



# How a College Accrediting Agency Failed To Protect Students From a Decade of Fraud

By Marissa Alayna Navarro June 3, 2021

The accreditor responsible for overseeing colleges operated by the Center for Excellence in Higher Education (CEHE) was not exactly asleep at the wheel. Yet it arrived at the only logical destination—yanking approval for colleges operated by the corporation—years later than it should have.

During a 13-year period starting in 2008, the Accrediting Commission of Career Schools and Colleges (ACCSC) raised concerns more than 30 times that colleges affiliated with CEHE were potentially failing to meet standards for quality, honesty, and other attributes crucial to students and taxpayers alike. And yet, CEHE never fixed the vast majority of these problems. ACCSC was not the only one to find problems or take action. A state agency and several federal government agencies also alleged wrongdoing by the colleges—including an accusation from the U.S. Department of Justice about illegal recruiting practices. More months and years passed. Meanwhile, officials with one of the colleges blamed the problems on the “ethnic culture” of students.<sup>1</sup>

Last year, a Colorado judge ruled that colleges operated by CEHE had knowingly engaged in deceptive practices, misleading students about graduates’ earnings, job opportunities, and ability to repay loans provided by the colleges.<sup>2</sup> Finally, in April 2021, more than a dozen years after concerns were first raised about campuses in the chain, ACCSC pulled the plug on CEHE by withdrawing accreditation—the seal of approval that makes the colleges it oversees eligible for federal student aid funds. Yet the colleges under the corporation already had received a collective \$1.8 billion in federal grants and loans since 2008.<sup>3</sup>

This is a story about how a system that is supposed to guard higher education against poor quality and fraudulent colleges can actually work as designed and yet utterly fail students and taxpayers alike. The Center for American Progress has documented, step by step, 13 years of actions and troubling findings from ACCSC that fell short of true accountability. As evidenced by the timeline in this issue brief, despite overwhelming evidence, it took far too long to pull the plug on CEHE, leaving tens of thousands of students in harm’s way.

Across the United States, accrediting agencies provide students and the colleges that enroll them with access to \$120 billion each year in taxpayer dollars.<sup>4</sup> These agencies are tasked with “gatekeeping,” a process to determine whether a college is deemed of sufficient quality; but they rarely revoke a college’s accreditation once approved.

This issue brief looks at the rules guiding accrediting agencies and details the long list of actions to examine how an accreditor could ostensibly follow all its rules in overseeing an obviously troubled chain of schools without putting a stop to the company’s waste and abuse until far too late. While regulations require accreditors to take action and give colleges a defined amount of time to improve or risk losing accreditation, there are a variety of loopholes that allow accreditors to get around this requirement.

To be fair, accrediting agencies are not the only ones responsible for quality oversight. The U.S. Department of Education and states also play a role in approving colleges; and in the case of CEHE and others like it, neither has kept their end of the bargain. Clearly, there is ample room to improve oversight at all levels.

But the example of ACCSC’s oversight of CEHE also raises questions about whether accrediting agencies are up to the job. Given accreditors’ track record, the federal government should be drastically strengthening requirements for and expectations of them. Yet the laws have remained largely the same for decades. And last year, new regulations from the Trump administration significantly weakened the rules, giving accreditors and colleges more time, purportedly, to fix problems when they are not living up to their promises and failing students.<sup>5</sup>

Moving forward, Congress and the Biden-Harris administration should seek to strengthen the rules for accrediting agencies, take aggressive action to ensure that the colleges causing serious concerns are not allowed to continue collecting taxpayer money and enrolling students, and, above all, make sure that students enrolled in CEHE—and the many colleges like it—are entitled to relief.

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## Background

### About CEHE

The Center for Excellence in Higher Education was not always a company that operated colleges. From 2007 to 2012, it functioned as a public nonprofit charity in Indiana that focused on higher education and philanthropy.<sup>6</sup> However, on December 31, 2012, CEHE merged with for-profit corporations Stevens-Henager College—which included Independence University, CollegeAmerica Denver, CollegeAmerica Arizona, California College San Diego, and California College—as well as College America Services Inc., which provided management and operational support to each of the chains. Combined, this included a total of 16 campuses with physical locations in Arizona, Idaho, Wyoming, Utah, and Colorado.<sup>7</sup>

## A higher learning hierarchy

In 2013, CEHE operated 16 colleges that were accredited by ACCSC.<sup>8</sup> In the corresponding timeline, actions against a main campus includes its branch locations.<sup>9</sup>

### **California College of San Diego**

- San Marcos, California

### **CollegeAmerica Denver**

- CollegeAmerica Fort Collins
- CollegeAmerica Colorado Springs
- CollegeAmerica Cheyenne

### **College America Flagstaff**

- CollegeAmerica Phoenix
- Stevens-Henager College, Idaho Falls

### **Stevens-Henager College, Ogden/West Haven (now Independence University)**

- Stevens-Henager College, Orem
- Stevens-Henager College, Murray
- Stevens-Henager College, Boise
- Stevens-Henager College, Logan
- Stevens-Henager College, St. George
- Independence University (online)

Many of these campuses have since closed or are in the process of closing. In fact, Independence University is the only remaining institution that was not in the process of closing when ACCSC withdrew accreditation.<sup>10</sup>

The merger with CEHE was not a big change for the colleges: Both before and after the merger, they were essentially operated by the same person, Carl Barney.<sup>11</sup> Prior to the merger, Barney was the owner and sole shareholder of each of the individual corporations. After the merger, he maintained effective control of the colleges. Barney was ultimately responsible for creating the advertising, lead generation, and enrollment practices at the colleges, along with all other practices and policies guiding them.

Before the merger, CEHE was already an IRS tax-exempt organization. After the merger, it filed a routine request to be categorized by the IRS as a tax-exempt educational organization, a move that led the colleges to claim themselves as nonprofit while potentially avoiding regulations and taxes.<sup>12</sup> The Department of Education initially denied the change but later settled in court and eventually classified the colleges as nonprofit in 2018. The underlying operations of the colleges did not fundamentally change.<sup>13</sup>

Colleges operated by CEHE made most of their money from low-income students and students of color, many of whom never graduated. According to court documents, among students enrolled at CollegeAmerica programs, 40 percent were minority, particularly Black and Latino; 68 percent were women, many of whom were single mothers; and, at the Denver campus, 80 percent were federal Pell Grant recipients, which means they qualified as having exceptional financial need.<sup>14</sup> More than 60 percent of students at the chain would not graduate, and only 16 percent paid down a single dollar on the principal of their federal loans three years after leaving.

From 2012 onward, as the timeline details, a Colorado state agency and multiple federal agencies continued to raise flags concerning operations at CEHE colleges. In September 2019, CEHE announced it was stopping enrollments at all physical locations to shift its focus online, noting at the time that it was not closing campuses.<sup>15</sup> But CEHE ultimately changed course, and by July 2020, it had decided to close campuses before all students had finished their programs.<sup>16</sup> Following these closures, in October 2020, CEHE completed consolidation of the former main campus, Stevens-Henager College of West Haven, Utah, and the online branch, Independence University (IU), into one entity, making IU the only campus not in the process of closure. In 2019, before the closures, these colleges together served about 2,100 students at physical locations and another 10,000 online.<sup>17</sup>

By the time ACCSC withdrew accreditation, IU was the only fully operating CEHE college.<sup>18</sup> Six additional campuses—under the names Stevens-Henager, California College San Diego, and CollegeAmerica—were operating in “teach-out” status, each with less than 100 students yet to complete their programs. At this point, these colleges were in the process of closing and would do so once all of their students completed their programs or transferred.

IU can, and has indicated it will, appeal the ACCSC decision.

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## Requirements under federal law and regulation

Accrediting agencies are voluntary, independent membership associations that serve as the gatekeepers to federal student aid dollars. While the Higher Education Act (HEA) has specific requirements on what criteria an accreditor must consider when it evaluates a college—such as facilities, finances, and student outcomes—it is unclear what an agency must do when a college does not live up to those standards.<sup>19</sup> Instead, the legislation is focused on ensuring due process for the institution before an accreditor acts to remove accreditation. For example, the HEA requires that agencies provide sufficient opportunity for an institution to respond to the accreditor about any deficiencies identified, the opportunity to appeal an action to remove accreditation, and the right to representation and participation by counsel during an appeal. In other words, it is designed to protect the institution from an unfair judgement that might cause it to lose accreditation.

Because accreditation provides colleges with access to federal aid, loss of accreditation would very likely mark the beginning of the end for a school’s existence. So, a focus on due process is understandable. However, there are no similar protections for accreditors when they take action, nor are there protections for the students attending colleges that are not up to standard.

Following an unsuccessful appeal, institutions can—and do—take accrediting agencies to court. And while the accreditors usually win, fighting legal battles takes up valuable time and money.<sup>20</sup> Accrediting agencies are small nonprofits, funded by colleges' membership dues, with fewer staff and less funding devoted to oversight than what colleges' corporate owners can devote to fighting back. For comparison, in a year, ACCSC's stamp of approval authorized \$2.3 billion in federal financial aid to 398 colleges, while the agency spent slightly more than \$7 million overseeing colleges.<sup>21</sup> The focus on due process in legislation and the threat of a court battle can make agencies reluctant to act swiftly; and this is one area that will need to be changed over the long haul.

Federal regulation provides a bit more clarity and generally requires that if an institution or program fails to meet standards, the accrediting agency must provide them with a timeline for coming into compliance or risk losing accreditation. Yet the Trump administration introduced new regulations, which went into effect in 2020, that significantly weakened these standards.<sup>22</sup> Previously, agencies were required to take immediate action to withdraw accreditation or provide time to come into compliance within a maximum of two years, depending on the program length.<sup>23</sup> The new regulations, however, doubled the maximum timeline to four years, specifying that the agency must have a policy in place that allows it to immediately withdraw its stamp of approval when warranted.

Still, even with the maximum timeline of two years prior to the regulatory change, actions taken by ACCSC against CEHE demonstrate that noncompliance can and does occur over periods much longer than that; and even then, the agency did not withdraw accreditation. That is because each accrediting agency has a series of actions it can take when an institution is not in compliance with standards, based on the severity of noncompliance. Lower-level actions often do not have a standard timeline for compliance, and when they do, an agency might remove the action for demonstrated improvement, even if the college is not in full compliance. This flexibility allows accreditors to give troubled colleges practically unlimited time, supposedly, to work on improvements—even though those improvements often never fully materialize. As the timeline below shows, on several occasions, ACCSC issued a sanction indicating significant concerns, only to remove the sanction or dial it back to a lesser action a few months later. And in the case of CEHE, it was clear based on ACCSC's actions that the colleges it oversaw were not in compliance with the agency's own standards for close to a decade.

To add a layer of complexity, each accrediting agency has its own system of sanctions with terms, definitions, and timelines that vary, which means that two institutions with the same types of problems might be treated very differently depending on their accrediting agency.<sup>24</sup>

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## The watchdog—ACCSC’s—actions

To understand the actions taken against CEHE colleges, it is necessary to first understand the actions outlined in ACCSC’s Standards of Accreditation.<sup>25</sup> The commission has the ability to withdraw a college’s accreditation if that college fails to demonstrate compliance with one or more standards for any reason ACCSC deems sufficient. However, the standards include a long list of other available actions that range in severity and that the commission may, but is not required to, take before moving to revoke accreditation.

The lowest level of action the commission can take is to defer a decision to another time, which is a way of saying that a college has yet to earn approval on a given issue. Deferring action is not an indication of noncompliance, but rather is used when the commission needs more information in order to make a decision. The commission may make a decision to accredit an institution with stipulations if there is evidence of deficiencies, but these deficiencies are generally issues that can be fixed within a short period of time.

The next level of actions is designed to monitor an institution and review information when there may be noncompliance. The commission can subject a college to heightened monitoring, which provides the ability for a more detailed review of information. It can also place a college on reporting to monitor compliance, which can include requiring that the college provide more information about outcomes, finances, or instances such as litigation reporting when it is facing a lawsuit.

### ACCSC actions by severity

There are several actions that ACCSC may take when it suspects a college might not be meeting standards. The accreditor used each of the following actions multiple times against campuses operated by CEHE:

**Deferral of action:** The commission needs more information to make a decision; this does not indicate noncompliance.

**Stipulations:** There is evidence of deficiencies, but they may be corrected in a short period of time.

**Heightened monitoring:** A detailed review of information is required on areas of concern; the school may or may not be in compliance.

**Reporting:** Reporting is required on areas of concern, which could apply to finances, student achievement, or other issues; the school may or may not be in compliance.

**Warning:** There is reason to believe the school is not in compliance with one or more standards; it must demonstrate corrective action and compliance with standards.

**Probation:** There is significant concern about the college’s compliance with one or more standards or it has been determined that the college is out of compliance. As part of probation, the accreditor could direct the college to show cause as to why its accreditation should not be withdrawn. Probation requires the college to demonstrate compliance with accrediting standards.<sup>26</sup>

One common scenario for which ACCSC uses reporting or monitoring is when a program falls below benchmark rates, a measure of the bare minimum level of acceptable student outcomes required by the commission on graduation, employment, or licensure pass rates. Failure to meet benchmark rates for a prolonged period of time may result in additional action at the program or institutional level, though the commission may also allow a college to demonstrate compliance through other supporting documentation or indicators. For example, a college may argue that poor economic conditions drove down employment rates. However, there is no hard-and-fast timeline for which institutions must demonstrate compliance with benchmarks—and reporting can go on over a long period of time, as was the case with CEHE. Some of the actions that ACCSC used to address the deficiencies included limiting enrollment in underperforming programs and revoking approval of a program to operate.

The most serious set of actions is available when the commission believes that the institution is out of compliance with standards. The first of these actions is a warning. Under a warning, the college is required to demonstrate a corrective action and compliance; it may also be required to inform students about the warning. The second action is probation, which is used when there are significant concerns regarding compliance with one or more standards. The commission has discretion to issue a probation without first issuing a warning. In more severe instances, the commission may also request that the college provide “show cause,” evidence that explains why the college’s accreditation should not be withdrawn. A warning or probation action may require additional reporting and an on-site visit of accreditor staff or reviewers to the campus.

Failure to demonstrate compliance by the end of the warning can result in loss of accreditation or another action, such as monitoring or probation. Failure to demonstrate compliance after a probation period results in loss of accreditation. Under a probation action, the college must inform current and prospective students.

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## Timeline of actions against CEHE

The timeline below covers actions taken by ACCSC, details some of the reasons why the measures were taken, and includes actions taken by other regulatory bodies.

The timeline is broken up into three parts. The first part covers actions from 2008 to 2012, when ACCSC issued actions indicating lower levels of concern. During this period, the colleges did not yet operate under the CEHE umbrella.

The second part covers actions from 2013 to 2017, when the colleges operated under the CEHE umbrella. These actions indicated that the problems identified during the earlier phase were much more widespread and severe than initially implied. This period also included numerous anonymous complaints and multiple actions from other regulators suggesting outright fraudulent activity.

The final period covers actions from 2018 to the present. During this period, ACCSC made clear that problems were severe and ongoing, existing across the system of schools operated by CEHE. While many of the early actions center on CollegeAmerica Denver, ACCSC has noted on numerous occasions—including in 2012, 2013, 2015, and 2018—that the problems were systemic across CEHE’s campuses.

### Summary 2008–2012

From 2008 to 2012, ACCSC took a series of escalating actions that started out with concerns over low graduation and employment outcomes in various programs at CollegeAmerica’s Denver (CA Denver) campus.<sup>27</sup> CA Denver was the main campus for three branch locations: in Fort Collins and Colorado Springs, Colorado, and in Cheyenne, Wyoming. Under ACCSC standards, the accreditation of branch campuses is dependent on the accreditation of the main campus, which means that an action against the main campus applies to all locations. While the timeline refers to actions against the main campus, these actions typically included multiple campuses.<sup>28</sup> In fact, ACCSC noted low outcomes with programs at all locations.

By 2012, after deferring accreditation, requiring outcomes reporting, and issuing a heightened monitoring for one location, ACCSC decided to cap enrollment in all CA Denver programs until the college could demonstrate acceptable levels of student achievement, noting at the time that the problems were systemic and ongoing.<sup>29</sup> The agency also reviewed the CollegeAmerica chain for other concerns, including complaints received against the college and an action by a state agency considering whether to revoke authority to operate in the state of Colorado.<sup>30</sup> As a result, it deferred a decision to renew accreditation.

## 2008

### 1 August, CollegeAmerica (CA)-Denver

[ACCSC](#) defers action over a concern about low graduation and employment rates in business management and accounting, computer technology and networking, computer programming, and graphic arts programs.

## 2009

### 1 February, CA-Denver

ACCSC accredits the campus through November 2012 with [reporting](#) requirements on student achievement outcomes for two programs and a program viability study for eight other programs, as well as retention reporting requirements for all programs at CA-[Cheyenne](#).

## 2010

### 1 February, CA-Denver

ACCSC reviews the outcomes and viability reports and [continues monitoring](#) outcomes and viability, retention reporting for programs at CA-Cheyenne, and heightened monitoring.

### Key

- 1 Accreditor action against a campus, including branch campuses
- 2 Accreditor action against multiple campuses under one corporation
- 3 Action by another regulating body



## 2011

### 1 March, CA-Denver

[ACCSC continues outcomes reporting](#) for the business administration program.

## 2012

### 1 March, CA-Denver

[ACCSC continues outcomes reporting](#) and its review for CA-Denver's renewal of accreditation due to the business administration program's continued low graduation rates. The commission also reviews the program's student retention rate.

### 1 April, CA-Denver

[ACCSC conducts an on-site review](#) and considers the college's notification regarding the [Good Neighbor Initiative](#), an effort to provide GED preparatory courses and pay students for taking the GED, potentially widening the college's pool of students. The commission determines that additional information is needed to verify whether the college is operating in compliance with accreditation standards.

### 1 July, CA-Denver

ACCSC considers a response to the Good Neighbor Initiative in the context of [five anonymous complaints](#) against the college.

### 1 August, CA-Denver

[ACCSC requests documentation](#) of compliance with regard to a notice from the Colorado Board of Private Occupational Schools (CBPOS), disclosing that the CBPOS voted to file a "Notice of Charges" and to proceed with an "administrative hearing seeking revocation of the college's certificate of approval to operate in the state of Colorado; as well as four other anonymous complaints."

### 2 September, CollegeAmerica Services

ACCSC considers [five complaints](#) against CollegeAmerica Services regarding recruitment.

### 1 November, CA-Denver

ACCSC defers action over the college's low graduation and employment rates, noting systemic and ongoing student achievement issues and that the measures to improve rates have had no impact. The commission also [caps enrollment in all programs](#) at 10 students or the program's current enrollment.

### 1 November, Stevens-Henager College (SHC)-Ogden

ACCSC [considers the college's application](#) for renewal of accreditation and votes to defer final action due to questions regarding student satisfaction and branch oversight.

## Summary 2013–2017

From 2013 to 2017, after CEHE assumed ownership of the campuses, ACCSC took a variety of actions at both the systemwide and institutional level. In May 2013, the agency placed the entire system of colleges on “show cause” as to why their accreditation should not be withdrawn, noting potential systemic issues with recruitment, admissions, student achievement, advertising, state licensure, cohort default rates, and student success.<sup>31</sup> However, by November, a mere six months after noting concern over whether there were systemic issues, ACCSC vacated—or removed—the show cause for all but the CA Denver location and its branches, noting a history of poor student outcomes.<sup>32</sup> It is not clear whether ACCSC felt that the other systemic issues had been addressed, but it placed the system of colleges on advertising reporting so that it could continue to monitor the truth and integrity of the colleges’ advertising.

The intervening years included several lawsuits against the system on behalf of the U.S. Department of Justice and the state of Colorado alleging illegal recruiting practices and students being misled about the likelihood of earning more money and obtaining jobs following graduation. ACCSC took a variety of actions, including probation, warning, and litigation and advertising reporting; it also revoked approval of baccalaureate programs at CA Denver.<sup>33</sup> On numerous occasions, ACCSC noted the failure of the colleges to improve graduation and employment rates.<sup>34</sup> By the end of 2017, CEHE remained on reporting and CA Denver was on warning.<sup>35</sup>

### 2013

#### ② May/July, Center for Excellence in Higher Education (CEHE)

ACCSC considers the renewal of accreditation applications, substantive change applications, complaint notices, and other actions for colleges owned by the CEHE. The commission places the CEHE system on [show cause](#) for systemic issues in recruitment, admissions, student achievement, advertising, state licensure, and cohort default rates.

#### ② November, CEHE

ACCSC vacates show cause but [continues the show cause order for CA-Denver](#) and additional locations and requires [advertising](#) reporting over concerns about advertising.

#### ① November, CA-Denver

[ACCSC continues show cause](#) order for, in part, low graduation and employment rates, [noting](#) that after years of ongoing monitoring, 9 out of 10 programs report below-benchmark rates.

### 2014

#### ③ May, U.S. Department of Justice (DOJ)

[The DOJ](#) files a [complaint](#) against the SHC and CEHE, alleging False Claims Act violations for illegal recruiting. The claim was initiated by a whistleblower lawsuit from two former SHC employees, who alleged that the colleges illegally compensated recruiters. Colleges are prohibited by law from paying admissions recruiters based on the number of students they recruit. The CEHE subsequently [notifies ACCSC](#) regarding the complaint.

### Key

- ① Accreditor action against a campus, including branch campuses
- ② Accreditor action against multiple campuses under one corporation
- ③ Action by another regulating body

### 3 December, State of Colorado

Colorado [sues the CEHE](#) and affiliated colleges over false, misleading, and deceptive acts, including misleading students about the likelihood that they would earn more money and obtain better jobs after graduating.

### 2 December, CEHE

ACCSC places the CEHE on [litigation reporting](#).

### 1 December, CA-Denver

ACCSC continues CA-Denver on a [warning](#) order following show cause due to the campus's history of poor student outcomes and unacceptable graduation and employment rates.

### 1 December, SHC-Ogden

ACCSC votes to [continue outcomes reporting](#).

## 2015

### 2 March, CEHE

ACCSC continues the CEHE on [litigation reporting](#).

### 1 June, CA-Denver

ACCSC issues [probation](#) and [notes](#) that the business administration program has been under monitoring since 2008; the computer science program has been on and off reporting since 2008; and both programs have an 11 percent graduation rate. The commission conducts additional monitoring of outcomes, including retention rates.

### 2 October, CEHE

ACCSC continues the CEHE on [advertising reporting](#) given questions regarding the colleges' advertising practices.

### 1 November, CA-Denver

Noting improvement in two programs and the closure of two others, the commission votes to [vacate probation](#) but continue on warning, noting systemic issues with student success.

### 1 November, SHC-Ogden

ACCSC votes to accept the [outcomes report](#) with two stipulations regarding how the college determines that employment outcomes align with employment objectives.

## 2016

### 2 May, CEHE

[ACCSC continues litigation and advertising reporting](#).

### 1 August, CA-Denver

ACCSC [revokes its approval of baccalaureate degree programs](#) and undergoes a total reevaluation of the institution. The commission continues monitoring for other pending actions such as complaints filed by the Colorado attorney general's office and a False Claims Act lawsuit brought by the DOJ.

## ② November, CEHE

ACCSC considers earlier complaints about the colleges' aggressive recruitment of [displaced ITT Technical Institute students](#). The commission orders the [CEHE to cease and desist from direct recruitment of displaced ITT students](#) or from recently closed colleges. The colleges are required to remove advertising that targets these students and inform all students of the college's warning status on a continuing basis while ACCSC investigates the charges.

## 2017

### ② January, CEHE

[ACCSC continues advertising and litigation reporting.](#)

### ① August, CA-Denver

ACCSC reviews the campus's record and [continues its warning](#) with an on-site evaluation.

## Summary 2018–present

In 2018, ACCSC issued the systemwide probation order that would ultimately lead to the withdrawal of accreditation in 2021. The probation order lists a long history of actions, with details from campuses across the various chains dating back years. Concerns included false advertising, bad enrollment practices, and students not meeting admissions criteria, among 18 different compliance problems. The probation order notes that the record shows that the colleges' inputs, resources, and processes were not designed for student success, as evidenced by the widespread and persistent low rates of graduation and employment throughout the system.<sup>36</sup>

ACCSC also pointed to a disregard for the needs of students. In one case, CA Flagstaff even blamed its poor student achievement and low rates of student success on the Native American “culture” of its students, as two-thirds of those attending the campus were Native American.<sup>37</sup>

The next few years included escalating action from ACCSC, including ordering CEHE to cease enrollment in programs across multiple campuses that had low student success rates.<sup>38</sup> And as CEHE began shifting its focus to online enrollment and closing campuses, it became the subject of a new investigation from the Consumer Financial Protection Bureau into whether the organization misrepresented loans to students or enrolled them in loans without approval.<sup>39</sup> Later, a Colorado court ruling issued a \$3 million judgement against CEHE, finding two executives personally liable for fraud—including misrepresenting earnings and employment rates to students.<sup>40</sup>

Perhaps intending to avoid triggering a sudden closure, ACCSC extended the timeline on probation to 2021, noting that CEHE was in the process of teaching-out physical campuses.<sup>41</sup> Yet in April 2021, ACCSC voted to withdraw accreditation. CEHE is now appealing the ruling and has announced that it will not continue enrolling students during the appeal.<sup>42</sup>

## 2018

### 2 September, CEHE

ACCSC places the CEHE on [probation](#) to demonstrate a commitment to student success. The probation letter is 80 pages long and details 18 separate findings of noncompliance along with detailed evidence from all affiliated colleges under the CollegeAmerica, SHC, Independence University (IU), and California College of San Diego names.

## 2019

### 2 February, CEHE

ACCSC continues the CEHE's [probation](#).

### 2 May, CEHE

ACCSC orders the CEHE to [cease enrollment](#) in programs with a history of below-benchmark rates of student graduation and employment, including programs at CollegeAmerica, Flagstaff, California College of San Diego, SHC, and IU. The CEHE subsequently announces that it is [ending enrollment](#) at physical locations and will shift to mostly online learning. It later begins [closing](#) campuses.

### 3 July, Colorado Division of Private Occupational Schools (DPOS)

The Colorado DPOS issues a [notice](#) of noncompliance regarding the content of the CEHE's ACCSC-mandated probation notice.

### 2 October, CEHE

[ACCSC expands its prohibition on new enrollments](#) regardless of delivery method. The CEHE is prohibited from enrolling new students or reenrolling former students in 13 campuses in teachout.

### 3 October, Consumer Financial Protection Bureau (CFPB)

The CFPB opens an [investigation](#) into whether or not the CEHE misrepresented its loans to students or enrolled students in loan programs without their consent.

## 2020

### 2 May, CEHE

ACCSC determines that good cause exists and [extends the CEHE's timeframe](#) to achieve compliance from September 2020 to May 2021. The CEHE remains on probation.

### 2 June, CEHE

ACCSC [approves](#) teachout plan for all 13 campuses and caps enrollment in six programs at IU as a result of below-benchmark outcomes. Of the remaining 13 active programs, the college's reports rates above benchmark in only four, without significant improvement over the past three years. The commission also notes concerns about the college's advertising, recruitment, enrollment agreements, consistent application of policies, and ongoing lawsuits or investigations from the DOJ, the state of Colorado, the CFPB, and the Colorado DPOS, with additional follow-up required on each. Of the teachout options available, students can transfer online to IU; transfer to a SHC campus in Utah (only for students at Utah locations); or receive a full refund of loan debt and cash payments made to the college.

## Key

- 1 Accreditor action against a campus, including branch campuses
- 2 Accreditor action against multiple campuses under one corporation
- 3 Action by another regulating body

### 3 August, CEHE

A [Colorado judge](#) issues a [\\$3 million verdict](#) against the CEHE on six counts, finding two executives individually liable for committing fraud. The counts include misrepresenting students' future earnings and job placement rates, as well as its EMT training program, X-ray certification program, sonography program, and EDUPlan loan to students.

### 2 April, CEHE

ACCSC votes to [withdraw](#) IU's accreditation and to remove the college from the list of ACCSC-accredited institutions.

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## Conclusion

In sum, ACCSC allowed a chain of colleges to siphon away \$1.8 billion in taxpayer funding for financial aid. It allowed tens of thousands of students to put their dreams for a better future into the hands of an incompetent—if not outright predatory—organization, wasting years of their lives, pouring money into tuition, and amassing debt they are ill-equipped to pay off. All while following its rules, ACCSC was able to prolong withdrawing accreditation from colleges operated by CEHE.

During the course of 13 years, ACCSC had numerous opportunities—and an abundance of evidence it could have harnessed—to immediately withdraw accreditation or, at minimum, provide CEHE a strict maximum of two years to improve. It could have ended accreditation in 2013 when it placed the system on show cause for systemic issues in recruitment, admissions, student achievement, advertising, state licensure, and cohort default rates. Instead, it dropped the action six months later, even though the problems continued with no real improvement.

ACCSC could have ended accreditation again in 2015 when it had CEHE on litigation and advertising reporting and issued a probation to CA Denver noting that student achievement problems had existed since 2008. The accreditor dropped the probation five months later.

ACCSC could have decided to withdraw accreditation at any point since 2018, when it issued probation and published 80 pages of detailed evidence of problems across the system. Instead, it extended the timeline further, even though the outcome was clear: There would be no improvement.

ACCSC should be investigated for its failure to act in a timely manner to protect students and taxpayers. But even more importantly, the rules that allowed for this failure must be changed. This includes the need to reform legislation that focuses on protecting institutions from losing accreditation instead of protecting students from colleges that do not meet standards, as well as establish stronger guidelines and consequences

for when accreditors must act. Moreover, it is necessary to strengthen regulations that were significantly weakened just last year to provide colleges with even more time when they do not meet standards. And the Department of Education must increase its oversight and take action against colleges when they continuously raise red flags while providing relief for students.

For a full list of sources, please see the web version of this issue brief, available at <https://www.american-progress.org/?p=500199>.

Only when all of these reforms are instituted can taxpayers and students alike feel any confidence that the sorry story of ACCSC's ineffectual oversight will not be repeated.

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## Endnotes

- 1 Michale S. McComis, Ed.D., "System-Wide Review Probation Order," Accrediting Commission of Career Schools and Colleges, September 6, 2018, available at <https://www.acccs.org/UploadedDocuments/2018/Probation-Letters/CEHE-System-Wide-SAL-09-2018-Probation-Redacted.pdf>.
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