



Accrediting Commission of Career Schools and Colleges

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June 5, 2019

ELECTRONIC DELIVERY

██████████
President
AIC College of Design
1171 East Kemper Road
Cincinnati, Ohio 45246

School #M001026
Continue Probation Order

Dear ██████████:

At the May 2019 meeting, the Accrediting Commission of Career Schools and Colleges (“ACCSC” or “the Commission”) considered its previous action to place AIC College of Design (“AIC”) located in Cincinnati, Ohio on Probation. Upon review of the March 8, 2019 Probation Order and the school’s response, the Commission voted to continue AIC on **Probation** with a subsequent review scheduled for ACCSC’s **November 2019** meeting. The reasons for the Commission’s decision are set forth below.

HISTORY OF THE COMMISSION’S REVIEW

February 2015 Review

At the February 2015 meeting, the Commission considered its previous decision to defer final action on the Application for Renewal of Accreditation and the Application for a Baccalaureate Degree Program for the Graphic Design (BS) program submitted by AIC. Upon review of the September 5, 2014 Commission letter and the school’s response, the Commission voted to grant AIC Renewal of Accreditation with a Stipulation. The Commission also determined that AIC met the requirements for the addition of the Graphic Design program. The school received a four (4) year grant of accreditation going forward from the end of its last term, October 2013.

Additionally, the Commission considered the draft financial statements for the fiscal years ended August 31, 2014 and 2013 submitted by AIC. Upon review of the financial statements, the Commission voted to place AIC on Heightened Monitoring¹. The Commission noted that ██████████

██████████
██████████.

November 2015 Review

At the November 2015 meeting, the Commission considered its previous decision to place AIC on Heightened Monitoring for financial reasons. Upon review of the August 31, 2014 audited financial statements in conjunction with the March 2, 2015 Release/Cancel of Letter of Credit notice from the U.S. Department of Education (“the Department”), the Commission voted to continue AIC on Heightened Monitoring.²

November 2016 Review

At the November 2016 meeting, the Commission considered its previous decision to place AIC on Continued Heightened Monitoring for financial reasons. Upon review of the August 31, 2015 audited financial statements, the Commission voted to continue AIC Heightened Monitoring.³ The Commission

¹ See ACCSC letter dated March 9, 2015.
² See ACCSC letter dated January 13, 2016.
³ See ACCSC letter dated December 16, 2016.

noted that although [REDACTED]
[REDACTED]
[REDACTED].

March 2017 Review

At the March 2017 meeting, the Commission considered its previous decision to continue AIC on Heightened Monitoring for financial reasons. A review of the school’s fiscal years ended August 31, 2016 and 2015 audited financial statements showed the following:

- [REDACTED]

Given the worsening nature of the school’s financial position, the Commission placed AIC on Warning⁴.

June 2017 Review

At the June 2017 meeting, the Commission considered its previous decision to place AIC on Warning for financial reasons. The Commission determined again that AIC must demonstrate that the school’s financial structure is sound with resources sufficient for the proper operation of the school and discharge of obligations to students (*Section I(C)(1), Substantive Standards, Standards of Accreditation*).⁵ In reaching the decision to place the school on warning, the Commission found that AIC failed to provide the Commission with financial information in accordance with *ACCSC’s Instructions for the Preparation and Submission of Financial Statements and Related Information*. Specifically, AIC submitted interim financial statements for six-months to cover the period of September 1, 2016 to February 28, 2017 and the school’s fiscal year 2017 budget with a budget-to-actual analysis for the six-months to cover the period of September 1, 2016 to February 28, 2017 using the income tax basis and not the accrual basis of accounting, as required.

In addition to its review of the school’s response to the Warning, the Commission also reviewed the [REDACTED]
[REDACTED] he notice discloses that upon review of the school’s fiscal year ended August 31, 2016 audited financial statements, the Equity, Primary Reserve and Net Income ratios [REDACTED]
[REDACTED] Therefore, the Department directed the school [REDACTED]

⁴ See ACCSC letter dated March 27, 2017.

⁵ See ACCSC letter dated July 21, 2017.

While the Commission recognized AIC's explanation for its poor fiscal condition as well as AIC's efforts to improve its financial position, mainly through what appears to be recruitment of students and improving the school's accounting and finance operations, the Commission found that the school failed to demonstrate sound financial stability. AIC did not demonstrate how the school's financial position will improve should its plans not materialize. Although AIC expects that the school will "see a substantial increase in future enrollments," the school did not provide any evidence to support this expectation.

August 2017 Review

At the August 2017 meeting, the Commission considered the Application for Renewal of Accreditation submitted by AIC. Upon review of the April 6, 2017 Team Summary Report and the school's response, and in consideration of the Commission's prior decision to place the school on Warning due to financial concerns, the Commission voted to continue AIC on Warning with a subsequent review scheduled for ACCSC's February 2018 meeting.⁶

With respect to the Commission's consideration of the school's Application for Renewal of Accreditation, the September 14, 2017 continued Warning letter directed the school to demonstrate that:

- The financial structure of the school is sound, with resources sufficient for the proper operation of the school and discharge of obligations to its students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*);
- A fair and equitable refund policy is applied in accordance with the school's established refund policy (*Section I (D)(5), Substantive Standards, Standards of Accreditation*);
- The school remains attentive to students' educational and other needs (*Section VI Statement of Purpose, Substantive Standards, Standards of Accreditation*);
- Members of school management and administrative employees participate in ongoing development and training activities that support their particular roles in the school (*Section I (A)(3), Substantive Standards, Standards of Accreditation*);
- Faculty teaching academic general education courses in a degree program have, at a minimum, a master's degree with appropriate academic coursework and preparation in the subject areas taught (*Section III (B)(8), Substantive Standards, Standards of Accreditation*);
- Faculty and educational administrators engage in ongoing faculty assessment and professional development activities that: are appropriate to the size and scope of the school's educational programs; support the quality of education provided; and enhance student learning and achievement (*Section III (A)(2), Substantive Standards, Standards of Accreditation*);
- The school verifies prior work experience of all faculty members and administrators, as required, to demonstrate compliance with applicable Standards of Accreditation (*Section III (A)(4), Substantive Standards, Standards of Accreditation*);
- Prior to enrollment, the school secures documentation to demonstrate that each applicant meets all admission requirements (*Section I (A)(4)(b), Substantive Standards, Standards of Accreditation*); and

⁶ See ACCSC letter dated September 14, 2017.

- The school executes an enrollment agreement for all enrolled students (*Section IV (C)(2)(b), Substantive Standards, Standards of Accreditation*).

February 2018 Review

At the February 2018 meeting, the Commission considered the Application for Renewal of Accreditation submitted by AIC. Upon review of the September 14, 2017 Warning Order and the school's response, and in consideration of the Commission's prior decision to place the school on Warning due to financial concerns, the Commission voted to place AIC on Probation with a subsequent review scheduled for ACCSC's August 2018 meeting.⁷

With respect the Commission's consideration of the school's Application for Renewal of Accreditation, the March 16, 2018 Probation Order letter directed the school to demonstrate that:

- The financial structure of the school is sound, with resources sufficient for the proper operation of the school and discharge of obligations to its students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*);
- A fair and equitable refund policy is applied in accordance with the school's established refund policy (*Section I (D)(5), Substantive Standards, Standards of Accreditation*);
- The school remains attentive to students' educational and other needs (*Section VI Statement of Purpose, Substantive Standards, Standards of Accreditation*);
- Members of school management and administrative employees participate in ongoing development and training activities that support their particular roles in the school (*Section I (A)(3), Substantive Standards, Standards of Accreditation*); and
- Faculty and educational administrators engage in ongoing faculty assessment and professional development activities that: are appropriate to the size and scope of the school's educational programs; support the quality of education provided; and enhance student learning and achievement (*Section III (A)(2), Substantive Standards, Standards of Accreditation*).

August 2018 Review

At the August 2018 meeting, the Commission considered the Application for Renewal of Accreditation submitted by AIC. Upon review of the March 16, 2018 Probation Order and the school's response, and in consideration of the Commission's prior decision to place the school on Probation due to financial concerns, the Commission voted to continue AIC on Probation with a subsequent review scheduled for ACCSC's February 2019 meeting.⁸

With respect the Commission's consideration of the school's Application for Renewal of Accreditation, the September 5, 2018 Probation Order letter directed the school to demonstrate that:

- The financial structure of the school is sound, with resources sufficient for the proper operation of the school and discharge of obligations to its students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*);
- The school remains attentive to students' educational and other needs (*Section VI Statement of Purpose, Substantive Standards, Standards of Accreditation*);

⁷ See ACCSC letter dated March 16, 2018.

⁸ See ACCSC letter dated September 5, 2018.

- Members of school management and administrative employees participate in ongoing development and training activities that support their particular roles in the school (*Section I (A)(3), Substantive Standards, Standards of Accreditation*); and
- Faculty and educational administrators engage in ongoing faculty assessment and professional development activities that: are appropriate to the size and scope of the school’s educational programs; support the quality of education provided; and enhance student learning and achievement (*Section III (A)(2), Substantive Standards, Standards of Accreditation*).

February 2019 Review

At the August 2018 meeting, the Commission considered the Application for Renewal of Accreditation submitted by AIC. Upon review of the September 5, 2018 Probation Order and the school’s response, and in consideration of the Commission’s prior decision to place the school on Probation due to financial concerns, the Commission voted to continue AIC on Probation with a subsequent review scheduled for ACCSC’s May 2019 meeting.⁹

With respect the Commission’s consideration of the school’s Application for Renewal of Accreditation, the September 5, 2018 Probation Order letter directed the school to demonstrate that the financial structure of the school is sound, with resources sufficient for the proper operation of the school and discharge of obligations to its students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*).

May 2019 Review and Action

1. AIC must demonstrate that the financial structure of the school is sound, with resources sufficient for the proper operation of the school and discharge of obligations to its students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*). In response to the March 8, 2019 Continued Probation Order, AIC provided internally prepared financial statements for nine months to cover the period of September 1, 2018 to February 28, 2019. In addition, the Commission reviewed the school’s fiscal year end August 31, 2018 audited financial statements. The audited financial statements state the following:

[REDACTED]

⁹ See ACCSC letter dated September 5, 2018.

Those financial statements also show that AIC recorded [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]. The MD&A also indicates that the school’s financial goals for fiscal year ending August 31, 2019 are to support its current programs and level of educational and student services while returning to profitability and withstanding any future unknown financial events. These goals would be achieved by annually creating and following a balanced budget, closely following profit and loss statements, setting achievable goals, and working to anticipate any future impacts on finances.

Lastly, the Commission requested the school’s fiscal year 2019 budget with a budget-to-actual analysis for six months to cover the period of September 1, 2018 to February 28, 2019 but noted that the full budget was not received and did not clearly identify projections for 2019.

While the Commission recognized AIC’s continued efforts to improve its financial position, mainly through cost reductions and maintaining quality services to its students, without adequate financial information, the Commission continues to be concerned regarding the school’s financial soundness.

Based on the foregoing, the Commission directs AIC to submit the following:

a. [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

■ [REDACTED]
■ [REDACTED]
■ [REDACTED]
■ [REDACTED]
■ [REDACTED]

2. AIC must demonstrate that the school remains attentive to students' educational and other needs (*Section VI Statement of Purpose, Substantive Standards, Standards of Accreditation*). In response to the September 5, 2018 Probation letter, the school submitted a copy of the survey tool used in which AIC surveyed 10 of the school's 13 students (84%); summary results of the survey; and an analysis of the survey results along with the school's plans to improve in areas that garnered less than 80% student satisfaction (admissions, academic progress, student services, learning resource system, facilities, equipment, and information technology). The Commission took note of the school's response and determined that, because student satisfaction continues to be low in several areas of school operations, additional monitoring is necessary in order to provide the school an additional opportunity to measure the effectiveness of AIC's efforts in this regard.

Based on the foregoing, the Commission directs AIC to submit the following:

- a. Summary results of a student survey of not less than 50% of the student population enrolled in AIC using either the ACCSC student survey or one that is substantially similar that includes the following:
 - i. A description of the student survey process and a copy of the survey instrument used;
 - ii. A detailed analysis of the student survey results with a particular focus on any results that show less than 80% satisfaction; and
 - iii. A detailed narrative of the school's plan to address any areas of student satisfaction, if applicable, and any other information to support the efforts made to enhance a student's experience at the school;
 - b. Evidence of the implementation of the initiatives and corresponding policies and procedures as described in the school's last response; and
 - c. Any other information or documentation that AIC believes will assist the Commission with determining the school's compliance with accrediting standards in this regard.
3. AIC must demonstrate that members of school management and administrative employees participate in ongoing development and training activities that support their particular roles in the school (*Section I (A)(3), Substantive Standards, Standards of Accreditation*). In response to the September 5, 2018 Probation letter, the school submitted Management and Administrative Development Plans for each staff member; a table of all management and administrative staff and professional development activities completed by each staff member; and copies of completed professional development activities since January 1, 2018. The Commission reviewed the school's response and found that professional development topics covered appear generic in nature and do not appear geared toward staff members' roles at the school. Therefore, the school did not demonstrate that management and administrative employees participate in ongoing development and training activities that support their roles in the school.

Based on the foregoing, the Commission directs AIC to submit the following:

- a. An updated copy of the school’s current plan for ongoing development and training activities for AIC’s management and administrative staff;
- b. A list of all current management and administrative staff, presented in the following chart:

| Employee Name | Date of Hire (Month/Year) | Job Title | Professional Development Activities Completed |
|---------------|---------------------------|-----------|---|
| | | | |

- c. Documentation of all staff professional development activities since September 1, 2018, to include descriptions of how activities align with staff members’ roles in the school; and
 - d. Any additional information that the school believes will be useful to the Commission in making a determination regarding the school’s compliance with accrediting standards regarding staff professional development.
4. AIC must demonstrate that faculty and educational administrators engage in ongoing faculty assessment and professional development activities that: are appropriate to the size and scope of the school’s educational programs; support the quality of education provided; and enhance student learning and achievement (*Section III (A)(2), Substantive Standards, Standards of Accreditation*). In response to the September 5, 2018 Probation letter, the school submitted a Faculty and Management Development Plan for each faculty member; a table of AIC’s current instructors indicating various professional development activities; and documentation of completed activities. The Commission reviewed the school’s faculty development plans and found that both documented and planned activities appear generic in nature and cover topics not geared toward instructors’ courses (e.g., health and safety, soft skills). Therefore, the Commission determined that additional information is necessary in order to provide the school an additional opportunity to demonstrate compliance with accrediting standards with regard to faculty professional development.

Based on the foregoing and as a means to for the school to show its ongoing efforts to ensure that all faculty members engage in ongoing faculty assessment and professional development activities, the Commission directs the school to submit the following:

- a. An updated copy of the school’s current plan for ongoing development and training activities for AIC’s faculty;
- b. A list of all current faculty along with the courses taught by each instructor, presented in the following chart:

| Faculty Name | Date of Hire (Month/Year) | Courses Taught | Professional Development Activities Completed |
|--------------|---------------------------|----------------|---|
| | | | |

- c. Copies of individual faculty development plans for each faculty member from the chart above;
 - d. Certificates of completion or other evidence of completion for all completed faculty development and trainings; and
 - e. Any other information the school deems necessary to report on its continued efforts to demonstrate its faculty and educational administrators engage in ongoing faculty assessment and professional development activities.
5. AIC must submit an ACCSC Institutional Teach-Out Approval Plan (“teach-out plan”) that includes all required items (*Section IV (F), Rules of Process and Procedure, Standards of Accreditation*). In

response to the March 8, 2019 Probation letter, the school submitted a teach-out plan in which the Commission noted the following:

- The teach-out plan does not include the required attestations and chief executive official's signature;
- The school did not submit a copy of the notice to be provided to students in the event of a closure; and
- The school did not clearly describe AIC's teach-out plan.

Specifically, the school referenced an articulation agreement with [REDACTED] located in [REDACTED] but provided no supporting documentation or information on how students would be able to complete their program a significant distance away without undue hardship. In addition, while the school referenced an articulation agreement, AIC also described plans to teach out students on-site, stating: "AIC would reduce the amount of staff. The marketing/admissions departments would be eliminated altogether. Students would not see a reduction in quality of instruction. AIC would ensure that our students received the quality education that they needed to be successful in their careers." Given the school's financial position, the Commission does not see how that is possible.

Based on the foregoing, the Commission directs the school's attention toward ensuring that AIC's revised teach-out plan is complete, practicable, and prepared in accordance with ACCSC requirements.

TEACH-OUT PLAN REQUIREMENT:

Given the serious nature of the issues outlined herein, the Commission directs the school to provide an updated [ACCSC Institutional Teach-Out Approval Plan](#) that must be submitted as part of the response for the items listed above.

PROBATION REQUIREMENTS:

In cases where the Commission has reason to believe that a school is not in compliance with accreditation standards and other requirements, the Commission may, at its discretion, place a school on Probation. A school subject to a Probation Order must demonstrate corrective action and compliance with accrediting standards. **Failure of the school to demonstrate that accrediting requirements have been met by the due date as set forth herein may result in a revocation of accreditation action.**

The Commission will not consider substantive changes, a change of location/relocation, or additions (i.e., separate facilities, new programs) to a school or its separate facilities while the school is on Probation. However, a school that is subject to Probation may seek the Commission's approval for the transfer of accreditation that would result from a change of ownership as described in *Section IV, Rules of Process and Procedure, Standards of Accreditation*.

In accordance with *Section X, Rules of Process and Procedure, Standards of Accreditation*, a summary of the Probation Order is made public and provided to the U.S. Department of Education, appropriate State agencies, and appropriate accrediting agencies. Moreover, in accordance with *Section X (C)(6), Rules of Process and Procedure, Standards of Accreditation*, the Commission has notified the U.S. Department of Education of this action pertaining to the findings related to the school's federal financial aid responsibilities.

In accordance with *Section VII (L)(7), Rules of Process and Procedure, Standards of Accreditation*, a school subject to a Probation Order must inform current and prospective students that the school has been placed

on Probation and that additional information regarding that action can be obtained from the Commission's website.

MAXIMUM TIMEFRAME TO ACHIEVE COMPLIANCE:

As stated in *Section VII (M), Rules of Process and Procedures, Standards of Accreditation*, where the Commission has found an area in which a school is out of compliance with accreditation standards or requirements, the period allotted to the school to remedy the noncompliance or cure the deficiency, together with the time for the Commission's final decision, will not exceed two years when a school's longest program is at least two years in length. Accordingly, the maximum two year timeframe for AIC to achieve compliance **began on March 16, 2018**. Please also be advised that the Commission is under no obligation to wait for the maximum timeframe to expire and may take an adverse action prior to the expiration of the maximum allowable timeframe if the school's response demonstrates an increasingly deteriorating financial position and lack of financial soundness.

RESPONSE REQUIREMENTS:

By applying for accreditation, a school accepts the obligation to demonstrate continuous compliance with the *Standards of Accreditation*. While the Commission employs its own methods to determine a school's compliance with accrediting standards, the burden rests with the school to establish that it is meeting the standards. The Commission's deliberations and decisions are made on the basis of the written record and thus a school must supply the Commission with complete documentation of the school's compliance with accrediting standards.

AIC must provide a response to the items expressed above that provides the information requested along with any additional information that the school believes supports a demonstration of compliance with accrediting standards.¹⁰ If the school's response contains documentation that includes personal or confidential student or staff information that is not required for the Commission's review (e.g., social security numbers, dates of birth, etc.), please remove or redact that information.

AIC must upload the school's electronic response directly to ACCSC's College 360 Database. The ACCSC College 360 database can be accessed by [clicking here](#). Please note that the password utilized by the institution to access the Annual Report Portal is the same to access the School Submission section of the College 360 database. The Instructions for Electronic Submission can be found [here](#). A detailed overview on how to upload a school submission can be found [here](#).

Keep in mind, the school's response must be prepared in accordance with ACCSC's Instructions for Electronic Submission (e.g., prepared as one Portable Document Format ("PDF") file that has been prepared using Adobe Acrobat software (version 8.0 or higher) and which has a .pdf extension as part of the file name). The school will receive an e-mail confirmation that the file has been received within 24 hours of the submission.

The response must also include a signed certification attesting to the accuracy of the information and be received in the Commission's office **on or before September 12, 2019**. If a response and the certificate of attesting to the accuracy of the information is not received in the Commission's office **on or before September 12, 2019**, the Commission will consider further appropriate action.

¹⁰ ACCSC has issued two modules of the **Blueprints for Success Series** – [Organizing an Effective Electronic Submission](#) and [Preparing a Comprehensive Response for Commission Consideration](#) – which provide a framework for submitting a well-documented, organized, electronic response for Commission consideration. ACCSC encourages the school to review these modules when formulating its response to this letter. More information is available in the [Resources section](#) at www.accsc.org.

For assistance with the password or for any other questions regarding the electronic submission requirements, please contact [REDACTED]. Please note that any password requests to access College 360 must be made by the school director, or designated member of the school's management team, via e-mail.

For further assistance or additional information, please contact [REDACTED]
[REDACTED]

Sincerely,

[REDACTED]

Michale S. McComis, Ed.D.
Executive Director

c: [REDACTED]
[REDACTED]