



December 6, 2018

Accrediting Council for Continuing Education and Training
1722 N Street, NW
Washington, D.C. 20036
(Submitted via online survey seeking public input)

Dear ACCET:

Thank you for seeking public comment on your proposal to update the Council's policy on change of ownership at colleges. The validity of a school's claim to be nonprofit goes to the core of the institution's integrity, and the Council is to be commended for recognizing the potential for abuses in this area. I recommend that the Council adopt the proposed revision.

A prohibition on private inurement, fundamental to 501(c)(3) nonprofits in the United States, has been the primary measure preventing those colleges from engaging in the predatory behavior in marketing and implementing education programs. The prohibition has been so powerful as a consumer protection mechanism that student enrolling at a for-profit college is two hundred times more likely to later file a fraud complaint seeking a refund on their student loans than a student enrolling at a nonprofit, according to our analysis of federal data.

Because a nonprofit label has signaled a genuine difference in the financial restrictions and controls on an institution, consumers have learned that a nonprofit is more deserving of their trust. Unfortunately, some for-profit schools have sought to take advantage of consumers by laying claim to a nonprofit label without actually eliminating private inurement from the institution's operations. We described some of these schemes in our 2015 report, "[The Covert For-Profit](#)."

These devious claims to nonprofit status, taking advantage of the neutering of the IRS's nonprofit enforcement division, are deceptive to consumers. To ensure that students are not misled, ACCET must undertake its own review of whether a school is, in fact, dedicating all revenue to the institution's operations, and has eliminated private gain from the governance of the institution, as laid out in the revised policy. A school that is promoting itself as nonprofit while continuing to funnel revenue to former owners under the guise of contracts, rent, or loan payments, is not a school with the integrity necessary to deserve accreditation.

Again, thank you for your attention to the problem of covert for-profit colleges. I encourage you to adopt the revised policy and that you implement it with rigor. Furthermore, I hope that other accrediting bodies will follow your lead on this critically important topic. Please do not hesitate to contact me if we can help in any way.

Sincerely,

Robert Shireman
Senior Fellow