

Protecting Tennesseans from Education Fraud



March 2007



STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

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Comptroller

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March 21, 2007

The Honorable Ron Ramsey
Speaker of the Senate
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and
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State Capitol
Nashville, Tennessee 37243

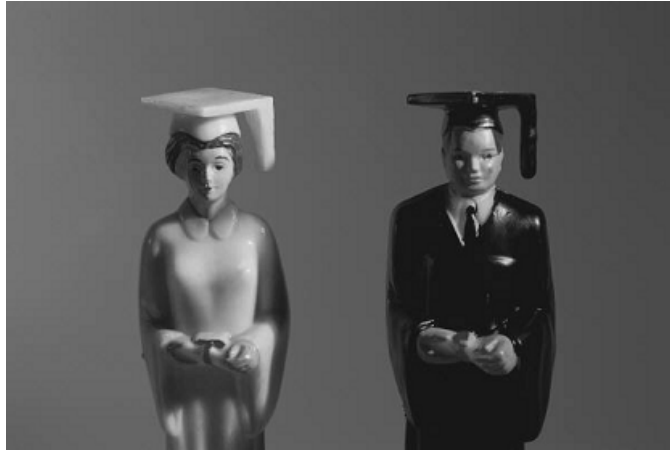
Ladies and Gentlemen:

Transmitted herewith is a report by the Offices of Research and Education Accountability about Tennessee's ability to protect its citizens from diploma and degree mill activity. The report considers the postsecondary and K-12 school approval processes and whether current statute, regulation, and practice are adequate to guard against fraudulent activity. The report also provides recommendations for legislative and administrative consideration.

Sincerely,

John G. Morgan
Comptroller of the Treasury

Protecting Tennesseans from Education Fraud




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EXECUTIVE SUMMARY

Individuals seeking educational services, whether at the K-12 or postsecondary levels, have a wide range of available opportunities. Adult and school-age students who understand the value of educational attainment are looking beyond traditional public schools and universities, often to distance learning and proprietary, for-profit educational entities.

These nontraditional educational opportunities expand the possibilities for more people to obtain education and training, but have resulted – largely because of the possibilities presented by the Internet – in an increase in *diploma* and *degree mills*. Diploma and degree mills are variously defined, but in general are organizations that offer consumers fraudulent degrees or certificates. As a result, some states have toughened their school approval processes.

This report examines the school approval processes for both nonpublic K-12 and proprietary postsecondary institutions seeking to operate in Tennessee. The paper focuses on the ability of state agencies to ensure the quality of educational institutions and protect citizens from unscrupulous practices, including diploma and degree mills. It compares Tennessee's approach to school approval to other states' methods and, where appropriate, makes recommendations for improvement.

Why diploma mills are a threat

More than just a simple case of consumer fraud, diploma mills present a threat to public safety. A 2004 audit by the General Accounting Office revealed that 463 federal employees had obtained degrees from three unaccredited schools that required little or no coursework. The majority of those holding questionable degrees were employed in federal agencies responsible for the safety and security of American citizens, including the Departments of Transportation, Homeland Security, and the Department of Energy.

The most notable law enforcement effort to crack down on diploma mill operations was Operation DIPSCAM, a task force headed by the Federal Bureau of Investigation (FBI) from the late 1970s until 1991. The operation shut down over 50

diploma mills, resulting in more than 30 mail fraud convictions. The FBI closed the operation when other agency needs became more important, just about the time Internet use began to climb. The growth of the Internet has made it easy to establish and to relocate fraudulent institutions, further frustrating law enforcement agencies. Educational enterprises that operate over the Internet are often beyond the reach of state authorities. Similar to other areas of commerce, state law enforcement agencies cannot act against an entity that lacks physical presence in the state.

School approval at the postsecondary educational level

The United States has no central authority over postsecondary education and, consequently, no coordinated national effort to identify and close down diploma mills. Given the difficulty in prosecuting transitory diploma mill operators, it is important to provide consumers the information they need to protect themselves and their families. While accreditation, a process of non-governmental peer review for postsecondary institutions, may provide some indication of institutional quality, it is voluntary and findings are not generally made public.

Higher education approval bodies in several states have made efforts to educate the public about diploma mill activity, with a few states taking the additional step of publicizing lists of questionable unaccredited institutions. In Tennessee, statute requires all nonpublic postsecondary institutions and programs to obtain approval of the Tennessee Higher Education Commission (THEC), the coordinating body charged with oversight and approval of postsecondary institutions. Schools seeking THEC authorization must demonstrate financial stability, fair consumer practices, and the ability to provide students with an educational benefit.¹

School approval in K-12 education

Although postsecondary education is more often associated with diploma and degree mills, some enterprises award questionable high school diplomas as well. In July 2006, officials with the National College Athletic Association (NCAA) compiled a list of 25 nontraditional and preparatory

high schools that they believe lack academic rigor and may qualify as diploma mills. The NCAA Clearinghouse, the agency that approves the transcripts of college bound athletes, found cases of college recruits who received diplomas from correspondence programs that required little or no academic work. Students holding degrees or completion documents from these schools may find themselves unprepared for the rigors of a college curriculum.

In Tennessee, the State Board of Education promulgates standards for both public and nonpublic primary and secondary schools. The Department of Education monitors compliance with state standards to ensure that all schools maintain educational quality. Most nonpublic schools meet standards that are similar to public schools: about half of the 653 nonpublic schools known to the Tennessee Department of Education adhere to state standards that are monitored through direct application to the Department, accreditation by an agency whose process is approved by the State Board of Education, or through accreditation by the Southern Association of Colleges and Schools.

The standards and accountability measures for some nonpublic schools in Tennessee, however, are less clear. Over 220 nonpublic primary and secondary schools serving almost 31,000 students in Tennessee receive certain regulatory exemptions from the legislature in order to protect religious liberty.² Pursuant to *T.C.A. 49-50-801*, church related schools (also referred to as Category IV schools under the State Board regulations for nonpublic schools) are exempt from regulation regarding faculty, textbooks, or curriculum. To qualify for recognition from the Department of Education, a church related school must meet standards of accreditation or membership in one of seven organizations listed in Tennessee state law.³ The educational standards are determined by the church related school organizations and are not subject to review by state education officials.

ANALYSIS AND CONCLUSIONS

Postsecondary Education

THEC's school approval process is the primary method Tennessee uses to ensure that for-profit postsecondary schools provide students the expected educational benefit. While there is no widely-accepted standard or model to which to

compare the state's process, overall, THEC's process for regulating for-profit postsecondary schools operating in Tennessee appears to be sound and comprehensive. (See page 11.)

Periodic investigations by THEC staff suggest that, thus far, no diploma mill activity has been initiated in Tennessee. However, consumers may still receive advertisements from fraudulent operators in other states. Similar to other types of commerce, the State of Tennessee lacks authority over fraudulent operators unless they have a physical presence in the state. By its own initiative, THEC's postsecondary school authorization staff periodically research potential or suspected diploma mill activity in cooperation with other states by investigating the source of advertisements. (See page 11.)

Tennessee does not warn consumers about the potential dangers of diploma mills. Although both THEC and the Division of Consumer Affairs in the Department of Commerce and Insurance are charged with protecting consumers from deceptive business practices, neither agency publishes information warning consumers about the dangers of diploma mills. The Director of Tennessee's Division of Consumer Affairs confirmed that the agency has not handled complaints about diploma mills, and the agency does not publish information in print or on its web site warning consumers about fraudulent educational enterprises.⁴ Absent a specific directive for any state agency to inform consumers about the dangers of such fraudulent activity, Tennessee consumers may be unable to identify bogus educational entities and bring their operations to the attention of the authorities. (See page 11.)

K-12 Education

***T.C.A. 49-50-801* requires the Tennessee Department of Education to acknowledge certain schools without determining whether or not they deliver an adequate education.** The standards of membership or accreditation of those organizations listed in *T.C.A. 49-50-801* are determined by each organization and are not subject to review by state education officials. An apparent exemption in *T.C.A. 49-6-3050* prevents the state from measuring educational outcomes for certain home-schooled students by administering standardized tests and collecting the scores. As a consequence, state recognition is afforded to schools in this category without any information

regarding the educational standards of organizations listed in the law or the student outcomes of the schools approved. (See page 11.)

The standards of some state-recognized school approval organizations in T.C.A. 49-50-801 may result in levels of educational oversight that are inconsistent with the intent of the church related school legislation. Neither the applicable statute, nor the rules of the State Board of Education require schools in this category or the organizations that approve them to provide any educational services. According to the statute, accreditation by or membership in any of the associations is sufficient for recognition by the Department of Education. In the floor debate that led to passage of legislation that created T.C.A. 49-50-801, a member of the General Assembly indicated that the Education Committee received assurances that the organizations to which they were granting school approval authority had high educational standards.⁵ However, some of the organizations listed in the church related school law may approve schools without much information about the education being offered. Information gathered from the web site of one such organization suggests that membership requirements can be satisfied by completing a short form and submitting the appropriate fee.⁶ (See page 12.)

Parents may not be aware of the potential consequences of enrolling their children in certain nonpublic schools. Parents may assume that schools acknowledged for operation by the Department of Education undergo a determination of institutional quality. Currently, the state of Tennessee does not recognize diplomas or certificates of completion issued by Category IV nonpublic schools. In addition, Tennessee citizens who have obtained completion documents from Category IV schools may have difficulty meeting the requirements of certain employers or admissions prerequisites of certain postsecondary institutions. (See page 12.)

RECOMMENDATIONS

Legislative

The General Assembly may wish to consider authorizing the State Board of Education to review the standards of those associations that approve church-related schools. Parents evaluating educational options for their children

should reasonably expect that the schools acknowledged for operation by the State of Tennessee offer an educational benefit. A change in T.C.A. 49-50-801 could provide limited oversight of the school approval process while maintaining the autonomy of church related schools in matters of curriculum and instruction. The State of South Carolina makes similar provisions for oversight of the standards used for membership in independent home school associations in that state.⁷

Alternately, the General Assembly may wish to review the school approval requirements of the organizations listed in the church related school law. The Tennessee General Assembly entrusted the organizations within the church related school law to maintain adequate school approval standards. The extent to which the current school approval processes used by the organizations in the law accomplish this is unknown.

Administrative

Both THEC and the Division of Consumer Affairs should provide information on their web sites informing Tennessee consumers about the dangers of diploma and degree mills.

Currently, no state agency provides information to assist consumers in identifying potentially fraudulent educational offers. Consumers need to understand how to choose educational options that provide legitimate educational services.

The State Board of Education may wish to consider issuing rules requiring Category IV schools to disclose within student materials that diplomas issued by such schools are not recognized by the State of Tennessee, and that some colleges may subject graduates of Category IV schools to additional admission requirements. Parents considering enrolling their children in Category IV, or church related schools, may be unaware that the State of Tennessee does not recognize diplomas or completion documents from those schools. Similar consumer protection statements are required of postsecondary schools that are under the jurisdiction of the Tennessee Higher Education Commission (THEC).

See page 13 for further discussion of the legislative and administrative recommendations summarized above.

See Appendix C for response letters from the Tennessee Higher Education Commission, the Tennessee Department of Education, and the Division of Consumer Affairs, Department of Commerce and Insurance. The State Board of Education did not formally respond, but staff reviewed the report and provided useful suggestions.

¹ For clarification of THEC's legal authority over education and its school approval rules, see *Tennessee Code Annotated* Title 49, Chapter 7, Part 20, Postsecondary Education Authorization Act, and *Rules of Tennessee Higher Education Commission*, Chapter 1540-1-2, Authorization and Regulation of Postsecondary Education Institutions and Their Agents.

² "2006-7 Non Public Schools," Tennessee Department of Education web site, accessed Oct. 20, 2006, <http://www.state.tn.us/education/support/approval/doc/2006-07PrivateSchoolList.xls>.

³ The organizations listed in the law include the Tennessee Association of Christian Schools, the Association of Christian Schools International, the Tennessee Association of Independent Schools, the Southern Association of Colleges and Schools, the Tennessee Association of Non-Public Academic Schools, the Tennessee Association of Church Related Schools, or a school affiliated with Accelerated Christian Education, Inc. Although included in the law, The Southern Association of Colleges and Schools (SACS) is a secular accreditation agency, not a church related organization. SACS accredited schools are approved under a different category.

⁴ E-mail to author from Mary Clement, Director, Division of Consumer Affairs, July 17, 2006.

⁵ Tennessee House of Representatives, 89th General Assembly, (H47) February 16th 1976, Comments of Representative Stanley Rogers.

⁶ "Membership Form", Association of Christian Schools International web site, accessed Feb. 7, 2007, <http://asci.org/memberapp>.

⁷ *South Carolina Code(s)* 59-65-45 and 59-65-47.

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INTRODUCTION

Individuals seeking educational services, whether at the K-12 or postsecondary levels, have a wide range of available opportunities. Adult and school-age students who understand the value of educational attainment are looking beyond traditional public schools and universities, often to distance learning and proprietary, for-profit educational entities.

These nontraditional educational opportunities expand the possibilities for more people to obtain education and training, but have resulted – largely because of the possibilities presented by the Internet – in an increase in *diploma* and *degree mills*. Diploma and degree mills are variously defined, but in general are organizations that offer consumers fraudulent degrees or certificates. As a result, some states have toughened their school approval processes.

This report examines the school approval processes for both nonpublic K-12 and proprietary postsecondary institutions seeking to operate in Tennessee. The paper focuses on the ability of state agencies to ensure the quality of educational institutions and protect citizens from unscrupulous practices, including diploma and degree mills. It compares Tennessee's approach to school approval to other states' methods and, where appropriate, makes recommendations for improvement.

METHODOLOGY

The conclusions reached and recommendations made in this report are based on:

- A review of applicable statutes, agency rules, and legislative records.
- A literature review of research concerning diploma and degree mills, accreditation, and school approval processes.
- Interviews with staff of the Tennessee Higher Education's (THEC's) Division of Postsecondary School Authorization, the Tennessee Department of Education, and the State Board of Education.
- Interviews with personnel at selected proprietary postsecondary education institutions located in Tennessee.
- Attendance at THEC public meetings regarding school approval.

- Review of documentation concerning school approval on file at THEC.
- Review of other states' school approval processes.

BACKGROUND

Brief history of diploma/degree mills

Diploma and degree mills, and the problems they cause, are not new. Periods of growth in higher education have raised the value of college degrees and created more opportunity for fraudulent institutions. Both the Morrell Land Grant Act of 1862, which led to the construction of the original land grant colleges, and the GI Bill of Rights in 1944, which provided military veterans money for college, triggered growth in higher education and created a market for fake degrees. The problem of degree mills became pervasive enough for Congress to insert language into the Korean Conflict GI Bill in 1952 that required schools receiving money to be accredited by a recognized agency.¹

More than just a simple case of consumer fraud, diploma mills present a threat to public safety. A 2004 audit by the General Accounting Office revealed that 463 federal employees had obtained degrees from three unaccredited schools that required little or no coursework. The majority of those holding questionable degrees were employed in federal agencies responsible for the safety and security of American citizens, including the Departments of Transportation, Homeland Security, and the Department of Energy. Three of these individuals were management level employees of the Department of Energy with emergency management responsibilities and security clearances at the National Nuclear Security Administration.² Individuals have also successfully used phony credentials to secure jobs as college vice presidents, counselors, engineers, child psychologists, and physicians.³

Some enterprises award questionable high school diplomas as well. In July 2006, officials with the National College Athletic Association (NCAA) compiled a list of 25 nontraditional and preparatory high schools that they believe lack academic rigor and may qualify as diploma mills. The NCAA Clearinghouse, the agency that approves the transcripts of college bound athletes, found cases of college recruits who received diplomas from correspondence programs that required little or no

academic work. NCAA will no longer certify the high school transcripts of students graduating from these schools, jeopardizing their eligibility to play college athletics.⁴ Promotional materials from University High, a Florida school that produced 14 Division I football recruits in 2005, promised that a diploma could be earned after just four to six weeks through a series of self-administered open book exams.⁵ The relative ease of the assignments may allow some prospects to improve their grades and qualify for scholarships, but the lack of rigor may impact future academic success. One of the 14 University High recruits signed with the University of Tennessee in 2005, but is no longer enrolled in the school following his dismissal from the team due to poor academic performance.⁶

The most notable law enforcement effort to crack down on diploma mill operations was Operation DIPSCAM, a task force headed by the Federal Bureau of Investigation (FBI) from the late 1970s until 1991. The operation shut down over 50 diploma mills, resulting in more than 30 mail fraud convictions. The FBI closed the operation when other agency needs became more important, just about the time Internet use began to climb. The growth of the Internet has made it easy to establish and to relocate fraudulent institutions, further frustrating law enforcement agencies. Educational enterprises that operate over the Internet are often beyond the reach of state authorities. Similar to other areas of commerce, state law enforcement agencies cannot act against an entity that lacks physical presence in the state.

Federal actions and states' efforts to safeguard against diploma mills

Although no coordinated effort exists at the national level to track and close down diploma mill operations, some members of Congress remain concerned. Two congressional committees, the Committee on Governmental Affairs in the U.S. Senate and the Committee on Education and the Workforce in the U.S. House of Representatives, conducted hearings in 2004 and 2005 regarding diploma mills. The committees considered whether current federal protections were sufficient to guard against them. A GAO official testified at the May 11, 2004, hearing that his agency had identified hundreds of federal employees with fraudulent educational credentials, some obtained at government expense and some in positions

related to public safety.⁷ Some individuals who testified believe that existing federal laws regarding fraud are sufficient but that they are underutilized against diploma mills. Some also urged the federal government to develop a law containing a definition of qualifications for federal employment that would include a definition of diploma mills.

Since the hearings, the U.S. Department of Education has developed an online "accreditation database" that individuals and states can use to determine institutions' legitimacy. (See section titled "*Higher education accreditation and its relationship to school approval in Tennessee*" on page 6 for more on accreditation.) The U.S. Department of Education recommends that the database "be used as one source of qualitative information and that additional sources of qualitative information be consulted."⁸

The Council for Higher Education Accreditation (CHEA), an association of degree-granting colleges and universities, also maintains a database of accredited institutions as well as accredited programs. According to CHEA officials, its database is more extensive than the U.S. DOE's because it includes institutions accredited by agencies recognized by CHEA but not by the Department.

Neither the U.S. DOE nor the CHEA database identifies known diploma mills, possibly because of liability issues. Oregon's Office of Degree Authorization (ODA), however, publishes a widely-used online list of unaccredited institutions that it believes are not legitimate providers of educational services. (For more about Oregon, see page 9.) ODA indicates that:

Employers, potential students, potential clients and others doing business with users of these degrees should take appropriate steps to determine the true nature of the credentials listed here in order to ensure that degrees are genuine and are being used legally.⁹

Michigan also posts a list of colleges and universities that are not accredited by any bodies recognized by CHEA. The web site indicates that "[d]egrees from these institutions will not be accepted by the Department of Civil Service as satisfying any educational requirements indicated on job specifications" in the state of Michigan.¹⁰

Agencies in other states also have posted web site warnings aimed at informing potential students about diploma mills and degree scams, including the Vermont Student Assistance Corporation and the University of Illinois at Urbana-Champaign.¹¹

Others include:

- Hawaii's Department of Commerce and Consumer Protection, which has brought suit against several degree mill operators – its web site provides an explanation of state regulations regarding unaccredited degree granting institutions and also lists institutions that have been sued by the state of Hawaii.¹²
- Washington's Higher Education Coordinating Board, which includes a list of warning signs for consumers and steps they can take to determine whether a school is a diploma mill.¹³
- Wisconsin's Educational Approval Board, which lists questions consumers can use to identify degree, diploma, and accreditation mills. It also includes a helpful explanation regarding the difference between accreditation and state approval of institutions.¹⁴

Several states also link to the Federal Trade Commission's web site and the U.S. Department of Education's web site, both of which contain information for consumers regarding diploma mills.

Tennessee's protections against diploma mills

Tennessee's primary protections against diploma mills are two-fold: (1) state laws addressing the fraudulent use of degrees and other education credentials and (2) school approval processes contained in statute and regulation. Tennessee has three laws prohibiting the falsification of academic records and the manufacture, sale, distribution, or use of fraudulent degrees to secure employment or a promotion, or to gain admission to an institution of higher education.¹⁵ (See Appendix A for the complete text of the laws.) Violations of the laws constitute Class A or Class C misdemeanors; however, it is not clear whether anyone has ever been prosecuted under these statutes. Tennessee also has a Consumer Protection Act, which gives the Department of Commerce and Insurance's

Division of Consumer Affairs enforcement authority. However, according to the division's director, it has not received or handled complaints concerning diploma mill activity in the state.¹⁶

Although most documented diploma mill activity appears to be within postsecondary education, the recent NCAA scandal regarding athletes from a questionable correspondence high school who were recruited by top college programs illustrates the possibility for fraud in other educational levels. (See also page 2.) Whether a state has adequate protection against diploma mills is directly linked to the strength of the school approval processes that regulate educational activity outside the traditional public arena. In Tennessee, for-profit postsecondary education is governed by the Tennessee Higher Education Commission (THEC). Regulations of the Tennessee State Board of Education set requirements for schools outside the public system, including home schools.

School approval at the postsecondary educational level in Tennessee

The Tennessee Higher Education Commission (THEC) is the coordinating body for the state's 51 public colleges, universities, and technology centers. THEC is also the agency charged with approval and oversight of the state's 176 nonpublic postsecondary institutions operating in 341 locations. Of the 176 schools, 119 are for-profit and 57 are not-for-profit. Schools that wish to operate in Tennessee are required by statute to undergo an application process designed to ensure that they are legitimate institutions that provide an educational benefit. Tennessee law prohibits entities from advertising, recruiting, or enrolling students without prior THEC approval. In charging THEC with the responsibility to oversee postsecondary schools in Tennessee, the General Assembly specifically stated its intent "to protect against substandard, transient, unethical, deceptive or fraudulent institutions and practices" and to prohibit "the granting of false or misleading educational credentials."¹⁷

THEC's application and oversight processes, conducted by its Division of Postsecondary School Authorization, are detailed in both state law and agency regulations.¹⁸ Division staff review institutions' applications, conduct site visits, and provide ongoing oversight through an annual

review process. The Division of Postsecondary School Authorization – comprised of an assistant executive director, director, assistant director, two educational specialists, two investigations officers, two graduate assistants, and one secretary – is financially self-supporting, relying on the fees that it collects from authorized institutions. Fees vary among institutions according to the annual gross tuition revenue each collects in Tennessee.¹⁹

Division staff also work with the Postsecondary Education Institution Committee, charged by state law with oversight and regulation of such institutions. The committee makes recommendations to the full commission on initial applications as well as reauthorization applications. TCA 49-7-207 requires that its membership be comprised of:

- Executive Director, THEC
- Executive Director, Tennessee Student Assistance Corporation
- Five members employed by, with ownership interest in, or otherwise affiliated with an institution over which THEC has oversight
- Four members who have no association with such institutions
- Two members representative of community based organizations that have an interest in postsecondary occupational education

The committee meets quarterly. Ultimately, the full Commission votes to approve or disapprove institutions' authorization to operate in Tennessee.

THEC also adjudicates complaints initiated by students who believe a school may not be adhering to fair consumer practices. THEC staff routinely ask whether students, prior to calling with a complaint, have followed their institutions' grievance procedures – THEC handles complaints only after the results of the institutional-level process are not satisfactory to students. It is likely that most complaints are handled appropriately by the schools as the number of complaints THEC receives is relatively low compared to the population of students enrolled annually – roughly 49,000.²⁰ A review of complaints received by THEC from calendar year 2000 through part of 2006 shows that the number of student complaints received per year ranged from seven in 2000 to a

high of 29 received in 2003; the total number of complaints received from January 2000 through mid-August 2006 was 111. Complaint topics varied widely as did their resolutions, with some complaints resolved in students' favor and some in the institutions' favor.²¹

Consumer protection provisions in Tennessee's school approval regulations

To obtain approval from THEC staff to operate in Tennessee, institutions must meet certain consumer protection requirements. The regulations specifically address fair consumer practices:

All institutions authorized by the Commission and their representatives shall be required to operate in accordance with fair consumer practices to ensure current and prospective students that nothing is hidden and verbal and written representations by the school are accurate, such that students can make appropriate decisions concerning their investment of time and money.

Fair consumer practices means honesty, fairness and disclosure to students in the areas of: recruitment, admissions, contractual agreements, student financial assistance, obligations to repay student loans, placement assistance and job placement rates, advertising, refund policies, the meaning and recognition of different types of accreditation, the transferability of the institution's credits to other postsecondary schools and also includes misrepresentation concerning competitor schools.²²

Institutions receive temporary authorization to operate only after THEC staff complete a review of the required initial application and a site visit of the proposed facilities, the Committee on Postsecondary Education Institutions makes a recommendation, and the Commission agrees with that recommendation. Institutions must maintain temporary authorization for at least 24 months before being eligible for regular authorization, which requires annual renewal. Regulatory requirements include:

- Basic business requirements to ensure legitimacy. Minimum authorization standards require that entities have a physical presence in the state, a charter or business license in Tennessee, and that programs include training and content sufficient to attain outcomes consistent with the stated program purpose and institutional mission. Any institution with its primary location in another state must be authorized by that state prior to seeking Tennessee approval. Additionally, owners or administrators of a proposed school may not operate in Tennessee if they have previously been convicted of a felony involving moral turpitude, fraud, or a capital crime or if involved with a postsecondary educational institution that had its institutional authorization to operate in a state revoked. (1540-1-2-.06)
- Admissions standards to protect prospective students. To help ensure that institutions admit students who demonstrate the capacity to complete and benefit from the program that they are applying for, the Commission places restrictions on whom institutions may admit. Under THEC regulations, the minimum admission requirements for postsecondary education remain a high school diploma, GED, or a passing score on the admission exam. Institutions are also prohibited from admitting students, for example, who would be ineligible to obtain licensure in the occupation for which they are being trained. Institutions may admit students lacking a high school diploma or GED only as an “ability to benefit” student in a non-degree program that is not generally accepted for college credit. (1540-1-2-.12)

Prior to “ability-to-benefit” admittance, students must be tested using a recognized standardized test – if the student is determined ineligible for such admittance, he or she may be enrolled only as a remedial student and charged on an hourly pro rata basis with no obligation for the tuition and fees of the non-remedial regular program until meeting admission requirements. Institutions that utilize an ability-to-benefit test for the purpose of

admitting students must indicate the type of test they administer when applying for initial or continued THEC authorization. Those schools that wish to use an ability-to-benefit test that is not approved by the Department of Education must submit those test materials to THEC for approval. The Commission does not currently maintain data regarding the number of ability-to-benefit students admitted to postsecondary institutions in Tennessee.²³

- Enrollment agreements that disclose information essential to students. Institutions must require enrolling students to sign and date a form retained in students’ files indicating that they have been informed of specific information, including the length of the program, the total tuition and fee cost, and the estimated cost of books and any required equipment purchases. In addition, institutions are to ensure that students are given a copy of the institutional cancellation and refund policy, that students understand what ‘transferability of credits’ means and specific limitations with regard to an institution if it has articulation agreements,²⁴ and that students know that they may contact THEC about any unresolved complaints or grievances at the institutional level.

Also, THEC requires that institutions document that prospective students receive (1) program completion data indicating the number of students for the previous 12 months who had enrolled in and completed the program, and (2) the job placement rate in the field of study for the students who graduated. (1540-1-2-.13)

- Advertising and solicitation standards to ensure that consumers are not deceived as to the benefits and limitations of a particular course of study. Any printed promotional information must emphasize training available rather than the kinds of student aid available. Advertisements may not quote dollar amounts as indicative of the earning potential of graduates without prior approval by THEC staff. Photographs

and illustrations in promotional literature may not be used to convey a false impression regarding size, importance, or location of the institution. Institutions are prohibited from indicating that programs and/or courses or tests are transferable to another institution without current documentation by an authorized official of the receiving institution. (1520-1-2-.20)

Additionally, the regulations detail requirements concerning financial standards, institutional and student records, and personnel and instructor qualifications, among others.

Schools that are found to be out of compliance with THEC regulations may be sanctioned through the assessment of fines, or by restricting or revoking approval status. Rule 1540-1-2-.22 authorizes THEC to assess fines of \$500 per day per violation or to revoke, deny, or change the status of a certificate of authorization for any one or combination of a list of specific causes, including the following:

- Presenting to the general public, students, or prospective students information that violates the fair consumer practices outlined in the regulations;
- Advertising, recruiting, or operating a group of classes or program that has not been authorized by the commission;
- Failure to provide or maintain premises and/or equipment in a safe and sanitary condition as required by laws, regulations, or ordinances applicable at the location of the institution;
- Failure to provide and maintain adequate faculty and/or staff;
- Conducting instruction at a site not authorized by the Commission.

The regulations also state that repeated and/or consistent violations of the regulations, particularly in the same areas such as advertising, fair consumer practices, or operational standards may be grounds for conditional authorization or revocation of authorization in addition to fines. When an institution's authorization is changed to conditional, it is not allowed to enroll students, advertise, or conduct any classes or programs until the conditions that precipitated the change are corrected.

THEC staff interviewed for this briefing indicated that rule violations occur infrequently, and that almost all of the institutions that conduct business in Tennessee cooperate with the Commission.²⁵ Data from the Commission indicates that, in the three year period from 2004-2006, 13 institutions were issued fines, 11 institutions were placed on conditional authorization, and 15 institutions had their authorization revoked.^{26,27} The violations occurring with the most frequency during the three year period (frequency in parentheses) include:

- Disregard of a specific rule, directive, or regulation (11).
- Advertising violations (5).
- Failure to maintain financial resources (5).
- Unapproved change of address (4).
- Closing without following proper procedures (4).
- Pattern of threats and intimidation to students (2).

Higher education accreditation and its relationship to school approval in Tennessee

Accreditation is often confused with school approval, but the two concepts are not interchangeable. In the United States, higher education accreditation is considered a widely-accepted measure of institutional quality. Accreditation is conducted by private, nonprofit organizations, which develop evaluation criteria and conduct peer reviews to assess whether or not those criteria are met. Institutions and/or programs that request an agency's evaluation and that meet an agency's criteria are then "accredited" by that agency. From a student perspective, an institution's accreditation is important because of financial aid eligibility, recognition of degrees or credits by employers or other institutions, easy transfer of credits, acceptance into another school, and other education-related opportunities.

Postsecondary schools in Tennessee are not required to undergo accreditation, but still must adhere to the state's school approval regulations. For institutions that are accredited, state school approval regulations generally require that accreditors must be "recognized" by the U.S. Department of Education. Two entities, the United States Department of Education (USDE) and the Council of Higher Education Accreditation (CHEA),

recognize accrediting agencies, meaning that the accreditors themselves undergo a review of their qualifications and activities to determine whether they meet standards determined by the USDE and CHEA. USDE and CHEA review accreditors with somewhat different purposes, though both involve organizational effectiveness. USDE's main purpose is to ensure that federal funds for student aid are spent to purchase quality educational services. Only institutions that are accredited by a USDE-recognized accrediting organization are eligible to receive federal financial assistance for their students. CHEA's main purpose is to assure academic quality. To be considered for CHEA recognition, more than 50 percent of the institutions or programs reviewed by an accrediting organization must be degree-granting. Some accrediting organizations are recognized by both USDE and CHEA. (See Exhibit 1 on page 8.)

There are three basic types of accrediting organizations: regional, national, and specialized. Generally, six regional accrediting organizations review entire institutions, the majority of which are degree-granting nonprofits. National accrediting organizations also review entire institutions, but tend to review a larger percentage of non-degree-granting institutions, many of which are for-profit entities. Specialized accrediting organizations review programs and some single-purpose institutions. The regional accrediting agencies operate within their respective regions, while national and specialized accreditors operate throughout the country. The regional accrediting agency for Tennessee is the Southern Association of Colleges and Schools (SACS). As of August 2006, THEC has approved 67 institutions with national accreditation, 51 with regional accreditation, and 215 with no accreditation.²⁸

Tennessee's school approval regulations prescribe some standards of operation that are specific to a school's accreditation status. These concern whether a school is permitted to offer liberal arts or professional degrees and what a school is allowed to call itself.

- Rule 1540-1-2-.08 prohibits an institution from offering liberal arts degrees or professional degree designations (such as Associate of Arts or Science, Bachelor of Arts or Science, etc.) unless the institution is previously approved by a recognized regional accrediting body.

- Rule 1540-1-2-.06(14) prohibits an institution subject to the rules from using "university" in its name unless the school has been approved by a regional accrediting body. It also prohibits such an institution from using "college" in its name without an appropriate qualifier such as *career, vocational, business, technical, art, or Bible* unless approved by a regional accrediting body. Several nationally accredited and unaccredited institutions in Tennessee are required to use qualifiers in their names because of this regulation, such as All Saints Bible College, Fountainhead College of Technology, Mid-South Christian College, Nashville Auto-Diesel College, National College of Business and Technology, Nossi College of Art, O'More College of Design, and Williamson Christian College. Of the 176 THEC-approved institutions, 31 nationally accredited institutions use "college" in their names with appropriate qualifiers and six unaccredited institutions do so. Regionally accredited institutions are exempt from the requirement.

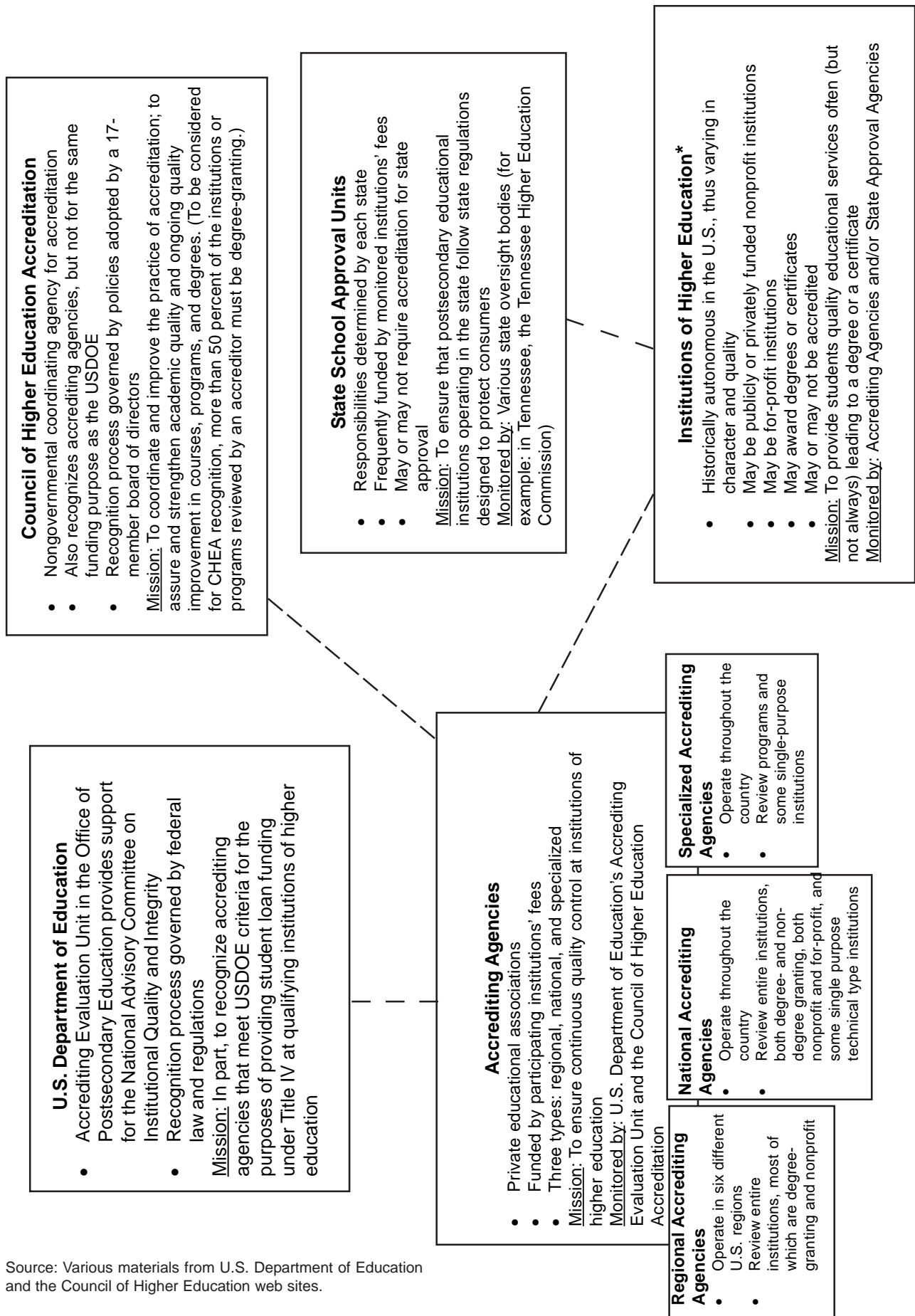
In addition, the rules require that institutions authorized after July 1, 1997, using "college" as allowed by Rule 1540-1-2-.06(14) must achieve either regional or national accreditation from a recognized body in a timely manner while demonstrating good faith efforts toward achieving that goal. Institutions not meeting this requirement are not permitted to retain the word "college" in their names.

Other states' requirements for postsecondary school approval

States' school approval processes vary, although THEC's resembles those adopted by many other states. Similar criteria among states for approving for-profit institutions²⁹ include:

- Submission of a required license application
- Submission of a nonrefundable application filing fee
- Participation in an education facility inspection or visit
- Receipt of state agency's approval for licensure prior to recruiting and enrolling students

Exhibit 1: Relationships among major actors in accrediting and/or approval of U.S. higher education institutions



*Note that this simplified definition is for purposes of this report only and does not reflect the various definitions of IHEs contained in the U.S. Higher Education Act.

- Curricular coherence and sequence – course content and the conduct of instruction
- Total instructional hours required
- Educational and experience qualifications of directors, administrators, and faculty or instructors
- Adequacy of financial support for the program and instruction
- Adequate space, equipment, instructional material, and instructors

Some states have purposely adopted more stringent school approval regulations, some in response to diploma mill activity. Oregon is considered to have a more demanding school approval process than most states, largely because it authorizes only accredited institutions to grant degrees (with rare exceptions made on a case-by-case basis), prohibits the use of fraudulent degrees, and actively enforces these statutes.³⁰ In 2006, Wyoming passed legislation that requires all private degree-granting institutions operating there to be accredited by an agency recognized by the U.S. Department of Education. Prior to the new requirement, Wyoming had been described as one of several states that tolerated the proliferation of “academically suspect” institutions.³¹

Mississippi, which reportedly has a large number of diploma mills, passed legislation in 2006 giving the Mississippi Commission on College Accreditation the power to take issuers of unapproved postsecondary degrees to court.³² An account in the *Chronicle of Higher Education* indicated that diploma mills that previously operated in states such as Hawaii, Louisiana, and Wyoming had moved to Mississippi after those states passed similar legislation.³³

School approval in K-12 education in Tennessee

In Tennessee, the State Board of Education is responsible for promulgating minimum standards for both public and nonpublic primary and secondary schools.³⁴ These standards address areas including the health and safety standards of the school facilities, graduation requirements, curriculum and classroom instruction, and the qualifications for all licensed personnel. Approximately one-third of the 653 nonpublic primary and secondary schools authorized to offer instruction in Tennessee receive certain regulatory

exemptions from the legislature in order to protect religious liberty.³⁵ In practice, some of these exemptions prohibit the state from disapproving some schools that may not provide students an adequate education.

Public Schools

The Department of Education is responsible for ensuring that the public schools meet the minimum requirements for school approval. To achieve this, department staff conducts periodic inspections of schools under its control, and performs audits to verify information submitted by school officials. Schools that do not meet minimum standards for school approval receive a written explanation and are prescribed corrective actions designed to bring schools into compliance with state regulations. Schools that do not take the corrective action within the time specified by the department are subject to sanctions that may include withholding part or all state school funding. The State Board of Education provides oversight to ensure this function is carried out in accordance with state regulations, requiring annual reports from the local Director of Schools and the Department of Education regarding each school system’s compliance with rules and regulations.³⁶

Nonpublic Schools

The Department of Education also performs a school approval function for the nonpublic schools in the state. Nonpublic schools operating within state guidelines are given state recognition or approval under one of seven categories specified in the rules of the State Board of Education. (See Exhibit 2 on page 10.) State requirements among those seven categories vary, and some categories require that schools meet standards of various accrediting bodies or school associations.³⁷ Generally, nonpublic schools tend to be free of state intervention in matters affecting instructional programs or curricular content. The relative autonomy afforded these schools allows them to satisfy a diversity of educational needs. These schools may be independent, but they typically offer specific religious content such as that offered in the parochial Catholic and Lutheran Schools, or feature a specific educational philosophy like the Montessori or Waldorf Schools.

Approximately one-third of the 653 nonpublic schools known to the Tennessee Department of Education either apply directly to the department,

Exhibit 2: Categories of Nonpublic Schools in Tennessee

Category	Description	Schools	Students
I	State Department of Education Approval	154	6,404
II	Approved by Department of Education Approved Accrediting Agency	59	5,130
III	Accredited by Southern Association of Colleges and Schools (SACS).	67	26,152
IV	Church Related Schools	222	30,935
V	Schools Acknowledged for Operation by the Department of Education	16	752
VI	International Schools Affiliated with a Tennessee Public University	0	0
VII	Special Purpose Schools	0	0
Multiple Category	Schools Approved or Acknowledged for Operation Under Multiple Categories	135	45,784

Source: "2006-07 Non Public Schools," Tennessee Department of Education web site. Accessed Oct. 20, 2006.

or belong to an agency whose accreditation process is approved by the State Board of Education. Over 220 nonpublic schools operate as "church related schools" as defined by *T.C.A.* 49-50-801.³⁸ Under Tennessee law, church related schools are exempt from regulation regarding faculty, textbooks, or curriculum.³⁹ Church related schools are recognized by the Department of Education as Category IV schools as specified in the State Board of Education's rules for nonpublic schools. The rules provide significant autonomy for church related schools. Only one rule necessitates interaction between the schools and state education officials: principals of church related schools must report the names, ages, and addresses of all students in attendance to the local superintendent.⁴⁰ To qualify for recognition as a church related school by the Department of Education, the school must meet standards of accreditation or membership in one of seven organizations or accrediting bodies listed in Tennessee state law.⁴¹ The educational standards are determined by the church related school organization and are not subject to review by state education officials.

For schools in this category, Public Chapter 596 (1976) – codified as *T.C.A.* 49-50-801 – effectively

transferred the states' school approval function to those organizations included in the law. The organizations listed in this legislation included the Tennessee Association of Christian Schools, the Tennessee Association of Independent Schools, the Southern Association of Colleges and Schools, and the Tennessee Association of Non-Public Academic Schools. Subsequent legislation in 1987 and 1996 added Accelerated Christian Education, and the Tennessee Association of Church Related Schools to the list of school approval organizations listed in the law. Although included in the law, the Southern Association of Colleges and Schools (SACS) is a secular accreditation agency, not a church related organization. SACS accredited schools are approved under a different school approval category.

State law also extends regulatory exemptions to parent-teachers who are affiliated with the church related school organization and educate their children in the home. In Tennessee, parents who wish to home school their children under the traditional option outlined in the home school law must adhere to requirements pertaining to teachers' level of education, curriculum, registration, attendance, record keeping, and length of the school day. These requirements do

not apply to parents of students enrolled in church related schools who are educated at home.⁴² A memorandum written in 1999 by legal counsel in the Tennessee Department of Education provided clarity to local education agencies (LEAs) regarding legal status of this arrangement. According to the memo, a student enrolled in a church related school while being educated at home is not a home school student because the home classroom is considered to be operated by the school rather than the parent. As a result, the regulations affecting home schooling do not apply to parents of students enrolled in church related schools who are educated at home.⁴³

ANALYSIS AND CONCLUSIONS: POSTSECONDARY EDUCATION

THEC's school approval process is the primary method Tennessee uses to ensure that for-profit postsecondary institutions are legitimate and that the students who attend them receive the expected educational benefit. There is no widely-accepted standard or model to which to compare the state's process. Other states' processes are similar, though some are more stringent and others are more lax. Overall, THEC's process for regulating for-profit postsecondary schools operating in Tennessee appears to be sound and comprehensive.

THEC staff's periodic investigations indicate that, thus far, no diploma mill activity has been initiated in Tennessee. This determination, however, does not preclude consumers from receiving advertisements from fraudulent operators (usually via e-mail) from outside the state. As in other areas of commerce, the State of Tennessee has no jurisdiction against such operators unless they have a physical presence (i.e., at least an electronic server) in the state. THEC postsecondary school authorization staff periodically research potential or suspected diploma mill activity by maintaining contact with other states' personnel engaged in similar investigations and by investigating the source of advertisements received via e-mail or found on the Internet. The THEC school approval staff conducts this function on its own initiative, absent any statutory or regulatory requirement to do so. Some states have designated consumer affairs agencies

to warn consumers against this type of fraud and to investigate suspected cases.

Tennessee does not warn consumers about the potential dangers of diploma mills. Tennessee's Division of Consumer Affairs, although charged with protecting consumers from deceptive business practices, is not active in the area of educational entities. The Director of Consumer Affairs confirmed that their staff specialists have not handled complaints about diploma mills.⁴⁴ The agency also does not publish information warning consumers about the dangers of diploma mills on its web site. Some other states' consumer affairs agencies actively supply such information to consumers; those with the ability to do so, such as Hawaii, also have brought suit against known fraudulent operations. Although Tennessee's Division of Consumer Affairs does not have judicial authority, it does warn consumers about other potentially fraudulent and harmful schemes. With no directive for any state agency to investigate potential diploma mill activity or to inform consumers about the dangers of such fraudulent activity, Tennessee consumers may lack sufficient information to identify bogus offers.

ANALYSIS AND CONCLUSIONS: K-12 EDUCATION

T.C.A. 49-50-801 requires the Tennessee Department of Education to acknowledge certain schools without determining whether or not they deliver an adequate education. The standards of membership or accreditation of those organizations listed in T.C.A. 49-50-801 are determined by each organization and are not subject to approval or review by state education officials. As a consequence, schools in this category are afforded state recognition without determining the degree to which these schools oversee students' educational experiences. In addition, nothing in the law or the rules of the State Board of Education restricts the location of Category IV church related schools. As a result, the Tennessee Department of Education acknowledges schools in this category that are enrolling Tennessee students in distance education programs over the Internet, including schools operating in other states.⁴⁵ This affords state recognition to online schools applying as Category

IV or church related schools, even though the Department of Education has no guidelines for approving schools that operate exclusively over the Internet.⁴⁶ As of March 2007, the State Board of Education has no policies or rules related to Internet based education, and, according to board staff, they are not actively considering the matter.⁴⁷

The standards of some state recognized school approval organizations in T.C.A. 49-50-801 may result in levels of educational oversight that are inconsistent with the intent of the church related school legislation. According to the statute, accreditation by or membership in any of the associations is sufficient for recognition by the Department of Education. In passing the legislation that created T.C.A. 49-50-801, members of the Tennessee General Assembly may have understood that they were granting school approval authority to educational organizations with high standards. During the floor debate, one representative indicated that the House Education Committee received such assurances prior to passing the legislation:

In committee, a church related school meant a school operated by a bona fide denomination which is required to meet the standards of membership or accreditation in these four organizations. We were assured that this membership would mean that these schools had a high standard.⁴⁸

Some of the organizations authorized by law to approve church related schools in Tennessee may do so without much information about the education being offered. Information gathered from the web site of one of the organizations listed in the law suggests that membership requirements can be satisfied by completing a short form with classroom demographic information, and submitting the appropriate fee.⁴⁹ Neither the applicable statute, nor the rules of the State Board of Education require schools in this category or the organizations that approve them to provide any educational services. Data from the Department of Education indicates that 111 of the 222 schools that are acknowledged for operation in this category are members of organizations that do not offer accreditation services.^{50,51}

The state has little opportunity to determine the consequences, if any, of the exemptions provided to Category IV schools. An apparent statutory exemption deprives the state of the ability to measure student outcomes for some students through standardized testing. T.C.A. 49-6-3050 as it applies to regular home school students specifies the methods for administration of standardized tests, the submission of scores, and prescribes remediation requirements for students with chronically low test scores. The same statute also requires parents to administer tests to students educated at home under the auspices of church related schools.⁵² Unlike regular home schooled students, the statute as it applies to the church related school student educated at home does not specify the methods for administration of standardized tests or the submission of scores. The statute also does not identify the agency or individual responsible for ensuring compliance with the remediation requirements for church related home school students with chronically low test scores. The state requires church related school students to take placement tests upon reentering the public school system, but state education officials do not collect this data.

Parents may not be aware of the potential consequences of enrolling their children in Category IV schools. Parents may assume that schools undergo a determination of institutional quality because they are acknowledged for operation by the Department of Education. The State of Tennessee does not recognize diplomas or certificates of completion issued by Category IV schools. Tennessee citizens who have obtained diplomas or other completion documents from Category IV schools may have difficulty meeting the requirements of certain employers or the admissions prerequisites of some postsecondary institutions.

RECOMMENDATIONS

Legislative

The General Assembly may wish to consider requiring the State Board of Education to review the standards of those associations that approve church-related schools. The State Board of Education possesses the expertise to ensure that the organizations listed in the law promulgate adequate school approval requirements. Parents evaluating educational options for their children should reasonably expect that the schools acknowledged for operation by the State of Tennessee offer an educational benefit. A change in *T.C.A. 49-50-801* could provide limited oversight of the school approval process while maintaining the autonomy of church related schools in matters of curriculum and instruction. The State of South Carolina makes similar provisions for oversight of the standards used for membership in independent home school associations in that state.⁵³

Alternately, the General Assembly may wish to review the school approval requirements of the organizations listed in the church related school law. The Tennessee General Assembly entrusted the organizations within the church related school law to maintain adequate school approval standards. The extent to which the current school approval processes used by the organizations in the law accomplish this is unknown.

Administrative

Both THEC and the Division of Consumer Affairs should provide information on their web sites informing Tennessee consumers about the dangers of diploma and degree mills. Currently, no state agency provides information to assist consumers in identifying potentially fraudulent educational offers. Consumers need to understand how to choose educational options that provide legitimate educational services. Several other states provide good examples. Wisconsin's Educational Approval Board, the agency responsible for approving that state's for-profit schools, maintains an explanation of degree, diploma, and accreditation mills on its web site, along with questions consumers can answer to help them identify fraudulent offers. The web page also links to an explanation of the difference

between board approval and accreditation. The State of Washington's Higher Education Coordinating Board provides a similar web page, defining diploma and degree mills and listing 10 warning signs that consumers can use to tell "the difference between a diploma mill and a legitimate college." The web page also links to other articles about diploma mills by the Federal Trade Commission, the Council on Higher Education Accreditation, and the U.S. General Accounting Office.⁵⁴ Prominently displaying this information on state agency web sites would be an inexpensive way to help inform Tennessee citizens.

The State Board of Education may wish to consider issuing rules requiring Category IV schools to disclose within student materials that diplomas issued by the school are not recognized by the State of Tennessee, and that some colleges may subject graduates of Category IV schools to additional admission requirements. Parents considering enrolling their children in Category IV schools may be unaware that the State of Tennessee does not recognize diplomas from such schools. There is no evidence suggesting widespread rejection of college applicants who have completed church related high school programs in Tennessee, but two of the organizations listed in *T.C.A. 49-50-801* advise member schools to disclose to students that those completing the programs may be subject to additional requirements for college admission.⁵⁵ Similar consumer protection statements are required of postsecondary institutions that are under the jurisdiction of the Tennessee Higher Education Commission (THEC). Postsecondary institutions authorized by THEC are required to disclose limitations regarding the transfer of credits to other institutions, and to provide students with program completion and job placement rates.⁵⁶ Disclosures from Category IV schools regarding diploma recognition and college acceptance may help parents make more informed decisions regarding their child's education.

Endnotes

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- ³ Stephanie Armour, "Diploma Mills Insert Degree of Fraud into Job Market," USA Today, Sept. 28, 2003. Accessed Jan. 26, 2007 at http://www.usatoday.com/money/workplace/2003-09-28-fakedegrees_x.htm.
- ⁴ Brad Wolverton, "NCAA Decertifies 16 More Prep Schools in Fraud Crackdown," Chronicle of Higher Education, July 21, 2006. Accessed Jan. 25, 2007 at <http://chronicle.com/weekly/v52/i46a03202.htm>.
- ⁵ Pete Thamel and Thayer Evans, "Poor Grades Aside, Athletes Get Into College on a \$399 Diploma", *New York Times*, Nov. 21, 2005.
- ⁶ *Gainesville Sun*, 'Vols Say Morley No Longer with Team', Jan. 15, 2007. Accessed Jan. 25, 2007 at <http://www.gainesville.com/apps/pbcs.dll/article?AID=/20070115/GATORS01/701150325/-1/sports>.
- ⁷ United States General Accounting Office, *Diploma Mills: Federal Employees Have Obtained Degrees from Diploma Mills and Other Unaccredited Schools, Some at Government Expense*, Statement of Robert J. Cramer, Managing Director, Office of Special Investigations, Testimony Before the Committee on U.S. Governmental Affairs, U.S. Senate, May 11, 2004, GAO-04-771T, pp. 1-2.
- ⁸ U.S. Department of Education Database of Accredited Postsecondary Institutions and Programs, Oct. 2006. See <http://www.ope.ed.gov/accreditation/>.
- ⁹ State of Oregon, Office of Degree Authorization, 'Unaccredited Colleges,' Accessed Oct. 20, 2006 at <http://www.osac.state.or.us/oda/unaccredited.html>.
- ¹⁰ See http://www.michigan.gov/documents/Non-accreditedSchools_78090_7.pdf for the Michigan list.
- ¹¹ See <http://services.vscac.org/ilwcm/connect/VSAC> then click on 'Plan for College' and then 'Degree Scams' for the Vermont information and http://www.hep.uiuc.edu/home/g-gollin/diploma_mills.pdf for the Illinois information.
- ¹² See www.hawaii.gov/dcca/areas/ocp/udgi.
- ¹³ See www.hecb.wa.gov/autheval/daa/diplomamillsFAQ.asp.
- ¹⁴ See <http://eab.state.wi.us/resources/diplomamills.asp>.
- ¹⁵ *Tennessee Code Annotated* §39-14-136, 39-17-112, and 49-7-133.
- ¹⁶ E-mail to author from Mary Clement, Director, Division of Consumer Affairs, July 17, 2006.
- ¹⁷ *Tennessee Code Annotated* 49-7-2002.
- ¹⁸ *Tennessee Code Annotated* Title 49, Chapter 7, Part 20, Postsecondary Education Authorization Act, and *Rules of Tennessee Higher Education Commission*, Chapter 1540-1-2, Authorization and Regulation of Postsecondary Education Institutions and Their Agents.
- ¹⁹ *Rules of Tennessee Higher Education Commission*, 1540-1-2-.25.
- ²⁰ Tennessee Higher Education Commission, List of Authorized For-Profit Institutions – Tennessee Student Enrollment, Oct. 2006.
- ²¹ Tennessee Higher Education Commission, untitled table of complaints received by date, name of institution, nature of complaint, and resolution.
- ²² Rules of Tennessee Higher Education Commission, Chapter 1540-1-2-.19 (1) and (2).
- ²³ Telephone interview with Dr. Stephanie Bellard, Assistant Executive Director of THEC's Division of Postsecondary School Authorization, Dec. 14, 2006.
- ²⁴ Some institutions, both public and private, have articulation agreements with regionally accredited institutions so that students completing certain coursework are assured that those credits will transfer between those institutions.
- ²⁵ Interview with Dr. Stephanie Bellard and Richard Mansfield of the Postsecondary School Authorization division of THEC, Aug. 2, 2006.
- ²⁶ Tennessee Higher Education Commission, untitled table of sanctions issued by sanction type, nature of violation, and year.
- ²⁷ Data for 2006 was through Nov. 30, 2006.
- ²⁸ Note that 91 of the 215 unaccredited institutions represent H&R Block locations offering training classes for tax professionals. THEC regulations require a separate application for each location.
- ²⁹ Education Commission of the States, "Survey Analysis: State Statutes and Regulations Governing the Operation of Degree-Granting For-Profit Institutions of Higher Education," March 2000. Accessed July 13, 2006 at www.ecs.org/clearinghouse/14/48/1448.htm.
- ³⁰ Oregon Revised Statutes 348.606. Accessed Oct. 9, 2006 at <http://www.leg.state.or.us/ors/348.html>. Oregon Administrative Rules 583-030. Accessed 10/9/06 at http://arcweb.sos.state.or.us/rules/OARS_500/OAR_583/583_030.html. Note that the Oregon Department of Education's Private Career School and Veterans Education section licenses the state's private career schools, which issue certificates or diplomas but may not grant degrees. Additionally, ODA has approved some unaccredited institutions, based on standards of quality (in areas such as faculty qualifications, adequate program length, and reasonable admission standards, for example) that ODA staff have determined approximate those of an accredited institution.
- ³¹ Inside Higher Ed, "Wyoming Toughens Up on Unaccredited," March 20, 2006. Accessed Aug. 20, 2006 at www.insidehighered.com/news/2006/03/20/wyoming.
- ³² Shelia Byrd, "Diploma mills' put on notice by state of Mississippi," *The Clarion-Ledger*, Aug. 15, 2006.
- ³³ *The Chronicle of Higher Education*, News Blog, 'New Law in Miss. Will Enable Crackdown on Diploma Mills,' Apr. 23, 2006.
- ³⁴ Rules of the Tennessee Department of Education and State Board of Education (Preface), Chapter 0520-1-1.
- ³⁵ "2006-7 Non Public Schools", Tennessee Department of Education web site, accessed Oct. 20, 2006, <http://www.state.tn.us/education/support/approval/doc/2006-07PrivateSchoolList.xls>.
- ³⁶ State Board of Education Rules, Chapter 0520-1-3-.01.
- ³⁷ For clarification regarding the requirements of the seven categories of non public schools in Tennessee, see the Tennessee State Board of Education Rules, Chapter 0520-7-2-.01.
- ³⁸ "2006-7 Non Public Schools," Tennessee Department of Education web site, accessed Oct. 20, 2006, <http://www.state.tn.us/education/support/approval/doc/2006-07PrivateSchoolList.xls>.
- ³⁹ *Tennessee Code Annotated* 49-50-801.
- ⁴⁰ Rules of the Tennessee State Board of Education, Chapter 0520-7-2-.05.
- ⁴¹ The organizations listed in the law include the Tennessee Association of Christian Schools, the Association of Christian Schools International, the Tennessee Association of Independent Schools, the Southern Association of Colleges and Schools, the Tennessee Association of Non-Public Academic Schools, the Tennessee Association of Church Related Schools, or a school affiliated with Accelerated Christian Education, Inc. Although included in the law, The Southern Association of Colleges and Schools (SACS) is a secular accreditation agency, not a church related

organization. SACS accredited schools are approved under a different school approval category.

⁴² *Tennessee Code Annotated* 49-6-3050.

⁴³ General Counsel Kay Jeter, Tennessee Department of Education Memorandum, Jan. 29, 1999.

⁴⁴ E-mail to author from Mary Clement, Director, Division of Consumer Affairs, July 17, 2006.

⁴⁵ Email to author from Dr. Cindy Benefield, Director of the Division of School Approval at the Tennessee Department of Education, Aug. 11, 2006.

⁴⁶ For clarification regarding the seven categories of nonpublic schools in Tennessee, See the Tennessee State Board of Education Rules Chapter 0520-7-2-.01.

⁴⁷ Telephone interview with Rich Haglund, General Counsel with the Tennessee State Board of Education, Oct. 25, 2006.

⁴⁸ Tennessee House of Representatives, 89th General Assembly, (H47) February 16th 1976, Comments of Representative Stanley Rogers.

⁴⁹ "Membership Form", Association of Christian Schools International web site, accessed Feb. 7, 2007, <http://acsi.org/~memberapp>.

⁵⁰ "2006-7 Non Public Schools," Tennessee Department of Education web site, accessed Oct. 20, 2006, <http://www.state.tn.us/education/support/approval/doc/2006-07PrivateSchoolList.xls>.

⁵¹ "Accreditation Impact Statement," Accelerated Christian Education Inc. web site, accessed Feb. 7, 2007, <http://www.schooloftomorrow.com/aboutus/accredit.aspx>. "Educational Guidelines," Tennessee Association of Church Related Schools web site, accessed Feb. 7, 2007, <http://www.tacrs.org/edguidelines.cfm>.

⁵² *Tennessee Code Annotated* 49-6-3050 (2) (C) (ii).

⁵³ *South Carolina Code(s)* 59-65-45 and 59-65-47.

⁵⁴ For Wisconsin's information, see <http://eab.state.wi.us/resources/diplomamills.asp>. For Washington's information, see <http://www.hecb.wa.gov/autheval/daa/diplomamillsFAQ.asp>.

⁵⁵ "Educational Guidelines," Tennessee Association of Church Related Schools, Accessed Nov. 6, 2006, <http://www.tacrs.org/edguidelines.cfm>. "Category IV Manual," Tennessee Association of Non Public Academic Schools. Accessed Feb. 7, 2007, <http://www.tanasonline.org/man4.pdf>.

⁵⁶ Rules of Tennessee Higher Education Commission, Chapter 1540-1-2-.19 (1) and (2).

APPENDIX A: TENNESSEE LAWS ADDRESSING THE FRAUDULENT USE OF DEGREES AND OTHER EDUCATION CREDENTIALS

39-14-136. Falsifying of educational and academic records.

(a) A person commits the offense of falsifying educational and academic documents who buys, sells, creates, duplicates, alters, gives or obtains a diploma, academic record, certificate of enrollment or other instrument which purports to signify merit or achievement conferred by an institution of education with the intent to use fraudulently that document or to allow the fraudulent use of the document.

(b) A violation of this section is a Class A misdemeanor.

History

[Acts 1990, ch. 983, § 3.]

39-17-112. False academic degrees.

(a) It is an offense for any person to knowingly issue, sell or manufacture a false academic degree. As used in this subsection (a), "person" includes any individual, corporation, firm, company, partnership or association.

(b) It is an offense for an individual to knowingly use or claim to have a false academic degree to obtain:

- (1) Employment;
- (2) A promotion in employment; or
- (3) Admission to a college, university or

other institution of higher learning.

(c) As used in this section, "false academic degree" shall mean any degree issued that meets one of the following criteria:

(1) Issued without requiring any student academic work;

(2) Issued based solely on the student's life experience or portfolio without requiring any post secondary work submitted to and evaluated by faculty with appropriate academic degrees from an institution that is:

(A) Accredited by a regional accrediting agency or other accrediting agency recognized by the United States department of education; and

(B) Authorized to operate in Tennessee pursuant to the provisions of title 49, chapter 7, part 20, relative to the authorization of post secondary institutions, or is exempted from authorization by the provisions of § 49-7-2004; or

(3) Issued using more than twenty-five percent (25%) of required credits based on the student's life experience or portfolio.

(d) Nothing in this section shall be construed to prohibit an otherwise properly accredited and authorized institution from issuing honorary degrees recognizing distinguished individuals for service to the state, an institution or community.

(e) A violation of subsection (a) is a Class A misdemeanor.

(f) A violation of subsection (b) is a Class C misdemeanor.

History

[Acts 2004, ch. 652, § 1.]

49-7-133. Misrepresentation of academic credentials — Penalty.

(a) A person commits the offense of misrepresentation of academic credentials who, knowing that the statement is false and with the intent to secure employment at or admission to an institution of higher education in Tennessee, represents, orally or in writing, that such person:

(1) Has successfully completed the required course work for and has been awarded one (1) or more degrees or diplomas from an accredited institution of higher education;

(2) Has successfully completed the required course work for and has been awarded one (1) or more degrees or diplomas from a particular institution of higher education; or

(3) Has successfully completed the required course work for and has been awarded one (1) or more degrees or diplomas in a particular field or specialty from an accredited institution of higher education.

(b) Misrepresentation of academic credentials is a Class A misdemeanor.

(c) Each institution of the University of Tennessee system and the state university and community college system shall include in any catalog, on the institution's web site, and in any contract for employment in a position requiring academic credentials a warning that the offense of misrepresentation of academic credentials constitutes a Class A misdemeanor. The warning shall define the offense of misrepresentation of academic credentials.

History

[Acts 2004, ch. 825, § 1; 2006, ch. 661, § 1.]

APPENDIX B: PERSONS INTERVIEWED

Tennessee Higher Education Commission

Stephanie Bellard
Assistant Executive Director for Postsecondary
School Authorization

Ronald C. Williams
Director for Postsecondary School Authorization

Richard Mansfield
Assistant Director for Postsecondary School
Authorization

Tennessee Department of Education

Cindy Benefield
Executive Director of Field Service Centers

Christy Ballard
General Counsel

Tennessee State Board of Education

Rich Haglund
General Counsel

Proprietary School Personnel

Steve Cotton
Vice President and General Counsel
National College of Business and Technology
Salem, VA

C. Vicki Burch
President
West Tennessee Business College
Jackson, TN

Donna M. Clarkin
Campus Director
MedVance Institute
Nashville, TN

K-12 Personnel

Sandra Atkinson
Memphis City Schools

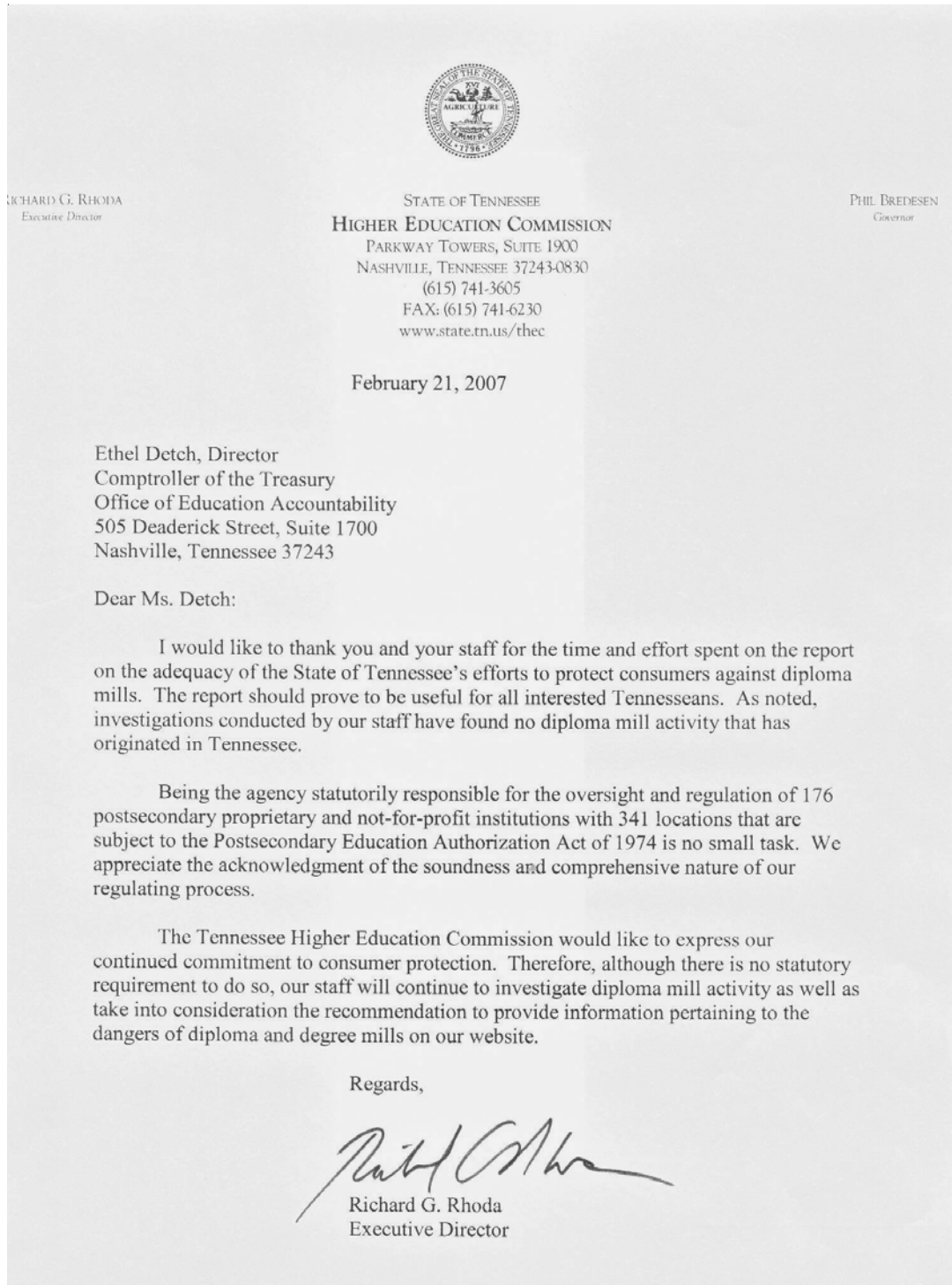
Ava Goforth
Secretary for the Director of Hamblen County
Schools

Others

Paul Starnes
President
Tennessee Association of Independent Colleges
and Schools
Nashville, TN

APPENDIX C: RESPONSE LETTERS

NOTE: The State Board of Education did not formally respond, but staff reviewed the report and provided useful suggestions.





PHIL BREDESEN
GOVERNOR

STATE OF TENNESSEE
DEPARTMENT OF EDUCATION
6th FLOOR, ANDREW JOHNSON TOWER
710 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243-0375

LANA C. SEIVERS, Ed.D.
COMMISSIONER

February 26, 2007

Mrs. Ethel Detch
Office of Education Accountability
505 Deadrick Street, Suite 1700
Nashville, TN 37243-9237

Dear Mrs. Detch,

Thank you for the opportunity to read and review your report on our state's adequacy in the protection of citizens against diploma mills in both post-secondary and K-12 education. The report accurately summarizes the current conditions in the K-12 realm. Your recommendations center on actions from the General Assembly, Tennessee Higher Education Commission, the Division of Consumer Affairs and the State Board of Education. Should any of these entities take action, the Department of Education stands ready to provide information or work collaboratively with these groups to further protect Tennessee's citizens.

We appreciate the time and careful research invested in this report. It is our mission to help all students find the best educational path for their individual situations. Helping protect these students from unscrupulous advertising and practice is in the best interest of all Tennesseans.

Sincerely,

Lana C. Seivers
Commissioner

LCS:cb



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

DIVISION OF CONSUMER AFFAIRS
500 JAMES ROBERTSON PARKWAY, FIFTH FLOOR
NASHVILLE, TENNESSEE 37243-0600

(615) 741-4737

TN TOLL FREE 1-800-342-8385
FAX 615-532-4994

March 20, 2007

Ms. Ethel R. Detch, Director
Offices of Research and Education Accountability
Comptroller of the Treasury
Suite 1700, James K. Polk Building
Nashville, Tennessee 37243-0268

Dear Ms. Detch:

I appreciate the opportunity to analyze and respond to the report that your office recently developed on the need to educate consumers on the possible danger of diploma/degree mills. The Division is committed to protecting consumers against fraudulent activity of any type, therefore, the integrity of the institution providing diplomas or degrees to Tennesseans is of utmost importance.

As stated in your report, the Division has not received any complaints about diploma or degree mills, however, consumers may lack sufficient information to identify bogus offers, and therefore, the educational diploma or degree that they receive could prove to be inferior.

As you imply, The Tennessee Higher Education Commission's school approval process is the primary method used in Tennessee to ensure that for-profit postsecondary institutions are legitimate and that the students who attend them receive the expected educational benefit. It is for this reason that the Division of Consumer Affairs will await the guidance from THEC as to what criteria needs to be followed as we attempt to educate consumers through our website, and other educational opportunities.

Thank you again for giving me the chance to respond to your report, and please let me know if you have any questions as to what more we can do to facilitate this matter.

Sincerely,

A handwritten signature in cursive script that reads "Mary Clement".

Mary Clement,
Director

Offices of Research and Education Accountability Staff

Director

◆ Ethel Detch

Assistant Director (Research)

Douglas Wright

Assistant Director (Education Accountability)

◆ Phil Doss

Principal Legislative Research Analysts

Russell Moore

◆ Kim Potts

Senior Legislative Research Analysts

◆ Erin Do

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Keith Boring

◆ Nneka Gordon

Eric Harkness

◆ Patrick Hultman

Cara Huwieler

Mike Montgomery

Regina Riley

Executive Secretary

◆ Sherrill Murrell

◆ indicates staff who assisted with this project

The Offices of Research and Education Accountability provide non-partisan, objective analysis of policy issues for the Comptroller of the Treasury, the General Assembly, other state agencies, and the public.

The Office of Research provides the legislature with an independent means to evaluate state and local government issues. The office assists the Comptroller with preparation of fiscal note support forms for the Fiscal Review Committee, monitors legislation, and analyzes the budget.

The Office of Education Accountability monitors the performance of Tennessee's elementary and secondary school systems and provides the legislature with an independent means to evaluate the impact of state policy on the public education system.



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