

March 18, 2019

ELECTRONIC DELIVERY

██████████
Director
Creations School of Cosmetology
212 N. Main Street
Corbin, Kentucky 40701

School #M072531
Denial of Accreditation

Dear ██████████

At its February 2019 meeting, the Accrediting Commission of Career Schools and Colleges (“ACCSC” or “the Commission”) considered the Application for Initial Accreditation submitted by Creations School of Cosmetology (“CSC”) located in Corbin, Kentucky. Upon review of the Commission’s October 23, 2018 Team Summary Report (“TSR”) and the school’s response thereto, the Commission found that the school has failed to meet its burden to demonstrate continuous eligibility for accreditation and compliance with accrediting standards as set forth in *Section I (G)(1), Rules of Process and Procedure, Standards of Accreditation*. Therefore, the Commission voted to deny CSC’s Application for Initial Accreditation (*Section VII (N)(1), Rules of Process and Procedure, Standards of Accreditation*). The reasons for its decision to deny CSC’s application for initial accreditation are set forth below.

History of ACCSC’s Review

According to the Commission’s records, CSC attended the mandatory Accreditation Workshop in order to begin the initial accreditation process on September 21-22, 2015; submitted an Application for Initial Accreditation-Part I in December 2015; submitted an Application for Initial Accreditation-Part II and initial Self-Evaluation Report in March 2017; submitted a revised Self-Evaluation Report in March 2018; and submitted a revised Application for Initial Accreditation-Part II in April 2018.

As stated under *Section III (B)(1), Rules of Process and Procedure, Standards of Accreditation*, “[u]naccredited applicants for initial accreditation with ACCSC will receive an orientation on-site evaluation conducted by an ACCSC staff person after the initial submission of the Self-Evaluation Report.” ACCSC staff conducted an Orientation On-Site Evaluation to CSC on January 10, 2018 and issued a report from that review on February 13, 2018. Pertinent to the history of this matter, the Orientation Evaluation Report states, *inter alia*, the following:

As a general observation that applies throughout every section of the SER and is of significant import, Creations School of Cosmetology is encouraged to provide a far more thorough description of its policies, procedures, and equally if not more importantly to describe in far greater detail how those policies and procedures meet ACCSC standards. For example, it is not enough to simply state that the school has a library without describing how that library, in the context of a learning resource system, is appropriate and adequate given the size of the school, scope of the programs, and level of education provided. This is a general rule that the school should apply when answering each question. Currently, the SER leaves the reader with insufficient information to make critical assessments as to whether Creations School of Cosmetology meets ACCSC’s accreditation standards. The how and the why, the descriptive and explicative, are what the school should devote its energy to in the next version of the SER.

Moreover, the Key Areas of Focus section of the Orientation Evaluation Report include fourteen (14) compliance elements for the school’s consideration; however, despite being provided with a formal notice

regarding the requirements for compliance as outlined in the *Standards of Accreditation* in the Orientation Evaluation Report, the record in this matter shows that a number of these findings were also found to be out of compliance during the full team on-site evaluation conducted at the school on July 17-18, 2018 and detailed in the TSR. In particular, the record demonstrates that the following five findings, which serve as just part of the Commission's grounds for denying initial accreditation, were first brought to the school's attention in the February 15, 2018 Orientation Evaluation Report:

- CSC did not demonstrate that the school has a financial budget for the fiscal year that allocates working capital for expenditures required to ensure the proper operation of the school and the discharge of its obligations to students as well as for institutional improvement and faculty development activities (*Section I (C)(2), Substantive Standards, Standards of Accreditation*).
- CSC did not demonstrate that minutes of Program Advisory Committees ("PAC") meetings are recorded in sufficient detail to show the members' review and comment on all required topics (*Section II (A)(6)(c), Substantive Standards, Standards of Accreditation*).
- CSC did not demonstrate that its 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*).
- CSC did not demonstrate that in all cases, the school only allows students to start class after all admissions documentation demonstrating that the student meets all admission criteria has been secured (*Section V (A)(4), Substantive Standards, Standards of Accreditation*).
- CSC did not submit Graduation and Employment Charts for all programs. According to the Orientation Evaluation Report, "without student achievement outcomes data, Creations School of Cosmetology has not demonstrated that the school meets all eligibility criteria for ACCSC accreditation (*Section VII (B)(1), Substantive Standards, Standards of Accreditation*)."

The school was given an opportunity to submit a response to the TSR in order to demonstrate compliance with accrediting standards, but the Commission found that CSC's response failed to demonstrate compliance in a number of the areas described herein.

February 2019 Review

Overall, in considering the Application for Initial Accreditation submitted by Creations School of Cosmetology (CSC), the Commission determined that CSC failed to meet the burden to demonstrate compliance with the *Standards of Accreditation* in a number of areas and showed a fundamental lack of understanding of the Commission's standards and requirements. Of particular note, the Commission determined that to date, despite the school's attendance at the mandatory Accreditation Workshop, and despite undergoing an Orientation On-site Evaluation, CSC has been unable to submit an application for accreditation that is materially complete in that the school failed to provide audited financial statements prepared in accordance with ACCSC's *Instructions for the Preparation and Submission of Financial Statements and Related Information*. In order for a school to be eligible to apply for, receive, or maintain ACCSC accreditation, a school must tender an application for accreditation (initial or renewal) that is complete (*Section I (D)(4)(i), Rules of Process and Procedure, Standards of Accreditation*). Because CSC failed to submit financial statements in accordance with ACCSC's requirements, the school failed to demonstrate that its application is complete. Further, the Commission found that despite the fact that the Orientation Evaluation Report provided formal notice of the expectations for the school to demonstrate

compliance, and that the TSR included specific requirements, identifying what CSC should submit in order to demonstrate compliance with accrediting standards, the Commission determined that the school failed to provide specific information required in response to a majority of the findings included in the TSR.

According to *Section I (F), Rules of Process and Procedure, Standards of Accreditation*, “By applying for initial accreditation, a school accepts and agrees to the terms set forth in the ACCSC Application for Accreditation and accepts and agrees that the responsibility rests with the school to demonstrate continuous eligibility for accreditation and compliance with accrediting standards and requirements as set forth in the *Standards of Accreditation*.” The Commission determined that CSC failed to demonstrate that it has met this obligation to such a scale that a denial of the application for initial accreditation is warranted at this time.

1. CSC did not demonstrate that the financial structure of the school is sound with resources sufficient for the proper operation of the school and the discharge of obligations to its students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*). According to the TSR, the financial-related materials submitted by CSC on July 17, 2018 do not conform to ACCSC’s *Instructions for the Preparation and Submission of Financial Statements and Related Information*. The Commission considered that the TSR requested that the school submit audited financial statements for the period ended December 31, 2017, prepared in a side-by-side comparative format to the school’s audited financial statements for the period ended December 31, 2016 and submitted in accordance with the *ACCSC Instructions for the Preparation and Submission of Financial Statements and Related Information*. According to ACCSC’s records, on January 11, 2019 CSC submitted a balance sheet, statement of income, and statement of owner’s capital for the period ended December 31, 2017. Upon receipt of that information, ACCSC, in an email to the school, directed CSC to resubmit a proper audited financial statement to include an Independent Auditor’s Report, financial notes, and financial information for 2016. On January 22, 2019, CSC submitted a statement of income, statement of owner’s capital, and an undated Independent Auditor’s Report. The Commission found that neither submission conformed with ACCSC’s *Instructions for the Preparation and Submission of Financial Statements and Related Information* which requires institutions to submit audited financial statements that are prepared in accordance with generally accepted accounting principles (GAAP) by an independent certified public accountant and to be prepared using the accrual-basis of accounting with a comparative format showing-side-by-side information for the two most recently concluded fiscal years-ended. Additionally, ACCSC requires audited financial statements to include a balance sheet, an income statement, a statement of cash flows, all appropriate notes to the financial statements, and must include additional disclosures as are specified in ACCSC’s *Instructions for the Preparation and Submission of Financial Statements and Related Information*. In considering the school’s multiple incomplete submissions, the Commission found that the school failed to provide the required audited financial statements for review, despite the specific instructions provided to do so.
2. CSC did not demonstrate that the school has appropriate administrative capacity required for an accredited postsecondary institution, specifically in the areas of institutional assessment and planning, budgeting, operational policies and procedures, admissions, student achievement, and record keeping (*Section I (A)(1), Substantive Standards, Standards of Accreditation*). The Commission noted that the TSR requested that the school provide a detailed description of CSC’s management structure and administrative capacity along with an explanation as to how the structure and resources are adequate to support school operations, educational programs, student services, and to ensure ongoing compliance with accrediting standards. In response to the TSR, CSC indicated only that the school hired a secretary in order to assist the school’s director with “ensuring all management task are met.” The Commission

found that the school did not provide any description of the management structure or administrative capacity as recommended in the TSR. The Commission believes that the school's failure to satisfactorily address the majority of the findings from the TSR, despite being provided with specific guidance on how to do so, to be further evidence that the school's administrative capacity is insufficient for an ACCSC-accredited school.

3. The school did not demonstrate successful student achievement through acceptable rates of student graduation and employment in the career field for which the school provides education, or that the school supports student achievement rates through student transcripts, the school's verifiable records, and documentation of initial employment of its graduates (*Section VII (B)(1)(b), Substantive Standards, Standards of Accreditation*). ACCSC first gave notice to CSC of the school's deficiencies regarding this requirement in the Orientation Evaluation Report which noted, "without student achievement outcomes data, Creations School of Cosmetology has not demonstrated that the school meets all eligibility criteria for ACCSC accreditation." According to the TSR, CSC reported student graduation and employment rates that do not meet ACCSC's student achievement benchmarks¹ for the Cosmetology program – 24% Graduation and 0% Employment. In response to this finding, CSC combined the Nail Technology and Cosmetology programs into a single Graduation and Employment Chart; however, according to the TSR these are two separate programs. As stated under *Section VII (B)(1)(b)(ii), Substantive Standards, Standards of Accreditation*, "[t]he Graduation and Employment Chart is the Commission's mechanism for collecting student achievement data and schools must provide this information in accordance with the prescribed requirements and instructions that accompany this chart."

The Commission found that CSC failed to follow the prescribed requirements and instructions and in so doing failed to provide the Commission with accurate information with regard to student achievement outcomes. In the absence of reliable student achievement data, CSC cannot demonstrate compliance with the relevant accreditation standards. *Section I (D)(4)(e), Rules of Process and Procedure, Standards of Accreditation* states that "Prior to a grant of initial accreditation, the school must be able to provide student achievement outcomes for its programs prepared in accordance with the Commission's student achievement reporting requirements." Overall, the Commission found that the school has failed to provide the required information despite being given opportunities to do.

4. CSC did not demonstrate that the school engages in institutional assessment and improvement planning activities (*Section I (B), Substantive Standards, Standards of Accreditation*). The TSR requested that the school submit a copy of the school's institutional assessment and improvement planning document and a list of institutional improvement activities that have taken place since January 1, 2018. In response to this finding, CSC provided a document entitled "Creations School of Cosmetology Institutional Assessment and Future Plan 2018-2020." The Commission found that this document, while comprehensive, appears to have been copied from resources provided by another accrediting body as it references "the overall planning process follows Core Requirement 2.5 of *The Principles of Accreditation: Foundations for Quality Enhancement*." This document also does not include any timelines for implementation and the Commission found that the only documentation provided by the school regarding the institutional improvement activities is a chart that states "Document rewritten to reflect current plans." Overall, the Commission found that CSC failed to provide any supporting documentation to demonstrate that it is engaging in ongoing institutional assessment and improvement

¹ As noted under *Appendix VI of the Standards of Accreditation*, the benchmark graduation rate for programs 12-months in length is 55%; the benchmark graduate employment rate for all programs is 70%.

activities and planning appropriate to the size and scale of the school's operations and that support the management and administration of the school as well as the quality of education provided.

5. CSC did not demonstrate that the school has administrative and operational policies and procedures to which the school adheres and reviews and updates as needed (*Section I (A)(1)(d), Substantive Standards, Standards of Accreditation*). The TSR requested that the school submit a detailed description of the school's process for developing administrative and operational policies and procedures, and a copy of the school's administrative and operational policies and procedures for all areas of school operations (e.g., recruiting and admissions, financial services, student services, etc.) In response to this finding, CSC indicated that the school developed its administrative and operational policies and procedures "as an initiative of the opening of the school in July, 2013." The Commission found, however, that CSC's response does not include any operational policies and procedures. Rather, the school provided a document that references the school's mission statement, institutional purpose and goals, and excerpts of the school's attendance policy and tardy policy.
6. CSC did not demonstrate that the school prepares a financial budget for each fiscal year that allocates working capital for expenditures required to ensure the proper operation of the school and the discharge of its obligations to students as well as for institutional improvement and faculty development activities (*Section I (C)(2), Substantive Standards, Standards of Accreditation*). As part of the school's response to this finding, the TSR requested that the school submit a detailed description of the school's budgeting process, including a description for how the school monitors its budgetary projections in relation to actual income and expenses on a regular basis throughout the fiscal year, and a copy of the school's current fiscal year budget with a budget-to-actual analysis. While the school's response indicates that it had provided a copy of the school's final budget for the projected year as part of its response to the TSR, the Commission found that no such budget was included (the referenced exhibit in the response is blank). The Commission found that since the Orientation On-site Evaluation, CSC has not demonstrated compliance with ACCSC's requirements regarding its financial budget despite being given many opportunities to do so.
7. CSC did not demonstrate compliance with accrediting standards relative to Program Advisory Committees ("PAC") in the following areas:
 - a. The school did not demonstrate that PAC meetings include at least three members in attendance that represent the employment community and/or practitioners from the program area (*Section II (A)(6)(a), Substantive Standards, Standards of Accreditation*).
 - b. The school did not demonstrate that it conducts at least two PAC meetings per year (*Section II (A)(6)(c), Substantive Standards, Standards of Accreditation*).
 - c. The school did not demonstrate that it reviews and comments on student graduation and graduate employment (*Section II (A)(6)(d)(ii), Substantive Standards, Standards of Accreditation*).

The Commission considered that the TSR cited this as an area of concern and requested the school to submit the following information:

- i. A list of PAC members including: the name, title, place of employment; an explanation as to which individuals represent the employment community; and a detailed description of the qualifications of all members as it relates to their role on the PAC;
- ii. Written and detailed minutes of all PAC meetings held since the July 17-18, 2018 on-site evaluation that includes a description of all members in attendance (i.e., titles and affiliations);

- the date, time, and location of the meeting; and a comprehensive and clear description of the review of and commentary made by the school representatives and the PAC members in compliance with *Section II (A)(6)(d), Substantive Standards, Standards of Accreditation*; and
- iii. Evidence to show that the school gives consideration to the recommendations of the PAC.

According to the school's narrative response, CSC added three additional PAC members to the committee that represent the industry and the employment community and scheduled two meetings for the upcoming fiscal year. The Commission noted that the school's response references the inclusion of July 17-18, 2018 PAC meeting minutes. The Commission found, however, that the school's response only includes a blank PAC template. The Commission found that since the Orientation On-site Evaluation, CSC has not demonstrated compliance with ACCSC's requirements regarding the Program Advisory Committee.

8. CSC did not demonstrate that school management participates in ongoing development and training activities (*Section I (A)(3), Substantive Standards, Standards of Accreditation*). The Commission noted that the TSR requested the school to submit a description of the school's plan to provide ongoing training and development for members of school management and administrative personnel that will support their particular roles in the school, and documentation of any activities that have occurred since the July 17-18, 2018 on-site evaluation to include items such as agendas from training sessions, sign-in sheets, attendance rosters, and certificates of completion. The Commission noted that the school's response provides no documentation that school management participates in ongoing development and training. Rather, the response only states that "CSC has updated the school's ability and plan to provide ongoing training [*sic*] for member of school management as well as administrative personnel that will assist in their roles of their particular roles in the school" and that "[t]he school is currently looking to engage in future events to honor such request."
9. CSC did not demonstrate that the school's instructor engages in ongoing faculty assessment and professional development activities (*Section III (A)(2), Substantive Standards, Standards of Accreditation*). The Commission noted that the TSR requested that the school submit a description of the school's plan to provide 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. In addition, a request was made for documentation of all faculty professional development activities that have taken place since the July 17-18, 2018 on-site evaluation (e.g., continuing education in the subject area(s) taught; teaching skill development; instructional methodology development; membership in trade and professional organizations, etc.). In response to this finding, CSC did not provide any documentation to demonstrate that its sole instructor engages in ongoing faculty assessment and professional development activities. Rather, the school's response states only that "CSC has also scheduled a calendar of events to cooperate with the team findings above stated" and that "[t]hese events are to ensure our Instructor has ongoing training and professional development activities to ensure the assessment is appropriate to provide the learning and achievement of the students." The Commission found that since the Orientation On-site Evaluation, CSC has not demonstrated compliance with ACCSC's requirements regarding faculty professional development despite being afforded numerous chances to do so.
10. CSC did not demonstrate that prior to enrollment the school determines that each applicant meets the school's admission requirements and secures documentation to demonstrate that each applicant meets all admission requirements (*Section V (A)(4)(b), Substantive Standards, Standards of Accreditation*).

According to the TSR, CSC requires a high school diploma or equivalent for admission into the school; however, the team found that in 2 out of 5 current student files reviewed, no documentation was present. Additionally, the TSR indicates that documents for three students from a foreign country were not certified to be at least equivalent to a high school diploma. The Commission noted that the TSR requested the school to submit the school's admission requirements and procedures, as stated in the school catalog; a roster of all students admitted since the July 17-18, 2018 on-site evaluation; and copies of admission documentation and fully executed enrollment agreements for each of the students enrolled since the on-site evaluation. In response to this finding, CSC provided a copy of its published admissions requirements; however, the school did not provide any documentation to demonstrate that it is following its published admission requirements as required by accrediting standards. The Commission found that since the Orientation Onsite Evaluation, CSC has not demonstrated compliance with ACCSC's requirements regarding admissions despite being given multiple opportunities to do so.

11. CSC did not demonstrate that the school executes an enrollment agreement for all enrolled students (*Section IV (C)(2)(b), Substantive Standards, Standards of Accreditation*). According to the TSR, the team found that no enrollment agreement was on file for a student enrolled in the Cosmetology program. The Commission noted that the TSR requested the school to submit a description of the school's process for ensuring that an enrollment agreement is executed for all enrolled students, including when the agreement is signed by the student and when it is signed by the accepting school official; a roster of all students admitted since the July 17-18, 2018 on-site evaluation; and copies of fully executed enrollment agreements for each of the students admitted since the on-site evaluation. In response to the finding, while the school indicated that "we have located such documents from the ones mentioned and made a completion of each file that now meets standards" the school did not submit the materials specifically requested by the Commission.
12. CSC did not demonstrate compliance with accrediting standards relative to the catalog in the following areas (*Section IV (C)(1)(a), Substantive Standards, Standards of Accreditation*):
 - a. The catalog does not include tuition and other charges related to enrollment (*Catalog Checklist item #24*) and
 - b. The catalog does not include a calendar for the school year (*Catalog Checklist item #28*).

Additionally, the Commission found that the school did not provide a) a description of the school's process for developing the catalog and ensuring that the document contains all required disclosures or b) a catalog cross-referenced to the Catalog Checklist as requested by the TSR.

13. CSC did not demonstrate compliance with accrediting standards relative to enrollment agreements in the following areas (*Section IV (C)(2)(a), Substantive Standards, Standards of Accreditation*):
 - a. The enrollment agreement does not indicate the type of document awarded upon graduation (*Enrollment Agreement Checklist item #5*);
 - b. The enrollment agreement does not indicate tuition payment methods (*Enrollment Agreement Checklist item #8*);
 - c. The enrollment agreement does not include procedures for cancellation/termination by the student (*Enrollment Agreement Checklist item #12*); and
 - d. The enrollment agreement is not clearly and conspicuously paginated providing the page number and the total number of pages in the agreement (*Enrollment Agreement Checklist item #19*).

Additionally, the Commission found that the enrollment agreement is replete with spelling mistakes.

14. CSC did not demonstrate that the school maintains an official transcript of formerly enrolled students (*Section VI (B)(2), Substantive Standards, Standards of Accreditation*). The Commission noted that the TSR requested the school to submit:
- A description of the school’s process for maintaining and issuing official transcripts and
 - A copy of the official transcript for all formerly enrolled students since January 1, 2018 that includes, at a minimum: the program of study; the date of program entry; the date of graduation, termination, or withdrawal; and the clock or credit hours and the grade earned.

In response to this finding, CSC indicated that “a copy of transcript for formerly enrolled students since January 1, 2018 have been included with a minimum of information including the following; Program of study, date of program entry, date of graduation, termination or withdrawal as well as clock hours and grade.” The Commission found that the school’s response, however, does not include any transcripts. Instead, it includes only an excerpt from a document that states, “Use this gradebook to calculate grades when all assignments [*sic*] contribute equally to the final grade.”

15. CSC did not demonstrate that the school maintains documentation of student advising sessions (*Section VI (A)(4), Substantive Standards, Standards of Accreditation*). The Commission noted that the TSR requested the school to provide a description of the school’s process for maintaining documentation of student advising sessions, and comprehensive documentation of all student advising sessions that have taken place since the July 17-18, 2018 on-site evaluation. In response to the TSR, CSC indicated that the school “has now implemented a new process in which student advising is obtained in a more structured setting and notes for documentation will be obtained for all future sessions.” The Commission noted, however, that CSC neither provided information on the school’s process for maintaining documentation nor documentation of any advising session.

Based upon the foregoing, the Commission voted to deny initial accreditation to CSC in accordance with *Section VII (N)(1), Rules of Process and Procedure, Standards of Accreditation* effective as of the date of this letter. In accordance with *Section X, Rules of Process and Procedure, Standards of Accreditation*, the reasons for the denial of accreditation will be made public and provided to the U.S. Department of Education, appropriate state agencies, and appropriate accrediting agencies.

Appeal and Reapplication Process and Procedure

CSC may opt to appeal the Commission’s decision to deny accreditation or may elect to reapply for accreditation. Details regarding the reapplication and appeal procedures are outlined in the *ACCSC Rules of Process and Procedures, Standards of Accreditation*.

- If CSC elects to appeal this decision, the school must sign and return the enclosed Letter of Intent to Appeal a Commission Decision, along with the Appeal Expense Fee of \$6,000.00, **on or before March 28, 2019**.
- If CSC elects to appeal this decision, the school’s Application for Appeal of a Commission Decision and Grounds for Appeal must be submitted **on or before April 17, 2019**.
- If CSC elects not to appeal this decision, the Commission’s decision will become effective **March 18, 2019**. The school may submit comments **on or before March 28, 2019** in accordance with the enclosed Public Comment Disclosure Form. Comments submitted by the school will accompany any public

disclosure of a final Commission action pursuant to *Section X (D)(4), Rules of Process and Procedure, Standards of Accreditation.*

- In accordance with *Section VII (N)(3) Rules of Process and Procedure, Standards of Accreditation*, the school may reapply no sooner than nine months from the date on which the denial of accreditation becomes effective.

For additional information regarding the Commission's decision, please contact me directly at

[REDACTED]

Sincerely,

[REDACTED]

Michale S. McComis, Ed.D.
Executive Director

Encls: Letter of Intent to Appeal a Commission Decision
ACCSC Standing Appeals Commission Members
Public Comment Disclosure Form