

Written Comment: Distance Education Accrediting Commission

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Accreditation is an important quality control that students nationwide rely on. We appreciate your careful stewardship of the nation's accreditation system and urge you to always be vigilant on behalf of students. Accreditation matters especially to veterans and service members. Officials at both the Departments of Defense and Veterans Affairs have said on numerous occasions that they rely on accreditation as an indication that schools meet appropriate quality standards. However, accreditation is meaningless if the standards or enforcement of those standards is weak.

As you know, the recognition of the Distance Education Accrediting Commission (DEAC) is up for review and renewal this summer. As NACIQI evaluates DEAC's track record, we urge you to take into consideration evidence of weaknesses in DEAC's standards and its enforcement of those standards at both Title IV and non-Title IV eligible schools that participate in the GI Bill. In particular, we urge you to consider legal actions and settlements with DEAC accredited for-profit schools and student veteran complaints received by both the Department of Veterans Affairs and Veterans Education Success.¹ These legal actions and student veteran complaints raise questions about the rigor and enforcement of DEAC's standards.

Your oversight of DEAC is particularly important to America's veterans because the vast majority of schools accredited by DEAC do not participate in Title IV but are nevertheless eligible for the GI Bill. It would be unfortunate if NACIQI focused on DEAC accreditation of Title IV eligible schools and did not scrutinize signs of potential weaknesses in DEAC's accreditation of the many non-Title IV schools that nonetheless serve veterans.

A factor that contributed to the de-recognition of the Accrediting Council for Independent Colleges and School's (ACICS) last year was its failure to ferret out problems at schools that ultimately were investigated by and reached settlements with federal and state authorities. Therefore, we encourage your careful attention to both the legal actions and the student veteran complaints against DEAC accredited schools.

For-Profit Schools Have an Incentive to Target Veterans and Often Mislead Them

As you are well aware, a loophole in federal law gives for-profit institutions an incentive to target veterans and servicemembers. By statute, for-profits may not receive more than 90 percent of their revenue from Title IV, but educational benefits received by veterans and servicemembers, even though they are also federal dollars, are nevertheless

¹Veteran Education Success is a non-profit devoted to preserving the promise and integrity of the GI Bill. See <http://veteranseducationuccess.org/>

counted among the 10 percent of revenue from non-federal sources. As a result, for every veteran and servicemember they recruit, for-profit schools can enroll 9 individuals who are dependent on Title IV funds to pay their tuition. This leads some for-profit colleges to view veterans and service members “as nothing more than dollar signs in uniform, and to use aggressive marketing to draw them in,” as Holly Petreaus, the recent head of service member affairs at the US Consumer Financial Protection Bureau, explained. A recent Department of Education analysis found that about 200 for-profit colleges are almost entirely dependent on federal revenue—Title IV and GI Bill and Defense Department educational benefits.²

The 2012 Senate Health, Education, Labor, and Pension (HELP) Committee report on for-profit colleges documented misleading advertising and recruiting by for-profit colleges that routinely provide inaccurate information on costs, the transfer of credits, accreditation, quality, job placement rates, and other issues where accurate information is critical for veterans to make an informed choice.³

Federal Trade Commission (FTC) Settlement with Ashworth College

A case in point is Ashworth College, a school that is not Title IV eligible but which enrolled 499 veterans during 2015 and received \$329 million in GI Bill payments in FY 2014. On May 26, 2015, the Federal Trade Commission (FTC) announced a settlement with Ashworth College for misleading students about the training they received and their ability to transfer credits to another school.⁴ The FTC complaint alleged that consumers who complete Ashworth’s programs leave, having spent hundreds or thousands of dollars (1) without the credentials needed to apply for necessary licenses, or (2) with credits that many other institutions will not recognize.

The FTC found that many programs offered by this for-profit institution did not meet state requirements for those careers, including two programs that are approved for the GI Bill—home inspection certificates and Early Childhood Education degrees.⁵ Ashworth claimed that its Bachelor’s degree program in Early Childhood Education would help graduates become elementary school teachers. Yet, in many states, an elementary school teaching license requires a degree from a regionally-accredited school; because Ashworth is nationally accredited, its graduates would fail to qualify for a state teaching license. The FTC also found that Ashworth recruiters, referred to as “admission advisors” by the school, lied to students about accreditation. One student, who was interested in becoming a home inspector in Indiana, was told by an Ashworth admissions advisor that the program satisfied Indiana’s licensing requirements. After graduation,

²<https://www.revealnews.org/blog/for-more-than-200-for-profit-colleges-taxpayers-pay-the-bills/>

³<https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/56112384e4b0521c793b0c4d/1443963780937/harkins-full-report.pdf>

⁴<https://www.ftc.gov/news-events/press-releases/2015/05/ashworth-college-settles-ftc-charges-it-misled-students-about>

⁵<https://www.ftc.gov/system/files/documents/cases/150526ashworthcollegecmpt.pdf>

however, the state licensing board told this student that his degree was not recognized in Indiana for purposes of state licensing. The consumer went back to the school's admission advisor and was again falsely told that it was recognized.

In addition, the claims Ashworth made about credit transfers were often not true. For example, the school's web and print marketing materials claim: "Why Choose Online Classes at Ashworth College? ...Credit Transferability;" and "Undergraduate Certificates: Learn specialized career skills in a few short weeks. Transfer to a degree program to continue your education." Indeed many students complained to DEAC about their inability to transfer credits earned at Ashworth to other schools. A 2012 report sent to Ashworth by DEAC acknowledged this fact, stating, "Students frequently voiced concerns about transfer credit into and out of Ashworth." While it is helpful that DEAC brought these issues to Ashworth's attention in 2012, it appears that DEAC failed to follow up on its own report to determine if the school had addressed the concerns raised.

Finally, the FTC complaint notes that Ashworth's marketing efforts have targeted military service members and their families, and that Ashworth advertises that it employs "Military Advisors" to speak with potential applicants who are eligible for military payment benefits. The complaint also points out that Ashworth trains its Admissions Advisors to be aggressive during sales calls. Admissions Advisors who are seen as being insufficiently aggressive at "rebuttal" (the term used in Ashworth's internal training documents for overcoming consumers' concerns) face disciplinary action that can include loss of commission or even termination. As part of their "rebuttal" training, Ashworth's salespeople are taught to ask background questions at the beginning of a call about the consumer's family, employment situation, educational background, and other personal information. Ashworth then instructs the salespeople to use whatever information they learn as pressure points later in the call to get a commitment from the consumer. For example, a salesperson was instructed by his supervisor to "[r]emember what [the consumer] told you in the discovery section. Needs a job, has a kid, etc. Use those against her." These aggressive recruiting tactics are reminiscent of the "pain funnel" recruiting playbook uncovered during the 2012 Senate HELP Committee investigation.⁶

In reaching the settlement, Ashworth College admitted no wrongdoing. According to the FTC press release, the court order prohibits Ashworth College from repeating the following misrepresentations:

- completing Ashworth's program will qualify students to obtain vocational licenses without any additional training or experience;
- Ashworth's programs provide all the training and credentials required to switch careers or obtain a job in a new field;
- there will be job security or steady employment for consumers completing its programs; and

⁶Use this link to see the recruiting training manuals used by for-profit schools.
<https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/56100a9be4b00e2783b34ecf/1443891867795/Top-Recruiting.pdf>

- course credits are generally recognized by, and accepted, by other postsecondary institutions.

The order also includes an \$11 million judgment, which is suspended based on the institution’s inability to pay.

We urge NACIQI to follow-up with DEAC during your June hearing to determine what follow-up occurred after it notified Ashworth about student complaints concerning transfer of credits. We also urge you to determine whether DEAC has taken steps to ensure that the school is abiding by the terms of its FTC settlement.

Complaints from Veteran at DEAC Accredited Title IV Schools

Four DEAC accredited colleges that are Title IV eligible were the subject of veterans’ complaints submitted to the Department of Veterans Affairs or Veterans Education Success.

Veterans filed 22 complaints against 3 DEAC accredited schools using the Department of Veterans Affairs GI Bill Feedback System (see table 1).⁷ The consistency in the nature of the complaints across these three DEAC accredited schools is notable and involve issues that that led to the FTC settlement with Ashworth—accreditation and transfer of credits.

Table 1: DEAC Accredited Title IV Eligible Schools with Four or More Veteran Complaints

School	Number of Complaints	Nature of complaint
American Business and Technology University ^a	10	tuition/fee charges, quality of education, refund issues recruiting/marketing practices, accreditation, change in degree/plan requirements, student loans, grade policy, transfer or credits, and release of transcripts
Sonoran Desert Institute	8	tuition/fee charges, quality of education, recruiting/marketing practices, accreditation, change in degree plan/requirements
Columbia Southern University	4	tuition/fee charges, recruiting/marketing practices, accreditation, student loans, transfer of credit

Source: GI Bill College Comparison Tool @ <https://www.vets.gov/gi-bill-comparison-tool>

^aIn January 2016, DEAC voted to place ABTU on “show cause” as to why accreditation should not be withdrawn. DEAC said that it planned to conduct a total reevaluation of the school’s compliance with accreditation standards in January 2017 using the procedures and format set forth in its 2016 Accreditation Handbook. The DEAC show cause notice did not identify the accreditation standards with which ABTU

⁷The feedback system was launched in 2014. The GI Bill College Comparison Tool summarizes the complaints against each school by topic, such as accreditation or credit transfer. <https://www.vets.gov/gi-bill-comparison-tool>

was not in compliance. http://www.deac.org/UploadedDocuments/Public-Notices/030116_abtu_sco_summary.pdf

Veterans Education Success also received a complaint from a veteran who attended Allied American University, which closed in December 2016.⁸ This veteran was told that her remaining GI Bill benefits would not cover tuition and fees and she was encouraged to take out a federal student loan, which she did. Months later she received a large refund check from the school and realized that the loans were never applied to her tuition charges. Rather, Allied American University used her GI Bill benefits, which she was saving to attend a different school.

We urge NACIQI to determine whether DEAC has received other similar complaints against these schools and what action DEAC took based on those complaints. Because the new Post-9/11 GI Bill has significantly increased the number of veterans pursuing certificates or degrees, we believe that Department of Education recognized accrediting organizations should be reaching out to the Department of Veterans Affairs and the Department of Defense to learn about veteran and servicemember complaints against the schools whose standards they oversee.

Conclusion

The Education Department has developed standards and criteria for student loan forgiveness that will help individuals who were deceived by schools like Ashworth. GI Bill benefits, however, cannot be reinstated and if they are wasted at a school that misrepresented itself, they are gone forever. Accreditation that ensures only quality institutions can participate in Title IV and/or receive GI Bill dollars is critically important to veterans.

On behalf of servicemembers and veterans, we ask that you hold DEAC accountable for ensuring that only quality institutions are serving veterans, regardless of their Title IV status.

⁸On March 1, 2016, DEAC announced that it had extended the accreditation for Allied American University through December 2016 while the institutions implemented an approved teach-out plan.