UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Evaluation and Inspection

December 17, 2009

ALERT MEMORANDUM

TO: Daniel T. Madzelan
Delegated the Authority to Perform the Functions and Duties of the Assistant Secretary for Postsecondary Education

FROM: Wanda A. Scott /s/
Assistant Inspector General
Evaluation, Inspection, and Management Services

SUBJECT: The Higher Learning Commission of the North Central Association of Colleges and Schools' Decision to Accredit American InterContinental University
Control Number ED-OIG/L13J0006

During the course of our inspection work on regional accrediting agencies' standards for program length and credit hours, we identified a serious issue that requires your immediate attention. The Higher Learning Commission (HLC) of the North Central Association of Colleges and Schools performed a comprehensive review to evaluate American InterContinental University (AIU) for initial accreditation and found issues related to AIU's assignment of credit hours to certain undergraduate and graduate programs. Specifically, HLC found that AIU's [redacted]

(b)(4)

Despite these issues, HLC granted AIU full initial accreditation with no limitations on the programs it offered at the time of initial accreditation.[1] This action by HLC is not in the best interest of students and calls into question whether the accrediting decisions made by HLC should be relied upon by the Department of Education when assisting students to obtain quality education through the Title IV programs.[2]

[1] HLC did require that a focused visit on the issue of credit equivalence at AIU be scheduled for the academic year 2010-2011. HLC has also required AIU to obtain prior approval before initiating any new degree programs, any new degree sites, or any new distance degree programs.
[2] Title IV funding is federal student financial aid provided through the Federal Stafford Loan, the PLUS Loan, the Federal Perkins Loan, the Federal Pell Grant, the Academic Competitiveness Grant, the National Science & Mathematics Access to Retain Talent Grant, the Federal Supplemental Educational Opportunity Grant, and Federal Work Study programs.

We recommend that the Office of Postsecondary Education (OPE) determine whether HLC is in compliance with 34 C.F.R. Part 602 and, if not, take appropriate action under 34 C.F.R. Part 602 to limit, suspend, or terminate HLC's recognition by the Secretary.[3]

Findings from HLC's Comprehensive Review of AIU

In March 2009, an HLC peer reviewer evaluation team (the team) visited AIU and performed a comprehensive review to evaluate AIU for initial accreditation. HLC's *Handbook of Accreditation* (Handbook) states that following the visit, the evaluation team writes a report, which becomes the official document of record and provides information suitable for the public,[4] information related to the accrediting decision, and consultation for ongoing institutional improvement. The Handbook further states that central to the report is its relevance to the decision on an organization's affiliation status with HLC. In its "Report of a Comprehensive Evaluation Visit for Initial Accreditation," the team found [redacted] Specifically, the team found [redacted] Significant portions of the team's findings[5] are quoted below:

(b)(4) [redacted]

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(b)(4) [redacted]

[3] 34 C.F.R. § 602.16(a) (2008) requires an accrediting agency to demonstrate that it has standards for accreditation 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." 34 CFR 602.16(a)(1) states that the agency meets this requirement if its accreditation standards effectively address the quality of the institution or program in ten areas, including (ii) curricula and (viii) measures of program length and the objectives of the degrees or credentials offered.

[4] The Handbook states that HLC has strengthened its expectations about public disclosure practices on the part of affiliated organizations and that fair and accurate use of team reports is one of an organization's important obligations to the public. The Handbook further states that, in most cases, HLC will not make a team report public without the permission of the college or university; however, HLC will make the team report public if it finds that the organization has misrepresented the contents of the report in public statements or through the release of selected portions.

[5] The team report has two main sections: the Assurance section and the Advancement section. The Assurance section presents the team's evaluation, providing the record of the visit, the evidence, and the rationale for the accrediting relationship. In this section, the team documents its judgment about an organization's fulfillment of the Criteria for Accreditation. The Advancement section emerges from the Assurance section and speaks directly to the organization. It provides the team's observations and consultation focused on the organization's future improvement, on issues that were raised in the Assurance section, on areas deserving or requiring organizational attention raised in the Assurance section, on areas of accomplishment, and on other areas as defined by either the team or the organization.

(b)(4) [redacted]

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(b)(4) [redacted]

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(b)(4) [redacted]

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(b)(4) [redacted]

The team provided detailed support for its findings:

(b)(4) [redacted]

(b)(4) [redacted]

(b)(4) [redacted]

(b)(4) [redacted]

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(b)(4) [redacted]

(b)(4) [redacted]

(b)(4) [redacted]

(b)(4)

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The team also found that The team's review of

(b)(4)

The team found that The team also stated that

(b)(4)

The team concluded that

HLC Approved AIU for Initial Accreditation

The team ultimately concluded that (b)(4) HLC's Handbook states that the team chair sends the draft of the Team Report to the organization for review and corrections of errors of fact. The Handbook also states that the organization has an opportunity to file a formal written response to the final team report, and that response is the proper place to challenge the team's interpretations or judgments. The Handbook further states that the response becomes part of the official record of the evaluation and an integral part of subsequent review processes.

On April 3, 2009, AIU's Chancellor submitted AIU's response to the team report. In the response, AIU's Chancellor states that (b)(4) AIU's response

The Handbook states that a Review Committee reviews all pertinent materials from the team visit and holds a hearing at which the organization's chief executive officer and a member of the evaluation team that reviewed the organization make presentations to the Committee and respond to questions. The Handbook further states that the organization has an opportunity to respond to the Review Committee's decision. On May 4, 2009, an HLC Review Committee (b)(4) The Review Committee states in its report of the meeting:

(b)(4)

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(b)(4)

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(b)(4)

The Review Committee (b)(4)

On May 5, 2009, AIU was provided an opportunity to concur or non-concur with the Review Committee's report. AIU's Interim CEO at the time, who is currently AIU's CEO, (b)(4)

On May 14, 2009, HLC's Board of Trustees validated the Review Committee's action and approved AIU for initial accreditation. AIU is currently accredited by HLC to award associate's, bachelor's, and master's degrees.

Office of Inspector General Conclusion

HLC informed us during the course of our inspection work that HLC's judgment about the appropriateness of an institution's credit and program length for its educational programming is a holistic judgment made by experts in higher education. In response to our draft of this alert memorandum, HLC stated that our analysis focuses on credits and program length and fails to quote at length from the many positives the team made regarding the institution. HLC's conclusion that AIU met all of its criteria for accreditation despite these significant issues suggests that either: 1) HLC does not have specific standards related to program length and credit hours, or 2) HLC has specific standards related to program length and credit hours, but (a) does not follow them or take effective action when faced with evidence of non-compliance or (b) the standards are low enough or lacking in specificity that they can be met by an institution like AIU that [redacted] (b)(4) [redacted]

HLC's decision to grant accreditation to AIU, an institution that it had found to have [redacted] (b)(4) [redacted] is not in the best interest of students. HLC's accreditation of AIU calls into question whether it is a reliable authority regarding the quality of education or training provided by the institution. Since HLC determined that the practices at AIU meet its standards for quality, without limitation, the Department should be concerned about the quality of education or training at other institutions accredited by HLC.

Recommendation

We recommend that OPE determine whether HLC is in compliance with 34 C.F.R. Part 602 and, if not, take appropriate action under 34 C.F.R. Part 602 to limit, suspend, or terminate HLC's recognition by the Secretary.

Background

AIU is a for-profit postsecondary institution within the "University" strategic business unit of Career Education Corporation (CEC), a publicly traded corporation. AIU was acquired by CEC in 2001. AIU was initially granted accreditation by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS) in 1987. AIU's last comprehensive review and reaffirmation by SACS occurred in 2002. [redacted] (b)(4) SACS received complaints about AIU in 2004 related to [redacted] SACS created a special committee to conduct a focused review of the complaints and ultimately placed AIU on probation for 12 months in December 2005.[7] After a second committee review in 2006,

[7] SACS placed AIU on probation for [redacted] (b)(4) [redacted]

SACS extended AIU's probation for an additional 12 months (b)(4) SACS' Vice President and Chief of Staff informed us that after a third committee review in December 2007, SACS determined that AIU had (b)(4) addressed the issues. At that time, SACS removed the institution from probation.

While accredited by SACS, AIU submitted documentation to HLC to be considered for initial accreditation by HLC. The HLC evaluation team did not review any team reports from the past history of AIU's affiliation with SACS. HLC granted initial accreditation to AIU in May 2009.

HLC's "Criteria for Accreditation" in its Handbook are organized under five major headings: 1) Mission and Integrity; 2) Preparing for the Future; 3) Student Learning and Effective Teaching; 4) Acquisition, Discovery, and Application of Knowledge; and 5) Engagement and Service. The "Criteria for Accreditation" states that an organization must be judged to have met each of the criteria to merit accreditation and that the review of each criterion's core components is necessary for a thorough evaluation of how an organization meets a criterion. HLC's corps of peer reviewers, consisting of educators from institutions in the North Central region, evaluates institutions for compliance with the "Criteria for Accreditation."

Administrative Matters

We provided a draft of this alert memorandum to OPE, HLC, and AIU. We took those comments into consideration when developing this alert memorandum. Both HLC and AIU disagreed with our conclusions and objected to release of the alert memorandum in general and to information related to the team report in particular.

Corrective actions proposed (resolution phase) and implemented (closure phase) by your office will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System (AARTS).

Alert memoranda issued by the Office of Inspector General will be made available to members of the press and general public to the extent information contained in the memorandum is not subject to exemptions in the Freedom of Information Act (5 U.S.C. § 552). The initial publication of this report will redact information that we have concluded qualifies as "confidential, commercial information" under 5 U.S.C. § 552(b)(4) at the request of HLC and AIU.

For further information, please contact W. Christian Vierling, Director of Evaluation and Inspection Services, at (202) 245-6964.

cc: Dr. Sylvia Manning, President, HLC
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