



Accrediting Commission of Career Schools and Colleges

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## ACCSC ACCREDITATION ALERT

**To:** ACCSC Accredited Institutions and Other Interested Parties  
**From:** Michale S. McComis, Ed.D., Executive Director  
**Date:** September 1, 2020  
**Subject:** Revisions to the AACSC<sup>1</sup> Bylaws – Sustaining Fee Calculation

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In 2017, ACCSC increased sustaining fees for the first time in over 20 years. As part of that increase, the Commission also included, and the Membership approved, the following language:

*Starting July 1, 2017, the Accrediting Commission may on a triennial basis increase the base fee, the multiplier, or both up to 3% without a required vote by the members of the Corporation. Additional increases in dues shall be proposed by the Accrediting Commission and submitted to the members for approval or disapproval on a majority vote of the votes cast at the annual meeting of the Corporation.*

July 1, 2020 was the first triennial opportunity for ACCSC to increase sustaining fees without a vote by the membership; however, given the current COVID-19 pandemic and the hardship faced by higher education institutions, the Commission chose not to increase sustaining fees effective July 1, 2020.

That decision notwithstanding, the Commission is recommending a change to the sustaining fee calculations in order to correct an unintentional inequity in the current sustaining fees tiers. Essentially, when ACCSC increased the fees in 2017, we only tested the math on the low end of each fee tier spectrum in an attempt to ensure the equity of the increase across the membership. However, it is on the high end of the fee tier spectrum where the problem lies.

The four Sustaining Fee Tiers (I-IV) are as follows:

- I. *If the gross tuition of the member is \$200,000 or less, the dues shall be \$1,500;*
- II. *If the gross tuition of the member is greater than \$200,000 up to \$1,000,000, then the dues shall be \$1,500 plus .00286 times gross tuition over \$200,000;*
- III. *If the gross tuition of the member is greater than \$1,000,000 but not more than \$3,000,000, dues shall be \$3,500 plus .0011 times gross tuition over \$1,000,000; and*
- IV. *If the gross tuition of the member is greater than \$3,000,000, dues shall be \$5,500 plus .000165 times gross tuition over \$3,000,000.*

As shown in the chart below, ACCSC has found that schools at the high end of Tier II **pay more** than those at the low end of Tier III (Yellow Highlights) and schools at the high end of Tier III **pay more** than those at the low end of Tier IV (Green Highlights). See the chart below:

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<sup>1</sup> Accreditation Alliance of Career Schools and Colleges dba Accrediting Commission of Career Schools and Colleges

**Chart 1: Current Sustaining Fee Tiers**

	GTR	≤200,000	200,001-1,000,000	1,000,001-3,000,000	>3,000,000
Tier I	\$1 - \$200,000	\$1,500	\$0	\$0	\$0
Tier II	\$200,001	\$0	Lowest - \$1,500	\$0	\$0
	\$1,000,000	\$0	Highest - \$3,788	\$0	\$0
Tier III	\$1,000,001	\$0	\$0	Lowest - \$3,500	\$0
	\$3,000,000	\$0	\$0	Highest - \$5,700	\$0
Tier IV	\$3,000,001	\$0	\$0	\$0	Lowest - \$5,500

GTR = Gross Tuition Revenue

The sustaining fees calculations are meant to require that the higher the gross tuition, the more a school pays. However, the current structure does not produce that result in all cases. Therefore, the Commission is proposing to alter the Gross Tuition Revenue Tier ranges – not the base fee or the multiplier – in order to fix the unintentional inequity. The revisions being proposed by the Commission to correct this issues are as follows:

**ARTICLE III – DUES AND FEES**

**Section 3.01 – Dues**

- a. Amount: Effective July 1, 2017, members of the Corporation shall pay dues annually in accordance with the following:
  - i. If the gross tuition of the member is ~~\$1,000,000~~ **\$850,000** or less, the dues shall be \$1,500 plus .00286 times gross tuition over \$200,000;
  - ii. If the gross tuition of the member is greater than ~~\$1,000,000~~ **\$850,000** but not more than ~~\$3,000,000~~ **\$2,500,000**, dues shall be \$3,500 plus .0011 times gross tuition over ~~\$1,000,000~~ **\$850,000**; and
  - iii. If the gross tuition of the member is greater than ~~\$3,000,000~~ **\$2,500,000**, dues shall be \$5,500 plus .000165 times gross tuition over ~~\$3,000,000~~ **\$2,500,000**.

These changes would yield the following in terms of the lowest and highest fees payable in each tier and would correct the unintended equity issue:

**Chart 2: Proposed Sustaining Fee Tiers**

	GTR	≤200,000	200,001-850,000	850,001-2,500,000	>2,500,000
Tier I	\$1 - \$200,000	\$1,500	\$0	\$0	\$0
Tier II	\$200,001	\$0	Lowest - \$1,500	\$0	\$0
	<b>\$850,000</b>	\$0	Highest - \$3,359	\$0	\$0
Tier III	<b>\$850,001</b>	\$0	\$0	Lowest - \$3,500	\$0
	<b>\$2,500,000</b>	\$0	\$0	Highest - \$5,315	\$0
Tier IV	<b>\$2,500,001</b>	\$0	\$0	\$0	Lowest - \$5,500

**Impact:**

These proposed revisions will create a fee increase for some schools, but not all schools. Some schools will potentially see a decrease in fees. The percentage of the increase will vary and be based on where the

school's gross tuition revenue lies on the tier spectrum. The financial impact on schools using the most recent fiscal year end year gross tuition revenue figures would look as follows:

**Chart 3: Potential Impact Based on Most Recent GTR**

Base Fee Tier	# of Schools in Tier	Sustaining Fee %Δ										
		-3%	-2%	-1%	0%	1%	2%	3%	4%	5%	6%	7%
1,500.00	145	0	0	0	145	0	0	0	0	0	0	0
3,500.00	157	2	5	3	6	1	3	32	89	16	0	0
5,500.00	356	0	7	9	19	306	5	3	2	1	2	2
<b>Totals:</b>	<b>658</b>	<b>2</b>	<b>12</b>	<b>12</b>	<b>170</b>	<b>307</b>	<b>8</b>	<b>35</b>	<b>91</b>	<b>17</b>	<b>2</b>	<b>2</b>

As shown in Chart 3:

- 30% of schools would potentially have no fee increase or would experience a decrease in fees;
- 53% of schools would potentially experience a 1% -3% increase (which was the allowable increase as of 2020); and
- 17% of schools would potentially experience an increase from 4%-7%.

Again, these figures are based on the most recent financial statements available and as such the actual impact for school's will likely be different when applied in the future.

In order to reduce the impact of the changes on the school, if the proposed changes are accepted by a majority affirmative vote at the Annual Meeting, **the Commission will delay the implementation of the change for one year and in the interim will cap the Tier II sustaining fee at \$3,500 and the Tier III sustaining fee at 5,500.**

**Action:**

In order to enact the new gross tuition revenue tier ranges, member institutions in attendance at the Annual Meeting taking place on **September 23, 2020** will be asked to vote on the revised language in the AACSC *Bylaws* as set forth above. If a majority of the schools in attendance at the Annual Meeting accept the proposed changes, then the Tier II and Tier III sustaining fess will be capped for 2021 at \$3,500 and \$5,500 respectively and the new language will go into effect as of January 1, 2022.

**Voting Instructions:**

Pursuant to Section 2.07 of the AACSC Bylaws:

*Each member shall have one vote, except that a group of affiliated schools – i.e., schools under common ownership – may have no more than five total votes regardless of the number of members in the group. Such vote shall be cast by an individual affiliated with and duly appointed by the member to vote (hereinafter referred to as the “Designated Delegate”). Proxies shall not be permitted on any vote, and no person may be the Designated Delegate for more than one member; however, a Designated Delegate may serve as such for up to five (5) members under common ownership and control. Election of School Commissioners, members of the Nominating Committee, and approval or disapproval of amendments to the Articles of Incorporation and the Bylaws shall occur through mail or electronic ballots in accordance with procedures established by the Accrediting Commission. All other matters subject to a vote under these Bylaws may be determined*

*by mail or electronic ballots, voting in person at a meeting of the members, or both in accordance with procedures established by the Accrediting Commission. Election and voting procedures shall be subject to such conditions and limitations as the Accrediting Commission may establish to provide for an orderly and considered decision by members of the Corporation. Upon accreditation by the Commission, each member shall notify the Secretary of the Corporation in writing of its Designated Delegate. Changes in a member's Designated Delegate shall be made in writing to the Secretary at least fifteen (15) days prior to the date of any scheduled meeting of the members. The record date for determining eligibility to vote shall be the date that the vote is taken.*

Each member institution that attends the September 23, 2020 Annual Meeting at this year's Professional Development Conference will receive an e-mail immediately following the meeting with a hyperlink to vote. The voting portal will be open for a period of one (1) hour.

Votes are assigned to the school's director as listed in ACCSC's database, College360. If a school would like to name a different Designated Delegate for the purpose of this vote, please contact Holly Eichhorst at [heichhorst@accsc.org](mailto:heichhorst@accsc.org) no later than **September 8, 2020** with the name and email address of the new Designated Delegate. A group of schools under common ownership and control are limited to up to five total votes which have been assigned by the school group.

If you have not registered for the PDC but would like to attend the Annual Meeting, please register [here](#).

**Questions:**

If you have any questions regarding the proposed revisions, please contact Michale McComis, Ed.D., Executive Director, at [mccomis@accsc.org](mailto:mccomis@accsc.org)

If you have any questions regarding the voting instructions or to make changes to your Designated Delegate, please contact Holly Eichhorst at [heichhorst@accsc.org](mailto:heichhorst@accsc.org).