

Texas Workforce Commission

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Executive Director

Notice of Intent to Revoke Certificates of Approval and Notice of Intent to Place Conditions on Certificates of Approval

October 14, 2011

CERTIFIED MAIL 7002 0510 0002 9660 0273
and U.S. Mail

Mr. Brent Sheets
Owner
American Commercial Colleges, Inc.
8206 Vicksburg Avenue
Lubbock, Texas 79424

RE: American Commercial College, Abilene (S0016)
American Commercial College, Lubbock (S0017)
American Commercial College, Odessa (S0018)
American Commercial College, San Angelo (S0019)
American Commercial College, Wichita Falls (S0772)

Dear Mr. Sheets:

This is to inform you of the Texas Workforce Commission's (TWC) investigative findings of misreporting of student employment by American Commercial College (ACC) schools and of intentional falsification of student employment, enrollment verification, academic progress, and admissions eligibility at ACC's Abilene and Lubbock schools. The enclosed Summary of Findings and Violations provides details.

As required by Texas Education Code §132.058, on behalf of Larry E. Temple, administrator of the Career Schools and Colleges Act, TWC hereby provides notice of intent to:

- revoke the certificates of approval for the Abilene and Lubbock schools; and
- place conditions on the certificates for the Odessa, San Angelo, and Wichita Falls schools. The conditions placed on these certificates require the suspension of enrollments for all courses regulated by TWC, pending completion of a third-party review and verification of the Fiscal Year 2010 (FY'10) student completer placement-employment reports submitted to TWC.

Revocation of Certificates for Lubbock and Abilene Schools

Within 5 business days of the date of this letter, ACC must provide the following to TWC:

1. Confirmation that enrollment of new students in all courses regulated by TWC at the Lubbock and Abilene schools has been suspended; and
2. A complete Master Student Registration List, including information on all students enrolled as of January 1, 2011, through the date of submission, which must:
 - include all information fields specified in form PS-020 and required by §807.281(a) of TWC's Career Schools and Colleges (CSC) rules (Title 40, Texas Administrative Code, Chapter 807);
 - clearly identify each student currently enrolled as of the submission date, along with his or her scheduled graduation date; and
 - clearly identify each student who has enrolled but has not begun a course of study as of the submission date. A full refund must be provided to these students' or their lenders' accounts as appropriate.

Within 15 calendar days of the date of this letter, ACC must provide the following to TWC:

1. A plan to complete or provide a viable teach-out for each course of study for all currently enrolled students at the Lubbock and Abilene schools, with provision of all posteducation assistance to graduates as previously promised; and
2. A plan for dissemination to all students currently enrolled setting forth a clear offer of a full refund or completion of their education through a TWC-approved teach-out program.

Subsequent to submission of the above items, TWC will issue a Notice of Revocation, which will specify an effective revocation date for the Abilene and Lubbock schools' certificates of approval, based upon review of the last date of completion for each course currently underway. ACC will have the right to appeal the Notice of Revocation within 15 days of receipt. TWC will review and approve, or require changes, in the submitted plans for teach-out and for offering students their choice of a refund or teach-out program. The suspension of enrollments is not appealable.

Conditional Certificates for Odessa, San Angelo, and Wichita Falls Schools

The conditions placed on the certificates for ACC's Odessa, San Angelo, and Wichita Falls schools include suspension of enrollments and the completion of a third-party review of student completion placement-employment reporting.

Within 15 days of the date of this letter, ACC must provide the following to TWC:

1. Confirmation that enrollment of new students in all courses regulated by TWC at the Odessa, San Angelo, and Wichita Falls schools has been suspended;
2. A complete Master Student Registration List, including information on all students enrolled as of January 1, 2011, through the date of submission, which must:
 - include all information fields specified in form PS-020 and required by CSC rule §807.281(a);
 - clearly identify each student currently enrolled as of the submission date, along with their scheduled graduation date; and

- clearly identify each student who has enrolled but has not begun a course of study as of the submission date. A full refund must be provided to these students' or their lenders' accounts as appropriate.

TWC will issue the conditional certificates 15 days from the date of this notice. These certificates and their conditions are not appealable.

Third-Party Review

As a condition for the continued approval of the certificates for the Odessa, San Angelo, and Wichita Falls schools, ACC is hereby directed to *immediately* move to procure a third-party review of student completer placement-employment reporting for the FY '10 reporting period (September 1, 2009, through August 31, 2010). TWC must approve the reviewer and methodology, and the results are due to TWC within 60 days from the date of receipt of this notice. The third-party review results must be reported independently to TWC at the same time they are reported to ACC.

ACC must fully cooperate with TWC and the third-party reviewer in all matters, providing full access to any information, documentation, records, or personnel required to effectively conduct the review or respond to TWC concerns about student completer placement-employment reporting.

The results of the third-party review of student completer placement-employment reporting will determine if other enforcement actions will be taken. Additionally, the review results may be used to adjust the officially accepted employment results of all programs for FY'10. If adjusted, the resulting overall completion, employment, and placement rates of students in each program will be used to report to the public.

Pending the results of the review, the FY'10 student completer placement-employment results on record must be designated as *provisional*, since indications are that the originally submitted reports significantly overstated employment. ACC will be permitted to provisionally use these results—clearly marked with statements as to their provisional status—in information and publications provided to the public and distributed to students.

Students currently enrolled in a course who withdraw from their current course of study prior to the point of 75 percent completion are entitled to a refund per the school's published refund requirements and consistent with the statutory minimum refund policy requirements in effect at the time of the student's withdrawal.

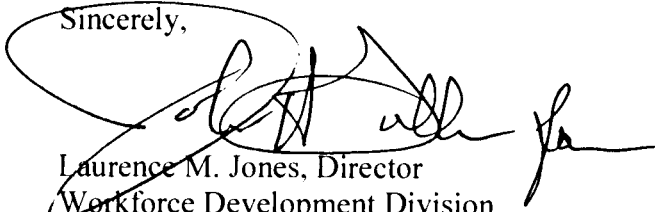
Please note that Texas Education Code §132.151(5) requires ACC to notify TWC of the discontinuance of the operation of the school within 72 hours of the cessation of classes and to make available accurate records. In addition, CSC rule §807.282 requires a school to permanently maintain student transcripts of academic records, financial records in accordance with federal retention requirements, and all student records for at least a five-year period.

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TWC will work with ACC to address questions and challenges that arise in the process of closing out regulated vocational programs at ACC schools and in complying with the conditions being placed on the schools' certificates.

If you have questions, please contact Laurie Biscoe, Deputy Division Director, Workforce State Operated Services at (512) 936-9256.

Sincerely,


Laurence M. Jones, Director
Workforce Development Division

Enclosure

cc: Joseph E. Gurubatham, EdD, Accrediting Council for Independent Colleges and Schools
Larry E. Temple, Executive Director, TWC

**American Commercial College Investigation
Summary of Findings and Violations
October 2011**

The Texas Workforce Commission (TWC) has conducted an investigation of American Commercial College (ACC), which has resulted in the following findings:

- Misreporting of student employment by ACC schools; and
- Intentional falsification of student employment, enrollment verification, academic progress, and admissions eligibility at ACC's Abilene and Lubbock schools.

Falsification of Student Employment Reports

Texas Education Code §132.055(b)(1) requires that programs, curriculum, and instruction be of such quality, content, and length as may reasonably and adequately achieve the stated objective for which the programs, curriculum, or instruction is offered. Additionally, §132.055(b)(15) requires that schools or colleges furnish TWC with the current rates of students receiving a certificate of completion, and any job placement and employment of students receiving a certificate of completion.

Section 807.131(b)(1) and (2) of TWC's Career Schools and Colleges (CSC) rules (Title 40, Texas Administrative Code, Chapter 807) requires that to maintain program approval, the school must demonstrate a reasonable student completion rate for each program and a minimum employment rate, as established by TWC, for program graduates in jobs related to the stated occupation. Additionally, CSC rule §807.284 (b) requires that a school must report program completion, job placement, and employment data on an annual basis in each program approved for an occupational objective. The school also must provide the data in a form acceptable to TWC. Verifiable documentation must be made available for review to support the data reported. The documentation must include the names of graduates and the names, addresses, and telephone numbers of their employers.

To fulfill these requirements, TWC directs schools to submit annual reports providing specific data on student enrollment, completion, and employment of graduates. Schools submit these data under the school director's statement of assurance that the submitted information is true and correct. Programs are expected to maintain the minimum employment rate established by TWC for program graduates in jobs related to the stated occupation. Programs that fail this minimum rate are given the opportunity to improve; if they fail to do so and ultimately fail the minimum employment rate for three consecutive years, program approval is revoked.

TWC's investigation has identified the following findings, which indicate that ACC has failed to comply with the statutory and regulatory requirements set forth above:

1. A systematic audit was conducted of ACC-reported employment for a random sample of 188 graduates (48.6 percent of all those reported by ACC as employed), drawn from all five ACC schools in Texas, reported to TWC for the Fiscal Year 2010 (FY '10) reporting period (September 1, 2009 to August 31, 2010). The methodology employed a match of reported employment to TWC employer wage records in the unemployment insurance (UI) system,

followed by Internet research, and finally an employer survey. The findings suggest that ACC-reported employment rates are highly unreliable and significantly misreported.

- 14.9 percent of graduates ACC reported as employed were not employed with UI wages.
- For 68.6 percent of graduates ACC reported as employed, the employer ACC identified for the graduate had no reasonable match to any employer in the UI wage records for the graduate.
- 70.3 percent of surveyed employers not previously verified by wage match or Internet research indicated they had never employed the named ACC graduate.
- In total, only 53.2 percent of the sampled students' employers reported by ACC could be verified through employer wage record match, Internet research, or employer survey contacts.

2. Investigation of employment rates at the Lubbock and Abilene schools for the Medical Assisting program, the largest program in terms of enrollment at both campuses, was conducted by testing reported information on employment for each student graduate reported by ACC to have been employed. A manual match to TWC employer wage reports was conducted, along with interviews of students and employers. The program at both schools was reported as meeting the minimum required 60 percent employment rate in some or all of the past three consecutive years. However, when reported employment determined by the investigation to be invalid was subtracted from the employment totals, these programs failed the minimum employment rate for all three consecutive years.

	<i>FY'08</i>	<i>FY'09</i>	<i>FY'10</i>
<i>Reported Rates</i>			
Abilene	65.3%	75.0%	57.0%
Lubbock	89.3%	94.5%	95.5%
<i>Adjusted Rates: Maximum Possible Rate</i>			
Abilene	44.9%	53.5%	32.5%
Lubbock	57.1%	23.6%	31.8%

3. TWC PS-072D reports submitted by ACC Lubbock to TWC contained 22 students who were reported at least twice in different years, with different enrollment dates and employment data. Some of these students were reported as graduating from the same program in different years.
4. Employees at the Abilene and Lubbock schools admitted to TWC investigators that they falsified employment information on student employment reports submitted to TWC, and that they were directed to do so by ACC management.

Falsification of Student Enrollment Verification

Texas Education Code §132.065(a) indicates that a career school or college that is eligible to participate in student financial aid programs under Title IV, Higher Education Act of 1965 (20 USC §1070 et seq.), is not required to take attendance. However, §132.065(c) requires that the career school or college must verify the student's enrollment in the program by documenting the student's participation in an academically related activity of the program at the end of the first week of each semester or other academic term of the program; at the end of the first month of each semester or other academic term of the program; at the midpoint of each semester or other academic term of the program; and at the end of each semester or other academic term of the program. If the career school or college is unable to verify the student's enrollment in the program at any of those times, the student is considered to have withdrawn from the program.

CSC rule §807.243(b) requires that a Title IV school that does not voluntarily take attendance must terminate the enrollment of a student if the student's participation in an academically related activity cannot be documented: (1) at the end of the first week of the academic term; (2) at the end of the first month of the academic term; (3) at the midpoint of each academic term; and (4) at the end of each academic term. Additionally, CSC rule §807.283(b) identifies the following requirements for Title IV schools: (1) The school must maintain a form signed and dated by the student to document the student's participation in an academically related activity. An e-mail sent from the student's e-mail account listed on the enrollment agreement fulfills this requirement; and (2) The school must maintain a master record for each student that clearly indicates the student's class schedule as well as the number of scheduled hours for each class day. For synchronous distance education students, the record must indicate the number of scheduled hours for each week. Finally, CSC rule §807.283(c) states that nothing in Chapter 807 prevents a Title IV school from voluntarily using attendance as a manner of fulfilling the requirements of the chapter.

ACC has elected not to take attendance and therefore must document academically related activity (ARA) of the student during the four required periods of each term. If the school is not able to document ARAs as required, the school must terminate the student.

TWC investigation has identified the following findings which indicate that the ACC Lubbock and Abilene schools have failed to comply with the statutory and regulatory requirements outlined above:

ACC (Lubbock and Abilene) forged student signatures on ARA forms:

- Four students from the ACC Abilene campus identified specific signatures on ARA forms that they did not sign and believed were forged.
- Multiple student ARA forms from the ACC Lubbock campus do not have student signatures, but allude to verification from the student via e-mail; however, there were no e-mails in the student files.
- ACC employees told TWC investigators they witnessed ACC staff being ordered to forge student signatures on ARA forms at the ACC Abilene and Lubbock campuses.

Falsification of Student Academic Progress

Texas Education Code §132.055(b)(7) requires adequate records, as prescribed by TWC, be kept by a school to show progress or grades, and satisfactory standards relating to progress and conduct be enforced. CSC rule §807.221 requires that progress evaluation records must be of the type and nature to reflect whether the student is making satisfactory progress to the point of being able to complete all subject matter within the allotted time provided in the course curriculum. Further, CSC rule §807.222(c) indicates that a school approved on a credit-hour basis must evaluate progress at the midpoint and end of term for academic semester or academic quarter or at least every eight weeks. For programs with course time in excess of 200 hours, the following applies:

- (1) The school must place a student making unsatisfactory progress for the program at the end of a progress evaluation period on academic probation for the next progress evaluation period. If the student on academic probation achieves satisfactory progress for the subsequent progress evaluation period, but does not achieve the required grades to meet overall satisfactory progress for the program, the student can be continued on academic probation for one more progress evaluation period.
- (2) If a student on academic probation fails to achieve satisfactory progress for the first probationary progress evaluation period, the student's enrollment must be terminated.
- (3) The enrollment of a student who fails to achieve overall satisfactory progress for the program at the end of two successive probationary progress evaluation periods must be terminated.

TWC investigation has identified the following findings which indicate that the ACC Lubbock and Abilene schools have failed to comply with the statutory and regulatory requirements set forth above:

ACC (Lubbock and Abilene) changed grades from failing to passing:

- Six ACC employees provided statements to TWC investigators that they were instructed to change student grades by ACC management.
- Seven ACC employees provided statements that they observed course grade changing activity.

Falsification of Student Eligibility for Admission

Texas Education Code §132.055(b)(16) requires that the school or college furnish to TWC for approval or disapproval student admission requirements for each program offered by the school or college. CSC rule §807.130 requires that the school or college submit for approval by TWC its admission requirements for each program, with justification. Further, CSC rule §807.192(a) indicates that the school must require for admission into its programs proof of one of the following: (1) secondary education; (2) successful completion or the equivalent of one full-time academic semester (12 academic semester hours) or academic quarter (18 academic quarter hours) at an accredited college, university, or other postsecondary school; or (3) for certificate programs only, proven ability to benefit by obtaining a satisfactory score on the approved entrance test. Finally, CSC rule §807.192(c) requires that evidence be maintained in each student's file to show the admissions requirements have been met. A full refund of all monies

paid and a full release from all obligations shall be due, as determined by TWC, to any student for whom the school cannot establish that the admission requirements were met.

ACC's approved, published admissions criteria, as stated in its catalog, requires applicants to have graduated from high school or have a GED. ACC does not admit students based on ability to benefit.

TWC investigation has identified the following findings, which indicate that the ACC Lubbock and Abilene schools have failed to comply with the statutory and regulatory requirements set forth above:

ACC (Lubbock and Abilene) falsified GED certificate verifications and accepted unaccredited secondary education degrees for admission eligibility:

- Two fabricated online Texas Education Agency GED certificate verifications were found in student files obtained from the ACC Lubbock campus.
- An ACC employee provided information to TWC investigators that ACC Lubbock staff had falsified GED verifications.
- One student file obtained from the ACC Lubbock campus showed a student was admitted with a high school diploma from an unaccredited online school.
- Two student files obtained from the ACC Abilene campus showed two students were admitted with high school diplomas from an unaccredited online school.