

FINAL ANALYSIS AND RECOMMENDATION FOR

ACICS

Meeting Date: 02/2021

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:

Please see attached documentation for response.

Document(s) for this Section

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 1 RNU letter of withdrawal	Exhibit 1 - RNU Letter of Withdrawal and ACIC S Acknowledgment of Same.pdf		
Exhibit 2 ACICS Member Directory	Exhibit 2 - ACICS Member Directory.pdf		
Exhibit 3 Accreditation Criteria	Exhibit 3 - Accreditation Criteria.pdf		
Exhibit 4 Initial Application	Exhibit 4 - Initial Application.pdf		
Exhibit 5 Initial Grant Team Report	Exhibit 5 - Initial Grant Team Report.pdf		
Exhibit 6 Institutional Response	Exhibit 6 - Institutional Response.pdf		
Exhibit 6A Institutional Response 1st Deferral Redacted	Exhibit 6A - Institutional Response 1st Deferral_Redacted.pdf		
Exhibit 6B Institutional Response 2nd Deferral_Redacted	Exhibit 6B - Institutional Response 2nd Deferral_Redacted.pdf		
Exhibit 7 Initial Grant Deferral Letter	Exhibit 7 - Initial Grant Deferral Letter.pdf		
Exhibit 8 2nd Deferral Letter	Exhibit 8 - 2nd Deferral Letter.pdf		
Exhibit 9 Initial Grant Approval Letter	Exhibit 9 - Initial Grant Approval Letter.pdf		
Exhibit 10 Audited Financial Statements 2017 and 2018	Exhibit 10 - Audited Financial Statements 2017 and 2018.pdf		
Exhibit 11 Annual Financial Reports	Exhibit 11 - Annual Financial Reports.pdf		
Exhibit 12 2018 and 2019 CARs	Exhibit 12 - 2018 and 2019 CARs.pdf		
Exhibit 13 RNU SA Show Cause	Exhibit 13 - RNU SA Show Cause.pdf		

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 14 CAR revisions RNU	Exhibit 14 - CAR revisions RNU.pdf		
Exhibit 15 Vacate Show Cause RNU	Exhibit 15 - Vacate Show Cause RNU.pdf		
Exhibit 16 Renewal of Accreditation Application	Exhibit 16 - Renewal of Accreditation Application.pdf		
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Exhibit 31 Response to ED Inquiry 412020 re RNU	Response to ED Inquiry 4-1-2020 re RNU.pdf		
Exhibit 26 ACICS Response to Draft Staff Report Monitoring 602.1	Exhibit 26 - ACICS Response to Draft Staff Report (Monitoring) 602.15(a)(1).pdf		
Exhibit 22 - ARIG Request for a Response and Visit Report	Exhibit 22 - ARIG Request for a Response and Visit Report.pdf		

Analyst Worksheet- Narrative

Analyst Review Status:

Does not meet the requirements of this section

Staff Determination:

The agency has not demonstrated compliance for this section.

Analyst Remarks to Narrative:

Please see attached letter for draft staff analysis of this section.

List of Document(s) Uploaded by Analyst - Narrative

Exhibit Title	File Name
200215 USA Today article	200215 USA Today article.pdf
200224 ACICS Member Directory	200224 ACICS Member Directory.pdf
2020 02 ACICS inquiry	2020 02 ACICS inquiry.pdf
ACICS draft staff analysis RNU inquiry revised 4-30-20	ACICS draft staff analysis RNU inquiry revised 4-30-20.pdf

Response:

Section 602.15(a)(1) – Administrative and Fiscal Responsibilities

The agency must have the administrative and fiscal capability to carry out its accreditation activities in light of its requested scope of recognition. The agency meets this requirement if the agency demonstrates that—

(a) The agency has—

(1) Adequate administrative staff and financial resources to carry out its accrediting responsibilities;

The Draft Analysis states, “Based on the Department’s findings of the agency’s review of RNU for accreditation, ACICS has not demonstrated that it has the administrative capability to carry out its accreditation activities in light of its scope of recognition, as required by Section 602.15.” The Department cites 602.15(a)(1) and 602.15(a)(2) as the specific portions of 602.15 supporting its assessment that the agency does not have adequate resources to demonstrate administrative capability.

ACICS fully addressed its compliance with Section 602.15(a)(1) in its response to the draft Department staff report addressing various monitoring issues (Monitoring Response). The Monitoring Response is incorporated herein and is provided at Exhibit 26.

With regard to RNU, the Draft Analysis states that “the information and documentation provided by the agency appears to reflect inadequate staffing, and insufficient training of staff, site visitors, members of the decision-making body, and other agency representatives.” The Draft Analysis does not make any specific findings regarding how the alleged deficiencies in ACICS’s evaluation of RNU in light of the requirements of Sections 602.16(a)(1)(ii), 602.16(a)(1)(iii), 602.16(a)(1)(v), 602.17(c), 602.18(c), and 602.19(b) support its conclusory statement alleging inadequate administrative staffing or lack of administrative capability. Moreover, ACICS has addressed these alleged deficiencies in other sections of its response to the Draft Analysis, demonstrating in each case why the Draft Analysis is incorrect and that ACICS fully complies with the recognition requirements.

Sections 602.16(a)(1)(ii), 602.16(a)(1)(iii), and 602.16(a)(1)(v) in the Draft Analysis relate to the sufficiency of agency standards in the area of curriculum, faculty, and institutional administrative and fiscal capacity, not the adequacy of agency administrative resources. ACICS explains in its responses to those sections why the Department’s interpretation of facts and circumstances as described in the Draft Analysis is incorrect or incomplete:

1. RNU did not offer distance education courses, but the Department faults ACICS for not evaluating distance education. The courses instead were offered by independent study, which ACICS did review and found not to comply with the accreditation standards. ACICS required RNU to change its delivery model, including its overreliance on the use of independent study. RNU documented that it made the required change, but the Department faults ACICS for accepting that documentation.

2. ACICS found that several RNU programs did not contain sufficient credits in the area of concentration and required RNU to make corrections. RNU provided documentation to demonstrate that it had made the necessary changes, but the Department faults ACICS for accepting that documentation.

3. RNU provided documents showing that the number of adjunct faculty changed from time to time, and ACICS found that personnel files for several faculty members were not up to date, which RNU corrected with updated records. In both cases, the Department sees these routine occurrences as evidence of something deficient in ACICS's processes, although it is not clear what.

4. The Department observes with unexplained suspicion that it was unable to find any reference to an adjunct position at the now-closed RNU in the current online presence of RNU's faculty from early 2017.

5. The Department could not find the readily available website for an accounting firm located in Washington, D.C., whose principal has been licensed as a CPA by the D.C. Board of Accountancy for 30 years. On that basis alone, the Department questioned whether ACICS "confirms" that audited financial statements are certified by an independent CPA and determined that RNU's auditor did not have "apparent expertise in the review of financial statements for institutions of higher education."

6. The Department questioned an easily explained line item on RNU's financial statements and faulted ACICS for not analyzing how RNU spent its resources.

Section 602.17(c) relates to site visit requirements. Here, the Draft Analysis faults ACICS as follows:

1. The initial application materials indicated that RNU offered distance education courses, but the Department incorrectly finds that ACICS did not include a distance education specialist on the initial evaluation team. ACICS demonstrated otherwise.

2. The Department questions the thoroughness of the evaluation visit because only a few RNU students returned the student survey instrument and because the team did not make findings in a few areas where the Department, on no evidence whatsoever, apparently believes something might have been wrong.

3. Evaluation teams reported interviewing faculty without issue, but the Department finds fault with the team's failure to note exactly how many faculty members it interviewed.

Section 602.18(c) relates to decision-making based on published standards:

1. The Department questions whether ACICS applies its standards because RNU did not send the properly titled individual to an accreditation workshop.

2. RNU checked a box on a form indicating that it was currently accredited, and the Department faults ACICS for failing to follow up on this "disclosure." ACICS easily verified that this was a mistake and that RNU was not accredited by any other agency.

3. ACICS exempted two RNU programs with fewer than 10 graduates from strict adherence to ACICS placement rate requirements, in accordance with its standard practice.

Section 602.19(b) relates to monitoring and evaluation of institutions. The issue here seems to be that based on the records it had from the RNU file, the Department concluded, albeit incorrectly, that ACICS does not maintain a comprehensive and robust monitoring program over its institutions.

As demonstrated above and in ACICS's more detailed responses to each of these sections, the Draft Analysis is replete with inaccuracies, mischaracterizations, and oversights. Moreover, the Department sees nonexistent patterns when comparing site visits that ACICS conducted at RNU in 2017 and 2019 and insinuates that they are evidence of systemic deficiencies.

ACICS notes, however, that the Draft Analysis makes very few actual conclusions that ACICS fails to comply with the recognition requirements. In the nine-page Draft Analysis, the Department qualifies its assessments with "it is not clear" no fewer than eight times and "is unable to determine" at least six times.

The Draft Analysis provides no independent basis for challenging the sufficiency of ACICS's administrative staffing resources and capabilities required by Section 602.15(a)(1). The Draft Analysis instead predicates ACICS's alleged failure to demonstrate compliance with Section 602.15 on the Department's implication that the agency does not comply with, or more accurately the Department's inability to determine that the agency complies with, Sections 602.16(a)(1)(ii), 602.16(a)(1)(iii), 602.16(a)(1)(v), 602.17(c), 602.18(c), and 602.19(b). ACICS has provided full responses to each of these alleged deficiencies and demonstrated its compliance with each of these sections. The Department therefore has no basis for challenging ACICS's administrative capability to carry out its accreditation activities, and ACICS respectfully requests that the Draft Analysis be revised accordingly.

Analyst Worksheet - Response

Analyst Review Status for Response:

Does not meet the requirements of this section

Staff Determination:

The agency failed to demonstrate that the agency has the administrative and fiscal capability to carry out its accreditation activities in light of its requested scope of recognition.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided additional information and documentation concerning its review of Reagan National University (RNU).

ACICS provided a narrative summary of its response to all sections noted in the inquiry to demonstrate its administrative capability to carry out its accreditation activities. As noted in the specific sections, ACICS did not resolve all the issues noted in the draft staff analysis and therefore demonstrate its administrative capability. In particular, the outstanding issues in Sections 602.18(c) and 602.19(b) do not demonstrate administrative capability. Agency staff did not confirm RNU met the workshop attendance requirement in the review of the application for accreditation nor verify the answers provided on RNU's pre-application self-assessment. Even though ACICS granted a short term of accreditation, the agency did not effectively monitor RNU in between accreditation reviews to ensure continued compliance with agency standards and policies.

In addition to this Section 602.33 inquiry, there are two additional inquiries occurring at the same time: a review of the Monitoring Report and the Capacity Inquiry. The agency's responses to these reviews did not demonstrate that ACICS has the administrative and fiscal capacity to carry out its accreditation activities in light of its requested scope. ACICS provided its narrative response to Section 602.15(a)(1) from its Monitoring Report (Exhibit 26).

In its response to Section 602.19(b), ACICS stated the following about RNU: “The Council specifically noted that a number of issues identified during the renewal of accreditation process were identical to those found during the initial review, thereby calling into question the effectiveness of RNU’s administration.” The same conclusion regarding administrative capability is true for ACICS based on the similar issues raised in current reviews by the Department to those raised in previous reviews.

Also see concerns raised by three third-party comments, Written Comment #1 Coalition, Written Comment #2 New America, and Written Comment #3 23 Attorneys General, concerning fiscal and administrative capability, as required by this section.

List of Document(s) Uploaded by Analyst - Response

No files uploaded

Criteria: 602.15(a)(2) Competency of Representatives

Narrative:

Please see attached documentation for response.

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Exhibit 27 ACICS Response to Draft Staff Report Compliance 602.15a2	Exhibit 27 ACICS Response to Draft Staff Report (Compliance) 602.15(a)(2).pdf		
Exhibit 28 Accreditation Handbook 2019	Exhibit 28 Accreditation Handbook 2019.pdf		
Exhibit 26 ACICS Response to Draft Staff Report Monitoring 602.1	Exhibit 26 - ACICS Response to Draft Staff Report (Monitoring) 602.15(a)(1).pdf		
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Analyst Review Status:			
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Staff Determination:			
The agency has not demonstrated compliance for this section.			
Analyst Remarks to Narrative:			

Please see attached letter for draft staff analysis of this section.

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2020 02 ACICS inquiry	2020 02 ACICS inquiry1.pdf
ACICS draft staff analysis RNU inquiry revised 4-30-20	ACICS draft staff analysis RNU inquiry revised 4-30-201.pdf

Response:

Section 602.15(a)(2) – Administrative and Fiscal Responsibilities

The agency is required to have the administrative and fiscal capability to carry out its accreditation activities in light of its requested scope of recognition. The agency meets this requirement if the agency demonstrates that—

(a) The agency has—

...

(2) Competent and knowledgeable individuals, qualified by education and experience in their own right and trained by the agency on their responsibilities, as appropriate for their roles, regarding the agency's standards, policies, and procedures, to conduct its on-site evaluations, apply or establish its policies, and make its accrediting and preaccrediting decisions, including, if applicable to the agency's scope, their responsibilities regarding distance education and correspondence education;

The Draft Analysis states, “Based on the Department’s findings of the agency’s review of RNU for accreditation, ACICS has not demonstrated that it has the administrative capability to carry out its accreditation activities in light of its scope of recognition, as required by Section 602.15.” The Department cites 602.15(a)(1) and 602.15(a)(2) as the specific portions of 602.15 supporting its assessment that the agency does not have adequate resources to demonstrate administrative capability.

ACICS fully addressed its compliance with Section 602.15(a)(2) in its response to the draft Department staff reports addressing ACICS’s compliance report (Compliance Response) and various monitoring issues (Monitoring Response). Both the Compliance Response and the Monitoring Response are incorporated herein. The Compliance Response is provided at Exhibit 27, and the Monitoring Response is provided at Exhibit 26.

The Draft Analysis provides no separate assessment of ACICS’s compliance with Section 602.15(a)(2) and seems to rely on the same reasoning on which it based its assessment under Section 602.15(a)(1). ACICS provided a detailed rebuttal of that reasoning in its response to Section 602.15(a)(1) and will not repeat that detailed narrative here, although it provides that full response as Exhibit 26 out of an abundance of caution.

Instead, ACICS simply notes here that the Department says in the Draft Analysis that it is unable to determine whether ACICS has sufficient administrative staff and financial resources to carry out its accreditation activities so that it can demonstrate administrative capability because of ACICS’s alleged deficiencies in complying with other recognition standards. In its responses to Sections 602.16(a)(1)(ii), 602.16(a)(1)(iii), 602.16(a)(1)(v), 602.17(c), 602.18(c), and 602.19(b), ACICS repeatedly and thoroughly documented that the alleged deficiencies in the Draft Analysis are incorrect, that the Department misstated or overlooked facts, that the Department created compliance burdens where they do not exist, and that

ACICS in fact complies with each of these recognition criteria both generally speaking and in its review of RNU.

The Accreditation Handbook, Exhibit 28 at pages 7-8, states that in evaluating an agency's compliance with Section 602.15, the Department will review the following types of information:

1. organizational chart with names and position titles;
2. resumes, job titles, and job descriptions of senior staff members, including at the executive director, chief financial officer, and academic or accreditation directors (or equivalents);
3. a list of agency decisions related to administrative and fiscal capacity that have been made or postponed, flagging postponements due to insufficient staffing to adhere to the published timeline, during the prior two years; a roster of all individuals serving on decision-making bodies, the role that each filled, and the policies and procedures related to their selection;
4. a roster of all individuals who in the past year participated on site visit teams with an indication of the specific focus of each member on that team; and
5. the agency's standards and policies manual(s) that describe the process for selecting and assigning site visitors during the prior year or, during the most recent recognition period or the period of time the agency was performing accrediting reviews prior to recognition by the Secretary.

The Draft Analysis cites to none of this type of information in reaching its conclusion that the agency fails to meet this standard.

Because the Department is wrong regarding ACICS's compliance with the various sections of the recognition criteria addressed in the Draft Analysis with respect to RNU, the only predicate on which the Department relied in the Draft Analysis to question ACICS's compliance with Section 602.15(a)(1) is gone. Similarly, because alleged noncompliance with these other sections that ACICS has fully addressed in its other responses is the only predicate provided by the Department for questioning ACICS's compliance with Section 602.15(a)(2), that alleged finding also is swept away.

The Department has provided no objective or defensible basis for challenging the qualifications, training, or ability of ACICS's staff, commissioners, evaluators, and other volunteer and professional participants and decision-makers to carry out their accreditation roles on behalf of ACICS. Moreover, with respect to the agency's compliance with Sections 602.16(a)(1)(ii), 602.16(a)(1)(iii), 602.16(a)(1)(v), 602.17(c), 602.18(c), and 602.19(b), ACICS has provided full responses to the alleged deficiencies noted in the Draft Analysis that demonstrate the agency remains in compliance with each requirement. Therefore, the Department has no basis for questioning ACICS's administrative capability, and ACICS respectfully requests that the Draft Analysis be revised to find ACICS in full compliance with Section 602.15.

Analyst Worksheet - Response

Analyst Review Status for Response:

Does not meet the requirements of this section

Staff Determination:

The agency failed to demonstrate that it has competent and knowledgeable individuals, qualified by education and experience in their own right and trained by the agency on their responsibilities, as appropriate for their roles, regarding the agency's standards, policies, and procedures.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided additional information and documentation concerning its review of Reagan National University (RNU).

ACICS referenced its narrative summary of its response to Section 602.15(a)(1), which included a summary of its response to all sections under review in this inquiry. ACICS also provided its narrative response to Section 602.15(a)(1) from its Monitoring Report and its narrative response to Section 602.15(a)(2) in its Compliance Report (Exhibits 26 and 27, respectively). However, ACICS did not respond specifically to the concern in the draft staff analysis regarding insufficient training of site visitors, members of the decision-making body, and other agency representatives.

As noted in the specific sections of this inquiry, ACICS did not demonstrate compliance with the criteria that were identified as being not in compliance in the draft staff analysis (i.e. Sections 602.17(c), 602.18(c), and 602.19(b)). Of particular concern is ACICS's failure to demonstrate that it has competent and knowledgeable individuals trained for their roles, as required by Section 602.15(a)(2). For example, as described below in the discussion of Section 602.17(c), ACICS sent a site visitor to RNU in anticipation of a review of distance education programs, yet has failed to demonstrate to the Department that the site visitor was qualified and trained to evaluate distance education programs.

Similarly, in Section 602.16(a)(1)(ii) of the draft staff analysis, Department staff noted that the site visit team wrote in its report that they were unable to "retrieve, view, or assess any instructional materials" and that students "did not have access to or possess course textbooks" (Exhibit 5, pages 39 and 46). These learning materials issues were not listed as deficiencies in the team report, which indicates a lack of training on the agency's standards, and therefore a lack of administrative capability.

Section 602.15(a)(2) requires an agency to have "competent and knowledgeable individuals, qualified by education and experience in their own right and trained by the agency on their responsibilities, as appropriate for their roles, regarding the agency's standards, policies, and procedures." The draft staff analysis stated that ACICS did not appear to provide sufficient training to site visitors, members of the decision-making body or other agency representatives. In its response to the draft staff analysis finding of noncompliance, and relying on guidance provided in the Department's Accreditation Handbook, effective June 2019 (Exhibit 28), ACICS points to a list of required documents and information to be submitted with an agency's petition to demonstrate compliance with Section 602.15(a)(2). ACICS asserts that that "none of this type of information" was referenced in the draft staff analysis, and that the documentation and information identified as lacking in the draft staff analysis is not required. However, under the Handbook, and specifically to minimize the burden on the agency, only limited information needs to be submitted with the petition. Instead of requesting all materials in the petition however, the Handbook contemplates an on-site file review where Department staff requests and examines additional information (the types of materials are also listed in the Handbook on p. 7). Thus, the record on recognition is not limited to the documents identified in the Handbook as required to be submitted with the petition. Here, because this was a review under Section 602.33, those additional records were requested in the draft staff analysis. Rather than providing the records, and relying on the petition documentation only and ignoring the file review requirements identified on the same page of the Handbook, ACICS contends that the required records are not of the type required by the Handbook. Resting on that assertion, ACICS failed to submit any documentation to respond to the cited deficiencies related to the training of staff and agency representatives, including "Attendance records from one or more of the training programs provided over

the prior two years” and “Training materials used over the prior two years to educate staff and agency representatives about the agency's standards, policies and procedures” (Exhibit 28, page 7).

Also see concerns raised by three third-party comments, Written Comment #1 Coalition, Written Comment #2 New America, and Written Comment #3 23 Attorneys General, concerning the competency of agency representatives, as required by this section.

In addition to this Section 602.33 inquiry, ACICS has not demonstrated via its Compliance Report that ACICS has the administrative capacity to carry out its accreditation activities in light of its requested scope of recognition, to include sufficient training of agency representatives.

List of Document(s) Uploaded by Analyst - Response

No files uploaded

Criteria: 602.16(a)(1)(ii) Curricula

Narrative:

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Analyst Review Status:

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Staff Determination:

The agency has not demonstrated compliance for this section.

Analyst Remarks to Narrative:

Please see attached letter for draft staff analysis of this section.

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Response:

The Draft Analysis states that the initial resource visit report and RNU's Campus Effectiveness Plan indicated that RNU offered distance education, which ACICS determined not to be the case. The Draft Analysis questions how ACICS handled its review of this matter.

ACICS staff conducts an initial resource visit following receipt of application materials from an initial applicant to determine if the institution is ready to proceed with the application process. Staff does not assess the institution's compliance with the substantive accreditation standards.

The site visit team conducted the initial evaluation in February 2017 but did not review RNU for distance education (Exhibit 5 at 5):

The team did not evaluate the distance education program because the campus was not utilizing the online platform for distance education, rather correspondence was being conducted via e-mail for individualized instruction, which is more compatible with that of an independent study. The administration of the campus made the decision to not have the distance education program evaluated at this time. The campus advised the team that they would further investigate ACICS standards with regard to distance education and apply for approval at a later date.

As a result of not evaluating the distance education program, the administration determined that the courses were online independent study courses. When the team reviewed the courses utilizing the ACICS definition of independent study, numerous issues were noted with regard to campus compliance to Council standards. This issue is further explained in section 8.

Prior to the site visit, ACICS advised RNU of the composition of the evaluation team, which included a distance education specialist, Michael Bleacher (Exhibit 29). Mr. Bleacher was on site and prepared to review the distance education activities when it was determined that RNU was not actually offering distance education. Mr. Bleacher remained on site with the team to complete his other responsibilities, as confirmed by the team report cover page (Exhibit 5 at 3).

The team reviewed the independent study activities and identified significant concerns, which resulted in a finding of noncompliance (Exhibit 5 at 37, 44):

(Section 3-1-513(a) and Glossary): There is no evidence of written learning contracts being executed between student and faculty for independent study. Upon arrival for the accreditation review, the campus was seeking accreditation for both on-ground and online programs -- the online option being offered as a distance education component. After further review of the online instructional components (i.e., the

learning management system, technology, syllabus, etc.), it was determined that the university does not meet the ACICS definition of distance education. However, evaluating the online components under the definition of independent study shows that university does not meet the requirements either because of (a) lack of a learning contract, (b) instruction does not require a high level of independence and self-direction, and (c) independent study classes should be the exception and not the rule, but 100 percent of the enrolled students participate in independent study classes.

RNU did not offer distance education, so no such review was conducted. RNU addressed the independent study finding in its response to the team report, but the response was insufficient. The Initial Action Letter noted that “the institution submitted a narrative of their intent to decrease the number of independent studies as their student population grows, as well as a new independent study contract form” that had not yet been implemented, and the Council required RNU to submit the following information (Exhibit 7 at 3):

A policy outlining how the institution will guarantee that regularly scheduled classes are offered to students when needed in the normal pursuit of their programs of study, as well as a plan to implement this policy and reduce the number of independent studies. In addition, the institution must include a list of all students enrolled at the institution, indicating those currently taking an independent study course; a copy of the signed learning contract for each student that is currently taking an independent study course; a schedule of all courses in the current term, indicating which are independent studies; and a justification for each independent study course that was taken by each student on the list.

The Draft Analysis states that the May 2017 “‘Initial Action Letter’ failed to address the overall issue with the curricula that RNU originally submitted as distance education, but that was reviewed on-site as ‘online independent study courses’ to 100% of the student body” and that this “failure is significant because such a delivery did not meet the agency’s standards for either delivery method at the time of the site visit.” The Draft Analysis is not correct. ACICS required RNU to address its over-reliance on independent study and to justify every single independent study course each of its students took if RNU hoped eventually to gain ACICS accreditation. (See also Exhibit 30.)

The Draft Analysis reports:

In response to the Initial Action Letter, RNU stated that it did not offer any independent study in the spring or summer of 2017, and provided documentation of its course offering policy and one written learning contract for independent study from winter 2017 (Exhibit 6A, pages 354-360). RNU also submitted a revised catalog which included an “Independent Studies” section. The Department notes that this section does not meet ACICS’s definition that states independent study classes “are the exception and not the rule” and “should be limited” (Exhibit 6A, page 146). Despite the fact that the information submitted was in stark contrast to the information provided by RNU less than four months earlier and did not provide documentation to confirm that RNU was no longer offering courses mainly through independent study, ACICS accepted the response (Exhibit 8). From the materials submitted to the Department by ACICS, the Department is unable to determine that RNU was in compliance with the curricula standards of ACICS, with specific emphasis on the distance education and independent study elements at the time that ACICS nevertheless granted accreditation.

The Draft Analysis says that RNU’s catalog discussion of independent study does not demonstrate that these courses are to be the exception rather than the rule and should be limited as required by ACICS accreditation standards. However, there is no such expectation in ACICS policies. Compliance regarding the use of independent study courses is determined by the extent of that use, not on whether the institution has published a catalog announcing that it will reduce its reliance on such courses.

RNU stated that it did not offer any independent study courses in spring or summer 2017 and provided its course offering policy and class schedules for the spring and summer 2017 terms, which the Department criticizes ACICS for accepting. It apparently but incorrectly does not believe that a private, unaccredited institution with 50 students can change policies quickly.

Finally, and with due respect, it is not the role of Department staff “to determine that RNU was in compliance with the curricula standards of ACICS” when ACICS eventually granted RNU initial accreditation. The Department has no authority to conduct its own assessment of an institution’s response to agency actions and substitute its judgment about an institution’s compliance for that of the agency.

The Draft Analysis states that the initial site visitors noted all four bachelor’s degree programs did not include the minimum credit-hour requirements in the area of concentration. The team found (Exhibit 5 at 47):

According to the 2016-2018 catalog, the bachelor’s degrees in finance and business administration programs require 120 semester hours . . .; however, only 45 semester hours are identified for the area of concentration – per Council standards, 60 semester hours are required. The remaining 15 hours are identified as electives, but some of the electives identified are not in the area of concentration.

RNU’s response to the team report did not resolve this issue, and ACICS directed RNU to provide more information. RNU explained that the 15 elective credits now had to be chosen from a prescribed list of courses in the area of concentration so that every program required 60 concentration credits. RNU provided meeting minutes approving this change and an updated catalog with the new program requirements and other supporting documentation. The Draft Analysis chastises ACICS for accepting this response because “it did not conclusively demonstrate resolution to the credit issue via implementation.” ACICS disagrees. The revised catalog outlines the new program requirements.

The Draft Analysis cites “many similar concerns noted during the renewal on-site visit, such as credit hours not converted accurately . . . and the use of outdated learning materials” as evidence that RNU may not have been in compliance with the ACICS curricula standards when it received accreditation. ACICS again disagrees.

First, the two examples cited from the 2017 review are not similar to concerns from the 2019 review. Second, any similarities between the two reviews are irrelevant to whether RNU was in compliance when it received accreditation. That it had fallen so far out of compliance less than two years later demonstrates, however, that RNU was unwilling or unable to REMAIN in compliance, prompting the 2019 show-cause order.

There is nothing in the record to demonstrate that ACICS’s standards regarding curriculum, which are substantially similar to those of other recognized agencies, are deficient in any way. ACICS respectfully requests that the Draft Analysis be revised to reflect full compliance with 602.16(a)(1).

Analyst Worksheet - Response

Analyst Review Status for Response:

Substantially Compliant

Staff Determination:

The agency has standards in place regarding curricula but did not demonstrate that it adheres with fidelity to those standards.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided additional information and documentation concerning its review of the curricula at Reagan National University (RNU).

ACICS stated that the review process for RNU was not irregular or unusual for an initial application for accreditation, and that it was easy for RNU to change policies quickly due to its small enrollment. Department staff notes that a change from distance education to 100% participation in independent study to 100% in-person scheduled classes in a matter of a few months is uncommon and would be difficult to implement, even at an institution with a small enrollment. And the documentation provided by RNU does not conclusively demonstrate that this conversion occurred to meet the agency's standards, which indicates a failure of ACICS to follow its own policies and procedures. As stated in the draft staff analysis, RNU provided a statement that it no longer offered independent study in spring or summer of 2017, its course offering policy, its revised catalog, and one independent study learning contract from winter 2017. RNU also provided the class schedules for the spring and summer 2017 sessions (Exhibit 6A, pages 355-356), but did not provide "a list of all students enrolled at the institution, indicating those currently taking an independent study course," as required in the Initial Action Letter (dated May 5, 2017), nor any other documentation to verify the education delivery method for the currently enrolled students and RNU's claims.

ACICS provided a narrative response to the other curricula-related issues noted in the draft staff analysis – minimum credit hour requirements for the baccalaureate degree programs and similar curricula concerns noted in the 2017 and 2019 site visit reports. Again, those narrative explanations – along with the documentation submitted by RNU – do not clearly demonstrate that the institution met the agency's standards or that the agency followed its own policies and procedures.

ACICS asserted that the Department has no authority "to conduct its own assessment of an institution's response to agency actions and substitute its judgment about an institution's compliance for that of the agency." The Department's authority is to enforce Federal regulations for recognition and ensure that ACICS is following its own policies and procedures. For this section, Federal regulations require agencies to have standards that are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of education or training provided. ACICS must also demonstrate that it is following its policies and procedures to evaluate institutions against those standards, which ACICS did not clearly do in its review of RNU.

Department staff has found the agency in substantial compliance with this section because although the agency has standards in place regarding curricula, it did not demonstrate that it adheres with fidelity to those standards.

List of Document(s) Uploaded by Analyst - Response

No files uploaded

Narrative:

Please see attached documentation for response.

Document(s) for this Section

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 1 RNU letter of withdrawal	Exhibit 1 - RNU Letter of Withdrawal and ACIC S Acknowledgment of Same.pdf		
Exhibit 2 ACICS Member Directory	Exhibit 2 - ACICS Member Directory.pdf		
Exhibit 3 Accreditation Criteria	Exhibit 3 - Accreditation Criteria.pdf		
Exhibit 4 Initial Application	Exhibit 4 - Initial Application.pdf		
Exhibit 5 Initial Grant Team Report	Exhibit 5 - Initial Grant Team Report.pdf		
Exhibit 6 Institutional Response	Exhibit 6 - Institutional Response.pdf		
Exhibit 6A Institutional Response 1st Deferral Redacted	Exhibit 6A - Institutional Response 1st Deferral_Redacted.pdf		
Exhibit 6B Institutional Response 2nd Deferral_Redacted	Exhibit 6B - Institutional Response 2nd Deferral_Redacted.pdf		
Exhibit 7 Initial Grant Deferral Letter	Exhibit 7 - Initial Grant Deferral Letter.pdf		
Exhibit 8 2nd Deferral Letter	Exhibit 8 - 2nd Deferral Letter.pdf		
Exhibit 9 Initial Grant Approval Letter	Exhibit 9 - Initial Grant Approval Letter.pdf		
Exhibit 10 Audited Financial Statements 2017 and 2018	Exhibit 10 - Audited Financial Statements 2017 and 2018.pdf		
Exhibit 11 Annual Financial Reports	Exhibit 11 - Annual Financial Reports.pdf		
Exhibit 12 2018 and 2019 CARs	Exhibit 12 - 2018 and 2019 CARs.pdf		
Exhibit 13 RNU SA Show Cause	Exhibit 13 - RNU SA Show Cause.pdf		
Exhibit 14 CAR revisions RNU	Exhibit 14 - CAR revisions RNU.pdf		
Exhibit 15 Vacate Show Cause RNU	Exhibit 15 - Vacate Show Cause RNU.pdf		
Exhibit 16 Renewal of Accreditation Application	Exhibit 16 - Renewal of Accreditation Application.pdf		
Exhibit 17 RNU Visit Report	Exhibit 17 - RNU Visit Report.pdf		
Exhibit 18A RNU Institutional Response	Exhibit 18A - RNU Institutional Response.pdf		
Exhibit 18B RNU Institutional Response	Exhibit 18B - RNU Institutional Response.pdf		
Exhibit 18C RNU Institutional Response	Exhibit 18C - RNU Institutional Response.pdf		
Exhibit 19 RNU Show Cause Letter	Exhibit 19 - RNU Show Cause Letter.pdf		
Exhibit 20 Change of Name Application and Approval	Exhibit 20 - Change of Name Application and Approval.pdf		
Exhibit 21 Change of Location Application and Approval	Exhibit 21 - Change of Location Application and Approval.pdf		
Exhibit 22A Unannounced Visit	Exhibit 22A - Unannounced Visit		

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Procedures	Procedures.pdf		
Exhibit 23 Emails with Institution	Exhibit 23 - Emails with Institution.pdf		
Exhibit 24 Chapter 20 Document Retention and Archiving	Exhibit 24 - Chapter 20 Document Retention and Archiving.pdf		
Exhibit 25 Timeline and Documentation	Exhibit 25 - Timeline and Documentation.pdf		
Exhibit 30 Response to ED Inquiry 2242020 re RNU	Response to ED Inquiry 2-24-2020 re RNU.pdf		
Exhibit 31 Response to ED Inquiry 412020 re RNU	Response to ED Inquiry 4-1-2020 re RNU.pdf		
Exhibit 31 Evaluation Visit Meeting Room Materials	Exhibit 31 Evaluation Visit Meeting Room Materials.pdf		
Exhibit 22 - ARIG Request for a Response and Visit Report	Exhibit 22 - ARIG Request for a Response and Visit Report.pdf		

Analyst Worksheet- Narrative

Analyst Review Status:

Does not meet the requirements of this section

Staff Determination:

The agency has not demonstrated compliance for this section.

Analyst Remarks to Narrative:

Please see attached letter for draft staff analysis of this section.

List of Document(s) Uploaded by Analyst - Narrative

Exhibit Title	File Name
200215 USA Today article	200215 USA Today article3.pdf
200224 ACICS Member Directory	200224 ACICS Member Directory3.pdf
2020 02 ACICS inquiry	2020 02 ACICS inquiry3.pdf
ACICS draft staff analysis RNU inquiry revised 4-30-20	ACICS draft staff analysis RNU inquiry revised 4-30-203.pdf

Response:

The Department's Draft Analysis, at 2, states that based on ACICS's review of RNU for accreditation, it is not clear that ACICS has rigorous standards that effectively address the quality of institutions in "all required areas" of Section 602.16(a). However, the Draft Analysis is limited only to concerns specifically related to curricula, faculty, and administrative capacity, and ACICS's response fully addresses these concerns. As discussed below, ACICS continues to satisfy the requirements of Sections 602.16(a)(1)(ii) (curricula), 602.16(a)(1)(iii) (faculty) and 602.16(a)(1)(v) (fiscal and administrative capability).

Section 602.16(a)(1)(iii) – Faculty

Section 602.16 requires that:

(a) The agency must demonstrate that it has standards for accreditation, and preaccreditation, if offered, that are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of the education or training provided by the institutions or programs it accredits. The agency meets this requirement if— (1) The agency's accreditation standards effectively address the quality of the institution or program in the following areas: ... (iii) Faculty.

The Draft Analysis raises a couple of concerns regarding the faculty situation at RNU. First, it focuses on the fact that at the time of RNU's initial on-site evaluation in February 2017, three years ago, the number of faculty reported by RNU in several different documents was not consistent. Namely, the Draft Analysis states that "there were 27 faculty members listed in the catalog (Exhibit 4, pages 430-431), but 22 listed on the 'Faculty and Administrative Staff Summary Form' (Exhibit 4, pages 433-436) and 12 noted on RNU's initial Campus Accountability Report (CAR) (Exhibit 4, page 134)."

There are simple explanations for these discrepancies, largely related to the passage of time. The initial CAR was prepared in July 2016, many months prior to the initial visit. The catalog provided in the initial application materials in Exhibit 4 is RNU's 2016-2018 edition that is marked as last revised in November 2016. It is not clear when the Faculty and Administrative Summary Form provided in Exhibit 4 was prepared, but the instructions at the top of the form indicate that it is to be revised and provided with the Update Report in preparation for the site visit, so it likely was prepared in early 2017.

The information provided in the Update Report is supposed to be accurate as of the date of the visit, so it naturally would list only the faculty actively teaching during the term in which the visit took place. An institutional catalog, on the other hand, often lists faculty who teach at various times during the life of the catalog, even if they do not teach every term. Given these timing factors and the normal fluctuations in faculty assignments from term to term, the variations in the number of faculty members identified in the Draft Analysis are to be expected. They certainly do not provide any basis for questioning whether ACICS complies with the recognition requirements regarding faculty.

The Draft Analysis also states that in the initial visit report, the site visitors noted that records were verified for all faculty members (Exhibit 5, pages 39, 42, 46, and 49) but that the physical addresses of five faculty members who were scheduled to teach residential courses were outside the geographic area of RNU (Exhibit 5, page 12). The Draft Analysis fails to report, however, that this issue regarding the physical addresses was cited by the visiting team as a finding of noncompliance and that RNU explained the discrepancy in its response and provided affidavits and updated IRS W-4 forms (signed under penalty of perjury) demonstrating local addresses for these faculty members. See Exhibit 6, pages 3-13.

Additionally, the Draft Analysis states that the Department staff researched the online presence of the 27 faculty members listed in the catalog submitted by RNU for the February 2017 initial site visit and could not find any that included prior or current employment by or affiliation with RNU (or Si Tanka University), even though many were long-time faculty members at other institutions of higher education. It is not clear to ACICS why the Department's inability to find evidence online or in social media of adjunct faculty members' advertising their engagement three years ago at a now-closed institution is either surprising or indicative of ACICS's failure to comply with recognition standards regarding faculty.

Finally, the Draft Analysis states that the February 2017 site visitors did not state in their report how many faculty members were interviewed or if any faculty members were interviewed in person. Section 2-1-503 of the Accreditation Criteria provides that during the visit, institutions are expected to make provisions for "adequate consultation" between team members and faculty. Neither the Accreditation Criteria nor the

Department's recognition criteria describe a minimum number of faculty interviews that must be completed to constitute valuable information, or whether those interviews must be conducted in person.

Faculty interviews are one component of information gathering required by the site visit criteria and the agency standard. The agency's site visit protocols include reviewing faculty personnel files and faculty meeting minutes, faculty development plans, class assignments, and other faculty related information, as well as interviewing students. See Exhibit 31. In addition, faculty interviews during site visits are also just one element of numerous standards in the Accreditation Criteria focused on assessing and maintaining the quality of faculty. See Accreditation Criteria Sections 3-1-202(b), 3-1-500, 3-1-541, 3-2-100, 3-3-300, 3-4-500, 3-5-300, 3-6-500, and Appendix H.

The Draft Analysis concludes, "Although RNU provided documentation responsive to the accuracy of the faculty records concern to ACICS, it is still not clear that RNU met the agency's faculty standards based on the site visit report given the similar concerns noted during the renewal on-site visit (Exhibit 17, page 31), as required by Section 602.16(a)(1)(iii)." ACICS does not believe, however, that the issues described in the Draft Analysis support this conclusion in any material way.

To reiterate the issues raised by the Department staff with regard to faculty:

1. Three different documents prepared at different times and for different purposes reported different numbers of adjunct faculty members in the months prior to and in preparation for RNU's initial accreditation site visit in February 2017. ACICS fully explains this issue above.
2. The February 2017 site visit team verified the credentials and qualifications of RNU's faculty, but it noted that the files for five faculty members scheduled to teach on campus did not reflect local addresses, which it cited as a finding of noncompliance. RNU explained in its response that the faculty members had relocated and provided official documents to update the addresses for all five faculty members.
3. The Department staff could not confirm that any faculty members listed in RNU's 2016 catalog include their adjunct engagement three years ago at now-closed RNU in their current online profiles.

The first and third issues are nothing more than observations that, even if true, are not evidence of some compliance failure on the part of either RNU or ACICS. The second issue points to a relatively minor recordkeeping failure at RNU, which ACICS cited at the time and RNU quickly and fully addressed. Moreover, the 2019 reaccreditation site visit report did not raise "similar concerns" as asserted in the Draft Analysis, which points to "Exhibit 17, page 31." The only reference to faculty on page 31 of the 2019 site visit report in Exhibit 17 is a finding that the listing of faculty members currently teaching had not been updated on RNU's website.

The Draft Analysis says that because of these issues, "it is still not clear that RNU met the agency's faculty standards . . . as required by Section 602.16(a)(1)(iii)." Respectfully, Section 602.16(a)(1)(iii) does not require RNU to comply with ACICS's faculty standards. It instead obligates ACICS to comply with the Department's recognition requirements by demonstrating that its "accreditation standards effectively address the quality of the institution or program in the following areas: . . . (iii) Faculty."

There is nothing in this section of the Draft Analysis suggesting that there are any deficiencies in ACICS's standards with regard to faculty, and there is nothing in this discussion indicating that ACICS did not apply its faculty standards properly with regard to RNU or otherwise. ACICS therefore respectfully asks that the Draft Analysis be revised to find that ACICS fully complies with Section 602.16(a)(1)(iii).

Analyst Worksheet - Response

Analyst Review Status for Response:

Meets the requirements of this section

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided additional information and documentation concerning its review of faculty at Reagan National University (RNU).

ACICS asserted that the issues raised in the draft staff analysis related to the agency's review of faculty at RNU are either observations that are not enforceable by Federal regulations or a minor recordkeeping issue that was resolved. Regarding the verification of faculty files, it is a recordkeeping issue that was ultimately resolved, but the site visit report was contradictory in that it stated both the records were verified and also that they were inaccurate, as noted in the draft staff analysis.

As noted in Section 602.16(a)(1)(ii), the Department's authority is to enforce Federal regulations for recognition and ensure that ACICS is following its own policies and procedures. Federal regulations require agencies to have standards that are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of education or training provided, but the agency's review of RNU did not definitively demonstrate that agency confirms compliance with those standards.

List of Document(s) Uploaded by Analyst - Response

No files uploaded

Criteria: 602.16(a)(1)(v) Fiscal/Administrative Capacity

Narrative:

Please see attached documentation for response.

Document(s) for this Section

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 1 RNU letter of withdrawal	Exhibit 1 - RNU Letter of Withdrawal and ACIC S Acknowledgment of Same.pdf		
Exhibit 2 ACICS Member Directory	Exhibit 2 - ACICS Member Directory.pdf		
Exhibit 3 Accreditation Criteria	Exhibit 3 - Accreditation Criteria.pdf		
Exhibit 4 Initial Application	Exhibit 4 - Initial Application.pdf		
Exhibit 5 Initial Grant Team Report	Exhibit 5 - Initial Grant Team Report.pdf		
Exhibit 6 Institutional Response	Exhibit 6 - Institutional Response.pdf		
Exhibit 6A Institutional Response	Exhibit 6A - Institutional Response 1st Defer		

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
1st Deferral Redacted	ral_Redacted.pdf		
Exhibit 6B Institutional Response 2nd Deferral_Redacted	Exhibit 6B - Insitutional Response 2nd Deferral_Redacted.pdf		
Exhibit 7 Initial Grant Deferral Letter	Exhibit 7 - Initial Grant Deferral Letter.pdf		
Exhibit 8 2nd Deferral Letter	Exhibit 8 - 2nd Deferral Letter.pdf		
Exhibit 9 Initial Grant Approval Letter	Exhibit 9 - Initial Grant Approval Letter.pdf		
Exhibit 10 Audited Financial Statements 2017 and 2018	Exhibit 10 - Audited Financial Statements 2017 and 2018.pdf		
Exhibit 11 Annual Financial Reports	Exhibit 11 - Annual Financial Reports.pdf		
Exhibit 12 2018 and 2019 CARs	Exhibit 12 - 2018 and 2019 CARs.pdf		
Exhibit 13 RNU SA Show Cause	Exhibit 13 - RNU SA Show Cause.pdf		
Exhibit 14 CAR revisions RNU	Exhibit 14 - CAR revisions RNU.pdf		
Exhibit 15 Vacate Show Cause RNU	Exhibit 15 - Vacate Show Cause RNU.pdf		
Exhibit 16 Renewal of Accreditation Application	Exhibit 16 - Renewal of Accreditation Application.pdf		
Exhibit 17 RNU Visit Report	Exhibit 17 - RNU Visit Report.pdf		
Exhibit 18A RNU Institutional Response	Exhibit 18A - RNU Institutional Response.pdf		
Exhibit 18B RNU Institutional Response	Exhibit 18B - RNU Institutional Response.pdf		
Exhibit 18C RNU Institutional Response	Exhibit 18C - RNU Institutional Response.pdf		
Exhibit 19 RNU Show Cause Letter	Exhibit 19 - RNU Show Cause Letter.pdf		
Exhibit 20 Change of Name Application and Approval	Exhibit 20 - Change of Name Application and Approval.pdf		
Exhibit 21 Change of Location Application and Approval	Exhibit 21 - Change of Location Application and Approval.pdf		
Exhibit 22A Unannounced Visit Procedures	Exhibit 22A - Unannounced Visit Procedures.pdf		
Exhibit 23 Emails with Institution	Exhibit 23 - Emails with Institution.pdf		
Exhibit 24 Chapter 20 Document Retention and Archiving	Exhibit 24 - Chapter 20 Document Retention and Archiving.pdf		
Exhibit 25 Timeline and Documentation	Exhibit 25 - Timeline and Documentation.pdf		
Exhibit 30 Response to ED Inquiry 2242020 re RNU	Response to ED Inquiry 2-24-2020 re RNU.pdf		
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Exhibit 22 - ARIG Request for a Response and Visit Report	Exhibit 22 - ARIG Request for a Response and Visit Report.pdf		

Analyst Worksheet- Narrative

Analyst Review Status:

Does not meet the requirements of this section

Staff Determination:

The agency has not demonstrated compliance for this section.

Analyst Remarks to Narrative:

Please see attached letter for draft staff analysis of this section.

List of Document(s) Uploaded by Analyst - Narrative

Exhibit Title	File Name
200215 USA Today article	200215 USA Today article4.pdf
200215 USA Today article	200224 ACICS Member Directory4.pdf
2020 02 ACICS inquiry	2020 02 ACICS inquiry4.pdf
ACICS draft staff analysis RNU inquiry revised 4-30-20	ACICS draft staff analysis RNU inquiry revised 4-30-204.pdf

Response:

Section 602.16(a)(1)(v) - Fiscal and administrative capacity

Section 602.16(a)(1)(v) requires that:

(a) The agency must demonstrate that it has standards for accreditation, and preaccreditation, if offered, that are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of the education or training provided by the institutions or programs it accredits. The agency meets this requirement if—(1) The agency's accreditation standards effectively address the quality of the institution or program in the following areas:(v) Fiscal and administrative capacity as appropriate to the specified scale of operation.

The Draft Analysis notes that RNU provided its audited financial statements for its fiscal year ending December 31, 2015 (Exhibit 4, pages 29-40) during the initial application process as required for the resource visit under Section 2-1-203 of the Accreditation Criteria. The Department raises a concern that an institution located in South Dakota submitted audited financial statements prepared by Wang & Associates in Washington, D.C. The Draft Analysis states that the Department's own research could not identify the accounting firm's web presence or apparent expertise in the review of financial statements for institutions of higher education. Based on nothing more than these observations, the Draft Analysis concludes that "it is not clear that ACICS confirms financial statements are certified by an independent certified public account[ant]."

ACICS easily located the website of Wang & Associates at <http://www.wangaccounting.com>, which describes the firm as a full-service accounting and auditing firm. Neng-Hsiang Wang, who signed the audited financial statements on behalf of Wang & Associates, is listed as a certified public accountant with an active license in Washington, D.C., initially issued on September 25, 1990. See D.C. Board of Accountancy, Licensee Search, at <https://accountancy.dcopla.com/Public/MemberSearch>.

The Department seems to imply that there is something questionable or improper about a South Dakota institution's use of an auditing firm in Washington, D.C. ACICS knows of no statute, regulation, or custom that addresses this question, and it is aware that many of its accredited institutions utilize accounting firms that are not local.

In short, ACICS has no reason to doubt that the audited financial statements that RNU provided are anything other than what they purport to be. Nothing in the recognition regulations obligates ACICS or any other recognized accreditor to "confirm" the licensure of an institution's auditor, to check the auditing firm's webpage to ascertain its level of experience in auditing for institutions of higher education, or to question why an institution has engaged an auditor in another state. Absent some indication of fraud or other impropriety, which does not exist here, ACICS accepts audited financial statements on auditor letterhead at face value, and it has every reason to believe that every other recognized accreditor does the same.

The Draft Analysis also raises questions about RNU's audited financial statements for fiscal years 2017 and 2018 (Exhibit 10), and RNU's AFRs for the same years (Exhibit 11). Specifically, the Department cites its concern with the agency's review of RNU's financials under Section 2-1-808 of the Accreditation Criteria. Under that standard, the Council reviews the AFR submitted on Council forms. The data submitted must align with an institution's fiscal year and must be submitted separately for each campus included in the institution's grant of accreditation. It is due no more than 180 days after the end of the institution's fiscal year, along with the audited financial statements. Failure to submit the AFR and the audited financial statements in a timely manner will result in the revocation of accreditation.

The purpose of the AFR and the audited financial statements is to assess an institution's financial condition. As ACICS has described elsewhere in its various responses, the AFR is a Council form that requires all institutions to provide financial information on a campus and institutional basis using the exact same format and terminology. This allows the Council to evaluate financial conditions consistently, download financial information into a central database, and analyze financial performance across its membership. The AFR must be accompanied by audited financial statements that are prepared at a corporate or legal entity level by an independent certified public accountant to ensure the integrity of the financial results.

Because audited financial statements are prepared for legal entities, they often consolidate results of more than one institution or of multiple business units so that, standing alone, they are not always helpful in allowing the Council to assess the financial performance of an individual institution. However, in the case of a simple corporate structure, such as RNU's, where the only business of the legal entity is the operation of a single campus, of course the AFR is going to "mostly mimick[] the information included in the audited financial statements," as reported in the Draft Analysis.

The Draft Analysis also states that "the data collected in the AFRs . . . did not provide any analysis of RNU's investment in education delivery." Section 2-1-808 is focused on analyzing an institution's financial condition, not on how an institution utilizes its financial resources. ACICS's assessment and evaluation processes look at whether an institution complies with ACICS's requirements, including on educational delivery, not on how much the institution invests to comply. There is nothing in the recognition requirements that suggests that ACICS's oversight of an institution's financial condition is in any way deficient.

The Draft Analysis states further that "some entries simply do not make any sense – for example 'Salaries Expense – Indirect Labor and Fringes' is over two and a half times more than 'Salaries Expense – Faculty,' with no explanation of the entries." Further review of the audited financial statements and the AFRs, however, provides an easy explanation.

The Income Statements in the audited financial statements report:

Line Item 2017 2018

Salaries Expense – Faculty \$181,150 \$202,350

Salaries Expense – Indirect Labor and Fringes \$483,260 \$491,330

The Income Statements included in the AFRs report:

Line Item 2017 2018

Instructional Salaries \$181,150 \$202,350

Administrative Salaries \$180,860 \$176,626

Officer Salaries \$302,400 \$314,704

In other words, both documents report total salaries in 2017 as \$664,410 and in 2018 as \$693,700. This is a perfect illustration why ACICS utilizes AFRs in addition to audited financial statements. Auditors exercise a great deal of discretion in how they classify and label items on financial statements. The AFR, however, forces institutions to utilize standard classifications as determined by ACICS. In this case, it appears that the auditor could have chosen better terminology to describe non-instructional salaries.

Finally, the Draft Analysis states, “Based on its review of the financial statement submitted with the Review Response, the Department is unable to determine that ACICS has adopted and implements rigorous standards that effectively address the fiscal and administrative capacity of its institutions as appropriate to the specified scale of operations, including whether it does anything to test or verify any portion of financial statements submitted on behalf of an institution, as required by Section 602.16(a)(1)(v).” ACICS respectfully suggests that the information provided in the Draft Analysis does not support this conclusion.

To reiterate, the Department raises this question about ACICS’s compliance with the recognition requirements because the Department (1) could not find an accounting firm’s website, (2) questioned why an institution used an out-of-state auditor, (3) implicitly criticized ACICS because it accepted two different financial statements for an institution that reported financial results consistently and did not evaluate how an institution used its financial resources, and (4) assumed that ACICS did not parse through opaque wording used by an auditor in labeling a line item on the audit. Despite assertions in the Draft Analysis, there is nothing in the language of Section 602.16(a)(1)(v) that requires an accrediting agency “to test or verify any portion of [an institution’s] financial statements,” and this combination of factual errors and inaccurate assumptions attempts to raise compliance concerns that simply do not exist.

ACICS is confident that its “accreditation standards effectively address the quality of the institution or program in the following areas: ... (v) Fiscal and administrative capacity as appropriate to the specified scale of operation.” Therefore, ACICS respectfully requests that the Draft Analysis be revised accordingly and conclude that the agency complies with Section 602.16(a)(1)(v).

Analyst Worksheet - Response

Analyst Review Status for Response:

Substantially Compliant

Staff Determination:

The agency has standards in place regarding fiscal and administrative capacity but did not demonstrate that it adheres with fidelity to those standards.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided additional information and documentation concerning its review of fiscal and administrative capacity at Reagan National University (RNU).

ACICS asserted that the issues raised in the draft staff analysis related to the agency’s review of the fiscal and administrative capacity of RNU are either factual errors or inaccurate assumptions. ACICS provided documentation that the accountant is licensed and stated that the agency had no reason to doubt the legitimacy of the financial statements provided. However, ACICS did not provide the protocols it used to determine that there was “no reason to doubt” the submission of financial statements for a small institution located in South Dakota by an accountant based in D.C. with no apparent experience with institutions of higher education, or how the agency were to discover potential fraud or impropriety related to submitted financial statements.

ACICS provided documentation of its review of RNU’s financial statements and AFR information to explain the expenses questioned in the draft staff analysis. ACICS also stated that it does not have to look at educational delivery when evaluating fiscal capacity, but it is inconsistent intent that an agency whose mission includes the determination of educational quality would separate that consideration from its financial review.

As noted in Section 602.16(a)(1)(ii), the Department’s authority is to enforce Federal regulations for recognition and ensure that ACICS is following its own policies and procedures. Federal regulations require agencies to have standards that are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of education or training provided, but the agency’s review of RNU did not definitively demonstrate that agency confirms compliance with those standards.

Department staff has found the agency in substantial compliance with this section because although the agency has standards in place regarding fiscal and administrative capability, it did not demonstrate that it adheres with fidelity to those standards.

List of Document(s) Uploaded by Analyst - Response

No files uploaded

Criteria: 602.17(c) On-Site Review

Narrative:

Please see attached documentation for response.

Document(s) for this Section

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 1 RNU letter of withdrawal	Exhibit 1 - RNU Letter of Withdrawal and		

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
	ACIC S Acknowledgment of Same.pdf		
Exhibit 2 ACICS Member Directory	Exhibit 2 - ACICS Member Directory.pdf		
Exhibit 3 Accreditation Criteria	Exhibit 3 - Accreditation Criteria.pdf		
Exhibit 4 Initial Application	Exhibit 4 - Initial Application.pdf		
Exhibit 5 Initial Grant Team Report	Exhibit 5 - Initial Grant Team Report.pdf		
Exhibit 6 Institutional Response	Exhibit 6 - Institutional Response.pdf		
Exhibit 6A Institutional Response 1st Deferral Redacted	Exhibit 6A - Institutional Response 1st Deferral_Redacted.pdf		
Exhibit 6B Institutional Response 2nd Deferral_Redacted	Exhibit 6B - Institutional Response 2nd Deferral_Redacted.pdf		
Exhibit 7 Initial Grant Deferral Letter	Exhibit 7 - Initial Grant Deferral Letter.pdf		
Exhibit 8 2nd Deferral Letter	Exhibit 8 - 2nd Deferral Letter.pdf		
Exhibit 9 Initial Grant Approval Letter	Exhibit 9 - Initial Grant Approval Letter.pdf		
Exhibit 10 Audited Financial Statements 2017 and 2018	Exhibit 10 - Audited Financial Statements 2017 and 2018.pdf		
Exhibit 11 Annual Financial Reports	Exhibit 11 - Annual Financial Reports.pdf		
Exhibit 12 2018 and 2019 CARs	Exhibit 12 - 2018 and 2019 CARs.pdf		
Exhibit 13 RNU SA Show Cause	Exhibit 13 - RNU SA Show Cause.pdf		
Exhibit 14 CAR revisions RNU	Exhibit 14 - CAR revisions RNU.pdf		
Exhibit 15 Vacate Show Cause RNU	Exhibit 15 - Vacate Show Cause RNU.pdf		
Exhibit 16 Renewal of Accreditation Application	Exhibit 16 - Renewal of Accreditation Application.pdf		
Exhibit 17 RNU Visit Report	Exhibit 17 - RNU Visit Report.pdf		
Exhibit 18A RNU Institutional Response	Exhibit 18A - RNU Institutional Response.pdf		
Exhibit 18B RNU Institutional Response	Exhibit 18B - RNU Institutional Response.pdf		
Exhibit 18C RNU Institutional Response	Exhibit 18C - RNU Institutional Response.pdf		
Exhibit 19 RNU Show Cause Letter	Exhibit 19 - RNU Show Cause Letter.pdf		
Exhibit 20 Change of Name Application and Approval	Exhibit 20 - Change of Name Application and Approval.pdf		
Exhibit 21 Change of Location Application and Approval	Exhibit 21 - Change of Location Application and Approval.pdf		
Exhibit 22A Unannounced Visit Procedures	Exhibit 22A - Unannounced Visit Procedures.pdf		
Exhibit 23 Emails with Institution	Exhibit 23 - Emails with Institution.pdf		
Exhibit 24 Chapter 20 Document Retention and Archiving	Exhibit 24 - Chapter 20 Document Retention and Archiving.pdf		
Exhibit 25 Timeline and Documentation	Exhibit 25 - Timeline and Documentation.pdf		

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 30 Response to ED Inquiry 2242020 re RNU	Response to ED Inquiry 2-24-2020 re RNU.pdf		
Exhibit 31 Response to ED Inquiry 412020 re RNU	Response to ED Inquiry 4-1-2020 re RNU.pdf		
Exhibit 29 Distance Education Reviewer M. Bleacher	Exhibit 29 Distance Education Reviewer - M. B leacher.pdf		
Exhibit 22 - ARIG Request for a Response and Visit Report	Exhibit 22 - ARIG Request for a Response and Visit Report.pdf		

Analyst Worksheet- Narrative

Analyst Review Status:

Does not meet the requirements of this section

Staff Determination:

The agency has not demonstrated compliance for this section.

Analyst Remarks to Narrative:

Please see attached letter for draft staff analysis of this section.

List of Document(s) Uploaded by Analyst - Narrative

Exhibit Title	File Name
200215 USA Today article	200215 USA Today article5.pdf
200224 ACICS Member Directory	200224 ACICS Member Directory5.pdf
2020 02 ACICS inquiry	2020 02 ACICS inquiry5.pdf
ACICS draft staff analysis RNU inquiry revised 4-30-20	ACICS draft staff analysis RNU inquiry revised 4-30-205.pdf

Response:

602.17(c) – Application of Standards; On-Site Review

The agency must have effective mechanisms for evaluating an institution's or program's compliance with the agency's standards before reaching a decision to accredit or preaccredit the institution or program. The agency meets this requirement if the agency demonstrates that it—

....

(c) Conducts at least one on-site review of the institution or program during which it obtains sufficient information to determine if the institution or program complies with the agency's standards;

The Department concludes that ACICS violated its on-site visit standards because no distance education specialist was included on the initial site visit team even though RNU's application and the report from the initial site visit stated that RNU offered programs via distance education. Contrary to this assertion, however, ACICS in fact did assign a distance education specialist to the initial site visit team.

ACICS provided RNU with the composition of the site visit team and other information about the

upcoming site visit in January 2017 (Exhibit 29). That memorandum indicates that Michael Bleacher would join the team as the Distance Education Specialist, among other roles. Once on site, the team determined in consultation with the RNU administration that the instructional delivery methodology that the institution had described as distance education in fact was not distance education as defined by ACICS, as explained by the team in its site visit report (Exhibit 5, page 5). Because the institution did not actually offer distance education courses or programs, no distance education assessment was necessary or appropriate. Mr. Bleacher nevertheless completed his review of his other assignments during the visit, and he is identified on the cover page of the site visit report as “Educational Activities, Library, Management Information Systems, and Computer Science Specialist” (Exhibit 5, page 3). Therefore, the Department’s conclusion that ACICS violated its site visit standards by failing to include a distance education specialist is incorrect.

The Draft Analysis also concludes that ACICS is deficient with respect to student surveys during visits. The Department notes that only 6 students responded to the survey distributed by the 2017 team to the 50 students and that only 3 students completed the survey during the 2019 reaccreditation visit. The Department further notes that ACICS correspondence confirming the reaccreditation site visit indicated that at least 10 percent of the student population would be surveyed. Finally, the Department states that only one student did the survey under the Call for Comment Feedback section.

ACICS implemented written student surveys during site visits as an additional way for its evaluation teams to collect useful information about an institution’s operations, supplementing efforts such as one-on-one and group interviews of students and staff, classroom observations, extensive reviews of records and files, and simply walking around and observing activities during its site visit. The team ensures the distribution of the surveys, but it cannot force students to respond. The Department does not require agencies to use student survey, and ACICS does not specify a minimum number of surveys that must be returned. In any case, the Department has failed to demonstrate how a lower-than-ideal survey response rate at RNU is evidence that ACICS does not conduct at least one site visit during which “it obtains sufficient information to determine if the institution or program complies with the agency’s standards.”

There is ample evidence in the record to demonstrate that ACICS obtains sufficient information during its onsite visits to evaluate an institution’s compliance. This point is made more obvious by the implicit criticism in the Draft Analysis that none of the student files reviewed on site had documentation of prior education, files included international diplomas that had not been evaluated for validity and the visiting team found no student involvement in the design of educational programs or oversight of the graduate programs. These noncompliance failures by RNU were identified by the team and included as findings in the team’s report. It is unclear how such findings could serve as evidence that the site visit process is deficient.

The Draft Analysis also implies that the teams’ failure to identify any students who were not making satisfactory progress or who had recently withdrawn and the 2019 team’s observation that no students or staff had filed grievances or complaints is evidence that the teams somehow were derelict in their duties. The Department has not demonstrated how the absence of findings in these areas demonstrates failure to gather relevant information, particularly in light of the fact that both teams identified numerous and substantial areas of noncompliance.

The Department concludes that it is unable to determine whether ACICS conducted a comprehensive review of students at RNU based on questionable information and documentation noted in the initial and renewal site visit reports. ACICS first notes that 602.17(c) requires it to conduct site visits to gather information sufficient to determine whether an institution complies with the agency’s standards, not to conduct a comprehensive review of an institution’s students, and the detailed findings of noncompliance in both site visit reports confirms that ACICS complied with this requirement in the case of RNU. ACICS also

notes that the Draft Analysis seems to say that the failure to identify a problem must mean that the agency's site visitors did not look hard enough, thereby producing a "questionable" report, rather than acknowledging that there may not have been a problem to find. It cannot be the case that an agency is out of compliance with 602.17(c) because a team did not find something that the Department believes, based on no evidence, might be there.

The Draft Analysis also alleges agency noncompliance with 602.17(c) because the 2017 team report notes "similar faculty concerns" as the reaccreditation visit report in 2019, including an inaccurate listing of faculty; limited number of faculty interviewed – either in person or via telephone; and confusion over the chair of the business programs. A comparison of the two team reports regarding faculty issues, however, demonstrates the fallacy of this allegation.

2017 Site Visit

ACICS addressed the faculty listing issue in its response to Section 602.16(a)(1)(iii).

There are numerous references in the 2017 site visit report regarding interviews with faculty members. The report does not state how many faculty were interviewed or how the interviews were conducted, but there also is no indication in the report that faculty were not available to the team. ACICS has no idea on what basis the Draft Analysis asserts that the team interviewed a limited number of faculty or that its interactions with faculty were insufficient.

The 2017 report notes that RNU designated a new chair of the business programs while the team was onsite. The team does not explain the circumstances behind this new appointment, but there is no discussion about any "confusion," and the team notes that the new chair holds various degrees, including a PhD in marketing from George Washington University and is "highly suited to serve in this position."

2019 Site Visit

The Draft Analysis notes a "concern" regarding an inaccurate listing of faculty in the 2019 report. That "concern" says simply that the updated faculty listing in the revised catalog had not been updated on the institution's website, which the team included in a set of publication discrepancies cited as a finding of noncompliance.

The Draft Analysis also notes a "concern" regarding the number of faculty the team interviewed and cites Exhibit 17, pages 36 and 40. The team said on page 36 that it had interviewed "several faculty members individually by telephone." The team also notes on page 40 that it interviewed "two business faculty members." It is not clear exactly how many faculty members in total the team interviewed, but there is no indication from the team that this number was insufficient in any way.

Finally, the Draft Analysis reports that the team noted confusion and conflicting information regarding the role of the business department chair. The team ultimately determined that the person who it thought was serving in the role was not qualified for the position, which the team cited as a finding of noncompliance.

To recap the comparison of faculty "concerns" during the 2017 and 2019 site visit:

1. The documents in the 2017 application process reported that the number of faculty changed over time, whereas RNU's website in 2019 had not been updated to list current faculty members, which was a finding of noncompliance.

2. Both teams reported that they had interviewed faculty without specifying how many and with no reported issues.

3. Both teams mentioned the business department chair. The 2017 team commented positively on the new appointment. The 2019 team identified significant issues with the chair and made a finding of noncompliance.

The 2017 visit team identified 16 findings of noncompliance, which RNU needed nearly a year and multiple responses to address before it gained initial accreditation. The 2019 reaccreditation team identified 28 findings of noncompliance, including a finding that “[t]he overall administration of the institution is not efficient and effective” and that “the team is concerned with the administration’s ability to provide the necessary oversight.” These facts demonstrate that ACICS “[c]onducts at least one on-site review . . . during which it obtains sufficient information to determine if the institution . . . complies with the agency’s standards” as required by 602.17(c), and ACICS asks that the Draft Analysis be revised accordingly.

Analyst Worksheet - Response

Analyst Review Status for Response:

Does not meet the requirements of this section

Staff Determination:

The agency failed to demonstrate that the agency is able to obtain sufficient information to determine if an institution complies with the agency's standards during an on-site review of the institution.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided additional information and documentation concerning its review of Reagan National University (RNU).

In its response, ACICS has still failed to provide any documentation that the site visitor it identifies as its distance education specialist is actually qualified to conduct a distance education review. However, although ACICS initially understood the school to be 100% distance education, ACICS determined when it arrived for the on-site review that the institution was not operating under a distance education model. Therefore, ACICS did not evaluate the institution under its distance education standards. On this technicality alone, the Department will not find ACICS out of compliance in regard to this specific issue (having a qualified distance education site visitor).

ACICS stated that it uses student surveys as an “additional way” to obtain information about an institution during a site visit. ACICS further stated that there is no Federal regulatory requirement to use student surveys and that the agency “does not specify a minimum number of surveys that must be returned.” As noted in the draft staff analysis, the agency’s correspondence to RNU stated that “At least 10 percent of students, across all disciplines and day/evening schedules, will be surveyed” (Exhibit 16, page 9), which set the agency’s own expectation for the number to be completed. The fact that the Department does not set benchmarks on this type of monitoring is irrelevant. ACICS has set its own benchmark in its correspondence to RNU (which is its standard letter) and the Department expects ACICS to meet its own benchmarks, unless there is a compelling reason for not adhering to those benchmarks in a particular circumstance. Although in the 2017 initial accreditation site visit six out of 50 enrolled students completed the survey (12%), in the 2019 renewal visit, only three out of 70 enrolled students (4%) completed the survey. Despite this exceedingly low rate of return and despite its own concerns about RNU in its initial

grant of accreditation, ACICS took no further action to obtain the required number of student surveys.

ACICS includes a summary of the student survey results in the introduction section of the site team report (Exhibit 5, page 5 and Exhibit 17, page 6) and a compilation of the survey results for each question, to include the number of students surveyed, as part of the site team report (Exhibit 5, pages 52-53 and Exhibit 17, pages 58-59). ACICS sets student survey expectations and includes the survey results in the site visit report, but states that it does not believe student surveys to be an important method to obtain sufficient information about the institution. Overall, ACICS has not demonstrated that it obtains sufficient information regarding students during its on-site visits because it does not obtain student surveys in sufficient quantities to be meaningful, nor has it demonstrated that it collects sufficient information regarding students using other methods.

ACICS provided additional information and documentation to demonstrate that it obtained information and found deficiencies during the on-site visit to RNU. The draft staff analysis stated that the observations and findings related to the student population seemed to point to issues that were not explored by the site visit team. Specifically, the site visit team for the initial accreditation review found that RNU's student files failed to include documentation of prior education (as all the files included international diplomas that had not been evaluated for validity) and no documentation of student or graduate involvement in program design or oversight (as required by ACICS standards). The files also remarkably showed that over two review cycles no students violated satisfactory academic progress or had withdrawn. These findings, coupled with the limited response from the student surveys, should have been red flags calling into question the existence of a legitimate student population. Therefore, ACICS has not demonstrated that it obtains sufficient information to determine if an institution complies with the agency's standards when conducting an on-site visit.

In addition to this Section 602.33 inquiry, ACICS has not demonstrated via the Capacity Inquiry that ACICS obtains sufficient information to determine if an institution complies with the agency's standards when conducting an on-site visit.

List of Document(s) Uploaded by Analyst - Response

No files uploaded

Criteria: 602.18(c) Decisions Based on Published Standards

Narrative:

Please see attached documentation for response.

Document(s) for this Section

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 1 RNU letter of withdrawal	Exhibit 1 - RNU Letter of Withdrawal and ACIC S Acknowledgment of Same.pdf		
Exhibit 2 ACICS Member Directory	Exhibit 2 - ACICS Member Directory.pdf		

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 3 Accreditation Criteria	Exhibit 3 - Accreditation Criteria.pdf		
Exhibit 4 Initial Application	Exhibit 4 - Initial Application.pdf		
Exhibit 5 Initial Grant Team Report	Exhibit 5 - Initial Grant Team Report.pdf		
Exhibit 6 Institutional Response	Exhibit 6 - Institutional Response.pdf		
Exhibit 6A Institutional Response 1st Deferral Redacted	Exhibit 6A - Institutional Response 1st Deferral Redacted.pdf		
Exhibit 6B Institutional Response 2nd Deferral Redacted	Exhibit 6B - Institutional Response 2nd Deferral Redacted.pdf		
Exhibit 7 Initial Grant Deferral Letter	Exhibit 7 - Initial Grant Deferral Letter.pdf		
Exhibit 8 2nd Deferral Letter	Exhibit 8 - 2nd Deferral Letter.pdf		
Exhibit 9 Initial Grant Approval Letter	Exhibit 9 - Initial Grant Approval Letter.pdf		
Exhibit 10 Audited Financial Statements 2017 and 2018	Exhibit 10 - Audited Financial Statements 2017 and 2018.pdf		
Exhibit 11 Annual Financial Reports	Exhibit 11 - Annual Financial Reports.pdf		
Exhibit 12 2018 and 2019 CARs	Exhibit 12 - 2018 and 2019 CARs.pdf		
Exhibit 13 RNU SA Show Cause	Exhibit 13 - RNU SA Show Cause.pdf		
Exhibit 14 CAR revisions RNU	Exhibit 14 - CAR revisions RNU.pdf		
Exhibit 15 Vacate Show Cause RNU	Exhibit 15 - Vacate Show Cause RNU.pdf		
Exhibit 16 Renewal of Accreditation Application	Exhibit 16 - Renewal of Accreditation Application.pdf		
Exhibit 17 RNU Visit Report	Exhibit 17 - RNU Visit Report.pdf		
Exhibit 18A RNU Institutional Response	Exhibit 18A - RNU Institutional Response.pdf		
Exhibit 18B RNU Institutional Response	Exhibit 18B - RNU Institutional Response.pdf		
Exhibit 18C RNU Institutional Response	Exhibit 18C - RNU Institutional Response.pdf		
Exhibit 19 RNU Show Cause Letter	Exhibit 19 - RNU Show Cause Letter.pdf		
Exhibit 20 Change of Name Application and Approval	Exhibit 20 - Change of Name Application and Approval.pdf		
Exhibit 21 Change of Location Application and Approval	Exhibit 21 - Change of Location Application and Approval.pdf		
Exhibit 22A Unannounced Visit Procedures	Exhibit 22A - Unannounced Visit Procedures.pdf		
Exhibit 23 Emails with	Exhibit 23 - Emails with Institution.pdf		

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Institution			
Exhibit 24 Chapter 20 Document Retention and Archiving	Exhibit 24 - Chapter 20 Document Retention and Archiving.pdf		
Exhibit 25 Timeline and Documentation	Exhibit 25 - Timeline and Documentation.pdf		
Exhibit 30 Response to ED Inquiry 2242020 re RNU	Response to ED Inquiry 2-24-2020 re RNU.pdf		
Exhibit 31 Response to ED Inquiry 412020 re RNU	Response to ED Inquiry 4-1-2020 re RNU.pdf		
Exhibit 32 2020 CAR Guidelines and Instructions 21420	Exhibit 32 2020_CAR_Guidelines_and_Instructions_2.14.20.pdf		
Exhibit 33 Mildred Elley ABHES	Exhibit 33 Mildred Elley ABHES.pdf		
Exhibit 34 Georgia School of Orthodontics CODA	Exhibit 34 Georgia School of Orthodontics CODA.pdf		
Exhibit 35 East West University of Medicine ACAOM	Exhibit 35 East West University of Medicine ACAOM.pdf		
Exhibit 22 - ARIG Request for a Response and Visit Report	Exhibit 22 - ARIG Request for a Response and Visit Report.pdf		

Analyst Worksheet- Narrative

Analyst Review Status:

Does not meet the requirements of this section

Staff Determination:

The agency has not demonstrated compliance for this section.

Analyst Remarks to Narrative:

Please see attached letter for draft staff analysis of this section.

List of Document(s) Uploaded by Analyst - Narrative

Exhibit Title	File Name
200215 USA Today article	200215 USA Today article6.pdf
200224 ACICS Member Directory	200224 ACICS Member Directory6.pdf
2020 02 ACICS inquiry	2020 02 ACICS inquiry6.pdf
ACICS draft staff analysis RNU inquiry revised 4-30-20	ACICS draft staff analysis RNU inquiry revised 4-30-206.pdf

Response:

By letter dated April 30, 2020, the Accreditation Group provided ACICS with its written draft analysis (“Draft Analysis”) of ACICS compliance with Section 602 recognition criteria pursuant to 34 C.F.R. § 602.33(c). The analysis relates to information provided by ACICS responsive to the Department’s letters dated February 24, 2020 (“Review Letter”) and April 6, 2020 regarding a February 15, 2020 article about Reagan National University (“RNU”) published in USA Today alleging that RNU was not actually in operation, lacked faculty and students, and did not have a physical presence. ACICS provided a full response to the Review Letter on March 27, 2020, which included a narrative as well as exhibits. The Department requested additional information and documentation on April 1, 2020, and ACICS submitted its response on April 6, 2020. The March 27, 2020, and April 6, 2020 responses by ACICS are hereinafter referred to as the “Review Response.”

RNU is not and has never been a Title IV participating institution and is no longer accredited by ACICS as of February 8, 2020. The ACICS member listing on its website has been updated to remove RNU.

Section 602.18(c) of the recognition criteria requires that:

The agency must consistently apply and enforce standards that respect the stated mission of the institution, including religious mission, and that ensure that the education or training offered by an institution or program, including any offered through distance education or correspondence education, is of sufficient quality to achieve its stated objective for the duration of any accreditation or preaccreditation period granted by the agency. The agency meets this requirement if the agency—

...
(c) Bases decisions regarding accreditation and preaccreditation on the agency's published standards;

The Draft Analysis states that “[b]ased on the agency’s review of RNU, it is not clear that ACICS consistently applies and enforces standards” as required by Section 602.18(c).

Specifically, the Draft Analysis states:

Section 2-1-200 of the agency’s Accreditation Criteria requires that “the chief on-site administrator of each campus, as well as any other individual whose responsibility is to coordinate the accreditation process” is required to attend an accreditation workshop. The certificate of attendance submitted by RNU with its application for accreditation is for “Ke Cheng” (Exhibit 4, page 285), who is listed as the “business manager” in the initial catalog submitted (Exhibit 4, page 129). In all correspondence and applications to ACICS in the materials provided to the Department, only Harold Harris, president and chief executive officer, or Adam Yang, dean of academic affairs, are listed on behalf of RNU.

The accreditation workshop attendance requirement is to help educate institutions regarding ACICS’s accreditation standards and expectations. Attendance by the chief on-site administrator helps to ensure that the decisionmakers and administrative staff who manage an institution understand what will be required to earn and maintain accreditation from ACICS, with the result that the accreditation application process should proceed more smoothly and effectively. The benefit of workshop attendance accrues to the institution, not to ACICS.

RNU’s application for initial accreditation almost certainly suffered as a result of its failure to comply with this procedural standard, and its efforts to obtain accreditation may have been less challenged if it had engaged more fully in the workshop exercise. The initial site visit report noted a significant number of areas of noncompliance, and it took RNU nearly a year to develop and provide documentation to demonstrate its compliance with the accreditation standards, during which time RNU was not accredited. This extended application process before initial accreditation ultimately was granted is evidence that

ACICS took appropriate substantive actions to address RNU's failure to demonstrate compliance with the accreditation requirements, which could have been alleviated by the RNU chief on-site administrator's attendance at an accreditation workshop.

The Draft Analysis also states:

Section 2-1-200 of the agency's Accreditation Criteria requires ACICS to take into consideration the actions of other recognized accrediting agencies when considering an institution for initial accreditation. RNU indicated "yes" for the question "Is the institution currently accredited?" on the pre-application self-assessment, but there does not appear to be any follow-up by ACICS on this disclosure (Exhibit 4, page 3).

A pre-application self-assessment is just that: a self-assessment. It is prepared for the purpose of introducing the institution to ACICS to initiate a conversation about a potential application for accreditation. It is not unusual for unaccredited institutions to be confused regarding terminology, and ACICS is aware that states and professional boards routinely use a variety of different terms to describe their oversight, sometimes including references to accreditation. These types of discrepancies typically are addressed in early conversations with a potential applicant institution. ACICS does not know whether RNU checked "yes" on its self-assessment due to a simple typographical error or because it was confused by the terminology. In either case the fact remains that RNU did not hold accreditation from any other recognized accrediting agency, which ACICS could easily verify on its own.

The Draft Analysis also notes:

ACICS issued a show-cause action letter to RNU on January 8, 2019, ("SC Action Letter"). The SC Action Letter concluded that RNU had submitted its 2018 Campus Accountability Report (CAR) that reported a campus-level placement rate of 0%, which is below the agency's standard of 60% (Exhibit 13). RNU submitted revisions to the 2018 CAR, which reflected a campus-level placement rate of 65% and program-level placement rates of 50% for the bachelor's degree programs in computer science and management information systems (Exhibit 14). ACICS issued an accreditation action letter to vacate the campus-level show-cause directive and place RNU on reporting on May 20, 2019, (Exhibit 15). Appendix L of the agency's Accreditation Criteria include the benchmarks, compliance standards and actions related to student achievement, which states that the compliance standard for a placement rate, campus- or program-level, is 60%. For programs that fail to meet the 60%, the guidance in Appendix L states that those programs that report a placement rate of 50-59.9% would be placed on compliance warning and those 49.9% or below would be placed on show-cause. However, the Draft Analysis states that ACICS did not take any action on the two programs that reported a 50% placement rate, even though the agency staff recommended placing the programs on show-cause (Exhibit 14).

Each of RNU's bachelor's degree programs in computer science and management information systems had fewer than 10 graduates reported on the 2018 CAR. ACICS's practice includes monitoring all programs, but ACICS historically has exempted very small programs with 10 or fewer graduates from strict adherence to its placement expectations due to the significant impact on rate calculation by individual graduates. Beginning with the 2020 CAR, however, ACICS is requiring institutions to apply for and be granted a mitigating circumstances appeal for very small programs in order to receive an exemption (Exhibit 32).

The Draft Analysis concludes that Department staff were unable to determine that ACICS complies with Section 602.18(c) because of the perceived inconsistencies noted above, as well as issues with the review of distance education and the number of students surveyed during the initial site visit to RNU. ACICS notes that it addressed the specific distance education and student survey questions elsewhere in this response, and it vigorously disputes the conclusion in the Draft Analysis. ACICS is confident that it has consistently

applied its own accreditation standards and complied with the recognition requirements in its accreditation activities. The Draft Analysis bases its compliance concerns on a few individual points or issues at a single institution, nearly all of which have simple and reasonable explanations as described above and outlined below:

1. RNU's failure to send the appropriately titled individual to an accreditation workshop impacted the institution's ability to gain initial accreditation, and ACICS's deferral actions exacted an appropriate penalty for RNU's failure to comply with this procedural standard.
2. RNU's mistaken indication that it held institutional accreditation from another recognized agency was of no consequence. It, in fact, did not hold such accreditation, which ACICS could confirm with the institution and could readily verify on its own. There was no other recognized accrediting agency in the picture, so there was no other follow-up for ACICS to do, and these facts simply do not demonstrate that ACICS does not follow its own procedures. Moreover, ACICS has ample evidence to show that it does follow up with other accrediting agencies when appropriate in its review of initial applicants. See, for example (Exhibit 33), (Exhibit 34) and (Exhibit 35).
3. ACICS historically has not imposed strict outcomes requirements on very small programs with 10 or fewer students or graduates, such as the two RNU programs in question, although it routinely monitors these programs. Beginning with the 2020 CAR, ACICS has placed additional obligations on institutions to justify the granting of such an exemption.

As demonstrated above, ACICS consistently applied its standards in its review of RNU. The information and documentation provided confirms that ACICS complies with the requirements in Section 602.18(c), and ACICS respectfully asks that the Draft Analysis be revised accordingly.

Analyst Worksheet - Response

Analyst Review Status for Response:

Does not meet the requirements of this section

Staff Determination:

The agency failed to demonstrate that it bases decisions regarding accreditation and preaccreditation on the agency's published standards.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided additional information and documentation concerning its review of Reagan National University (RNU).

ACICS admitted that the RNU on-site administrator did not attend the workshop and that was a "failure to comply with procedural standards." ACICS stated that the consequence for failing to meet this requirement was that RNU was delayed in gaining initial accreditation. But, ACICS provided no discussion or documentation on the failure of the agency to enforce its current policies and procedures related to this requirement nor on how it would prevent the failure to meet this requirement from happening in the future.

ACICS also admitted that RNU checked that it was accredited on the self-assessment, but responded that ACICS could easily verify that claim. However, ACICS did not provide any information or documentation that it did verify that claim nor the agency's policies and procedures for reviewing and verifying the self-

assessment claims in general. Instead, the agency provided three examples of follow-up on initial applicants who said they were accredited by another agency (Exhibits 33, 34, and 35).

For the placement rate issue, ACICS stated that the agency had operated using a “small population exemption” for programs with 10 or fewer students and that was the reason why no action was taken on the two bachelor degree programs that reported a placement rate of 50%. However, the exemption is not included in Appendix L of the agency’s Accreditation Criteria, was not mentioned by agency staff in its recommendation to the agency’s decision-making body, and was not discussed in the accreditation action letter as the reason for the acceptance of the low placement rates. The use of this unwritten exemption does not demonstrate that ACICS bases its accreditation decisions on published standards. ACICS reported that it now requires an institution to provide justification for granting such an exemption, effective with the 2020 Campus Accountability Report (Exhibit 32).

As noted in Section 602.17(c), ACICS did not adequately respond to the consistency issue related to the use of student surveys during an on-site review.

Effective July 1, 2020, the regulations that govern the Secretary’s Criteria for Recognition were revised. The regulation regarding decisions based on published standards was changed from 602.18(c) to 602.18(b)(3), but the content of the regulation was not substantially changed to affect this review, as RNU was not an institution with a religious mission.

List of Document(s) Uploaded by Analyst - Response

No files uploaded

Criteria: 602.19(b) Monitoring

Narrative:

Please see attached documentation for response.

Document(s) for this Section

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 1 RNU letter of withdrawal	Exhibit 1 - RNU Letter of Withdrawal and ACIC S Acknowledgment of Same.pdf		
Exhibit 2 ACICS Member Directory	Exhibit 2 - ACICS Member Directory.pdf		
Exhibit 3 Accreditation Criteria	Exhibit 3 - Accreditation Criteria.pdf		
Exhibit 4 Initial Application	Exhibit 4 - Initial Application.pdf		
Exhibit 5 Initial Grant Team Report	Exhibit 5 - Initial Grant Team Report.pdf		
Exhibit 6 Institutional Response	Exhibit 6 - Institutional Response.pdf		
Exhibit 6A Institutional Response 1st Deferral Redacted	Exhibit 6A - Institutional Response 1st Deferral_Redacted.pdf		
Exhibit 6B Institutional Response 2nd Deferral_Redacted	Exhibit 6B - Institutional Response 2nd Deferral_Redacted.pdf		

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 7 Initial Grant Deferral Letter	Exhibit 7 - Initial Grant Deferral Letter.pdf		
Exhibit 8 2nd Deferral Letter	Exhibit 8 - 2nd Deferral Letter.pdf		
Exhibit 9 Initial Grant Approval Letter	Exhibit 9 - Initial Grant Approval Letter.pdf		
Exhibit 10 Audited Financial Statements 2017 and 2018	Exhibit 10 - Audited Financial Statements 201 7 and 2018.pdf		
Exhibit 11 Annual Financial Reports	Exhibit 11 - Annual Financial Reports.pdf		
Exhibit 12 2018 and 2019 CARs	Exhibit 12 - 2018 and 2019 CARs.pdf		
Exhibit 13 RNU SA Show Cause	Exhibit 13 - RNU SA Show Cause.pdf		
Exhibit 14 CAR revisions RNU	Exhibit 14 - CAR revisions RNU.pdf		
Exhibit 15 Vacate Show Cause RNU	Exhibit 15 - Vacate Show Cause RNU.pdf		
Exhibit 16 Renewal of Accreditation Application	Exhibit 16 - Renewal of Accreditation Application.pdf		
Exhibit 17 RNU Visit Report	Exhibit 17 - RNU Visit Report.pdf		
Exhibit 18A RNU Institutional Response	Exhibit 18A - RNU Institutional Response.pdf		
Exhibit 18B RNU Institutional Response	Exhibit 18B - RNU Institutional Response.pdf		
Exhibit 18C RNU Institutional Response	Exhibit 18C - RNU Institutional Response.pdf		
Exhibit 19 RNU Show Cause Letter	Exhibit 19 - RNU Show Cause Letter.pdf		
Exhibit 20 Change of Name Application and Approval	Exhibit 20 - Change of Name Application and A pproval.pdf		
Exhibit 21 Change of Location Application and Approval	Exhibit 21 - Change of Location Application a nd Approval.pdf		
Exhibit 22A Unannounced Visit Procedures	Exhibit 22A - Unannounced Visit Procedures.pd f		
Exhibit 23 Emails with Institution	Exhibit 23 - Emails with Institution.pdf		
Exhibit 24 Chapter 20 Document Retention and Archiving	Exhibit 24 - Chapter 20 Document Retention an d Archiving.pdf		
Exhibit 25 Timeline and Documentation	Exhibit 25 - Timeline and Documentation.pdf		
Exhibit 30 Response to ED Inquiry 2242020 re RNU	Response to ED Inquiry 2-24-2020 re RNU.pdf		
Exhibit 31 Response to ED Inquiry 412020 re RNU	Response to ED Inquiry 4-1-2020 re RNU.pdf		
Exhibit 36 Monitoring Activities	Exhibit 36 Monitoring Activities.pdf		
Exhibit 37 ACICS Policies and Procedures Manual Monitoring Activities Excerpt	Exhibit 37 ACICS Policies and Procedures Manu al Monitoring Activities Excerpt.pdf		
Exhibit 38 00276405 2018 CAR Report - Annual	Exhibit 38 00276405 2018 CAR Report - Annual. pdf		
Exhibit 39 00276405 2019 CAR Report - Annual	Exhibit 39 00276405 2019 CAR Report - Annual. pdf		

Exhibit Title	File Name	Analyst Comments	Agency's Exhibit Comments
Exhibit 40 2018 CAR Backup files	Exhibit 40 2018 CAR Backup files.pdf		
Exhibit 41 2019 CAR Backup files	Exhibit 41 2019 CAR Backup files.pdf		
Exhibit 22 - ARIG Request for a Response and Visit Report	Exhibit 22 - ARIG Request for a Response and Visit Report.pdf		

Analyst Worksheet- Narrative

Analyst Review Status:

Does not meet the requirements of this section

Staff Determination:

The agency has not demonstrated compliance for this section.

Analyst Remarks to Narrative:

Please see attached letter for draft staff analysis of this section.

List of Document(s) Uploaded by Analyst - Narrative

Exhibit Title	File Name
200215 USA Today article	200215 USA Today article7.pdf
200224 ACICS Member Directory	200224 ACICS Member Directory7.pdf
2020 02 ACICS inquiry	2020 02 ACICS inquiry7.pdf
ACICS draft staff analysis RNU inquiry revised 4-30-20	ACICS draft staff analysis RNU inquiry revised 4-30-207.pdf

Response:

By letter dated April 30, 2020, the Accreditation Group provided ACICS with its written draft analysis (“Draft Analysis”) of ACICS compliance with Section 602 recognition criteria pursuant to 34 C.F.R. § 602.33(c). The analysis relates to information provided by ACICS responsive to the Department’s letters dated February 24 and April 6, 2020 regarding a February 15, 2020 article about Reagan National University (“RNU”) published in USA Today. ACICS submitted a full response to the letters on March 27, 2020. The Department requested additional information and documentation on April 1, 2020, and ACICS submitted its response on April 6, 2020. The March 27 and April 6 responses are referred to as the “Review Response.”

The Draft Analysis states that “it is not clear that ACICS has a set of effective monitoring and evaluation approaches as required by this section” and that “it is not clear that any information other than the CAR [Campus Accountability Report] is provided for the ‘Annual Accountability Reports’ requirement.” The Draft Analysis also states that “it appears that the CAR and the AFR [Annual Financial Report] are the primary monitoring mechanisms and that the data collected and reviewed is limited to student achievement data and financial capacity data, which are insufficient to be effective in monitoring institutions for compliance with the agency’s standards in all other areas.”

The supposition that the CAR and AFR are the primary monitoring means for evaluating compliance with agency standards is incorrect. To the contrary, ACICS maintains a robust oversight regimen that allows it

to collect data and monitor a wide range of activities and general compliance at its accredited institutions on a regular and continuous basis.

ACICS has required its institutions to provide CAR and AFR documents for decades. They historically were provided in hard copy with supporting information but are now submitted electronically and are easily searched and analyzed. The electronic medium allows the generation of printed reports of various levels of detail. The CAR allows ACICS to monitor student achievement outcomes at the campus and program level, and the Department has provided no evidence that the CAR and the incorporated Placement Verification Program is somehow deficient.

The AFR captures financial information from each institution on an annual basis. ACICS developed the AFR decades ago to serve as the single mandatory reporting template for all of its institutions, with the result that all institutions report financial results in the same format, using the same line items and classifications. Each institution also must submit audited financial statements prepared annually by an independent auditor to assure the integrity of the information. The AFR reports only institutional-level financial information, whereas the audit is for a legal entity and so may report on operations beyond those of a single institution. The audit and the AFR together give ACICS a more complete picture of the financial condition of an institution.

In addition to the CAR and the AFR, ACICS has developed multiple monitoring and evaluation approaches that enable the Council to identify problems with an institution's or program's continued compliance with its standards. Exhibit 36 includes a detailed listing of monitoring activities, which of course supplements the routine reaccreditation evaluation process comprising self-evaluations, on-site team evaluations, and Council reviews.

The procedures relative to these policies are outlined in Policy and Procedures Manual (Exhibit 37). Further, the At-Risk Institutions Group (ARIG) comprising the President of ACICS and other senior staff reviews complaints and other negative information, looks for any patterns of high risk that might require further review or investigation, and reports to the Council's Executive Committee (EC). The EC will take action, as warranted, between Council meetings, including initiating a show-cause directive or ordering an unannounced or special visit.

With respect to RNU, the original 2017-2018 CAR reported a campus-level placement rate below the agency's standard of 60%, leading ACICS to issue a show-cause action letter. This was RNU's first time providing a CAR report since its initial accreditation, and RNU did not complete the electronic upload correctly. RNU corrected its mistake and filed a revised 2017-2018 CAR documenting a campus-level placement rate of 65% that was verified through the PVP process (Exhibit 38). Because this corrected rate complied with the agency's minimum requirements, ACICS lifted the show-cause directive but chose to keep the institution on placement reporting.

In addition to the 2017-2018 CAR, ACICS's monitoring of RNU during the 26 months that RNU was accredited included the 2018-2019 CAR, 2017 and 2018 AFRs and audited financial statements, review and approval of change of location and change of name applications, and the evaluation of external media information that led to an unannounced visit (Exhibits 39, 12, 21, 22, and 23).

The Draft Analysis notes that the CAR provided by RNU as part of its application materials for initial accreditation "included far more information and data than the ones submitted in 2018 and 2019," implying that the subsequent CAR reports were somehow deficient. Instead, there is a simple explanation. Initial CAR reports are provided to ACICS in hard copy. Once accredited, institutions must submit their CAR reports electronically. As described above, the electronic CAR reports and supporting documentation go

into a database from which ACICS can produce reports, including the final CAR summary. The supporting documentation generally is not printed out of the database unless it is needed. The back-up documentation for RNU's 2018 and 2019 CAR reports and reflected on the summaries at Exhibit 12 to the Review Response is included with this response (Exhibits 40 and 41).

Finally, the Draft Analysis says that similar issues of noncompliance were noted in both the 2017 and 2019 visits and that the Department therefore "is unable to determine that ACICS is collecting sufficient information in specific areas to enable the agency to effectively monitor and identify issues with an institution's continued compliance with agency standards, as required by Section 602.19(b)." The ACICS record, however, demonstrates otherwise with respect to RNU.

The 2017 evaluation team identified 16 findings, ten of which were resolved by RNU in its response to the team's report. Contrary to the Draft Analysis, however, the 2017 evaluation team did not cite any concerns regarding either credit hour conversion or the availability of sufficient learning materials, and neither of these issues is included in the May 2017 deferral letter. Over two subsequent review cycles, RNU was able to provide documentation to demonstrate that it had addressed these final areas of noncompliance.

Because RNU at this point had documented compliance with the standards, the Council in December 2017 awarded RNU a two-year grant of accreditation, which is even shorter than the already-shortened maximum three-year grant that the Council will give initial applicants. The Council granted accreditation for only two years given the number of initial findings of noncompliance and the institution's subsequent challenges in demonstrating full compliance. The two-year grant meant that RNU would have to begin the reaccreditation process in little more than one year after first obtaining accreditation, thereby assuring that the Council would be monitoring the institution's continued compliance closely.

The 2019 visiting team identified 28 findings of noncompliance. Although the institution provided sufficient documentation to address 11 of the findings in its response to the team report, the Council determined that RNU remained out of compliance with 18 accreditation requirements. Therefore, given the sheer number of findings of noncompliance and the fact that the institution had fallen so far out of compliance in such a short period of time, the Council directed RNU to show cause why its application for renewal of accreditation should not be denied and its current grant of accreditation withdrawn by suspension. The Council specifically noted that a number of issues identified during the renewal of accreditation process were identical to those found during the initial review, thereby calling into question the effectiveness of RNU's administration. The Council's immediate move to a show-cause directive and potential removal of RNU's accreditation reflected the Council's proper exercise of its monitoring responsibility.

Contrary to the Department staff's conclusion, the similarity of some concerns identified by the agency through its monitoring and evaluation processes from 2017 to 2019 led to the actions the agency took both to shorten the initial period of accreditation and to initiate steps to remove RNU's accreditation when the agency's review demonstrated that RNU was either incapable or unwilling to maintain continuous compliance with the ACICS accreditation standards. RNU responded by relinquishing its accreditation rather than taking the steps necessary to comply.

ACICS took these enforcement actions well before the publication of the article in USA Today. At no time did ACICS ignore or overlook allegations or findings of noncompliance, it kept a close watch on RNU, and it took immediate steps to remove RNU's accreditation when the institution's noncompliance became apparent after less than two years of accreditation.

Analyst Worksheet - Response

Analyst Review Status for Response:

Does not meet the requirements of this section

Staff Determination:

The agency failed to demonstrate 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 Response:

In response to the draft staff analysis, the agency provided additional information and documentation concerning its monitoring of Reagan National University (RNU).

ACICS provided information on its monitoring and other evaluation approaches, which included a list of 14 oversight activities outside of the regular renewal of accreditation activities (Exhibit 36). The list of 14 activities includes the agency's Campus Accountability Report (CAR), which provides enrollment and student achievement data; Annual Financial Report (AFR) and audited financial statements; the review of Cohort Default Rate data; program reviews by the Department; complaints; and substantive changes. ACICS provided the policies related to the monitoring and other approaches in an excerpt from the agency's Policies and Procedures Manual (Exhibit 37). Most of the monitoring approaches listed are used after an initial indicator from either the CAR or AFR, which only look at student achievement and finances, respectively, and a couple of the approaches were not applicable to RNU since it did not participate in the Title IV funding program. Although ACICS seemed to take issue with the fact that the draft staff analysis concluded that the CAR and AFR are the primary monitoring approaches, the agency's response in this section, and specifically related to its monitoring of RNU, principally focuses on these two approaches.

For the CAR submissions by RNU, ACICS noted the discrepancy of information obtained was because the initial CAR submission is hard copy but the subsequent CARs are submitted electronically. That difference of submission method does not account for the initial CAR including faculty data (Exhibit 4, pages 132-151) and the subsequent ones not (Exhibits 12, 38 and 39), even after reviewing the back-up documentation (Exhibits 40 and 41). ACICS provided no further explanation for the inconsistency of information obtained in the initial CAR versus subsequent ones.

In attempting to demonstrate its compliance with this section, ACICS has provided RNU's CAR, AFR, and financial statements for 2018 and 2019, the agency's review of two substantive changes (name change and change of location) and a media inquiry about whether RNU had any students (Exhibits 12, 21, 22, 22A, 23, 38 and 39). Yet none of these activities resulted in ACICS uncovering any of the serious compliance concerns identified in the 2017 site team review (e.g. insufficient or unavailable learning materials, inaccurate faculty files, curricula issues).

ACICS stated that due to the difficulty for RNU to achieve accreditation in 2017, it was awarded a shorter grant of accreditation which would allow for "monitoring the institution's continued compliance closely." ACICS seems to be suggesting that granting a two-year initial accreditation period (instead of a three-year grant of initial accreditation) satisfies its monitoring obligations. If that is what ACICS is suggesting, it is not sufficient. Rather, given the serious concerns identified in the 2017 site team review, ACICS should have employed immediate and robust monitoring activities to ensure that those concerns were remedied. Yet, it failed to do so, and as a result, the irregularities persisted, and were again noted in the 2019 review for renewal of accreditation. Following ACICS's renewal visit in 2019, it placed RNU on show cause, explaining that "given the sheer number of findings of noncompliance and the fact that the institution had fallen so far out of compliance in such a short period of time," and that the "Council specifically noted that

a number of issues identified during the renewal of accreditation process were identical to those found during the initial review.” The Department concludes that the oversight activities utilized by ACICS – including the shortened period of initial accreditation – were not effective to ensure that the serious compliance concerns identified in 2017 were promptly remedied.

Also see concerns raised by three third-party comments, Written Comment #1 Coalition, Written Comment #2 New America, and Written Comment #3 23 Attorneys General, concerning effective monitoring, as required by this section.

In addition to this Section 602.33 inquiry, ACICS has not demonstrated via the Monitoring Report that the agency’s review and monitoring processes and procedures adequately identify compliance issues.

List of Document(s) Uploaded by Analyst - Response

No files uploaded

3rd Party Written Comments

Document Title	File Name	Pro/Con
WRITTEN COMMENT #1 COALITION	Written Comment #1 ACICS Coalition Comment for Feb 2021 Meeting.pdf	CON
WRITTEN COMMENT #2 NEW AMERICA	Written Comment #2 New America Comments on ACICS Compliance.pdf	CON
WRITTEN COMMENT #3 23 ATTORNEYS	Written Comment #3 Comments on ACICS from 23 Attorneys General dated 11.20.20.docx	CON
WRITTEN COMMENT #4 HAROLD HUGGINS	Written Comment #4 Harold Huggins.docx	CON

Staff Analysis of 3rd Party Written Comments

Four written third-party comments were received regarding this agency, with three of the comments reflecting negative views regarding ACICS and one requesting to conduct a forensic audit of ACICS. The commenters include the Attorneys General from 23 States ("23 Attorneys General"), a coalition of 16 non-profit organizations ("Coalition"), a public policy think tank ("New America"), and a Nevada-based non-profit organization.

The comment submitted from the Nevada-based non-profit organization requesting to conduct a forensic audit of ACICS is not related to the Department’s accrediting agency recognition process and is therefore outside the scope of this review by Department staff.

The three other comments referenced the decision of the prior administration to deny recognition to ACICS in December 2016 and make the request for the recognition of ACICS to be terminated in this review. These three comments all state that ACICS has failed to demonstrate compliance since the prior decision to deny recognition, and also discuss actions or examples of noncompliance noted in prior and other reviews by the Department, such as financial and administrative capability, monitoring, etc.

All three of the comments tied their areas of alleged noncompliance to Section 602.15(a)(1) of the Secretary's Criteria for Recognition (Criteria), and one tied their concerns to Section 602.16(c). Those comments are referenced in the relevant sections of the Department staff's analysis.

With regard to the issues raised by the comments, the Department has noted non-compliance related to the administrative and fiscal capacity in Section 602.15(a)(1) and review of distance education in Section 602.16(c) in those sections of its analysis.

ACICS provided a response to the comments on December 8, 2020 (attached as ACICS Response to Third-Party Comments). This response did not provide any information beyond what ACICS has already provided within this report and other current reviews to demonstrate compliance with the Criteria.

Two of the commenters complained about the Department's third-party comment procedure, arguing that the Department should have publicly released ACICS' compliance and monitoring reports, along with the Department staff's analysis. The Department's solicitation of written third-party comments sought comment on ACICS' compliance with the criteria in question pursuant to Section 602.33(c)(4)(iii)(B), not on the agency's compliance or monitoring reports or the Department staff's analysis. The Department followed the regulatory requirements of Section 602.33, which do not provide for the public dissemination of these materials as part of the process of soliciting written third-party comments.

Response to 3rd Party Comments

No response to 3rd Party Written Comments

Document(s) Uploaded in response to 3rd Party Comments

Exhibit Title	File Name
ACICS Response to 3rd Party	ACICS Response to Third-Party Comments (Dec 2020).pdf

3rd Party Request for Oral Presentation

There are no oral comments uploaded for this Agency.