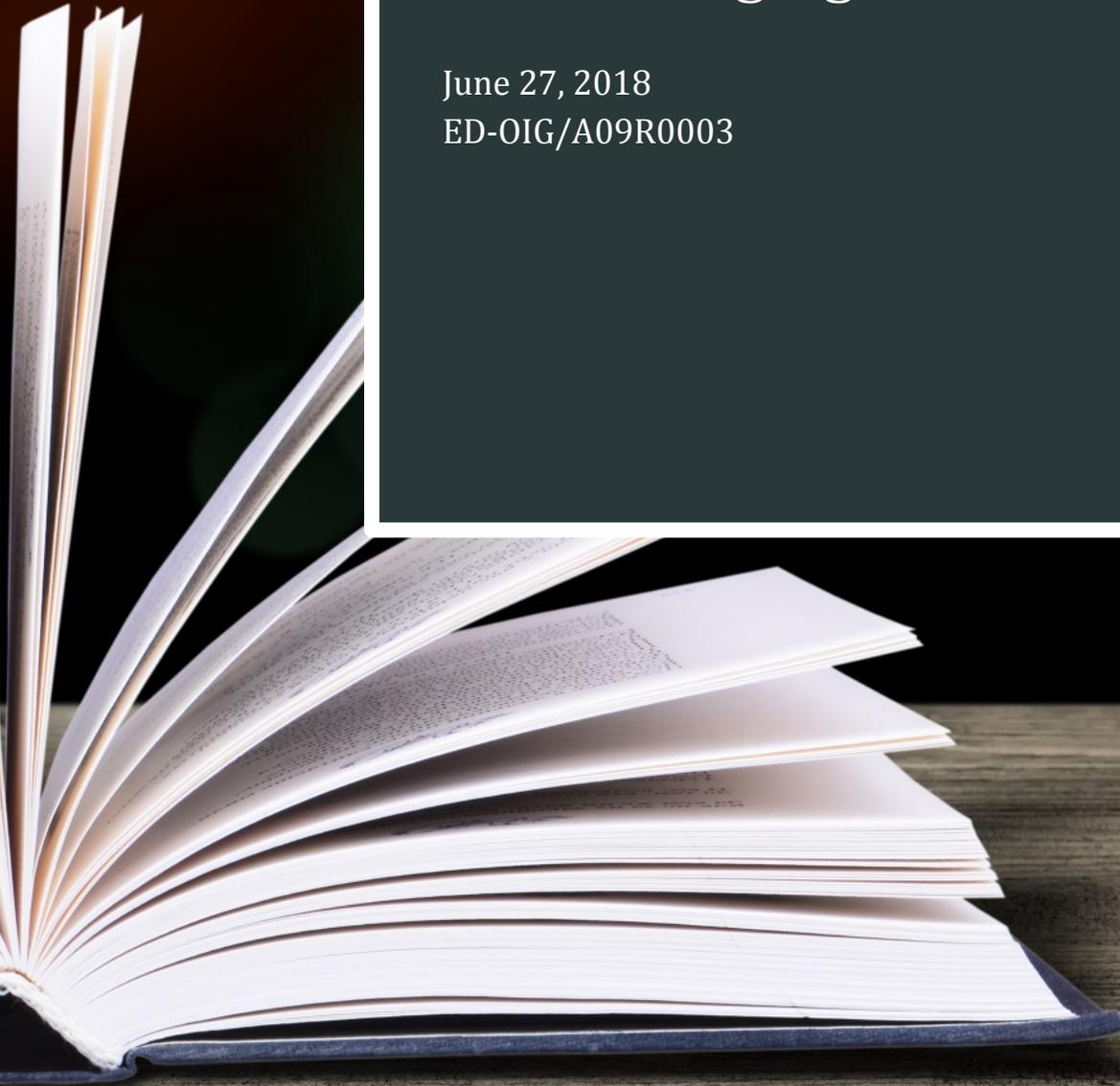U.S. Department of Education
Office of Inspector General

U.S. Department of Education's Recognition and Oversight of Accrediting Agencies

June 27, 2018
ED-OIG/A09R0003

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

June 27, 2018

TO: Frank Brogan
                   Delegated the Duties of Assistant Secretary for Postsecondary Education
                   Office of Postsecondary Education

FROM: Bryon S. Gordon /s/
                   Assistant Inspector General for Audit

SUBJECT: Final Audit Report, "U.S. Department of Education's Recognition and Oversight of
                   Accrediting Agencies," Control Number ED-OIG/A09R0003

Attached is the subject final audit report that covers the results of our review of the U.S. Department of Education's (Department) recognition and oversight of accrediting agencies. We have provided an electronic copy to your audit liaison officers. We considered your comments on the findings and recommendations in our draft report.

Department policy requires that you develop a final corrective action plan within 30 days of the issuance of this report. The corrective action plan should set forth the specific action items and targeted completion dates necessary to implement final corrective actions on the findings and recommendations contained in this final audit report. Corrective actions that your office proposes and implements will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on the audits that remain unresolved after 6 months from the date of issuance.

We appreciate your cooperation during this review. If you have any questions, please contact Mr. Raymond Hendren, Regional Inspector General for Audit, Sacramento Audit Region, at (916) 930-2399 or ray.hendren@ed.gov.

Attachments

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Results in Brief

What We Did

The objectives of our audit were to assess (1) whether the U.S. Department of Education's (Department) process for recognizing accrediting agencies ensured that agencies met the Federal recognition criteria and (2) the extent that the Department monitored agencies during the period of recognition. The Department grants recognition to an accrediting agency (agency) for a period not to exceed 5 years (recognition period), if the Secretary of Education (or designee) recognizes the agency as a reliable authority regarding the quality of education or training offered by the schools or programs it accredits. The Accreditation Group within the Department's Office of Postsecondary Education (OPE) is responsible for reviewing agency petitions for recognition and monitoring agencies during the recognition period. In this report, we refer to OPE's monitoring during the recognition period, which comprises all oversight activities performed outside of the recognition petition review process, as "post-recognition oversight." Our audit covered OPE's procedures for evaluating an agency's qualifications at the time an agency petitions for recognition (initial or renewal) and OPE's post-recognition oversight of agencies. We also reviewed OPE's evaluations of five petitioning agencies (one initial petition and four renewal petitions), as well as any post-recognition oversight that OPE performed for these agencies. Our review covered January 2013 through June 2017.

What We Found

As of June 2017, OPE had a formal process for reviewing agency petitions for recognition that incorporated the petition review procedures required under Title 34, Code of Federal Regulations, Section 602.32 (34 C.F.R. § 602.32).[1] OPE maintained documentation supporting analysts' conclusions regarding agency compliance with recognition criteria for the five agency petitions we reviewed, but OPE's process did not provide reasonable assurance that the Department recognized only agencies meeting Federal recognition criteria. Specifically, we identified several weaknesses related to OPE's agency petition review process.

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[1] Required procedures under 34 C.F.R. § 602.32 include analyzing an agency's recognition petition, submitting a written draft analysis to the agency identifying areas of noncompliance, soliciting feedback from the agency, and submitting a written final analysis of the agency (which includes a recognition recommendation) to the senior Department official for a recognition decision. All regulatory citations are from the 34 C.F.R. volume dated July 1, 2016.

- OPE does not have adequate controls over the school information that agencies use as evidence to demonstrate that they have appropriate accreditation standards and effective mechanisms for evaluating school compliance with those standards before reaching an accreditation decision.

    - OPE typically allows petitioning agencies to select the specific schools used as evidence of compliance. This can lead to an agency providing documentation for only the best examples of its school oversight activities ("cherry-picking"), which may not be indicative of the quality of the agency's actions for other schools it accredits.

    - OPE allows petitioning agencies, regardless of their size, to submit supporting documentation for as few as two schools. Agencies of significantly different sizes may submit supporting documentation for the same number of schools, a number that may not be sufficient to demonstrate that an agency consistently applies and enforces its accreditation standards.

- OPE does not have written policies and procedures to guide analysts through the review of agency recognition petitions, which can and has led to inconsistencies across agency reviews and among OPE analysts regarding the number of schools and amount of documentation that is deemed necessary to demonstrate compliance with Federal recognition requirements.

We found that OPE's post-recognition oversight is not adequate to ensure agencies consistently and effectively carry out their responsibilities. OPE does not have an adequate plan for the post-recognition oversight of agencies and does not regularly perform reviews of high-risk agencies during the recognition period. OPE takes a reactive approach to post-recognition oversight and performs oversight activities for an agency only if it is alerted that compliance or other issues may exist at that agency. This could result in no oversight for some agencies, including newly recognized or higher risk agencies, for up to 5 years. In addition, OPE's oversight approach may not identify significant agency issues soon enough to mitigate or prevent potential harm to accredited schools, students, or taxpayers.

What We Recommend

We recommend that the Assistant Secretary for OPE—

- Require the OPE Accreditation Group to use risk-based procedures and readily available information to identify which and how many schools each petitioning agency must use to demonstrate that it consistently applies and enforces its accreditation standards and otherwise complies with Federal recognition criteria.

- Require the OPE Accreditation Group to adopt written policies and procedures for reviewing agency petitions for recognition.

- Require the OPE Accreditation Group to adopt a risk-based methodology, using readily available information, to identify high-risk agencies and prioritize its oversight of those agencies during the recognition period.

We provided a draft of this report to OPE for comment. In its response, OPE did not explicitly state whether it agreed with our findings. OPE stated that it agreed conceptually with Recommendation 1.1, but identified what it described as "practical limitations" to implementing the recommendation. For example, OPE contends that if it selects the schools agencies use to demonstrate compliance, some of the selected schools may not have been subject to a full accreditation review during the current agency recognition period and many of the accreditation standards may not apply to those schools. OPE agreed with Recommendations 1.2 and 2.1. We did not make any changes to the findings or recommendations based on OPE's comments. We summarized OPE's comments and provided our response, as needed, at the end of the findings. We also included the full text of the comments as Appendix C to this report.

Introduction

Background

Postsecondary schools (schools) must be accredited by an accrediting agency recognized by the Secretary of Education (Secretary) in order to participate in the Higher Education Act of 1965, as amended (HEA), Title IV programs.[2] To be recognized, agencies must demonstrate that they are reliable authorities regarding the quality of education or training offered by the schools or programs they accredit. Agencies, along with States and the Department, are part of the program integrity "triad" responsible for acting as gatekeepers for the Title IV programs. An agency's role as part of the triad is to oversee academic quality at schools by applying and enforcing specific standards for the schools it accredits.

Section 496 of the HEA authorizes the Secretary to establish criteria for determining whether agencies are reliable authorities regarding the quality of education or training offered by the schools or programs they accredit. An agency must have accreditation standards that assess a school in the following 10 areas:

1. success with respect to student achievement;

2. curricula;

3. faculty;

4. facilities, equipment, and supplies;

5. fiscal and administrative capacity;

6. student support services;

7. recruiting and admission practices;

8. measures of program length and objectives;

9. student complaints; and

10. compliance with Title IV program responsibilities.

The regulations at 34 C.F.R. Part 602 implement the provisions of Section 496 of the HEA. Among other requirements, agencies recognized by the Secretary must

- have effective mechanisms for evaluating a school's compliance with the agency's standards before reaching an accreditation decision,

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[2] The Title IV programs provide financial aid, typically in the form of grants or loans, to eligible students enrolled in eligible programs at eligible schools.

- consistently apply and enforce standards that ensure that the education or training a school offers is of sufficient quality to achieve its stated objective for the duration of the accreditation period, and

- reevaluate schools at regular intervals and monitor them throughout their accreditation period to ensure that they remain in compliance with the agency's standards.

School or Program Accreditation Process

Agencies are private educational associations with a regional or national scope. Accreditation is a peer review process for evaluating schools or programs. Accreditation ensures a basic level of quality of the education offered by a school and serves as one of the bases for establishing a school's eligibility to participate in the Title IV programs. Agencies are responsible for evaluating schools to determine whether they meet the agencies' accreditation standards. This accreditation process is typically conducted by peer evaluators and occurs at least every 10 years. Agencies make the final accreditation decision for a school after reviewing two reports: a school's self-study report, which is an in-depth, self-evaluation that measures the school's performance against agency standards, and an agency's site visit report, which is prepared by peer evaluators who visit the school and assess its compliance with agency standards.

There are two basic types of accreditation: institutional and specialized (programmatic). Institutional accreditation applies to an entire school, indicating that each of a school's parts is contributing to the achievement of the school's educational objectives. Specialized accreditation usually covers specific programs or departments within a school. Accrediting agencies are generally classified as institutional or specialized. Agencies are further classified as national or regional depending on whether they accredit schools (or programs) operating nationwide or within a specific region. The Secretary currently recognizes 36 agencies for Title IV purposes—13 institutional agencies and 23 specialized agencies.

Institutional agencies were responsible for accrediting and monitoring schools that received nearly $121 billion, or more than 95 percent, of the $127 billion in total Title IV student aid awarded in Federal award year 2014–2015. Schools accredited by specialized agencies received the remaining $6 billion that year. Table 1 provides a breakdown of the amount of Title IV student aid and number of schools accredited by institutional agencies by geographic scope.[3]

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[3] The Title IV student aid volume and number of accredited schools in Table 1 are for Federal award year 2014–2015 and academic year 2014–2015, respectively.

Table 1. Institutional Agencies' Title IV Student Aid and School Count by Geographic Scope

-	Regional	National	Total
Title IV Student Aid Volume	$117.1 billion	$3.8 billion	$120.9 billion
Number of Accredited Schools	2,879	844	3,723

SOURCE: "RECOGNIZED INSTITUTIONAL ACCREDITORS: FEDERAL POSTSECONDARY EDUCATION AND STUDENT AID DATA," PREPARED BY THE DEPARTMENT FOR THE NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY MEETING, JUNE 20–22, 2017 (JUNE 2017 ACCREDITOR DASHBOARD).

Agency Recognition Process

The Department's Accreditation Group, located within OPE, is responsible for reviewing agency petitions for recognition and overseeing the agencies throughout the recognition period.[4] Agency petitions for Department recognition are also reviewed by the National Advisory Committee on Institutional Quality and Integrity (NACIQI).[5] Based on the recommendations from OPE and NACIQI, a senior Department official determines whether an agency is recognized and the length of the recognition period.

A petitioning agency submits an application for recognition through the Department's online Accreditation and State Liaison system along with supporting evidence that it complies with the recognition criteria contained in 34 C.F.R. 602, Subpart B. Prior to Fall 2015, agencies were required to submit narrative responses and supporting documentation for more than 90 recognition criteria. OPE's Accreditation Group then analyzed the entire agency submission. However, OPE's Accreditation Group changed the way it reviewed petitions for renewal recognition in 2015. OPE's Accreditation Group selected a subset of the recognition criteria that it believed were the most relevant to ensuring education quality and focused its reviews on this criteria. Under this streamlined "focused review" approach, agencies need to provide narrative responses and supporting documentation for as few as 22 of the more than 90 recognition criteria. For the remaining criteria, agencies attest that they have made no changes to their policies and procedures since their last NACIQI review that would

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[4] As of March 2018, the group consisted of a director, six analysts, and one support staff. Each analyst is assigned about 10 agencies to review (when agencies petition for recognition) and oversee (during the recognition period).

[5] NACIQI is a Federal advisory committee that advises the Department's Secretary on matters related to postsecondary accreditation, including if and to what extent an agency should be recognized. The Department, House of Representatives, and Senate each appoint 6 of the 18 committee members.

bring them into noncompliance with any of the requirements of those criteria. Agencies seeking initial recognition still need to provide narrative responses and supporting documentation for all criteria.

After the Accreditation Group completes its analysis, NACIQI reviews an agency's recognition petition and discusses it at a public meeting. During each meeting, NACIQI reviews information the Accreditation Group prepared and considers comments from Department staff, agency officials, and the public. The Accreditation Group and NACIQI both make formal recognition recommendations to a senior Department official chosen by the Secretary. The senior Department official then makes the final decision regarding an agency's recognition petition. The senior Department official may choose to recognize an agency without conditions for the maximum 5-year recognition period, choose a shorter recognition period if the agency needs to correct significant deficiencies, or reject the agency's petition for recognition.[6] The senior Department official's recognition decisions have historically aligned with the recommendations provided by the Accreditation Group and NACIQI.

Department's Oversight of Agencies During the Recognition Period

The Department can review an agency's compliance with the recognition criteria at the request of NACIQI or based on information relevant to recognition.[7] If an agency is found noncompliant, the senior Department official may take adverse action against the agency, including limiting, suspending, or revoking the agency's recognition.[8] OPE may also perform oversight activities for an agency during the recognition period if it learns that an agency may not be complying with the recognition criteria. Specifically, OPE performs oversight if it receives complaints against an agency, learns that an agency is involved in litigation (legal alerts), learns that an agency was identified in the media related to potential noncompliance with Federal law or regulations (news alerts), or receives information (or inquiries) from other Department offices or external sources that an agency may not be complying with the recognition criteria. OPE began receiving legal and news alerts in July 2016.

According to OPE officials, after learning that an agency may not be complying with the recognition criteria, OPE contacts the agency and requests and reviews agency information, as needed, before deciding whether the agency is complying with the

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[6] An agency can appeal to the Secretary if it disagrees with the senior Department official's decision.

[7] 34 C.F.R. § 602.33(a).

[8] 34 C.F.R. § 602.36(e).

applicable recognition criteria. If the agency disagrees with OPE's determination and refuses to take the corrective action OPE suggests, the matter must be brought to NACIQI and ultimately the senior Department official before any final or adverse action can be taken against the agency. Although this type of situation occurred recently with a specialized agency that accredits nursing programs, the OPE Accreditation Group director stated that agencies typically remedy any areas that OPE believes should be corrected rather than pursue the matter with NACIQI.

Finding 1. OPE Needs to Correct Weaknesses In Its Agency Recognition Petition Review Process

OPE has implemented a formal process to review agency recognition petitions. We reviewed OPE's evaluations of five agency recognition petitions[9] and found that OPE's system for accepting, tracking, and assessing petitions was structured and generally well organized; analysts' conclusions regarding agency compliance with recognition criteria were supported by documentation in OPE's Accreditation and State Liaison system; and analysts' evaluations and recommendations were reviewed by the Accreditation Group director. We also found that OPE's focused review approach for analyzing renewal petitions generally covered recognition criteria relevant to ensuring education quality.[10]

We identified weaknesses in OPE's petition review process that need to be corrected before the process can provide needed assurances that the Department recognizes only agencies that meet Federal recognition criteria. OPE typically did not control which schools or how many schools agencies used as evidence to demonstrate that an agency had effective mechanisms for evaluating a school's compliance with agency accreditation standards (34 C.F.R. § 602.17). In addition, OPE had not developed policies and procedures to guide analysts through the recognition petition review process.

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[9] We reviewed OPE's evaluations of recognition petitions for 4 of the 13 institutional agencies and 1 of the 23 specialized agencies. See the "Scope and Methodology" section for additional information on how we selected agencies for review.

[10] We reviewed the recognition criteria excluded from focused reviews to determine whether any should be included to help ensure education quality. We did not identify any excluded criteria that should be included in focused reviews.

Inadequate Controls over the School Information that Agencies Used as Evidence

We found the following weaknesses related to OPE's petition review process:

1. OPE typically allows a petitioning agency to select the specific schools used to demonstrate that the agency has effective mechanisms for evaluating a school's compliance with agency accreditation standards.[11]

2. Regardless of how many schools a petitioning agency accredits or the amount of Federal funds received by those schools, OPE allows an agency to submit supporting documentation for as few as two schools to demonstrate that it has effective mechanisms for evaluating a school's compliance with agency accreditation standards.[12] Before transitioning to focused reviews in 2015, OPE allowed an agency to submit supporting documentation for only one school.

An agency's ability to control the selection of schools used as evidence of compliance and use only a limited number of schools to support its recognition petition could increase the risk of harm to accredited schools, students, and taxpayers. The Department's recognition decisions may be based on evidence that is not representative of the typical quality of an agency's accreditation work at schools. As a result, OPE may not identify weaknesses in an agency's school accreditation activities and agencies not meeting the recognition criteria may continue to operate as recognized agencies for several years before their compliance issues are uncovered, if at all. Those agencies can continue to accredit schools, which could inappropriately make the schools they accredit eligible to participate in the Title IV programs, and increase the risk that students and taxpayers are harmed.

For students, the risk is that an agency accredits (and thus endorses) a school of low educational quality and students use Title IV funds to enroll in that low-quality school. In addition to receiving a substandard education that could affect their competiveness when seeking employment and their ability to repay student loans, students may see their school lose its accreditation due to the agency's recognition being revoked, which

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[11] The OPE Accreditation Group director stated that OPE will select specific schools for review if it suspects compliance issues at those schools.

[12] According to OPE's Accreditation Group director, supporting documentation should include a school's self-study report and the agency's site visit report and decision letter for that school. This documentation would provide OPE with enough information to evaluate whether an agency had the accreditation standards required under 34 C.F.R. § 602.16 and effective mechanisms for evaluating a school's compliance with those standards (34 C.F.R. § 602.17).

could jeopardize their ability to complete their educational program. For taxpayers, the risk is that an agency accredits schools of low educational quality, ineffective management, or inadequate fiscal capacity, which could make the schools inappropriately eligible to participate in the Title IV programs. This places taxpayer dollars at risk in the event students seek student loan discharges because the schools were substandard or closed abruptly. The closures of the Corinthian schools in 2015 and ITT schools in 2016 demonstrate that schools that are improperly managed, lack fiscal capacity, or that may not provide a quality education could abruptly shut down, resulting in the displacement of tens of thousands of students and potentially hundreds of millions of dollars in forgiven student loans that taxpayers become responsible for.[13]

The U.S. Government Accountability Office's (GAO) internal control standards[14] state that "management should use quality information to achieve the entity's objectives." GAO's standards state that management should obtain "relevant data from reliable internal and external sources" to help ensure data are "reasonably free from error and bias and faithfully represent what they purport to represent." Further, the standards provide that no one person or entity should be in a position both to perpetrate and to conceal errors or fraud. OPE should take responsibility for selecting the schools that will be used as evidence during its review to help ensure that the data being reviewed are reliable. Section 496(n)(3) of the HEA requires the Secretary to consider all available relevant information concerning agency compliance with Federal recognition criteria. In addition, the Department must maintain sufficient documentation to support the conclusions reached in the recognition process.[15]

Obtaining documentation for a limited number of agency-selected schools is not sufficient to assess whether an agency consistently applies and enforces its accreditation standards across schools it accredits, especially when an agency accredits hundreds of schools. The number of schools needed to provide satisfactory evidence of compliance could vary because of differences in the number of schools, the types of schools, or the total amount of Title IV funds received by schools that an agency accredits. For example, obtaining documentation for two schools from an agency that

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[13] As of October 2016, the Department reported that it had approved more than $350 million in loan discharges for former Corinthian students. According to the Department's former Under Secretary, about $500 million more in student loans would be forgiven if all of the more than 35,000 displaced ITT students requested and received student loan discharges.

[14] U.S. Government Accountability Office's Standards for Internal Control in the Federal Government, September 2014.

[15] Section 496(n)(4) of the HEA.

accredits only three schools (Agency 1 in Table 2) should provide sufficient evidence of compliance. However, obtaining documentation for two schools from an agency that accredits nearly 400 schools (Agency 3) likely would not provide sufficient evidence. The risk of obtaining documentation for an insufficient number of schools is further exacerbated when the agency is allowed to select the schools that it uses as evidence of compliance, which may not be indicative of the agency's accrediting activities for other schools it accredits.

OPE does not consider agencies providing only their best examples of school oversight work when petitioning for recognition to be a significant risk. Neither the Accreditation Group director nor the analysts considered agency selection of schools to be a significant risk. One analyst stated that systemic issues at an agency would likely be identified during a review of the agency's petition, regardless of which schools' documentation was provided. Another analyst stated that the legal and news alerts would likely also help OPE identify systemic issues at an agency. Although OPE may identify some systemic issues at an agency after reviewing agency-selected school documentation or following up on legal and news alerts, it may not detect all significant systemic issues because the agency generally controls the documentation that OPE analysts will have available for review.

OPE has access to information that it could use to identify schools to obtain and review documentation for when it evaluates an agency's recognition petition. For example, Federal Student Aid (FSA) maintains information (such as annual financial and audit reports, program review reports, school risk assessments, complaints, and enforcement actions) on all schools participating in the Title IV programs. OPE also has access to the Department's accreditor dashboards,[16] which provide the characteristics of all the schools each agency accredits.

It is critical that OPE consider and incorporate readily available, relevant information at the school level when evaluating an agency's recognition petition because compliance issues at schools could indicate weaknesses or compliance issues at an agency. For example, OPE requested documentation for Corinthian-owned schools from the applicable agencies as part of OPE's review of the agencies' June 2016 renewal petitions. The documentation for one agency did not demonstrate that the agency had effectively monitored the Corinthian schools.[17]

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[16] The dashboards are available at https://www2.ed.gov/admins/finaid/accred/accreditor-dashboards.pdf.

[17] OPE recommended termination of this agency's recognition. Due to litigation, the Secretary's decision upholding termination of recognition has been remanded to the Department for further consideration.

No Policies and Procedures for Reviewing Agency Petitions

OPE does not have policies and procedures to guide analysts through the review of agency recognition petitions. Most analysts rely entirely on the recognition criteria (34 C.F.R. § 602, Subpart B) to guide their reviews.[18] Although the Federal regulations establish the requirements that agencies must comply with, they generally do not contain instructions or guidance regarding the amount of evidence that is needed to demonstrate compliance. An OPE accreditation brochure[19] identifies specific documentation, such as a sample of completed self-study reports and site visit reports, that an agency should submit as part of its petition for recognition. In addition, OPE's January 2012 "Guidelines for Preparing/Reviewing Petitions and Compliance Reports," provides examples of documentation that agencies could submit to demonstrate compliance with the recognition criteria. However, neither of OPE's publications specify a method for determining which schools should be selected or the number of schools for which documentation should be obtained to adequately assess agency compliance with applicable recognition criteria. This procedural gap can lead to significant differences across agencies and among OPE analysts regarding the number of schools and amount of documentation that is deemed necessary to demonstrate compliance. As shown in Table 2, we determined that the number of schools that agencies used to demonstrate compliance varied across the five agencies included in our review.

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[18] Five of the six analysts use the recognition criteria exclusively to guide their review. The remaining analyst, hired by OPE in early 2017, uses both the recognition criteria and OPE's January 2012 Guidelines.

[19] "Nationally Recognized Accrediting Agencies, Nationally Recognized State Approval Agencies for Public Postsecondary Vocational Education, Nationally Recognized State Approval Agencies for Nurse Education, and the Criteria for Recognition by the U.S. Secretary of Education," April 2017 (first created in 1993).

Table 2. Number of Schools That Agencies Used To Demonstrate Compliance and Total Number of Accredited Schools by Agency

Agency	Number of Schools Used to Demonstrate Compliance (a)	Total Number of Accredited Schools
Agency 1	2	3 (c)
Agency 2	5	946 (d)
Agency 3	2	388 (d)
Agency 4	16	375 (d)
Agency 5	0 (b)	473 (d)

(a) Source: OIG analysis of agency petitions. Only schools with a self-study report, site visit report, and decision letter were counted.
(b) This agency did not provide a self-study report for any of the schools used as evidence. However, it did provide an excerpt from a self-study report for one school to demonstrate compliance with the self-study criterion (34 C.F.R. § 602.17(b)).
(c) Source: OIG analysis of agency's petition for initial recognition.
(d) Source: Department's June 2017 accreditor dashboard.

GAO's internal control standards state that management should design control activities, such as appropriate documentation of internal control, to achieve objectives and respond to risks. The standards state that management should implement those control activities through policies and that internal control procedures may be documented in writing in management directives, administrative policies, or operating manuals. Written policies and procedures could help ensure consistency in the reviews performed by different OPE analysts and are important given the current composition of OPE's Accreditation Group (two of the group's six analysts are nearing retirement and another analyst has limited experience). At a minimum, the policies and procedures adopted by OPE should require that analysts (1) identify an appropriate number of OPE-selected schools that agencies must use to demonstrate compliance based on the agency's risk profile and (2) obtain each selected school's complete self-study report and the agency's site visit report and decision letter to help ensure appropriate determinations. Written policies and procedures could help ensure that the Accreditation Group's operations continue with minimal interruptions in the event of employee turnover.

Recommendations

We recommend that the Assistant Secretary for OPE—

1.1   Require the OPE Accreditation Group to use risk-based procedures and readily available information to identify the specific schools and an appropriate number of schools that each agency must use as evidence to demonstrate that it had effective mechanisms for evaluating a school's compliance with accreditation standards before reaching an accreditation decision.

1.2   Require the OPE Accreditation Group to adopt written policies and procedures for evaluating agency recognition petitions that incorporate the elements of Recommendation 1.1 and address specific documentation requirements to include each selected school's complete self-study report and the agency's site visit report and decision letter.

OPE Comments

OPE stated that it agreed conceptually with Recommendation 1.1, but described practical limitations that it believes prevent implementation of the recommendation. OPE stated that it is appropriate for the accrediting agency to select the schools OPE will review, and OPE staff can then examine the agency's selections.

OPE noted that selecting the schools that an agency would use as evidence during the recognition process would present challenges because (1) only some schools accredited by an agency would have been subject to a full accreditation review during the current agency recognition period and (2) many of the accreditation standards may not apply to all schools. OPE also noted that increasing the number of schools reviewed would present challenges: some renewal petitions are already very lengthy, and reviewing additional documentation would be nearly impossible. OPE also stated that requiring agencies to submit additional documents would increase the cost to agencies without a commensurate benefit. OPE stated that the current process of agencies' selecting one or more schools for OPE to examine is appropriate. However, OPE acknowledged that it should review more school examples and perform random spot checks of files to eliminate any potential bias resulting from agency "cherry-picking." OPE also acknowledged that under the current process the Department often lacks a true, multidimensional picture of agencies and the schools they oversee.

OPE agreed with Recommendation 1.2.

OIG Response

OPE needs to review school examples that allow it to complete an adequate review of agency activities. Rather than relying solely on school examples selected by the

agencies, OPE should select the schools from an agency-provided list of schools that meets OPE's needs. OPE can use available risk-based information when selecting schools to obtain a more objective, representative sample of the agency's oversight activities. OPE can exclude schools that it believes may not be representative, such as schools that have not been subject to a full accreditation review or that were reviewed under agency standards no longer in use. We recognize that some accreditation standards may not apply to all schools. However, our recommendation is focused on selecting and reviewing school documentation for purposes of evaluating whether the agency has effective mechanisms for evaluating a school's compliance with agency accreditation standards in the 10 areas listed in the Background section of this report, standards which generally apply to all schools. If OPE needs to review particular agency standards that do not apply to all schools an agency oversees, OPE can choose schools to be included accordingly.

We agree that requiring agencies to submit additional documentation without a commensurate benefit is not appropriate. However, we believe our recommendation may actually decrease the amount of documentation agencies will provide if OPE strategically selects the schools for review. For example, as noted in our report, one agency provided a complete set of documentation (that is, a site visit report, self-study, and decision letter) for 16 schools, whereas another agency did not provide a complete set of documentation for any school. The agency that provided documentation for 16 schools likely would not have provided that volume of documentation if OPE had specified the schools it wanted documentation for. By employing a strategic, risk-based approach to school selection and specific document requests, OPE may be able to review more school examples while simultaneously reducing the amount of documentation that agencies submit and OPE analysts need to review.

Finding 2. OPE Needs to Improve Oversight of High-Risk Agencies During the Recognition Period

OPE's oversight of accrediting agencies during the recognition period is not adequate to ensure agencies consistently and effectively carry out their responsibilities. OPE does not have an adequate plan for conducting oversight of agencies during the recognition period. According to OPE's Accreditation Group director, OPE does not regularly perform reviews of agencies during the recognition period. However, OPE does conduct oversight activities if any of the following scenarios occur: (1) it receives a complaint against the agency, (2) it receives a legal alert regarding the agency, (3) it receives a news alert regarding the agency, or (4) it receives information or inquiries from other Department offices or external sources that an agency may not be complying with the recognition criteria. In response, OPE generally performs the same oversight activities. OPE first researches the issue to determine whether it applies to the recognition criteria. If warranted, OPE contacts the agency and requests and reviews agency information, to gain a better understanding of the issue before deciding whether the agency is complying with the applicable recognition criteria.[20] Absent one of the four scenarios above, OPE may not interact or communicate with some agencies for up to 5 years. If an agency is not meeting its accrediting responsibilities, the Department and students lack a reliable authority on the quality of education or training provided by the schools that the agency accredits.

GAO's internal control standards state that management should design control activities to achieve its objectives and respond to risks. Post-recognition oversight is a control activity that could help OPE timely identify agency compliance issues or other weaknesses and provide OPE with greater assurance that agencies are meeting the recognition criteria and carrying out their responsibilities.

We requested documentation to identify the oversight activities that OPE performed from January 2013 through June 2017 for the five agencies included in our review. OPE was able to demonstrate that it had followed up on instances of potential agency noncompliance for four of the five agencies. As of June 2017, OPE had not performed any oversight for the remaining agency, which was recognized by the Department for

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[20] If OPE determines that there is a compliance issue and the agency disagrees with that determination and refuses to take OPE-suggested corrective action, the matter would be brought to NACIQI and the senior Department official under the procedures described in 34 C.F.R. § 602.33 before a final or adverse action could be taken against the agency.

the first time in March 2016, because none of the four scenarios occurred for that agency. Newly recognized agencies should be closely monitored to ensure they are consistently applying and enforcing their accreditation standards and otherwise complying with applicable Federal requirements. Table 3 shows the number of instances of oversight that OPE performed for these agencies, organized by the scenario triggering such oversight.

Table 3. Frequency of OPE's Oversight Activities by Scenario for Five Agencies Reviewed

Agency	Scenario 1: Complaints (a)	Scenario 2: Legal Alerts (b)	Scenario 3: News Alerts (b)	Scenario 4: Department- or Externally-Provided Information (c)
Agency 1	0	0	0	0
Agency 2	4	1	2	0
Agency 3	2	0	0	2
Agency 4	4	0	0	0
Agency 5	6	1	0	0
Total	**16**	**2**	**2**	**2**

(a) The information for Scenario 1 covers January 2013 to April 2017.
(b) The information for Scenarios 2 and 3 cover July 2016 through June 2017.
(c) The information for Scenario 4 covers January 2013 through June 2017.

OPE could be more proactive in overseeing agencies during the recognition period. Under its current oversight approach (described above), OPE may not detect an agency's compliance issues or other weaknesses for up to 5 years, or even longer if the problems are not detected during the subsequent renewal petition review. As a result, low-quality schools accredited by poor performing agencies may also go undetected and continue to participate in the Title IV programs, which negatively impact both the students and taxpayers financing the students' education. OPE's Accreditation Group director and analysts do not believe that the group, which consists of a director, six analysts, and one support person, is sufficiently staffed to perform routine post-recognition oversight of recognized agencies.

When resources are limited, oversight bodies such as OPE's Accreditation Group should implement a risk-based approach to oversight. Section 496(n)(2) of the HEA states that the Secretary shall place a greater priority on reviewing agencies that accredit schools that participate most extensively in the Title IV programs and those agencies that have been the subject of the most complaints or legal actions. In addition to these factors, OPE should use other readily available information, such as institutional characteristics from the accreditor dashboards and information from FSA regarding school risk

assessments, annual financial and audit reports, program review reports, complaints, and enforcement actions to determine the extent that each agency should be monitored during the recognition period. By not using readily available information, as permitted under 34 C.F.R. § 602.33(a), OPE is missing an opportunity to identify agencies that warrant post-recognition oversight. Effective post-recognition oversight would provide OPE with greater assurance that agencies are consistently and effectively carrying out their responsibilities, which includes overseeing the academic quality at schools they accredit, thereby mitigating potential harm to students and taxpayers.

Recommendation

We recommend that the Assistant Secretary for OPE—

2.1   Require the OPE Accreditation Group to adopt a risk-based methodology, using readily available information, to identify high-risk agencies and prioritize its oversight of those agencies during the recognition period.

OPE Comments

OPE agreed that it should adopt a risk-based approach to its oversight and review processes by using information collected from various offices within the Department.

Appendix A. Scope and Methodology

The scope of our review was OPE's processes for evaluating agency qualifications at the time an agency petitions for initial or renewal recognition and for conducting post-recognition oversight of agencies. Although we gained an understanding of the roles and responsibilities that NACIQI and the senior Department official have in the recognition process, our main focus was on OPE's roles and responsibilities in this process because it is the entity responsible for performing the initial and most thorough review of agency petitions and the post-recognition oversight of agencies. We focused primarily on institutional agencies because they accredit entire schools and serve as gatekeepers for the majority of the Title IV funds disbursed by the Department. Our review generally covered January 2013 through June 2017. We selected this period because it would most likely ensure that at least one recognition petition for all recognized agencies was reviewed by the Department, and it would allow us to assess the Department's process for recognizing agencies before and after OPE began conducting focused reviews for renewal petitions in 2015.

To obtain background information, we reviewed—

- Organizational charts, a list of key personnel, and information that shows how OPE's organizational structure has changed over the years.

- OPE's "Guidelines for Preparing/Reviewing Petitions and Compliance Reports," January 2012; Department letter, June 3, 2013, describing transition to focused reviews for renewal petitions; Department letter, June 30, 2016, providing instructions to agencies on how to submit their petitions; and a summary document describing OPE's procedures for post-recognition oversight of agencies.

- An OPE brochure that provides general information about accreditation and the roles of the Department and agencies, a summary of the Accreditation Group's responsibilities, and a listing of the agencies assigned to each OPE analyst.

- Information about the number and types of agencies recognized by the Department.

- The June 2017 accreditor dashboard, which presents consolidated information about the schools accredited by each agency recognized by the Department.

- Prior OIG products covering the OPE Accreditation Group or recognized accrediting agencies.

- GAO reports, "Education Should Strengthen Oversight of Schools and Accreditors" (GAO-15-59), January 2015; and "Expert Views of U.S. Accreditation" (GAO-18-5), December 2017.

To achieve our audit objective, we interviewed OPE officials and staff working in the Accreditation Group, OPE's executive director for NACIQI, the current and immediately preceding NACIQI chairpersons, the current and immediately preceding senior Department officials, and an Office of General Counsel attorney knowledgeable about accreditation-related matters. We reviewed documents covering OPE's processes for evaluating agency petitions and conducting oversight of agencies, as needed, to corroborate testimonial evidence. To assess and gain a better understanding of how OPE analyzes agency petitions and evaluates agency compliance with the Federal recognition criteria, we reviewed OPE's petition evaluations for five agencies. We also reviewed documents and records demonstrating the post-recognition oversight that OPE performed for these five agencies. In addition, we reviewed the agendas and notes for 14 separate monthly meetings between OPE and FSA between 2014 and 2017. We also observed the OPE/FSA monthly meetings held in August and September 2017 to understand the types of information typically shared during these meetings. To observe and gain a better understanding of NACIQI's role in the recognition process, we also attended the June 2017 NACIQI meeting held in Washington, D.C.

We also reviewed—

- Past recognition decisions made by the senior Department official for all 13 institutional agencies and one specialized agency. Recognition decisions made by the official aligned with the recommendations made by the Department or NACIQI, or both.

- Information about specific instances where NACIQI's recognition recommendations differed from the Department's recommendations.

- Relevant sections of the HEA and Federal regulations, particularly Sections 114 and 496 of the HEA and 34 C.F.R. § 602, Subpart B, which describe the roles and responsibilities of those involved in the accrediting and agency recognition processes.

- GAO's "Standards for Internal Control in the Federal Government," September 2014.

We reviewed documentation in OPE's Accreditation and State Liaison system for the five agencies included in our review, in part, to determine how many schools the agencies used as evidence to demonstrate that they had effective mechanisms for evaluating a school's compliance with their accreditation standards before making an accreditation decision. For each agency, we reviewed the documentation for purposes of determining

how many schools had a complete self-study report, site team report, and decision letter. Because OPE needs all three of these documents to see the full cycle of an agency's review, we counted only schools with all three of these documents for purposes of our analysis.

Sampling Methodology

We judgmentally selected the recognition petitions for five agencies[21] to assess OPE's review of the selected petitions. We used a judgmental sampling approach rather than statistical sampling because there were specific characteristics that we wanted to ensure were represented in our sample; consequently, our results cannot be projected to agencies we did not review.

We defined our universe as those agencies that accredit entire schools (13 institutional agencies). We obtained relevant data about each agency to facilitate the selection process, including the date on the senior Department official's most recent recognition decision letter for each agency, total Title IV funds disbursed by each agency's accredited schools, the number of schools accredited by each agency, and the types of schools each agency accredits (public, private, proprietary, etc.).

We defined our agency selection criteria as follows:

i. <u>Timeframe/Scope</u>. Agency must have received its initial or renewal recognition from January 1, 2013, through May 7, 2017, the day we selected agencies for review.

ii. <u>Initial and Renewal Recognition</u>. We intended for our sample to include at least one agency that received initial recognition and one agency that received renewal recognition. However, none of the institutional agencies received initial recognition during our audit period. The only agency that received initial recognition during our audit period was a specialized agency (Association of Institutions of Jewish Studies), which was not part of our sample universe. Because we wanted to assess OPE's review of at least one agency petition for initial recognition, we selected this specialized agency for review.

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[21] We judgmentally selected the recognition petitions for 4 of the 13 institutional agencies and 1 of the 23 specialized agencies recognized for Title IV purposes.

iii. <u>Full and Focused Review</u>. We designed our sample to include at least two agencies that received a full review and two agencies that received a focused review.[22]

iv. <u>National and Regional Agencies</u>. We designed our sample to include at least two of the four national agencies and two of the nine regional agencies.

v. <u>Size of Agency</u>. We focused on selecting agencies that accredited a larger number of schools and agencies whose schools disbursed larger amounts of Title IV aid.

vi. <u>Recent Recognition</u>. We focused on selecting agencies that were recognized more recently, allowing us to assess OPE's current practices for evaluating recognition petitions.

vii. <u>Other Factors</u>. We considered other factors such as types of schools accredited by each agency, prior audit findings, and any other information deemed relevant to the selection process.

Using the agency selection criteria, we judgmentally selected one specialized agency and the following four institutional agencies for inclusion in our review:

1. The North Central Association of Colleges and Schools, The Higher Learning Commission.

2. Middle States Commission on Higher Education.

3. The Accrediting Commission of Career Schools and Colleges.

4. Council on Occupational Education.

Tables 4 and 5 provide the more pertinent information about agencies that we considered when selecting institutional agencies for our review.

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[22] Only two institutional agencies received a focused review during our audit period. These agencies were selected for review.

Table 4. Nationally Recognized Institutional Agencies

Agency	Date of Renewal Recognition	Title IV Funds Disbursed by Accredited Schools	Number of Accredited Schools	Selected For Our Review?
Accrediting Commission of Career Schools and Colleges	10/2016	$2.6 billion	375	Yes
Accrediting Council for Continuing Education and Training	7/2013	$243 million	69	No
Council on Occupational Education	10/2016	$752 million	388	Yes
Distance Education Accrediting Commission	2/2013	$243 million	12	No
Total, All Agencies	-	**$3.8 billion**	**844**	-
Total, Sample Agencies	-	**$3.4 billion** (89.5% of total)	**763** (90.4% of total)	-

Table 5. Regionally Recognized Institutional Agencies

Agency	Date of Renewal Recognition	Title IV Funds Disbursed by Accredited Schools	Number of Accredited Schools	Selected For Our Review?
Middle States Commission on Higher Education	2/2013	$21.2 billion	473	Yes
Middle States Commission on Secondary Schools	8/2012	$12 million	15	No
New England Association of Schools and Colleges, Commission on Institutions of Higher Education	7/2013	$6.7 billion	218	No
New York State Board of Regents, and the Commissioner of Education	2/2013	$35 million	13	No
North Central Association of Colleges and Schools, The Higher Learning Commission	7/2013	$38.9 billion	946	Yes
Northwest Commission on Colleges and Universities	1/2014	$5.9 billion	158	No
Southern Association of Colleges and Schools, Commission on Colleges	8/2012	$32.3 billion	771	No
Western Association of Schools and Colleges, Accrediting Commission for Community and Junior Colleges	1/2014	$2.3 billion	130	No
Western Association of Schools and Colleges, Senior College and University Commission	2/2013	$9.8 billion	155	No
Total, All Agencies	-	**$117.1 billion**	**2,879**	-
Total, Sample Agencies	-	**$60.1 billion** (51.3% of total)	**1,419** (49.3% of total)	-

Use of Computer-Processed Data

We relied on information contained in the Department's June 2017 accreditor dashboard to define the universe of institutional agencies from which we could judgmentally select samples for our testing. We verified the completeness and accuracy of the data in the dashboard by comparing the (1) list of institutional agencies in the dashboard to the institutional agencies listed in OPE's April 2017 accreditation brochure, and (2) total Title IV funding for all accredited schools in the dashboard to total Title IV funding for all schools in the Department's award year 2014–15 Funding Data Summary Report. We concluded that the information contained in the Department's June 2017 Accreditor Dashboard was sufficiently reliable for the purpose of our audit.

Internal Controls

We gained an understanding of OPE's process for reviewing agency recognition petitions, which is a control activity for ensuring that agencies meet the recognition criteria at the time they petition for initial or renewal recognition. As part of our review of the five agency recognition petitions, we performed work to determine whether OPE's process for reviewing recognition petitions aligned with applicable Federal requirements and whether the process was working as OPE had intended. We determined that OPE's process aligned with applicable Federal requirements and was working as OPE had intended. However, as described in Finding No. 1, we identified weaknesses in OPE's process.

We gained an understanding of OPE's process for conducting post-recognition oversight, which is a control activity for ensuring that agencies are meeting the recognition criteria throughout the recognition period. To determine whether OPE's post-recognition oversight process was working as OPE had intended, we reviewed documentation that OPE provided to demonstrate the post-recognition oversight that it performed for the agencies included in our review. We determined that OPE's process was working as OPE had intended. However, as described in Finding No. 2, we identified weaknesses in OPE's process.

We held an entrance conference with OPE officials and performed initial audit work at OPE's offices in Washington, D.C., in May 2017. We performed additional audit work at our regional office in Sacramento, CA, from May 2017 to March 2018. We held an exit briefing with OPE officials on March 7, 2018.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence

obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B. Acronyms and Abbreviations

agency	accrediting agency
C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
FSA	Federal Student Aid
GAO	U.S. Government Accountability Office
GAO's Standards	GAO's Standards for Internal Control in the Federal Government, September 2014
HEA	Higher Education Act of 1965, as amended
June 2017 Accreditor Dashboard	Recognized Institutional Accreditors: Federal Postsecondary Education and Student Aid Data, NACIQI Meeting, June 20–22, 2017
legal alerts	Weekly alerts that Department library staff email to OPE's Accreditation Group when an agency is being sued or otherwise involved in litigation
NACIQI	National Advisory Committee on Institutional Quality and Integrity
news alerts	Weekly alerts that Department library staff email to OPE's Accreditation Group when an agency is identified in the media related to potential noncompliance with Federal law or regulations
OIG	Office of Inspector General
OPE	Office of Postsecondary Education
post-recognition oversight	OPE's monitoring of agencies during the recognition period, which comprises all oversight activities outside of the recognition petition review process
recognition criteria	Secretary's Criteria for Recognition, 34 C.F.R. § 602, Subpart B

schools   postsecondary schools

Secretary   Secretary of Education

Appendix C. OPE Comments

MEMORANDUM

DATE: May 2, 2018

TO: Ray Hendren
             Regional Inspector General for Audit
             Sacramento Audit Region
             U.S. Department of Education

             Jeffrey Nekrasz
             Director
             Student Financial Assistance Advisory and Assistance Team
             U.S. Department of Education

FROM: Diane Auer Jones /s/
             Senior Policy Advisor to the
             Assistant Secretary for Postsecondary Education
             U.S. Department of Education

SUBJECT: Draft Audit Report U.S. Department of Education's Recognition and Oversight of
             Accrediting Agencies (ED-OIG/A09R0003)

Thank you for the opportunity to provide comments on your draft audit report relating to the
Department of Education (Department)'s Recognition and Oversight of Accrediting Agencies.
On behalf of the Office of Postsecondary Education (OPE), I am pleased to respond. The
Department concurs with some of the findings included in your report and is in the process of a
prompt review and possible revision of our recognition and oversight procedures. Continually
improving these practices and processes is of the utmost importance.

The Department had begun discussions about improving the process and seeking public input
prior to receiving your draft report. We will be looking for a process that is efficient, effective,
and less burdensome, while focusing more on academic quality and the primary role of
accreditors, which is to ensure that institutions are meeting education quality standards for their
students. The Office of the Inspector General (OIG)'s report reminds us that internal practices at
the Department can be improved without needing changes in statutory and regulatory
requirements. Among our goals is to generally clarify our policies while reducing sub-regulatory
burdens.

As part of the regulatory triad, accreditors play an important role in overseeing the quality of
institutions of higher education that participate in Title IV programs. Accreditors have the

primary responsibility for evaluating the academic quality of an institution, including its curricula, its faculty, its facilities, and its student support services. By contrast, Congress has circumscribed the role of the Department in these areas[1].

The methodology used by accreditors to oversee institutions relies upon intensive periodic reviews with some required monitoring, including mid-cycle reviews and annual reports. The intensive periodic reviews rely on two primary mechanisms to evaluate institutional quality: 1) the self-study and 2) the peer review site visit. Although the self-study and site visit are comprehensive and may be costly in terms of personnel resources and direct fees, they provide the best possible assessment of an institution's strengths and weaknesses and focus intense attention on the student learning environment, the quality of instruction, and available services to support student success. Accreditation's "continuous improvement" philosophy is one that depends upon seeking opportunities for growth and improvement, as opposed to identifying examples of error that could serve to justify punitive action and not improvement.

Similarly, the Department's agency recognition process involves intensive review at least every five years, with limited monitoring between reviews. Between reviews, the Department's analysts review complaints from the public, receive and review media and legal alerts, and remain in contact with accreditors. We believe that, as accreditors interact with institutions, the Department should help agencies improve and comply with the Department's requirements through regular interactions and Department-aided continuous improvement efforts.

Accreditation must also provide pathways for innovation in higher education. Because innovation requires experimentation and some experiments may fail, there must be at least a degree of risk tolerance and the ability to learn from mistakes. To reduce costs and provide students with more options, the Department looks ahead to support evidence-based innovation in higher education and helping to ensure that accreditation agencies have the ability to do the same.

As we look to continually improve the Department's practices and provide greater clarity for accreditors, institutions, students, and the public, we will consider revising the Department's manual, which the Accreditation Group consults, to evaluate petitions for initial and continued recognition and to address high risk areas, activities, and agencies[2]. As we consider changes to the manual, we will aim to ensure that the Department's reviews are complete, balanced,

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[1] §20 U.S.C. 3403(b)

[2] The manual, *Guidelines for Preparing/Reviewing Petitions and Compliance Reports in Accordance with 34 CFR Part 602, The Secretary's Recognition of Accrediting Agencies*, can be found at: https://www2.ed.gov/admins/finaid/accred/agency-guidelines.pdf

streamlined, and focused on students and academic quality. We will also seek to make communications between accreditors and Department staff more meaningful, interactive, and frequent, with greater clarity about the level of evidence necessary for accrediting agencies to satisfy statutory and regulatory requirements.

While we appreciate the OIG's concerns raised about "cherry picking," we should be mindful of the difficulties of moving fully to a system where Department staff members select the institutions that an agency submits as evidence of the implementation of its standards and policies. In short, this is because not all institutions are in the renewal stage of their own accreditation cycle during the agency's recognition review, nor do all standards and policies apply to all institutions. Therefore, we will work to identify a solution to address these issues, while still allowing agencies to put forth institutional examples that best capture the activities and actions that took place during the relevant recognition period.

In general, we agree that all accreditors should be held to equal, transparent, and rigorous standards. To achieve this goal, we plan to create a more efficient, effective, and understandable process to enhance consistency and facilitate continuous improvement.

FINDING NO. 1—OPE Needs to Correct Weaknesses in Its Agency Recognition Petition Review Process

RECOMMENDATION

Require the OPE Accreditation Group to use risk-based procedures and readily available information to identify the specific schools and an appropriate number of schools that each agency must use as evidence to demonstrate that it had effective mechanisms for evaluating a school's compliance with accreditation standards before reaching an accreditation decision.

OPE RESPONSE

OPE agrees conceptually with the conclusion of the OIG that the OPE Accreditation Group should select specific schools to include in its recognition review. We also agree generally that evaluating a greater number of an accreditor's interactions with institutions can lead to a more complete picture of the agency's ability to evaluate effectively a school's compliance with accreditation standards. While there may be some practical limitations to following the OIG's precise recommendation in this area, we believe there are ways to address this challenge without dramatically increasing the workloads of accreditation agencies and the Accreditation Group.

In practical terms, with renewal applications already reaching 60,000 pages in some instances, it would be nearly impossible for OPE to increase the number of schools for which an accreditor must submit supporting documentation in the recognition process. Importantly, the review of documentation is just one way Department staff review accreditor activities. In fact, document-

intensive reviews may be among the least revealing sources of information. Our preference, therefore, is instead to conduct more holistic, but more efficient and effective, reviews.

It is worth noting that these recent document-based reviews of initial or renewal accreditation decisions were never designed to present a complete picture of an accrediting agency or to serve as a mechanism for the Department to second guess an agency's decisions. Instead, this portion of our review should simply provide a reasonably representative view of the accreditor's capability to conduct a review following its own standards and policies. Nevertheless, to ensure that agencies do not hide areas of challenge or inconsistency, we agree that, when the agency provides excerpts of a self-study, the Department staff analyst should randomly select additional sections to be reviewed.

The Department's staff analysts are experienced, talented professionals who contribute far more to the recognition process and can use more effective systems to add more value to the process. Similarly, we know that accreditors engage in numerous activities that are of great value to their member institutions, but which may be difficult to capture in a document-dependent process. We, therefore, will find ways to evaluate the many other ways the accreditor works to promote educational quality, interact with its member institutions, and improve service to students. Department staff must incorporate these other interactions into their review as well.

Staff analysts already engage accreditors in conversations throughout the recognition period, participate in site visits performed by the agency, and observe meetings of the accrediting agency's board or other decision-making body. These activities expose our staff analysts to interactions between the agency and a much larger number of institutions than a review overly focused on the documents provided by an accreditor. They also enable Department staff to interview accreditor staff, agency volunteers, and institutional leaders, which provides a better sense of the entirety of an accrediting agency's actions and activities. Therefore, while we agree that the staff analysts should review additional institutional examples and perform random spot checks of files to eliminate any potential bias resulting from "cherry picking," we believe a greater focus on these other areas would lead to coverage of a larger number of institutions and improved oversight. Merely requiring additional documents to be submitted, on the other hand, will increase the cost to agencies without a commensurate benefit.

Cost is a concern to both taxpayers and accreditors. The Federal government does not provide any form of direct financial support to accreditors, which means each additional demand represents another unfunded mandate, the cost of which is charged by agencies to institutions, and ultimately borne by students through higher tuition and fees. As a result, the Department must be judicious in adding additional requirements on top of a process that may already too costly and burdensome for many institutions. Even under the current process, the Department often lacks a true, multi-dimensional picture of accrediting agencies and the institutions they oversee. That is why we are already discussing ways to expand the nature of our recognition

review to include a wider range of activities and efforts the agency employs to evaluate its member institutions.

The Department's selection of the institutions the accreditor submits as evidence during the recognition review process would also present some challenges. First, only some institutions accredited by an agency will have been the subject of a full renewal of accreditation review (which typically occurs in ten-year increments) during the current agency recognition period (which typically occurs in five-year increments). Reviewing the file of an institution midway through its ten-year review cycle would not give the analyst accurate information about the agency's current practices, or even the agency's ability to implement its current standards, because an institution accredited during the prior recognition cycle may have been evaluated against a different set of standards and policies. Instead, we believe the accreditors' selection—with examination by Department staff—of one or more institutions that have been through a recent, full review under the current standards and policies is appropriate.

Perhaps more importantly, although accreditors must have standards and policies in place to cover the full range of situations an institution may encounter or actions it may take, many of those standards and policies may not be applicable to every institution the accreditor oversees. For example, although accreditors must have standards in place to address substantive change requests, the establishment of branch campuses, a change of ownership, or the addition of online education, few of the institutions they accredit will have encountered all of those situations during the most recent recognition period. Therefore, a random selection of institutions by the staff might mistakenly give the impression that an agency is not applying all of its standards and policies, simply because certain policies may not apply to that institution.

RECOMMENDATION

Require the OPE Accreditation group to adopt written policies and procedures for evaluating agency recognition petitions that incorporate the elements of Recommendation 1.1 and address specific documentation requirements to include each selected school's complete self-study report and the agency's site visit report and decision letter.

OPE RESPONSE

OPE agrees with this recommendation. Although OPE created the 88-page "Guidelines" manual to provide examples of documentation that could serve as evidence of agency compliance, we agree that more precise standards of evidence could be developed and implemented consistently and that documents are not the only or best form of evidence that an agency can provide or that a staff analyst can consider. We will also aim to define more clearly what items are within the accreditor's domain of oversight responsibility versus those items that are properly the responsibility of the other entities within the triad: The Department and the State authorizing agencies.

For example, because it is the role of Federal Student Aid (FSA) to conduct Title IV compliance audits and program reviews, accreditors need not provide a duplicative review of many Clery Act or financial responsibility requirements. Over time, the lines of responsibility may have blurred, thus potentially resulting in a vastly expanded role for accreditors not contemplated in the Higher Education Act, which detracts from their responsibility to ensure the educational quality of Title IV-eligible institutions.

We also propose to provide additional training to the membership of the National Advisory Council on Institutional Quality and Improvement (NACIQI) to ensure they understand both the requirements of the Department's regulations and the options available to them regarding their recommendations. Informal conversations with the field have led us to believe that the recognition process has become less collegial, less focused on continuous improvement, and potentially driven more by policy preferences than regulatory requirements. We wish to examine these trends and ensure the NACIQI is truly and chiefly focused on institutional quality and improvement.

Although not mentioned in the OIG's report, the OPE Accreditation Group meets regularly to discuss analyst findings regarding agency reviews to maintain a level of consistency. The group's director also reviews draft and final analyst reports to ensure consistency and the Department's Office of the General Counsel is consulted when legal questions arise. Nevertheless, we understand why there is room to find new and more effective ways to ensure improved predictability and consistency.

FINDING NO. 2 – OPE Needs to Improve Oversight of High-Risk Agencies during the Recognition Period

RECOMMENDATION

2.1 Require the OPE Accreditation Group to adopt a risk-based methodology, using readily available information, to identify high-risk agencies and prioritize its oversight of those agencies during the recognition period.

OPE RESPONSE

OPE agrees that we should adopt a risk-based approach to our oversight and review processes and the accreditation group has already been working with FSA to develop an accreditation dashboard that collects data from various parts of the Department. Data within the dashboard will not be designed to trigger an automatic action, but instead will provide information about the relative level of risk associated with an accreditor based as such things as the number and kinds of institutions it accredits, the students served by those institutions, and the size of the Title IV

portfolio associated with its member institutions. Our goal is to improve the quality, timeliness, and relevance of this data where possible.

As highlighted in the OIG's report, OPE is already implementing certain elements of a risk-based approach, including the implementation of focused reviews for agencies undergoing renewal of accreditation. These focused reviews allow staff analysts to place a higher priority on the criteria most closely associated with educational quality or a particular agency's unique challenges.

Taking a risk-based approach also means that the Department must reconsider our own requirements when they are a source of risk for institutions or accreditors. Job placement determinations, for example, were determined by an IPEDS Technical Review Panel (TRP) convened in 2013[3] as lacking in comparability, given the many different – sometimes conflicting - definitions imposed upon institutions by institutional and programmatic accreditors, as well as by the States. The TRP also confirmed that no existing federal or state database could be used to determine or validate job placements; this means rates must be based on unreliable telephone surveys of students. The Department is addressing these problems at their source rather than expecting accrediting agencies to overcome the serious problems the Department's TRP identified.

Summary

We are committed to continually improving our procedures to recognize more accurately and effectively an accreditor's appropriate role: improving academic quality through peer review. Accreditors are not auditors, investigators, or Title IV compliance specialists, and we must not lose sight of the importance of educational innovation, educational quality, student affordability, and institutional stability.

We appreciate the OIG's efforts to highlight the positive elements of our current recognition procedures, as well as where there is room for improvement. We look forward to our future work in this area and are happy to provide more information as the Department develops and improves its processes.

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[3] https://www2.ed.gov/policy/highered/reg/hearulemaking/2012/ipeds-summary91013.pdf