any problems related to the agency's standards on student achievement and program length. The Team Summary Report for one institution disclosed low

⁵ One institution was requesting a curriculum change which did not require a Self Evaluation Report or Team Summary Report.

placement rates for two of the institution's programs. ACCSCT placed the institution on outcomes reporting.

Substantive Change

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

We found that ACCSCT's substantive change policies comply with the Federal regulations. One of the 10 institutions in our sample had a substantive change—increased its clock hours by 25 percent. We found that the institution submitted a substantive change report as required by ACCSCT's substantive change procedures and that ACCSCT followed its procedures for approving the change.

Suggestion for Enhancing Management Controls for Ensuring Adherence to Standards

To enhance its management controls for evaluating and monitoring institutions' adherence to standards, we suggest that ACCSCT consider including a question on the site visit checklist on whether the institution adhered to the guidance provided in ACCSCT's Application for Clock Hour to Credit Hour Conversion when it determined the credit hours for each of its programs.

ACCSCT's Comment

ACCSCT stated that prior to the use of the Annual Report in 2001, it would have been a rare occurrence under its previous practice for an institution to escape review of its completion and placement statistics completely for a full five-year period.

Although ACCSCT did not feel that the clock hour to credit hour conversion would be a problem because of review of institutions at other levels in the accreditation process, ACCSCT stated that it had added a new question to the Evaluator Checklist so that the guideline is stated consistently on all checklists used by team members.

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 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.

Enforcement Actions and Procedures

ACCSCT has policies and procedures that address its efforts to ensure enforcement of its standards for student achievement and program length. ACCSCT has two types of enforcement action: probation and revocation of accreditation. ACCSCT has placed an institution on probation or revoked its accreditation based solely on one program not meeting the student achievement or program length standards.

Prior to placing an institution on probation or revoking its accreditation, ACCSCT will generally place the school on outcomes reporting or financial reporting, or require the institution to show cause why ACCSCT should not take the enforcement action. The lengths of time an institution can continue on probation or show cause status parallel the time limits specified in 34 C.F.R. § 602.20. ACCSCT policy states that the time limits may be extended for "good cause," but does not define "good cause."

From our file review of three institutions with enforcement actions, we found that ACCSCT followed its enforcement policies and procedures.⁶ Problem areas noted in the agency files included student achievement or program length.

To ensure that its standards are consistently enforced, ACCSCT uses a "stealth" institution and debriefing sessions after Commission meetings. A "stealth" institution is an institution requiring action by the Commission that is provided to all three panels instead of one panel for evaluation. If the panels arrive at different conclusions, a consensus is reached. During the debriefing session, the panels discuss the "stealth" institution case and other issues related to standards, such as trends, decisions, and institutions' responses.

⁶ The three institutions were randomly selected from an ACCSCT-prepared list of the 27 institutions that had a probation or revocation presented before the Commission at quarterly meetings held in July 1999 through June 2000.

Suggestion for Enhancing Enforcement Procedures

While our review found that ACCSCT has management controls in place for ensuring that enforcement action is taken when institutions are not in compliance with the standards, ACCSCT could enhance the controls by defining "good cause" for extending time limits for institutions to come into compliance with ACCSCT's standards.

ACCSCT's Comments

In its response, ACCSCT noted that in our draft report, we referred to two types of adverse actions. ACCSCT stated that it does not consider probation to be an adverse action. ACCSCT provided documentation that it had placed an institution on probation or revoked accreditation based solely on one program not meeting the student achievement or program length standards. ACCSCT stated that the Commission has on rare occasions extended time limits an institution can continue on probation and that those instances have operated as a working definition of 'good cause' to extend the length of probation. ACCSCT further stated that the Commission will consider formalizing this definition for good cause into the written probation policy at its November 2002 meeting.

OIG Response

As a result of ACCSCT's comments, we removed the reference to adverse actions and refer to the actions as enforcement actions. We also noted that ACCSCT has taken enforcement action against an institution based solely on one program not meeting the student achievement or program length standards.

BACKGROUND

ACCSCT is a private, nonprofit, independent agency, whose members are private, postsecondary institutions offering vocational programs. A Board of Directors, commonly referred to as the Commission, oversees the agency. The Commission is comprised of 9 to 13 representatives from affiliated member institutions and public individuals who have an interest and expertise in vocational-related employment, education, and training. The Executive Director reports to the Commission and manages the day-to-day operations of the agency, including 34 professional and support staff.

The Department most recently renewed ACCSCT's recognition in 1999, for a period of five years. To be accredited by ACCSCT, an institution must meet the 12 standards contained in the Standards of Accreditation. Institutions accredited by ACCSCT have campuses in all 50 states, the District of Columbia, and Puerto Rico. Data contained in institutions' 2001 Annual Reports show that ACCSCT accredited 583 institutions and campuses that participated in the Title IV programs and that these institutions offered a total of 2,774 accredited programs.

PURPOSE, SCOPE, AND METHODOLOGY

The purpose of the review was to (1) identify ACCSCT's standards for success with respect to student achievement and measures of program length as required under the HEA, Section 496, and (2) evaluate ACCSCT's 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.

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

To confirm that ACCSCT adhered to its monitoring policies and procedures, we reviewed the agency's files for 10 institutions. The 10 institutions were randomly selected from an ACCSCT-prepared unduplicated list of the 352 institutions that had an action presented before the Commission at quarterly meetings held between July 1999 and June 2000. Such actions included Commission reviews of substantive change reports, requested outcomes reports, and Team Summary Reports. For the 10 institutions, we reviewed the Annual Reports for the period July 1, 1999 through June 30, 2000, which was the most recent year for which ACCSCT had processed data received on Annual Reports.

To confirm that ACCSCT adhered to its enforcement policies and procedures, we reviewed the agency's files for three institutions. The three institutions were randomly selected from an ACCSCT-prepared list of the 27 institutions that had a probation or revocation presented before the Commission at quarterly meetings held in July 1999 through June 2000.

We relied on information extracted by ACCSCT from its GOLDMINE and Annual Report databases for the number of accredited institutions that participated in the Title IV programs and institutions' student achievement and program length data. We compared the number of institutions identified from the GOLDMINE database to the number of institutions shown in the Department's Postsecondary Education Participation System. For our sample of 10 institutions, we confirmed that the completion and placement rates submitted in Annual Reports were accurately reflected in the Annual Report database. Based on these assessments, we concluded that the data were sufficiently reliable for our purpose.

We performed survey work at ACCSCT's offices in Arlington, Virginia, from March 12 through March 22, 2002. We held an exit briefing with ACCSCT officials on July 24, 2002. Our review was performed in accordance with government auditing standards appropriate to the scope of the review.

STATEMENT ON MANAGEMENT CONTROLS

We assessed the system of management controls, policies, procedures, and practices applicable to ACCSCT's process for monitoring and enforcing accreditation standards for student achievement and program length. We performed our assessment to determine whether ACCSCT's processes provided a reasonable level of assurance that the agency ensured that

institutions adhered to established standards and, when institutions were noncompliant, ACCSCT took consistent enforcement action.

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

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

The management of ACCSCT 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 discussed in the REVIEW RESULT section, we concluded that ACCSCT could enhance its management controls by expanding the site visit checklist to include adherence to credit hour guidance and defining "good cause" for extending time limits for institutions to come into compliance with ACCSCT's standards.

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,



Gloria Pilotti
Regional Inspector General for Audit
Region IX

ATTACHMENT

ACCSCT'S Comments on the Draft Report

September 13, 2002



Gloria Pilotti
Regional Inspector General for Audit
U.S. Department of Education
501 I Street, Suite 9-200
Sacramento, CA 95814

Dear Ms. Pilotti:

We have received the draft **Management Information Report** of the review conducted at our offices from March 12 – March 22, 2002 and would like to take the opportunity to clarify and correct certain factual representations contained within the draft report and some of the Commission's standards, policies and guidelines that are referenced therein.

First, on page 10 of 13, the draft indicates that "the Department most recently renewed ACCSCCT's recognition in 1999, for a period of four years." While ACCSCCT's recognition was renewed by the Department in February of 2000 for a period of four years, that period of recognition was extended for an additional year by Secretary Paige in December of 2001 after the Department accepted an interim report. The Secretary's letter is attached as exhibit 1. Thus, the Commission's current recognition is for a period of five years, the maximum allowed under section 602.35(c) of the regulations.

Completion and Placement Rates

On page 6 of 13, the reviewers recommend a change to ACCSCCT's formula for calculating completion rates to eliminate the category "withdrawn employed in field." The reviewers suggest that the inclusion of this category has the effect of overstating a program's completion rate since the students did not actually complete the educational program.

The Commission's position has been that schools whose mission is career training should receive credit for a successful student outcome. Placement in the field of training is the ultimate objective of these programs and demonstrates that the quality of the program has satisfied students and employers, an important consideration in determining whether an institution is meeting accreditation standards. Moreover, because the standard is based on the mean completion rate of comparable programs, the elimination of this category is likely to have the effect of lowering the student achievement standard overall. Thus, we respectfully question whether such a change would be appropriate.

Nevertheless, we have submitted the reviewers' recommendation to the Commission for its consideration as part of our systematic program of review. As noted in the report, the Commission has adopted a systematic program of review for its standards to ensure that they remain current and reliable. We have also submitted the recommendation that the Commission define minimum employment period for acceptable placements that also appears on page 6 of 13. We think it unlikely that any significant number of graduates are employed for *de minimis* periods and thus that the placement data are affected materially by the lack of a defined minimum period.

2101 Wilson Boulevard, Suite 302
Arlington, VA 22201
(703) 247-4212
Fax (703) 247-4533
www.accsct.org

Clock to Credit Hour Conversion

On page 8 of 13, the reviewers indicate that ACCSCT provides training and checklists to site visit teams for use in evaluating the institution but that the checklists do not include a question on whether the institution is adhering to the guidance on assigning credit hours to programs that ACCSCT provided in the Application for Clock Hour to Credit Hour Conversion. While it is accurate that the Evaluator Checklist did not contain a question regarding the assignment of credit hours, this analysis is, in fact, accomplished at least twice during the process of (re)accreditation. First, when the application is submitted, and before it is accepted, the staff verifies the institution's compliance with the Clock to Credit Hour Conversion Policy. The applications for (re)accreditation require institutions to submit a completed Application for Clock Hour to Credit Hour Conversion for each program. Refer to exhibits 2A, 2B and 2C. In addition, the on-site evaluation team does review the institution's clock and credit hour definitions and the clock to credit hour conversion formula which is a requirement of the current Catalog and Degree Checklists also used on site. Refer to exhibit 3, item 11 and exhibit 4, item I (b) and I (c). In response to the reviewers' observation, however, we have added a new question to the Evaluator Checklist as indicated in exhibit 5, page 3 so that the guideline is stated consistently on all checklists used by team members.

The reviewers have also recommended that the Commission define the amount of outside preparation expected for each assigned credit hour. We should point out that the Commission's current clock to credit hour conversion formula (10 clock hours to 1 quarter credit) contemplates a minimum of 10 contact hours and does not permit institutions to include credit for outside preparation (homework or research) in the calculation. We have updated the application to clarify this requirement. Please refer to exhibit 2. Given the diversity of programs and institutions that are accredited by ACCSCT, the Commission has not quantified its expectations with respect to the amount of required outside preparation, but relies on the professional judgment of peer reviewers, program advisory committee members and their own experience in making a determination that the amount is appropriate for each individual program.

Enforcement Issues

On pages 6 and 7, the report indicates that while ACCSCT reviews completion and placement statistics on an annual basis, "previously, ACCSCT placed such institutions on reporting during the accreditation renewal process, which occurs as infrequently as every five years." While it is accurate that the Commission began using Annual Report information to assess compliance with the student achievement standard in 2001, prior to that time, compliance with this standard was assessed each time an on-site evaluation occurred in connection with a substantive change, such as a Change of Ownership or the addition of a new program or campus. Given the fact that the Commission conducts approximately 400 visits per year (only 200 of them in connection with applications for (re)accreditation) it would have been a rare occurrence under our previous practice for an institution to escape review completely for a full five year period.

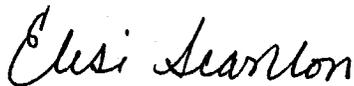
Page 9 of 13 states that ACCSCT has two types of adverse actions, probation and revocation of accreditation, and that it will not place an institution on probation or revoke its accreditation solely based on one program not meeting the student achievement or program length standard. This finding is inaccurate in several respects. ACCSCT does not consider probation to be an adverse action. (We do, of course, report probations to the Department as required by the regulations). Furthermore, since ACCSCT accreditation is institutional in nature, the Commission

does not have a process for taking enforcement action against any one program.¹ All of the Commission's actions are institutional in nature. However, the Commission does place institutions on probation or, as appropriate, withdraw their accreditation if one or more of their programs do not meet accreditation standards. Please refer to exhibits 6A, 6B and 6C.

Finally, the reviewers recommend on page 10 of 13 that the Commission define "good cause" as it relates to extending the time limits for institutions on probation to come into compliance with accreditation standards. As noted in the report, the Commission has adopted the lengths of time an institution can continue on probation to parallel the time limits specified in 34 C.F.R. Section 602.20. The Commission has extended those time limits only on rare occasions when an institution was able to show through documentation that it had made substantial progress toward coming into compliance with the Commission's standards during the probationary period. While not written into the current policy, this has operated as a working definition of "good cause" to extend the length of probation. The Commission will consider formalizing this definition into the written probation policy at the November, 2002 meeting.

Please do not hesitate to contact me with any questions you may have as you prepare the final report.

Sincerely,



Elise Scanlon
Executive Director

ES

cc: Arthur Keiser, Ph.D.
Chair of the Commission

¹ On occasion an institution will discontinue a program that does not meet the Commission's student achievement standard. This will not dissuade the Commission from continuing to investigate institutional issues that may have caused or contributed to the low completion and/or placement rates.

REPORT DISTRIBUTION LIST
ED-OIG/A09-C0017

Auditee

Elise Scanlon, Executive Director
Accrediting Commission of Career
Schools and Colleges of Technology
2101 Wilson Boulevard, Suite 302
Arlington, Virginia 22201

ED Action Official

Sally Stroup, Assistant Secretary
Office of Postsecondary Education

Other Departmental Officials/Staff (electronic copy)

Audit Liaison Officer
Office of Postsecondary Education

Deputy Secretary
Office of the Deputy Secretary

Accreditation and State Liaison Staff Director
Office of Postsecondary Education

Chief of Staff
Office of the Secretary

Accrediting Agency Evaluation Chief
Office of Postsecondary Education

Under Secretary
Office of the Under Secretary

Assistant Secretary
Office of Legislation and Congressional Affairs

Director
Office of Communications

Assistant Secretary
Office of Intergovernmental and Interagency Affairs

Chief Financial Officer
Office of the Chief Financial
Officer

Director
Financial Improvement and Post Audit Operations
Office of the Chief Financial Officer

Chief Operating Officer
Federal Student Aid

Post Audit Group Supervisor
Financial Improvement and Post Audit Operations
Office of the Chief Financial Officer

Correspondence Control
Office of General Counsel

Assistant General Counsel
Office of the General Counsel