

United States Senate

WASHINGTON, DC 20510

January 31, 2013

The Honorable Arne Duncan
Secretary
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202

Dear Secretary Duncan:

We write regarding the seemingly precipitous and unanticipated closure of eight campuses of the American Career Institute (ACI) in Maryland and Massachusetts. As you know, on January 9, ACI notified the higher education commissions of Maryland and Massachusetts that it would cease operations and close its campuses by the end of the day due to an “inability to access additional credit from [its] lenders.”

First, we would like to thank you and your staff for your quick action to put much-needed information on transfer of credits and financial aid options into the hands of students who were attending ACI and have been adversely impacted by this development. Higher education officials in our states have also responded swiftly to ensure that students and their families are receiving the support they need to transition to a new institution to pursue the same course of study, if they so choose, and the Attorney General of the Commonwealth of Massachusetts is investigating the circumstances surrounding the closures for any potential wrongdoing.

While these are necessary and appropriate reactions to the closures, we urge you to examine how and why the existing triad structure of federal oversight, accreditation and state authorization failed to reveal the problems that led to ACI’s closure and offer recommendations to Congress on how it can be improved to identify similar risks in the future and, if possible, prevent such unexpected closures in the future.


The Maryland Higher Education Commission had regularly monitored ACI’s financial information to ensure it was in a viable fiscal position to serve students and found nothing to indicate imminent insolvency. Moreover, ACI’s accreditor, the Accrediting Council for Continuing Education and Training (ACCET), annually examines the financial management and stability of its institutions through its quality assurance processes. In turn, ACCET is recognized by your department as a reliable authority on determining the quality of education and training at institutions, and thus its institutional members are allowed to participate in federal financial aid programs.

ACI received \$6.5 million in 2009-10 and \$27 million the following year in revenues under Title IV of the Higher Education Act and its most recent financial responsibility score was 2.0 in 2009-10. Even with all of these systems and safeguards in place, ACI's financial instability was unknown to each governmental and nongovernmental body charged with ensuring its financial capacity and academic quality. One would expect that information indicating imminent closure would be easily identifiable and we believe that situations like ACI's are absolutely preventable.

As Congress continues its efforts to protect students and taxpayer and provide Americans with access to quality and affordable postsecondary opportunities, we appreciate your attention to this urgent matter and look forward to your response by March 1st.



Barbara A. Mikulski
United States Senator



Ben Cardin
United States Senator