



ACCET Document 40 – Monitoring Institutions and Potential Risk Factors

ACCET strives to ensure positive student outcomes (completion and job placement), moderate and balanced growth, and financial stability at its member institutions through ACCET's long-standing policies, annual reporting requirements, and regular processes for monitoring institutions. To augment these efforts, ACCET has established a process to systematically monitor potential risk factors of ACCET-accredited institutions and institutions seeking ACCET accreditation in order to expand and enhance ACCET's ongoing and thorough review of institutions and to inform the decisions of the Commission. Through this process, ACCET regularly reviews and takes appropriate actions relative to potential risk factors such as those listed below, including (1) institutional measures (e.g., financial issues and changes in state, federal, and/or accreditation status), (2) programmatic measures (e.g., programmatic probation), and (3) significant enrollment changes (e.g., more than 20% change).

ACCET staff regularly prepares and updates a potential risk analysis for consideration by the Commission and/or its committees in their deliberations. The analysis provides an overview of the status of institutions both individually and collectively, based on data obtained from a variety of sources, including but not limited to (1) on-site evaluations; (2) ACCET's annual reporting of enrollments, completion and job placement, and financial conditions; (3) other required reporting directed by the Commission; and (4) state and federal agencies.

This potential risk analysis assists the Commission in its deliberations and in taking appropriate actions such as placing an institution on restrictions and reporting, issuing a show-cause directive, conducting a special follow-up visit, requiring a partial or full evaluation of the institution, and/or denying or withdrawing accreditation.

Procedures for Monitoring Potential Risk Factors

1. Prior to each meeting of the Commission, ACCET staff compiles an updated report (spreadsheet) that identifies (by institution) potential risk factors such as those listed below:

Institutional Measures

- Three-Year Cohort Default Rates of 30% or above or Annual Cohort Default Rates of 40% or above
- Heightened Cash Monitoring 1 and 2
- State or Federal approval withdrawn
- State or Federal approval restricted
- Denied or withdrawn accreditation
- Institutional Show Cause
- Restrictions and Reporting
- Complaints closed with merit
- Follow-up visit required
- FRC issues, such as reporting:
 - A net loss in either of the two most recently completed fiscal years
 - A negative net worth in either of the two most recent years
 - A negative cash flow in either of the two most recent fiscal years
- Provisional Program Participation Agreement (PPA)

- Other (e.g., litigation against the institution, Program Reviews with significant liabilities)

Programmatic Measures

- Programmatic probations due to completion and/or placement rates below ACCET benchmarks
- Failing Debt-to-Earnings score

Significant Changes in Enrollment from the Previous Year

- Enrollment decrease by 20% or more
- Enrollment increase by 20% or more

Site Changes in the Past 24 Months

- Number of new branches
- Number of closed branches

2. At each Commission meeting, the Commission is provided an updated potential risk analysis for its consideration and to inform its decisions. Additionally, specific institutions may be referred to the Financial Review Committee and/or the Completion and Placement Committee for their review and recommendations.
3. Based upon its review of each institution, including any potential risk factors, the Commission takes actions, as warranted, which may include placing an institution on restrictions and reporting, issuing a show-cause directive, conducting a special follow-up visit, requiring a partial or full evaluation of the institution, and/or denying or withdrawing accreditation.

Annual Reporting and Other Monitoring Processes

In accordance with well-established ACCET policy and practice, institutions are also referred to the Commission for consideration based upon the annual reporting by ACCET-accredited institutions of their (1) financial condition, (2) completion and job placement, and (3) enrollments, as summarized below:

Annual Reporting and Monitoring of Financial Condition: ACCET monitors the financial condition of institutions by means of its annual reporting process and subsequent reporting, as warranted. Providing annual financial statements to ACCET is a requirement for both initial applicants and accredited institutions, in accordance with ACCET Document 27 – Policy in Financial Reporting and Financial Stability. All initial applicants with accepted applications and accredited institutions must submit their annual financial statements by the last day of the sixth month following the close of the institutions' fiscal year. Further, all institutions must demonstrate that an internal assessment is made of their financial condition at adequate intervals, not less than quarterly, to ensure timely, systematic, and effective financial management by the ACCET Document 40 institution. Additionally, ACCET may, at any time and upon reasonable notice, request financial information from an institution, including audited financial statements and/or other types of reports, as necessary to (1) update financial information submitted with a pending application, (2) satisfy an ACCET policy or procedure, or (3) determine compliance with ACCET standards.

Annual Reporting and Monitoring of Completion & Placement: ACCET monitors program outcomes, including completion and placement statistics, as part of the annual reporting required of

vocational programs. Completion and placement data serve as measurable outcomes utilized by the institution and ACCET to assess, document, and validate the quality of the education and training services provided by the institution. The completion and placement benchmarks give institutions a guideline by which to evaluate and improve the performance of the programs they offer. ACCET's benchmarks are 67% for completion and 70% for placement.

The data collection instrument (ACCET Document 28.1 – Completion and Placement Statistics) must be maintained at least every quarter and utilized as a management tool. Document 28.1s must be submitted to the ACCET office no later than May 1 unless otherwise directed by staff, and no sooner than four months after the last graduating cohort of each program of that year in conjunction with ACCET Document 12.c – Annual Completion and Placement Statistics Reporting. Separate Document 28.1s must be submitted for each program as well as each program variation.

Annual Reporting and Monitoring of Change in Enrollment: ACCET monitors changes in enrollment by means of its annual reporting process. In accordance with ACCET policy, all member institutions must submit Document 12.b – Annual Report & Enrollment Statistics annually through the Accreditation Management System (AMS), within 30 days of the institutions' fiscal year-end. As stated on Document 12.b, "The information reported will be used to assess ongoing compliance, update records, establish the proportionate level of sustaining fees, and provide for a periodic review of changes in institutional characteristics."

Reported on Document 12.b are enrollment and participant clock hours (enrollment x program length) which will be utilized by ACCET to monitor enrollment growth, with significant enrollment growth defined as at least a 20% change (increase or decrease) in enrollment and/or participant clock hours for the current fiscal year compared to the previous fiscal year. Institutions reporting significant changes in enrollment and/or participant clock hours (taking into consideration the size of the base number in determining the percentage changes) are identified to inform the Commission's decisions relative to the accreditation of member institutions.

The annual reporting process, described above, is but one method utilized by ACCET to monitor changes in enrollment to ensure that such changes do not adversely affect the capacity of institutions to continue to meet ACCET standards, policies, and practices. ACCET also has long-established policies to ensure the balanced and measured growth of its member institutions, including (1) institutions seeking substantive changes to expand their program scope, instructional delivery methods, branch and/or auxiliary classroom locations; (2) institutions granted initial accreditation or reinstatement of accreditation following a change of ownership; and (3) institutions on restriction and reporting, show cause, or subject to withdrawal of program approval. These policies include, but are not limited to, the following:

- *A Limit on Out-of-Scope Programs:* An institution is limited to seeking and obtaining approval for one out-of-scope program, until the institution can demonstrate the successful outcome of graduates of its out-of-scope program (e.g., above benchmark completion and, if applicable, placement rates). See Document 25 – Policy for New, Revised, and Existing Programs/Courses.
- *A Limit on New Branches:* An institution may make application to establish a maximum of one branch and three auxiliary classrooms in any given 12-month period. See Document 26 – Review and Approval of Additional Locations.

- *A Limit on Substantive Changes:* An institution is restricted from making substantive changes in any of the following situations: (1) during the 12-month period following a grant of initial accreditation; (2) during the 12-month period following provisional reinstatement of accreditation after a change of ownership and/or control; (3) while the application for reaccreditation is on deferral; and (4) while the institution is on show cause or under restrictions and reporting to ensure continued close monitoring. See Document 11 – Policies and Practices of the Accrediting Commission.
- *Withdrawal of Program Approval:* The Commission may withdraw program approval from one or more programs, which prohibits the institution from enrolling or starting new students in the program(s) but continues program approval for teach-out purposes to ensure that the institution successfully completes the training and, if applicable, the placement of all students currently enrolled in the program(s). See Document 11 – Policies and Practices of the Accrediting Commission.