

United States Senate

WASHINGTON, DC 20510

March 10, 2017

Written Comments:
Southern Association of Colleges and Schools
Commission on Colleges

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

We write today to express concerns regarding the Southern Association of Colleges and Schools Commission on Colleges' (SACS) pending application for continued federal recognition, to request that Dr. Arthur Keiser recuse himself from any NACIQI consideration of SACS, and to urge the Department of Education's Office of Inspector General to conduct an independent review to ensure that there has been no inappropriate influence in SACS's bid for renewed recognition.

Among the institutions SACS accredits are Everglades College and, its subsidiary, Keiser University. In 1998, Dr. Arthur Keiser, then owner of for-profit Keiser College, bought a second for-profit college that he would rename Everglades College. Dr. Keiser sought and received Internal Revenue Service (IRS) approval to designate Everglades College as a not-for-profit institution with tax-exempt status in 2002. He then sold Keiser College to Everglades in 2011.

In keeping with the requirements to be a not-for-profit institution, Dr. Keiser swore in his application to the IRS that, "neither [he] nor any members of his family or any entities owned or controlled by them have derived, or will derive, any non-incident private benefit attributable to Everglades College." Yet, in documents available to SACS:

- Keiser and his family members claim to be owed \$300 million dollars by Everglades College for the purchase of Keiser University;¹ and
- Everglades College pays tens of millions of dollars annually for the use of properties owned at least in part by Keiser or his family members.²

¹ U.S. Department of the Treasury, Internal Revenue Service. (2011). Form 990: Return of Organization Exempt From Income Tax filed by Everglades College, Inc. DLN: 93493305010032, page 39.

² Internal Revenue Service Form 990 filed by Everglades College, Inc. DLN: 93493305010032, pages 41-43.

As a not-for-profit institution, Everglades College is supposed to be run by an independent board free from financial conflicts of interest. Yet, two of the three original board directors had business relationships with Dr. Keiser. One of those individuals has since been hired directly by Everglades as General Counsel. In addition, the current chairman of the Everglades board runs a company which has an exclusive business contract with Keiser College.

The troubling financial arrangements and governance structures of Everglades College and Keiser University seem to flout what it means to be a not-for-profit organization and raise questions about whether these institutions are complying with SACS standards. Specifically, we note that SACS requires an institution it accredits to:

- Act “with integrity in all matters”;
- Have a governing board “free from undue influence from...external bodies and protects the institution from such influence”; and
- Exercise “appropriate control over all of its financial resources” and “physical resources.”

We ask the Department to conduct a rigorous review to determine whether SACS is consistently and adequately enforcing its own expectations and standards with respect to Everglades College and Keiser University.

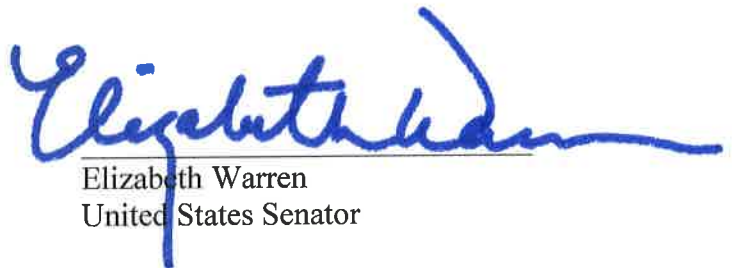
Adding to our concern, is the fact that Dr. Keiser serves as Chairman of NACIQI, which will consider SACS’s application as part of the formal federal recognition process for accreditors. Further, Keiser University’s accreditation is currently being considered for renewal by SACS. Given the clear conflicts of interest created by Dr. Keiser’s role on NACIQI and his financial and administrative affiliations with SACS-accredited institutions, we insist that he immediately recuse himself from any NACIQI consideration of SACS. We also urge that, prior to NACIQI consideration of SACS, the Office of Inspector General conduct an independent review to ensure that there has been no inappropriate influence in SACS’s bid for renewed recognition.

We hope you will take seriously your responsibility to students and federal taxpayers by carefully scrutinizing these issues as they relate to SACS’s application for continued renewal and ensuring the integrity of the accreditation recognition process.

Sincerely,



Richard J. Durbin
United States Senator



Elizabeth Warren
United States Senator

Sherrod Brown

Sherrod Brown
United States Senator

cc: Kathleen Tighe, Inspector General, Department of Education
Belle S. Wheelan, President, Southern Association of Colleges and Schools
Commission on Colleges