Dear Members of the National Advisory Committee on Institutional Quality and Integrity (NACIQI) and Staff of the Accreditation Group of the U.S. Department of Education's Office of Postsecondary Education:

I am writing regarding the application for renewal of recognition of the Southern Association of Colleges and Schools Commission on Colleges (SACS). Federal law requires that accreditors recognized by the Secretary to consistently enforce their standards. Among the SACS expectations are standards requiring institutions to act with integrity in all matters (Principle 1.1), protect the institution from external influence (Principle 3.2.4), and exercise appropriate control over all its financial resources and physical resources (Principles 3.10.3 and 3.11.1).

In 2015, SACS reaffirmed the accreditation of Everglades College for a full ten years, despite serious issues of integrity and control over finances plainly evident in the corporation's financial and governance documents. In particular, Everglades had purchased the name and operations (but not the real estate) of for-profit Keiser University schools for a price exceeding half a billion dollars, and committed Everglades to annual lease payments that rivaled Everglades's entire budget the prior year.

The Everglades claim that the Keiser schools were worth $521 million* is suspicious enough. The fact that the seller was the president of Everglades itself -- at an organization that claims to be nonprofit -- should have been a huge red flag for SACS in the 2015 accreditation process. Did SACS review the independent valuation of the purchase, and the process by which the transaction was approved? Figures in the Everglades financial statement for 2012 suggest that the valuation was based in part on Keiser's Department of Education approval (claimed asset value: $280 million) and SACS accreditation (claimed asset value: $120 million). But why would Everglades pay $400,000,000 for approvals that it already held? It doesn't make sense.

In considering the SACS application, the Department and NACIQI should examine how SACS handled the questions of integrity and control that are evident in the Everglades purchase and leases of Keiser property.

*Everglades promised to pay $300 million and declared the remaining $221 million as a tax-deductible donation by the seller.

Robert Shireman, Senior Fellow
The Century Foundation
One Whitehall Street, 15th Floor
New York, NY 10004
Phone: 212-452-7700
The Century Foundation
(Offices in NY and DC; I am based in California)
P: 510.224.5501 shireman@tcf.org @bob_shireman
tcf.org | Facebook | Twitter | Sign up for Email Updates