

DRAFT ANALYSIS

ACICS

Meeting Date: 06/2020

Type of Submission:

Other Report

Current Scope of recognition:

The accreditation of private postsecondary institutions offering certificates or diplomas, and postsecondary institutions offering associate, bachelor's, or master's degrees in programs designed to educate students for professional, technical, or occupational careers, including those that offer those programs via distance education.

Criteria: 602.15(a)(1) Staffing/Financial Resources

Narrative:

November 21, 2018 Decision

The Senior Department Official and Secretary found ACICS compliant with this criteria but to ensure ACICS continues to demonstrate administrative and fiscal capability, the Secretary directed that ACICS provide to staff its audited financial records on a yearly basis over the next three years and, for further monitoring purposes, ordered the agency to provide a report demonstrating the adequacy of its staffing in the context of its institutional and program membership.

ACICS Response

ACICS continues to meet the requirements of 602.15(a)(1) by means of adequate administrative staff and financial resources to carry out its accrediting responsibilities, as detailed below.

The operational capacity of ACICS to effectively review the quality and integrity of its 70 institutions, which encompass 100 main and branch campuses serving more than 50,000 students enrolled in more than 250 different programs, is supported by a strong professional staff and financial resources.

a. Financial Resources

Regarding financial resources, ACICS operates under a current FY 2020 budget of \$1.9 million. See Exhibit 1, FY 2020 Budget. ACICS provided the Department our 2018 Annual Report via the Database of Accredited Postsecondary Institutions and Programs (DAPIP) as required by 602.27(a)(1) on August 23, 2019. See Exhibit 2, Documentation and Submission of Annual Report. Sources of operating funds come from annual accreditation sustaining fees, fees paid by member institutions for specialized services, educational activities, and investment income. Financial data are derived from an integrated financial system, which facilitates the effective management of ACICS' financial condition through timely and appropriate review. Additionally, the Council requires an annual certified audit of the organization's financial activities which is reviewed by the Board of Directors.

The audited financial statements for each of the last two fiscal years contain unqualified opinions regarding ACICS' financial condition (See Exhibit 3, FY 2017 and 2018 Audits) and its Fiscal Year 2019 draft audited financials (see Exhibit 4, FY 2019 Audit draft and Exhibit 5, FY 2019 Draft Governance Letter) show an agency recovering from its large legal expenditures over the past 36 months. Additionally, the rapid loss of membership in FY 2019 due to institutional closures and institutions seeking alternative accreditation resulted in a significant financial loss. The agency has been cutting expenses, including facilities, and relocated on July 1, 2019 to realize a 50% annual savings on rent expense. The agency will continue to sustain losses for the next 2-3 years as cost cutting measures are realized. The Executive Committee, on a monthly basis, and the Board of Directors, at its scheduled meetings, review current financials, investment account balance and activities, and forecasted budgets through 2023. The Board of Directors reviewed the proposed draft budgets through 2023 at their August 2019 meeting. See Exhibit 6, FY 2021-2023 Preliminary Budget.

Through careful budgeting and administration, ACICS is able to cover costs with the above identified revenue resources and retains a reserve account of approximately \$9.1 million to assist in maintaining financial viability during its rebuilding period. Financial reserves consist of short- and long-term investments, which are reviewed by the Board's Investment Committee on a recurring basis. See Exhibit 7, November 2019 BMO Statement.

b. Administration

The accrediting mission of the Council is carried out by 10 full-time and one part-time staff members who are delegated the authority to express and interpret the Council's expectations regarding quality and integrity. All but one staff member (91%) hold a baccalaureate or higher degree.

Employees have access to in-house and external training resources to support their mastery of knowledge necessary to effectively carry out their roles and responsibilities.

ACICS recognizes the vital importance of adequate and trained administrative staff to perform its accreditation functions. The sufficiency of agency staff, with appropriate credentials and qualifications, to administer the agency's accreditation activities and finances in an effective manner is integral to the development and application of its standards.

Agency Staff:

A complete and current ACICS organizational chart is attached. See Exhibit 8, ACICS Org Chart. In addition, resumes and signed job descriptions for all ACICS staff as of December 2019 are provided in Exhibit 9, Staff Resumes and Job Descriptions.

The Executive Staff includes President and CEO, Michelle Edwards and Vice President of Accreditation, Perliter Walters-Gilliam.

Ms. Edwards joined ACICS in her current role in July 2017. She served as a Commissioner and Board member since 2015 and was the Chair of the Board from January 2017 through her appointment as President and CEO. Ms. Edwards holds an MBA and a bachelor's degree in Business Administration from Saint Leo University. She is highly qualified, having been engaged in proprietary education for the previous nine years, serving most recently in the official capacity as Dean of Academics. During that period, she served on over 50 ACICS on-site team visits, offering the clearest demonstration of a mission-focused work ethic committed to accreditation in service to the mission of ACICS.

Ms. Walters-Gilliam has been with the agency for more than 12 years, progressing through the ranks to gain significant experience in all areas of accreditation and compliance. She has expert knowledge of the Accreditation Criteria and their application and enforcement. She holds an MBA from the Robert Smith School of Business at the University of Maryland, College Park and bachelor's degrees in International Business and Spanish from SUNY Plattsburgh.

Job descriptions and resumes for each staff member are also provided to evidence major responsibilities. See Exhibit 9, Staff Resumes and Job Descriptions.

Staff Listing:

Ms. Michelle Bonocore, Compliance Analyst
Accreditation and Institutional Development

Ms. Diane Durham, Accounting Manager
Operations

Ms. Terri Jelinek, Senior Program Analyst
Accreditation and Institutional Development

Ms. Cathy Kouko, Senior Coordinator, Accreditation Compliance
Accreditation and Institutional Development

Mr. Andre McDuffie, Accreditation Coordinator
Accreditation and Institutional Development

Mr. David Moser, Accreditation Content Editor
Accreditation and Institutional Development

Ms. R. Kay Ropko, Senior Systems Manager
Operations

Ms. Shaniqua Smith, Program Analyst
Accreditation and Institutional Development

Ms. Karly Zeigler, Manager of Policy and Institutional Compliance
Accreditation and Institutional Development

Eight of the eleven-member team focus 100 percent of their time engaged in institutional and program membership while three staff members, including the President, allocate 50 percent of their time to accreditation and institutional development and 50 percent to operations. ACICS staff have the credentials, experience, and qualifications necessary to administer the agency's accreditation activities and finances in an effective manner. Staff also receive regular training to reinforce their knowledge and keep them up to date on agency requirements and expectations. See Exhibit 10, Staff Training.

At least annually, and more frequently as necessary, in preparing and adjusting the operating budget, senior management reviews the level of resources needed to effectively carry out the Council's activities. Its current staffing is in line with the oversight of 100 campuses.

Document(s) for this Section

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 1 FY20 Budget	Exhibit 1 FY20 Budget.pdf		
Exhibit 2 Documentation and Submission of Annual Report	Exhibit 2 Documentation and Submission of Annual Report.pdf		
Exhibit 3 FY 2017 and 2018 Audits	Exhibit 3 FY 2017 and 2018 Audits.pdf		
Exhibit 4 FY 2019 Audit Draft	Exhibit 4 FY 2019 Audit Draft.pdf		
Exhibit 5 FY 2019 Draft Governance Letter	Exhibit 5 FY 2019 Draft Governance Letter.pdf		
Exhibit 6 FY 2020 and FY 2021 to 2023 Preliminary Budgets	Exhibit 6 FY 2020 and FY 2021 to 2023 Preliminary Budgets.pdf		
Exhibit 7 November 2019 BMO Statement	Exhibit 7 November 2019 BMO Statement.pdf		
Exhibit 8 ACICS Org Chart	Exhibit 8 ACICS Org Chart.pdf		
Exhibit 9 Staff Resumes and Job Descriptions	Exhibit 9 Staff Resumes and Job Descriptions. pdf		
Exhibit 10 2019 Staff Training	Exhibit 10 2019 Staff Training.pdf		

Analyst Worksheet- Narrative

Analyst Review Status:

Does not meet the requirement of this section.

Staff Determination:

The agency must provide information and documentation to demonstrate that it has the administrative and fiscal capability to carry out its accreditation activities in light of its requested scope of recognition.

Analyst Remarks to Narrative:

On November 21, 2018, Secretary Betsy DeVos issued her decision on the recognition status of ACICS, which included the additional monitoring of agency compliance with four of the Secretary's Criteria for Recognition. This section is one of the four sections in which the agency was required to provide information and documentation for monitoring purposes. Specifically, the Secretary adopted the recommendation of the senior Department official (SDO) to require the agency to submit its audited financial records and a report demonstrating the adequacy of its staffing in the context of its institutional membership.

In response to the Secretary's decision, the agency provided information and documentation related to its administrative and fiscal capability to carry out its accreditation activities in light of its requested scope of recognition. With regard to administrative capability, the agency provided a narrative response and its organizational chart (Exhibit 8), staff resumes and job descriptions (Exhibit 9), and staff training (Exhibit 10). In its narrative response, ACICS states that the 10 full-time and one part-time employees are sufficient to carry out the accreditation activities for the agency's membership, which includes 70 institutions (100 main and branch campuses).

Regarding fiscal capability, the agency provided a narrative response and its audited financial statements for fiscal years 2017 and 2018 (Exhibit 3), the draft financial statements and governance letter for 2019 (Exhibits 4 and 5), its current budget and projections through 2023 (Exhibits 1 and 6), and its reserve account statement (Exhibit 7). Although the documentation indicates that the agency is currently operating at a deficit and is projected to do so until 2023, ACICS reported sufficient reserves to cover the expected operating deficits, and the level of those reserves are in line with other similarly sized accrediting agencies. The documentation submitted includes the November 2019 reserve account statement for its investment portfolio. Because ACICS is dependent on its investment portfolio to cover operating deficits, the performance of that portfolio is a significant element in the agency's financial stability. Please provide the following with your response to this draft staff analysis:

1. Investment statements covering the period from December 1, 2019 through the date your response is submitted (or the most recent available date); and
2. Plans to address operating deficits in the event of current and/or long-term negative impact from COVID-19 on your investment portfolio.

The financial projections included within the agency's budget reflect a measured growth at a realistic level, which projects that the operating deficits will be eliminated by 2024. When it submitted its documentation to the Department, ACICS submitted budget estimates for fiscal year July 1, 2019 - June 30, 2020, and draft financial statements for fiscal year ended June 30, 2019. Based on the financial documentation that has been reviewed by Department staff, it appears that ACICS currently has sufficient financial resources to carry out its accrediting responsibilities; however, the Department requires updated information to complete its review. Accordingly, please provide the following additional documents in your response to this draft staff analysis:

1. Actual operating results for the period July 1, 2019 through March 31, 2020;
2. Updated budgets through December 31, 2023; and
3. Final audited financial statements for fiscal year end June 30, 2019.

List of Document(s) Uploaded by Analyst - Narrative

No files uploaded

Criteria: 602.16(a)(1)(i) Student Achievement

Narrative:

November 21, 2018 Decision

The Secretary's Decision recognizes the value of the development and implementation of the Placement Verification Program (PVP) to assist the agency in monitoring institutional graduate placement data in between accreditation reviews to assure compliance with agency student achievement standards. With respect to ongoing monitoring of this standard for which the agency was found compliant, the Secretary ordered ACICS to submit an annual report to the Department detailing the function and effectiveness of the PVP system, including notifying the Department of any changes made to the system or the protocol, identifying continuing strengths or weaknesses of the system, providing a plan for addressing those weaknesses, and reporting on the percentage of placements each year which are found to be invalid during third party review and are not resolved by the institution through the submission of additional information.

In addition, the Secretary directed that the report should include a description of programs where it appears to be particularly difficult to obtain email verification of employment from either the graduate or the employer, and a plan for trying to reach those individuals through alternative means. The Secretary directed that the report should also include a table indicating which institutions were cited for high error rates or lack of data integrity, the action the agency took in those instances, and the results of that action.

ACICS Response

The Placement Verification Program (PVP) is a custom-built application designed to increase accuracy and consistency in reporting of the graduate placement information critical to the agency's assessment of institutional compliance with its graduate placement benchmarks. The PVP system is a tool that assists the agency with monitoring graduate placement data in a verifiable format. The value of the system hinges on the direct contact made through the system with the graduate and/or employer to validate the accuracy of the placement information provided by campuses and reported to ACICS.

ACICS provides a an updated PVP Report at Exhibit 11. The PVP Report addresses: (1) the system's overall function and effectiveness; (2) changes made to the PVP system and protocol since November 2018; (3) our assessment of the current strengths or weaknesses of the system; (4) steps being taken to address identified weaknesses; (5) data on the percentage of placements each year which are found to be invalid during third party review and are not resolved by the institution through the submission of additional information; (6) a description of programs where the agency has had any difficulty obtaining email verification of employment from either the graduate or the employer and a description of how the agency makes efforts to reach those individuals through alternative means, and (7) a table indicating which institutions were cited for high error rates or lack of data integrity, the action the agency took in those instances, and the results of that action.

As described in the PVP Report, the agency assesses, and will continue to assess, the system and make improvements and changes to the program. Specific upgrades include the establishment of an independent review of contested placement data, addition of a Mandarin Chinese language option, upgrades to the Administrative Dashboard, tracking of total non-responders, submission of third-party verification, and extractable reports. ACICS has made a significant investment in its proprietary software to improve its confidence in graduate placement reporting and verification and the system will continue to be integral to ACICS review of institutional outcomes and compliance with the agency's student achievement standards.

Document(s) for this Section

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 11 PVP Report	Exhibit 11 PVP Report.pdf		
Exhibit 12 PVP Council Action Letters	Exhibit 12 PVP Council Action Letters.pdf		

Analyst Worksheet- Narrative

Analyst Review Status:

Does not meet the requirement of this section.

Staff Determination:

The agency must submit all accreditation action letters since July 2018 that included actions responsive to PVP submissions, if applicable. The agency must also provide an explanation for its action for one of the examples provided and documentation to support the explanation.

Analyst Remarks to Narrative:

On November 21, 2018, Secretary Betsy DeVos issued her decision on the recognition status of ACICS, which included the additional monitoring of agency compliance with four of the Secretary's Criteria for Recognition. This section is one of the four sections in which the agency was required to provide information and documentation for monitoring purposes. Specifically, the Secretary adopted the recommendation of the senior Department official (SDO) to require the agency to submit a report detailing the function and effectiveness of the Placement Verification Program (PVP) and the agency's actions taken based on the report.

In response to the Secretary's decision, the agency provided information and documentation related to its success with respect to student achievement in relation to the institution's mission, which may include different standards for different institutions, as established by the institution, including, as appropriate, consideration of job placement rates, in the form of a report on the PVP. The agency provided its narrative response, report on the function and effectiveness of the PVP (Exhibit 11), and its actions taken based on the PVP (Exhibit 12). The PVP report includes all the elements noted for inclusion in the Secretary's decision. ACICS noted in the PVP report that it has validated over 88% of the placements submitted and that the remainder reflects submissions that were invalid, non-responders, or unable to verify. The agency also stated that it has made upgrades to the PVP, to include the establishment of an independent review of contested placement data, addition of a Mandarin Chinese language option, upgrades to the Administrative Dashboard, tracking of total non-responders, submission of third-party verification, and extractable reports.

The two examples provided demonstrate that the agency took action when it found potential fraud in the PVP submissions (Exhibit 12). The actions were both from decisions at the July 2018 council meeting, and the Department requests all accreditation action letters since that date that included actions responsive to PVP submissions, if applicable.

The resolution letter submitted for one of the examples includes an action to place the institution, which is a branch campus of a main campus, on compliance warning (Exhibit 12, pages 9-42). That decision to place the main campus and its seven branch campuses on a compliance warning was based on the institution's ability to resolve only 33 of the 107 findings from the site visits to the campuses. Many of the outstanding issues appear significant, to include "lack of clarity on the distance education activity administration and delivery at the campus, to include the facilitation of online courses for students at its branch campus;" the inability to verify the information and data included in the 2018 Campus Activity Report (CAR); insufficient personnel; failure of required notification to ACICS of all non-substantive changes; failure to follow published admissions policies and procedures; and failure to follow published refund policies. In addition to those outstanding issues, there were findings at multiple campuses of the inability to verify placement waivers, which would affect any review of student achievement. Even though the branch campus was able to resolve the specific PVP misrepresentation issues noted in the original July 2018 action, it is unclear how the agency's removal of the show cause order, but the action to place the main campus and branch campuses on a compliance warning for issues that include the inability to verify placement waivers demonstrates that the agency's student achievement standards are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of the education or training provided by the institutions it accredits.

List of Document(s) Uploaded by Analyst - Narrative

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Criteria: 602.16(a)(1)(vii) Recruiting & Other Practices

Narrative:

November 21, 2018 Decision

The Decision recognized significant evidence that ACICS is compliant with this standard. The Secretary, however, adopted the Senior Department Official recommendation that ACICS submit an annual report to the Department that includes a table outlining problems or concerns identified by the ARIG [At Risk Institutions Group], actions taken to address those concerns, and any Council decisions regarding the institutions identified by the ARIG as being at-risk institutions or institutions violating ACICS requirements regarding advertising, recruiting, publication of student achievement data, or any other ACICS requirement, especially as they relate to administrative or fiscal capacity of an institution.

ACICS Response:

In response to the specific directive to provide an annual report in table format, we submit Exhibit 13 ARIG Annual Report 2019 outlining the institution, area of concern, ARIG recommendation, and Council decisions and action. The report includes ARIG recommendations addressing concerns at seven (7) institutions dating from November 2018 to present. The result of the review and actions includes withdrawal of accreditation, warning requirements, show cause, and request for additional information. As noted previously, the ARIG was designed to provide ACICS an interim mechanism to respond to at-risk institutions and evaluate continued compliance of those institutions. We believe the attendant results and final actions demonstrate the effectiveness of the ARIG and the agency's ongoing compliance with this criteria.

Document(s) for this Section

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 13 ARIG Annual Report 2019	Exhibit 13 ARIG Annual Report 2019.pdf		

Analyst Worksheet- Narrative

Analyst Review Status:

Meets the requirement of this section.

Analyst Remarks to Narrative:

On November 21, 2018, Secretary Betsy DeVos issued her decision on the recognition status of ACICS, which included the additional monitoring of agency compliance with four of the Secretary's Criteria for Recognition. This section is one of the four sections in which the agency was required to provide information and documentation for monitoring purposes. Specifically, the Secretary adopted the recommendation of the senior Department official (SDO) to require the agency to submit a report that includes a table outlining the problems or concerns identified by the At-Risk Institutions Group (ARIG) and the agency's actions taken based on the report, to specifically include actions regarding noncompliance with the agency's standards in the areas of advertising, recruiting, publication of student achievement data, or overall administrative or fiscal capacity of an institution.

In response to the Secretary's decision, the agency provided information and documentation related to the agency's standards regarding recruiting and admissions practices, academic calendars, catalogs, publications, grading, and advertising, in the form of the ARIG report. The agency provided its narrative response and its ARIG annual report for 2019 (Exhibit 13). The report includes the ARIG recommendations and agency's actions for seven institutions from May 2018 to December 2019, which mostly involved financial concerns or concerns from other accrediting or approval agencies.

List of Document(s) Uploaded by Analyst - Narrative

No files uploaded

Criteria: 602.19(b) Monitoring

Narrative:

November 21, 2018 Decision

The Secretary's Decision recognized the abundance of evidence provided by ACICS in the Part II submission and 2018 Supplement and found ACICS compliant with this criteria. For monitoring purposes, the Secretary directed the agency to ACICS submit an annual report of the actions and activities of its ARIG including any follow-up actions taken by the Council as result of the ARIG's work.

ACICS Response

As described in the response to § 602.16(a)(1)(vii), ACICS is submitting Exhibit 13, ARIG Annual Report 2019, outlining the institution, area of concern, ARIG recommendation, and Council decisions and action. The report includes ARIG recommendations dating from November 2018 to present, including the follow-up actions taken by the Council as a result of the ARIG.

Document(s) for this Section

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 13 ARIG Annual Report 2019	Exhibit 13 ARIG Annual Report 2019.pdf		

Analyst Worksheet- Narrative

Analyst Review Status:

Does not meet the requirement of this section.

Staff Determination:

The agency must provide information and documentation that it has a set of effective monitoring and evaluation approaches that enables the agency to identify problems with an institution's continued compliance with agency standards and that takes into account institutional or program strengths and stability.

Analyst Remarks to Narrative:

On November 21, 2018, Secretary Betsy DeVos issued her decision on the recognition status of ACICS, which included the additional monitoring of agency compliance with four of the Secretary's Criteria for Recognition. This section is one of the four sections in which the agency

was required to provide information and documentation for monitoring purposes. Specifically, the Secretary adopted the recommendation of the senior Department official (SDO) to require the agency to submit an annual report of the actions and activities of the At-Risk Institutions Group (ARIG) and the agency's actions taken based on the work of the ARIG.

In response to the Secretary's decision, the agency provided information and documentation related to the agency's monitoring and evaluation approaches that enables it to identify problems with an institution's continued compliance with agency standards and that takes into account institutional or program strengths and stability, in the form of a report on the work of the ARIG. The agency provided its narrative response and its ARIG annual report for 2019 (Exhibit 13). The report includes the ARIG recommendations and agency's actions for seven institutions from May 2018 to December 2019.

The actions of the ARIG appear to be primarily in response to information provided or actions taken by other accrediting or approval entities and not as a result of compliance issues identified by the agency's monitoring and evaluation approaches, which has been a prior concern of the Department. As an example, Department staff noted in the draft staff analysis for a separate inquiry of the agency under the process at Section 602.33 (Department Exhibit 1 - ACICS Inquiry Resolution Letter Revised 1-29-2020) that the evaluation and monitoring approaches used by ACICS for Virginia International University (VIU, now known as Fairfax University of America) appeared to be deficient in identifying problems with the institution's compliance with agency standards. Based on the ARIG report and the institutional example, it is not clear that ACICS itself has a set of effective monitoring and evaluation approaches that enables the agency to identify problems with an institution's continued compliance with agency standards and that takes into account institutional or program strengths and stability.

List of Document(s) Uploaded by Analyst - Narrative

Exhibit Title	File Name
Department Exhibit 1 - ACICS Inquiry Resolution Letter Revised 1-29-2020	ACICS Inquiry Resolution Letter Revised 1-29-20206.pdf

3rd Party Written Comments

There are no written comments uploaded for this Agency.

3rd Party Request for Oral Presentation

There are no oral comments uploaded for this Agency.