



ACCREDITING COUNCIL FOR CONTINUING EDUCATION & TRAINING  
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December 12, 2012

VIA EMAIL  
(corvind@ieccolleges.com)

Mr. Don Corvin  
Vice President of Compliance  
IEC International Corporation  
United Education Institute  
3563 Phillips Highway, Building C, Suite 300  
Jacksonville, FL 32207

***Re: Reaccreditation Deferred;  
Final Branch Approval Deferred –  
Stockton, CA Branch Campus;  
Interim Report Reviewed;  
Institutional Show Cause Continued;  
Follow-Up Visit Report Reviewed (Corporate);  
Program Approvals Withdrawn –6 programs;  
Cease enrollment – Stockton;  
Enrollment Limitation Continued –  
Jacksonville, Morrow, San Marcos;  
Third Party Attested Review/Audit Required;  
Interim Report Required  
ACCET ID #0170***

Dear Mr. Corvin:

At its December 2012 meeting, the Accrediting Commission of the Accrediting Council for Continuing Education & Training (ACCET) reviewed the interim report submitted by United Education Institute, with its main campus in Jacksonville, Florida, and branch campuses in Morrow, Georgia, San Marcos, and Stockton, California, in response to the August 30, 2012 Commission Action letter consequential to its continuing oversight of an Institutional Show Cause directive initialized at the August 2011 Commission Meeting. That letter deferred final consideration of the institution's application for reaccreditation and deferred consideration of the final branch approval application for Stockton, California; continued the Institutional Show Cause directive; required a follow-up visit to the corporate office; reinstated four program approvals; withdrew eight program approvals; limited enrollment numbers in nine programs; and directed the institution to provide an interim report addressing the following items: 1) A comprehensive narrative update on the continuing implementation of the institution's initiatives for enhancing career services assistance for all graduates and ensuring vigilant corporate oversight of resultant completion and placement documentation and statistics; 2) Updated completion and placement data for all programs at all campuses, including the Stockton branch, for calendar year 2011 and for the period January 1 – June 30, 2012, performed by UEI's Corporate Verification Department employing the same auditing methodology as used by Weworski & Associates for the placement audit previously conducted to include all supporting Employment Verification Forms (EVL) and applicable student signed attestations/waivers. The scope of this placement audit was to include the preparation and submission of: a) updated Documents 28.1 – Completion and Placement Statistics for all programs to include all students scheduled to graduate; b) full supporting documentation substantiating each reported start, completion waiver, and placement in accordance with verification requirements disclosed in ACCET Document 28-Completion and Placement Policy for the various categories of training-related employment; and c) a corresponding list for each Document 28.1 submitted by the

institution identifying by monthly cohort, the name of each student included on the form, along with the student's cumulative grade point average, and overall attendance rate utilizing the On-site Sampling Verification: Completion, Placements, and Academic Data form as a guide for each Scheduled-to-Graduate (Column #3) cohort on the respective 28.1s submitted; 3) A complete list of all students, by program and campus, enrolled after the May 4, 2012 Commission Action letter, in those programs for which approval had not been removed, to include a narrative analysis on the progress made toward completion of their respective program; 4) A table or spreadsheet tallying the total number of current students enrolled in each program at each campus, including the Stockton branch which remains in provisional approval status; 5) A complete teach-out plan, in accordance with ACCET Document 32 – Teach-out/Closure Policy for each of the eight programs for which ACCET approval has been withdrawn, as well as an update on the progress of the teach-out for those programs that the institution had already discontinued; 6) A narrative report describing the institution's plan for maintaining sustainability and financial stability supported by internally generated financial statements for the period January 2012-October 2012, with a signed attestation by the CEO or CFO that they are true and correct; and 7) An update on the implementation of the two positions introduced in March 2012 in order to enhanced the externship evaluation process: the Career Coach Externship Developer (CCED) position the Program Extern Evaluator and Administrative Support (PEEAS) position, as well as a narrative analysis, with supporting documentation on the improvements noted in the externship evaluation process to ensure the intended benefits to students.

Upon review of the interim report, received November 17, 2012 (with additional updates submitted November 20, 2012), and the follow-up visit report (visit conducted October 16-17 to the corporate office in Irvine, California), the Commission determined that, while some progress was evident in the programs for which the institution is still approved to enroll, the placement statistics for the near majority of programs offered in 2012 are still well below the ACCET placement benchmark. While the ACCET follow-up visit report validated that the corporate verification process is being implemented in a systematic and effective manner, career services at the campus level are still struggling to meet the ACCET placement benchmarks, as evidenced by the ongoing below-benchmark placement rates across all campuses for both active and withdrawn programs. Following extended deliberation and debate on the pros and cons of continuing deferral of reaccreditation or denial of reaccreditation, the Commission found sufficient good cause, due to the progress made in those programs currently active, to defer consideration for one final review cycle and extend the institution's accredited status pending further review at its April 2013 meeting, while continuing the Institutional Show Cause directive due to below-benchmark placement rates in a number of its programs, particularly those no longer approved to enroll. The Commission noted, with serious reservations for continuing deferral status, that the placement rates for those programs in which approval has been withdrawn have shown very little improvement since the last Commission meeting, calling into question the capabilities and commitment the institution has to assist all of its graduates in job placement. However, the Commission deemed that denial of reaccreditation, which was discussed at length, was not compellingly warranted as the institution continues to demonstrate improvement in job placement in those programs currently remaining approved. However, the Commission stated its judgment in the strongest terms to date that the institution must demonstrate a marked improvement in the 2012 (January 1 – October 31) placement rates showing continued improvement in active programs and significant improvement in placement rates in all withdrawn programs evidenced by outcomes in the reporting range or above for all programs at all campuses by the interim report due date for the Commission's review at its April 2013 meeting.

The Commission reviewed the institution's request to reinstate the Medical Billing and Insurance Coding program at the Morrow branch campus for which approval had been withdrawn, and

determined that the request for reinstatement was unfounded, based on the institution’s lack of clear evidence to demonstrate a pattern of above-benchmark placement rates in this program.

The institution’s interim report response described the institution as “*modifying its ‘footprint’ to smaller campuses where enrollment and placement are in a sustainable balance.*” The Commission noted that the current student population at the Stockton campus was listed as 428 at the time of the institution’s submission, and that three of the six programs with eligible graduates, which make up a majority of the student body, showed placement rates well into the show-cause range, as noted below.

<i>Campus/Program</i>	<i>Completion Statistics January 1 – June 30, 2011</i>	<i>Placement Statistics January 1-June 30, 2012</i>
Stockton Business Office Admin	70% (10 net starts/ 7 completers)	83.33% (6 eligible/5 placed)
Stockton Criminal Security Admin	66.67% (3 net starts/2 completers)	100% (2 eligible/2 placed)
Stockton Computer Systems Technician	50% (4 net starts/2 completers)	50% (2 eligible/1 placed)
Stockton Medical Assisting	66.67% (57 net starts/38 completers)	<b>27.27% (33 eligible/9 placed)</b>
Stockton Medical Billing & Ins. Coding	86.67% (15 net starts/13 completers)	<b>41.67% (12 eligible/5 placed)</b>
Stockton Pharmacy Technician	76.92% (13 net starts/10 completers)	<b>22.22% (9 eligible/2 placed)</b>

Of further note is the Medical Assisting program, for which the institution’s interim report claims, “*In hindsight, the enrollment of large numbers of medical assistant students at all UEI campuses outgrew the regional availability of jobs. We would have been better served to have offered this program at certain campuses in limited numbers. Lesson learned!*” Yet the Medical Assisting program at the Stockton Campus currently has 146 enrolled students and a placement rate of 27.27%. This campus was not previously limited in its enrollment capacity by the Commission, as the November 2012 interim report is the first to demonstrate eligible graduates. The Commission found it unacceptable that the Stockton campus has not followed its modified “footprint” model of smaller campuses and fewer programs but, instead, mirrors the previous UEI campus model of enrolling a large number of students in under-performing programs. As a result, the Commission has lost all confidence in the continued operation of this branch campus and voted to withdraw approval of all programs at the Stockton campus, except for teach-out purposes. Accordingly, the institution is prohibited from enrolling any new students at the Stockton branch campus, except those students with a signed enrollment agreement executed prior to the date of this Commission Action letter.

Additionally, the Commission voted to continue to limit the number of enrollments allowed at each campus in those remaining approved programs not to exceed the following limits for the first quarter of 2013 until the Commission has further evaluated the institution’s demonstrated progress towards compliance with ACCET’s placement benchmarks at its April 2013 meeting, as follows:

- Jacksonville main campus– 30 total new enrollments for period January 1 – April 1, 2013
  - Business Office Administration
  - Computer Systems Technician
  - Criminal Justice
- San Marcos – 22 total new enrollments for period January 1 – April 1, 2013

- Business Office Administration
- Computer Systems Technician
- Criminal Justice
- Dental Assisting
- Morrow – 45 total new enrollments for period January 1 – April 1, 2013
  - Business Office Administration
  - Dental Assisting

While the institution's interim report addressed the required items noted in the first paragraph of this letter, the Commission directed an additional interim report to include the following items:

1. Updated completion and placement data for all programs at all campuses for calendar year 2011 and for the period January 1 – October 31, 2012, performed by UEI's Corporate Verification Department to include all supporting Employment Verification Forms (EVL) and applicable student signed-attestations for 2012 graduates. The scope of this placement audit must include the preparation and submission of: a) updated Documents 28.1 – Completion and Placement Statistics for all programs to include all students scheduled to graduate; b) full supporting documentation substantiating each reported start, completion, waiver, and placement in accordance with verification requirements referenced in ACCET Document 28 – Completion and Placement Policy for the various categories of training-related employment; and c) a corresponding list for each Document 28.1 submitted by the institution identifying by monthly cohort, the name of each student included on the form, along with the student's cumulative grade point average, and overall attendance rate utilizing the attached On-site Sampling Verification: Completion, Placements, and Academic Data form as a guide for each Scheduled-to-Graduate (Column #3) cohort on the respective 28.1s to be submitted.
2. A third party attested review/audit to verify the validity of the 2012 placement rates provided by the institution. The institution must either confirm that it will be using the services of Weworski and Associates or submit the names and credentials of three proposed independent auditing firms, from which ACCET will select one to conduct the placement review/audit. The scope of this placement review must include the firm's attestation that the 2012 Completion and Placement data (required in item one above) submitted by the institution is in compliance with the placement requirements noted in ACCET Document 28 – Completion and Placement Policy.
3. A table or spreadsheet tallying the total number of current students enrolled in each program at each campus.
4. A completed teach-out plan, in accordance with ACCET Document 32 – Teach-out/Closure Policy for each campus, to be implemented in the event that the institution ceases operations.

A copy of this report, **including the attached interim report cover sheet**, must be emailed to [interimreports@accet.org](mailto:interimreports@accet.org) no later than **March 18, 2013**. The institution is advised that this due date represents a predetermined extension explicitly and firmly specified by the Commission.

Additionally, the Commission reviewed the institution's plan for maintaining financial sustainability and required additional reporting to be reviewed by the Commission's Financial Review Committee. The Commission noted that the institution is owned by a parent company, International Education Corporation (IEC), which owns a number of institutions, only two main campus designated institutions of which are ACCET accredited. The response, however, for United Education Institute (ACCET ID #0170) discussed operating plans at the IEC level, which were not specific to this institutional entity.

Accordingly, a separate interim report must address the items below as they pertain to United Education Institute, with its main campus in Jacksonville, Florida.

1. The Commission reviewed the audited financial statement footnote regarding the 90/10 calculation for 2011, and noted that the ECASLA portion of funds that were included in the non-TIV receipts for 2011 were moved to the TIV receipts. Therefore, the institution must provide a narrative update regarding its expected 90/10 status for 2012 and 2013.
2. The footnotes indicate that during 2011, the institution started an Institutional Loan Program to finance a portion of the cost of student's tuition (the portion not covered by other sources). However, the institution did not recognize any revenue related to these amounts because it could not be assured that any amounts would be collected, resulting in \$4.6 million in unrecognized tuition. The Commission questions the admission standards applied for students using this loan program relative to the criteria used to qualify students' eligibility for the loan program. Therefore, the institution must provide a detailed narrative analysis relative to the impact this program has on both the completion and placement results as well as 90/10.
3. The largest asset noted on the balance sheet is a \$99 million receivable from IEC, in conjunction with an apparent continuing pattern of advances to IEC. Therefore, regardless of the profitability of the institution, much of those profits are being transferred out. Accordingly, there is no assurance that if the institution's turnaround plan does not materialize, that it can access those funds to provide needed working capital. Therefore, the institution must provide a narrative update and explanation of these circumstances and observation relative to IEC and United Education Institute in that context of prior distributions either as permanent (i.e. dividends/distributions) or temporary (i.e. loan). If the subsequent determination is to continue to report these amounts as advances, the development, documentation and execution of a repayment plan with respect to such advances being approved by the Boards of Directors of the entities must be consistent with that to be reported in the footnotes for the upcoming audit to be submitted. If the determination results in treating these amounts as permanent distributions, then the balance sheet must be revised accordingly.

The institution is advised that further treatment as advances or any other distributions, transfers, etc. to IEC or any other related entity raises serious questions and concerns relative to ensuring that adequate working capital is and will continue to be available for the turnaround underway.

4. The institution is further directed to submit its annual audited report or a draft of the annual audit report (with footnotes), if available; or internally generated and prepared financial statements for FYE 12/31/12, with the required signed attestation by IEC's CEO or CFO indicating the statements to be true and correct.

A copy of this report, **including the attached interim report cover sheet**, must also be emailed to [interimreports@accet.org](mailto:interimreports@accet.org) no later than **March 18, 2013**, for review by the Commission's Financial Review Committee. The institution is advised that this due date represents a predetermined extension explicitly and firmly specified by the Commission.

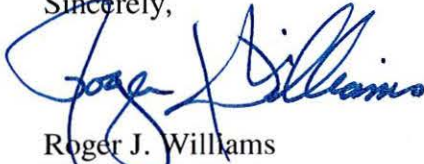
As a reminder, please be advised that late submission and receipt of documents and reports are subject to significant late fees in accordance with Commission policy. These fees are outlined in ACCET Document 10, which can be found at [www.accet.org](http://www.accet.org).



Deferral of reaccreditation is not an adverse actions and is explained in ACCET Document 11 – Policies and Practices of the Accrediting Commission, which is available on our website at [www.accet.org](http://www.accet.org). In accordance with Commission policy, no substantive changes including, but not limited to, new programs or major program revisions, new branch campuses or other new sites, and/or relocation out of the general market area, will be permitted during the term of the deferral period.

Your demonstrated capabilities and commitment in support of the institution's accredited status are essential to a favorable outcome in this process. Should you have any questions or need further assistance regarding this letter, please contact the ACCET office at your earliest opportunity.

Sincerely,



Roger J. Williams  
Executive Director

RJW/lao

Enclosures: Interim Report Cover Sheets  
On-Site Sampling Verification: Completion, Placement, and Academic Data form

cc: Ms. Kay Gilcher, Chief, Accreditation Division, USDE ([aslrecordsmanager@ed.gov](mailto:aslrecordsmanager@ed.gov))  
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